



ENVIRONMENTAL QUALITY COUNCIL

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COUNCIL STAFF
TODD EVERTS, Lead Staff

MINUTES

Approved March 10, 2008

Date: January 14, 2008
1:00 p.m. - 5:30 p.m.

Room: 102, State Capitol Building
Helena, Montana

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division.

Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

COMMITTEE MEMBERS PRESENT

SEN. DAVID WANZENRIED, Chair
REP. CAROL LAMBERT, Vice Chair

SEN. CHRISTINE KAUFMANN
SEN. DANIEL MCGEE
SEN. JIM SHOCKLEY
SEN. ROBERT STORY JR.

REP. NORMA BIXBY
REP. SUE DICKENSON
REP. JULIE FRENCH
REP. CHAS VINCENT
REP. CRAIG WITTE
MS. DIANE CONRADI

MR. DOUG McRAE
MR. MIKE VOLESKY
MR. JOHN BRENDEN
MR. BRIAN CEBULL

COMMITTEE MEMBERS ABSENT

SEN. BOB HAWKS

STAFF PRESENT

TODD EVERTS, Lead Staff
SONJA NOWAKOWSKI, Research Analyst
DEE BARFKNECHT, Committee Secretary

Visitors

Visitors' list, [Attachment #1](#)
Agenda, [Attachment #2](#)

COMMITTEE ACTION

- No Committee Action Required

CALL TO ORDER AND ROLL CALL

00:00:03

Sen. Wanzenried called the Environmental Quality Council, (EQC), to order at 1:00 p.m. and welcomed the Council. He asked the secretary to note the roll, [Attachment #3](#). The Chairman asked for a motion to adopt the minutes from the September 13, 2007 EQC meeting. Mr. Brenden asked the Chairman to correct/amend the minutes to reflect that he was present at the meeting. Chairman Wanzenried asked for a motion to amend and adopt the minutes. Rep. Bixby moved to amend and adopt the September EQC meeting minutes. The Council voted and the motion carried unanimously by voice vote.

- **Budget Review and Administrative Update**

00:01:33

Mr. Everts reviewed the current EQC budget stating that approximately \$11,000 has been spent thus far, with \$65,000 remaining in the budget. Sen. McGee asked about the expense per meeting or the average amount spent per meeting. Mr. Everts advised it is about \$10,000 per meeting in expenses, the travel budget being the largest portion.

Mr. Everts then discussed the staffing changes. He advised that Krista Lee Evans resigned at the end of the year for the private sector. He added he has a job notice out currently to begin interviewing for her position. What this means to the EQC staff is that Joe Kolman will switch over to the Water Policy Interim Committee (WPIC) to be lead staff and Sonja Nowakowski, who

has been lead staff for the Energy and Telecommunications Interim Committee, has agreed to help with the climate change issues that the EQC will be dealing with throughout the interim.

AGENDA

UPDATES ON COMMITTEE REPORTS

00:04:29 Update on the Water Policy Interim Committee

Mr. Greg Petesch, Code Commissioner, gave an update on the WPIC activities. He reviewed the fact that the committee was created from House Bill No. 304 last session to look at water quality, water quantity and water use in Montana. But the WPIC has taken on some other items in addition to those assigned by the Legislative Council including the duty of fulfilling the legislative study from House Bill No. 831 which deals with recommended treatment standards for the purposes of aquifer recharge and mitigation. He stated that the committee has met (as of tomorrow, January 15, 2008), in five of the closed basins thus far to give an overview and get feedback from the users in each of those basins since the issues are just a little bit different in each basin. So far they have met in the Beaverhead, the Upper Missouri, the Clark Fork, the Teton and tomorrow will be meeting in the Bitterroot. They have yet to meet in Billings, the Yellowstone River Basin. The committee has fulfilled all of the statutorily required minimum duties with the exception of looking at water marketing, which will be on the agenda tomorrow.

The WPIC will have to decide how broadly they want to look at the issue of water marketing because the staff felt that a full blown interim study could address marketing issues. So the committee will be asked to provide some side boards on how much staff time needs to be devoted to water marketing and what issues are of particular concern to the WPIC members.

