

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES

#### 68th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON (H) ENERGY, TECHNOLOGY AND FEDERAL RELATIONS

**Call to Order:** Chair Katie Zolnikov-R, on February 20, 2023 at 3:00 PM, in 472

#### ROLL CALL

**Members Present:** Rep. Katie Zolnikov, Chair (R)  
Rep. Steven Galloway, Vice Chair (R)  
Rep. Katie Sullivan, Vice Chair (D)  
Rep. Laurie Bishop (D)  
Rep. Larry Brewster (R)  
Rep. Paul Fielder (R)  
Rep. Derek Harvey (D)  
Rep. Joshua Kassmier (R)  
Rep. Greg Kmetz (R)  
Rep. Kelly Kortum (D)  
Rep. Bob Phalen (R)

**Members Excused:** Rep. Paul Green (R)  
Rep. Casey Knudsen (R)

**Staff Present:** Lucinda Blair, Secretary  
Trevor Graff, Research Analyst

**Audio Committees:** These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

#### **Committee Business Summary:**

Hearing & Date Posted:

HB 558 02/15/2023

HJ 6 2/15/2023

Executive Action:

HB 394 DO PASS

HB 395 TO TABLE

**EXECUTIVE ACTION ON HB 394 – Require examination of creation of state-tribal education accord schools**

15:01:35           **Motion:** Vice Chair Steven Galloway moved that **HB 394 DO PASS.**  
**Vote:** Motion carried unanimously by voice vote.

**EXECUTIVE ACTION ON HB 395 – Improve school district consultation with American Indian tribes**

15:03:10           **Motion:** Vice Chair Steven Galloway moved that **HB 395 DO PASS.**

15:03:45           **Motion:** Vice Chair Katie Sullivan moved that **HB 395 BE AMENDED.**

**Discussion:**

15:03:58           Vice Chair Katie Sullivan

**Vote:** Motion carried unanimously by voice vote.

15:05:20           **Motion:** Vice Chair Steven Galloway moved that **HB 395 DO PASS AS AMENDED.**

**Discussion:**

15:05:33           Vice Chair Katie Sullivan

15:06:05           **Substitute Motion:** Rep. Joshua Kassmier moved that **HB 395 BE TABLED.**

**Vote:** Motion carried 7 - 6 by roll call vote with Rep. Bishop, Rep. Green, Rep. Harvey, Rep. Knudsen, Rep. Kortum, Rep. Sullivan, voting no.

Rep. Green, Rep. Knudsen, By Proxy

15:08:00           Vice Chair Steven Galloway assumes the chair.

**HEARING ON HJ 6 – Interim study of electric power reserves**

**Opening Statement:**

15:09:00           Rep. Katie Zolnikov (R), HD 45, opened the hearing on HJ 6, Interim study on electric power reserves.

**Proponent Testimony:**

15:12:00           Mark Lambrecht, Montana Electric Cooperatives Association (MECA)

15:20:08           Mark Hayden, Missoula Electric Cooperative (MEC)

15:22:30           Patrick Powers, NorthWestern Energy (NWE)

15:26:25           Doug Hardy, Montana Electric Cooperatives Association (MECA)

15:29:37 Robin Arnold, Renewable Northwest  
15:31:30 Chris Puyear, NorthWestern Energy (NWE)  
15:31:45 Aimee Grmoljez, MDU Resources

**Opponent Testimony:**

None

**Informational Witness Testimony:**

None

**Questions from Committee:**

15:32:40 Rep. Greg Kmetz  
15:33:00 Mark Lambrecht, MECA  
15:33:25 Rep. Bob Phalen  
15:34:25 Doug Hardy, MECA  
15:35:32 Rep. Kelly Kortum  
15:35:52 Patrick Powers, NWE  
15:36:30 Vice Chair Steven Galloway

**Closing Statement:**

15:37:00 Rep. Katie Zolnikov (R), HD 45, closed the hearing on HJ 6.  
  
15:40:00 Vice Chair Katie Sullivan assumes the chair.

**HEARING ON HB 558 – Revising PSC deposition laws**

**Opening Statement:**

15:40:30 Rep. Steven Galloway (R), HD 24, opened the hearing on HB 558, Revising PSC deposition laws.