Mr. Petesch stated that the committee's agenda for the next two days will include a discussion on issue remarks on water rights claims before the adjudication is complete. He stated that the WPIC realizes that this Council, the EQC, has oversight over the Montana Department of Natural Resources and Conservation (DNRC), the Water Court and the water adjudication process. He advised, however, that the direction of the WPIC is to look at water quantity and water use and this does have some overlap of necessity with the adjudication and claims process. So regarding the issues that the WPIC will look at, they have not yet decided whether they will pursue them on their own or as recommendations to this Council for their consideration. Coordination of those issues will have to take place and the WPIC is aware of that.

The WPIC directed staff to provide them with specific information on the following items for their meeting in Hamilton:

- The ability, in closed basins, to get water reservations for public agencies. This was brought to their attention by the Montana Department of Transportation (MDT) because of the inability to get water reservations to be able to conduct wetland mitigation. This has slowed the ability to pursue highway projects.
- Issue Remarks
- Proposals for accelerated permitting through the Montana Department of Environmental Quality (DEQ) and the DNRC, ways to provide incentives for getting permits processed quickly
- Water right enforcement proposals being considered

- Proposal of a notice of intent to drill a well
- Water quality, ways to clarify the ability to require community water systems and public treatment plants in certain types of subdivisions
- Permitting process disconnect, they will try to work it out, meaning that in a subdivision, a person must get the planning act approved, they have to get a permit from DEQ to comply with the sanitation in the subdivision requirements and then apply for a water right permit from DNRC. The WPIC will look for ways to improve the coordination in the area of permitting.
- The WPIC will also look at a proposal for the Bureau of Mines and Geology to provide a statewide data collection system to address water quality and water quantity issues relating to surface and ground water. There is a need for this information and in certain areas where they have it, it is used frequently.

- **Questions/Comments**
None.

00:13:11 **Climate Change Report**

Ms. Sonja Nowakowski reviewed the packet of information the EQC received including the reports, letters and e-mail received in regards to the Montana Climate Change Advisory Committee (CCAC) recommendations, [Exhibit 1](#).

She stated that a notice of today's meeting was sent to the full CCAC, the technical working groups and the scientific advisory panel. All members were invited to submit written comments in addition to being invited to the meeting today. So included in the packets are the written comments that were submitted to the EQC in advance of this meeting. These comments also include a report that was prepared by three CCAC members who represented the interest of Montana's industries and also a corresponding letter from a group of other CCAC members in response to that report. These are informational items only. They were submitted to the DEQ and Governor Schweitzer when the final report was released in November. Also, the lavender sheet is an update of a recent hearing before the Board of Environmental Review to consider an appeal of an air quality permit that was issued for a proposed coal fired power plant.

Ms. Nowakowski then introduced Director Opper to present and introduce the Montana Climate Change Action Plan Final Report.

Richard Opper, Director, Department of Environmental Quality, presented on the Summary of the Montana Climate Change Advisory Committee Recommendations, [Exhibit 2](#).

- **Questions/Comments**

Rep. Lambert asked for a definition of a 'smart-meter'. Lou Moore, Chief of the Energy and Pollution Bureau, DEQ, explained it is a device, a meter that interacts with the consumer, to tell them on an hourly, minute or day by day basis how you are doing on your energy use. A person can see when they use it the most or the least or where energy is being used in the house.

Sen. Story asked if a 'smart-meter' has a variable rate structure built into it, so a person can look at differential rates. Ms. Moore advised that was correct.

Mr. Cebull asked about the cost of these ideas, these recommendations that came out of the CCAC. He added that to say the costs were 'balanced' was too broad and asked if there are more definitive costs anywhere in the report. Director Opper answered that the CCAC had done an extraordinary amount of work and put in quite a bit of time to come up with these ideas for the state. He stated that these ideas will require additional investigation, not just by the DEQ, but also by the affected industries before they can be implemented. He stated that they plan to take each recommendation separately and do a more thorough study of the economic cost and benefits.