**Proponent Testimony:**

15:41:45 Chris Puyear, NorthWestern Energy (NWE)

**Opponent Testimony:**

15:45:10 Ian Lund, Montana Environmental Information Center (MEIC)

**Informational Witness Testimony:**

15:47:15 Lucas Hamilton, Public Service Commission (PSC)

**Questions from Committee:**

15:47.45 Rep. Greg Kmetz

15:48:00 Lucas Hamilton, PSC

15:50:15 Vice Chair Katie Sullivan

**Closing Statement:**

15:55:20 Rep. Steven Galloway (R), HD 24, closed the hearing on HB 558.

**ADJOURNMENT**

Adjournment: 15:57:24

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Lucinda Blair, Secretary

Additional Documents: EXHIBIT(230220FEH)



*The Big Sky Country*

MONTANA HOUSE OF REPRESENTATIVES

ENERGY, TECHNOLOGY AND

FEDERAL RELATIONS

ROLL CALL

DATE: 2-20-2023

NAME	PRESENT	ABSENT/EXCUSED
REP. BISHOP	X	
REP. BREWSTER	X	
REP. FIELDER	X	
VICE CHAIR GALLOWAY	X	
REP. GREEN		X
REP. HARVEY	X	
REP. KASSMIER	X	
REP. KMETZ	X	
REP. KNUDSEN		X
REP. KORTUM	X	
REP. PHALEN	X	
VICE CHAIR SULLIVAN	X	
CHAIR ZOLNIKOV	X	

13 MEMBERS



**House Standing Committee Report**

**February 20, 2023**

**page 1 of 1**

To the Speaker,

We, your committee on **(H) Energy, Technology and Federal Relations** recommend that **House Bill 394** (first reading copy – white) **Do Pass**.

Signed: *Katie Zolnikov*  
*Rep. Katie Zolnikov-R, Chair*

-End-

**Committee Vote:**

**Yes 13, No 0**

*HA 2-20-23  
@ 4:14 PM*

## BILL TABLED NOTICE

House (H) Energy, Technology and Federal Relations

The House (H) Energy, Technology and Federal Relations  
TABLED

HB395-Improve school district consultation with American Indian tribes- Rep. Jonathan Windy Boy

by motion, on Monday February 20, 2023, (PLEASE USE THIS ACTION DATE IN LAWS BILL STATUS).

  
\_\_\_\_\_  
(For the Committee)

  
\_\_\_\_\_  
(For the Chief Clerk of the House)  
4:40pm / 2-20-23  
(time) (date)





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MONTANA HOUSE OF REPRESENTATIVES

(H) ENERGY, TECHNOLOGY, AND FEDERAL RELATIONS  
COMMITTEE ROLL CALL VOTE

BILL NUMBER 395

DATE 2-20-23

MOTION Table 395

NAME	AYE	NO	PROXY
REP. BISHOP		X	
REP. BREWSTER	X		X
REP. FIELDER	X		
VICE CHAIR GALLOWAY	X		
REP. GREEN		X	X
REP. HARVEY		X	
REP. KASSMIER	X		
REP. KMETZ	X		
REP. KNUDSEN		X	X
REP. KORTUM		X	
Rep. PHALEN	X		
VICE CHAIR SULLIVAN		X	
CHAIR ZOLNIKOV	X		

7 6

13 MEMBERS



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES
AUTHORIZED
COMMITTEE PROXY
68TH LEGISLATIVE SESSION

I request to be excused from the Energy Committee.

I desire to leave my proxy vote with Rep.

PLEASE USE PEN

Table with columns: BILL, MOTION (Include AMENDMENT #), AYE, NO. Contains handwritten entries for HB 394 and HB 395 with amendments.

Table with columns: BILL, MOTION (Include AMENDMENT #), AYE, NO. (Empty)

I authorize my vote to be matched with that of Rep. for any amendments proposed on this date.

[Handwritten signature]

Rep. [Handwritten signature]

(Signature)

(Print Name)

2-20-2023

(Meeting Date)



*The Big Sky Country*

MONTANA HOUSE OF REPRESENTATIVES  
AUTHORIZED  
COMMITTEE PROXY  
68<sup>TH</sup> LEGISLATIVE SESSION

I request to be excused from the Energy subcommittee Committee.

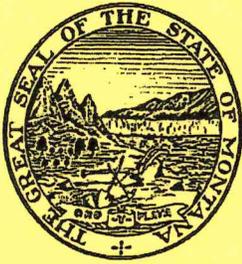
I desire to leave my proxy vote with Rep. CASEY KNUDSEN.

PLEASE USE PEN

BILL	MOTION (Include AMENDMENT #)	AYE	NO	BILL	MOTION (Include AMENDMENT #)	AYE	NO
HB 394		Y					
HB 395		Y					
	Am						
	same	N					

I authorize my vote to be matched with that of Rep. [Signature]  
for any amendments proposed on this date.

Rep. [Signature] PAUL GREEN 2-20-2023  
(Signature) (Print Name) (Meeting Date)



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MONTANA HOUSE OF REPRESENTATIVES
AUTHORIZED
COMMITTEE PROXY
68TH LEGISLATIVE SESSION

I request to be excused from the Energy Committee.

I desire to leave my proxy vote with Rep.

PLEASE USE PEN

Table with columns: BILL, MOTION (Include AMENDMENT #), AYE, NO. Contains handwritten entries for HB 374 and HB 375 with 'Am. table' and 'N' in the AYE column.

Table with columns: BILL, MOTION (Include AMENDMENT #), AYE, NO. (Empty)

I authorize my vote to be matched with that of Rep. for any amendments proposed on this date.

Rep.

(Signature)

(Print Name)

(Meeting Date)

Casey Knudsen

2-20-2023



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

VISITOR REGISTER

FEDERAL RELATIONS, ENERGY & TECHNOLOGY COMMITTEE

DATE 2-20-2023

BILL NO: HJ 6

SPONSOR(S): Rep. Zdnikov

SHORT TITLE: Interim study of electric power reserves

Please leave prepared testimony with the clerk. Witness Statement forms are available if you care to submit written testimony.

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT

Table with 5 columns: Name, Representing, Support, Oppose, Informt'l. Rows include Mark Hayden (Missoula Electric), Carson Sweeney (FERVUS ELECTRIC), Mark Lambrecht (MIECA), Robin Arnold (Renewable NW), Patrick Powers (North Western Energy), and Doug Hardy (PIECA).



**FEH Remote Participant List**

					Date				
Date	Committee	H/S	Bill #	Position	Requester Name	Location	Email	Phone	Affiliation
2/20/23	FEH	HJ		6 Proponent	Bruce Spencer	Clancy, MT			Montana Energy Business Alliance

**Statement of the Montana Electric Cooperatives' Association  
Before the Energy, Technology & Federal Relations Committee  
Of the Montana House of Representatives  
In support of HJ 6  
February 20, 2023**

**Mark Lambrecht, Director of Government Relations  
501 Bay Drive  
Great Falls, MT 59403  
(406) 594-2955**

Mr. Chairman and members of the committee,

My name is Mark Lambrecht, Director of Government Relations for the Montana Electric Cooperatives' Association.

The resolution before you references an extreme cold weather event in February 2021 in which delivery of electricity supply to a wholesale customer of an investor-owned utility was interrupted and the utility was nearly unable to meet its electricity delivery obligations to some of its customers—including electric cooperatives—and nearly caused rolling blackouts in Montana. This situation was nearly repeated at the end of December last year.

Montana's electric cooperatives brought this resolution to the Legislature to request an interim study to investigate the causes of these situations and determine how to prevent them from reoccurring.

First, I'd like to discuss how the grid is managed. The Federal Energy Regulatory Commission (FERC) establishes reliability standards for the grid, which are enforced by the North American Electric Reliability Corporation (NERC) and delegated to eight regional entities, such as the Western Electricity Coordinating Council (WECC).

Balancing authorities, such as NorthWestern Energy, are responsible for balancing electricity supply and demand on their electric systems in real time within the WECC. Other balancing authorities operating in Montana include the Bonneville Power Administration, the Western Area Power Administration, the Midcontinent Independent System Operator and the Southwest Power Pool. Balancing authorities require sufficient electricity generation flows into the transmission system to meet load or demand. If the load changes, generation must be ramped up or down to maintain balance.

Wholesale customers or suppliers in the balancing authority must tell the transmission operator the day before what their expected loads and generation supply will be so the balancing authority can match total generation with total demand. The balancing authority constantly monitors the situation and can make small changes within seconds throughout the day and night. Balancing authorities have this responsibility under the following FERC requirements.

- 1) Schedule 3, which provides for continuous balance of resources, including generation with load and is accomplished by committing on-line generation that is raised or lowered through automatic generating control equipment. This provision is intended to handle normal variations, not loss of generation.
- 2) Schedule 4, which requires purchase of energy imbalance service when a difference occurs between the scheduled and actual delivery of energy to a load (each transmission provider and customer must retain the services of a market operator to procure the least-cost energy to resolve energy imbalances in real time).
- 3) Schedule 5, which requires synchronized supplemental reserve service to immediately serve load in the event of a system contingency. These are operating reserves and spinning reserves capable of being quickly dispatched into the transmission system to balance generation with load.

Spinning reserves include generation capacity that is running and has additional capacity that can be ramped up within a 10-minute period. Typical sources of spinning reserves include hydro power, natural gas and coal plants that are providing energy from a portion of their capacity but have additional unused capacity. Non-spinning reserves are units that are not synchronized to the frequency of the system but can be available within ten minutes of notification. While non-spinning reserves have the same ten-minute requirement as spinning reserves, these units take longer to begin contributing partial generating capacity since they must first be synchronized to the system.

Curtailed demand can also provide non-spinning reserves provided it is capable of receiving dispatch instruction and can be ramped down within 10 minutes. Both spinning and non-spinning reserves are needed to maintain grid reliability, especially with increasing sources of wind and solar power in the system, which increases the need for balancing reserves to take care of minute-to-minute and hour-to-hour variability.

The problem we faced in Montana in February 2021 happened when generation scheduled into the balancing authority didn't make it into the system. This occurred because extreme weather in parts of the region made some generation unavailable to serve all the demand in Montana. Compounding the problem was the fact that FERC regulations do not provide for replacement power if pledged generation doesn't arrive. The balancing authority wasn't immediately aware which scheduled power didn't show because there are multiple deliveries from multiple generation sources across the transmission path. In order to prevent blackouts, the balancing authority had to quickly secure alternate generation from other sources but little was available. The balancing authority was only able to prevent blackouts in Montana because it quickly pivoted and secured every bit of generation available. However, the balancing authority was within 30 minutes of having to curtail Montana load, including its retail customers, electric cooperatives and others had it not been successful in its last-minute efforts. Load curtailment would have been required, resulting in blackouts during freezing weather, a tremendously dangerous situation no one wants to face.

The balancing authority has no way of knowing which generation didn't arrive until after the fact. This never used to be a problem in Montana when the state had more than sufficient baseload electricity generation available for use within the balancing authority. However, there has been a significant increase in electricity demand in Montana in recent years while available baseload generation has not kept pace. In fact, an ongoing study by the University of Montana Bureau of Business and Research indicates Montana will be a net importer of electricity within the next five to 10 years and there will be more frequent power disruptions in the region. Other balancing authorities in the region have recognized the same problem and are considering forming a pool with shared power reserves to prevent disruptions.

This resolution, is needed to establish an interim study so the Montana Legislature, balancing authorities, industries and electric cooperatives could better understand this situation and develop specific options to prevent disruptions. The sponsor requested the resolution focus the interim study on this specific issue and solutions targeted to address it rather than larger electric grid issues that were the subject of an interim study in 2022.

With that in mind, we ask the Legislature to evaluate potential options available to a balancing authority, including:

- 1) requiring pledges of electricity supply reserves above peak demand a balancing authority can summon to manage loads during critical periods;
- 2) determine whether to require utilities and wholesale electric generation suppliers to participate in a pool for electric power generation reserves;
- 3) determine when electric power reserves should be made available to the balancing authority to prevent disruptions; and
- 4) examine the feasibility of providing wholesale transmission customers the option of curtailing their load in part or in full instead of contracting for additional electric reserves.

Montana's electric cooperatives would like to recognize the sponsor for bringing this resolution forward and thank the committee for its attention to this significantly important issue.

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