Mr. Brenden stated that he is always suspect when government states that something, a proposed plan/recommendation, isn't going to cost anything. He talked about a farm south of Flathead Lake that was to be purchased by a state agency for the use of block management. Their rationale was that if one individual was to go hunting and they touched 10 pieces of ground by different owners that day, that is called ten-hunter days. So he reiterated that he is suspect when told it isn't going to cost more. He also advised that with all the people on fixed incomes in the state, what are they going to do when they are expected to pay for these plans/recommendations. Director Opper advised that this is in attempt to protect consumers and yes, segments of the economy will be impacted, but currently consumers are being affected with high energy costs and high heating bills and some aren't able to pay for medications, food, etc. because of high energy bills. He added that these recommendations won't come without pain, but in order to reduce greenhouse gases it must be done, and overall, it saves everyone money to use less energy.

Mr. Brenden stated that maybe we should do something about immigration as well. California has six extra Congressmen and women because they count illegal immigrants. He stated that due to standards implemented by the government, even hospitals are closing their doors in smaller communities. Director Opper advised the DEQ doesn't have regulatory authority over immigration.

Sen. Shockley advised he has been reading about the CO₂ debate for years and while the environmental people may be right, he still feels that a person must have faith. He stated that he thinks this is an example of not being totally objective. When looking at the make up of the advisory panel, (CCAC), he stated that all the scientists were from the same side of the debate, as were the other members of the panel, so he questions the overall credibility. Director Opper advised that within this panel, every recommendation was passed by unanimous consent. He feels that when they move into the implementation phase there will be many more differences. But he felt that there was compromise on both sides of the recommendations and they had to find common ground. Only one recommendation had one dissenting vote. He also stated that he realizes that there are a number of people who will always be skeptical about climate change, but that there will always be benefits to cleaning up greenhouse gases. He noted the country of Iceland set out to become energy independent and has done so. They are producing their own energy, they are not importing any and they are paying very little for their energy. They are in good shape economically. So he feels that addressing climate change by coming up with ways to use energy more wisely has a whole host of benefits, even if the climate isn't changing because of human activity.

Sen. Shockley advised he agrees with needing to conserve energy for many reasons. And he believes it is something we should do.

Rep. Vincent asked how much time the CCAC spent at looking at the largest emitter of CO₂ in the state, which is the wildland fires. He wondered how much CO₂ is spent on a per acre basis. And did they look at federal land practices as well. Ms. Moore stated that they did not try to calculate the total amount of emissions from fires, but recognized they need to prevent fires because CO₂ emissions were significant. She also stated that there were recommendations about state and federal land management practices, recognizing that reducing fire risk is very important.

Rep. Witte stated that he is troubled with the adoption of California's fuel standards because he feels this is an excuse as to why our fuel prices are so high. He stated that it is not the shortage of oil, but the shortage of refined fuel and that refined fuel is based upon different states adopting different standards where they have to stop the production and come up with a new mix or a new kind of California blend. He wondered if this was brought up in the study. Director Opper advised that by producing vehicles that get better miles per gallon, a person uses less gasoline per mile.

Rep. Witte stated that he read it wrong and verified that it is not so much the fuel blend, but the actual cars. He then clarified that this has been adopted by 14 states and wanted to know which states. Ms. Moore advised that the 14 states include California, Connecticut, Maine, Massachusetts, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Washington, Vermont and three other states have joined, but she is not sure who the other three are, possibly Arizona and New Mexico and one more she didn't know.

Rep. Witte asked if any states are adopting carbon capture currently. Director Opper advised that the technology of carbon capture has been around for a while, but at this point to actually capture the carbon and transport it either underground or to other locations where it can be used for economic reasons, it takes a lot of energy from the plant, approximately 20 - 25% of the energy produced from the plant is used to compress that CO₂. He advised that the technology for geologic sequestration is very new, with lots of questions to be answered yet, lots of liability questions, there are questions about who owns the pore space, who owns the liquid CO₂ plume, many questions. So not only is the technology very new and immature, but so is the regulatory framework. Other states are also struggling with this, no one has this figured out yet.

Rep. Witte asked if that answer was a 'no'. He then asked if it cost the state of Montana to join the Western Climate Initiative. Director Opper advised that the answer to his first question was a 'no'. He then stated that for Montana to join the Western Climate Initiative, dollar wise it did not cost the state to join the initiative. But it is a requirement of the initiative to work on statewide plans and statewide goals, but most of all he wanted to make sure that Montana had a seat at the table to protect our interests with whatever the initiative outcomes are.

Rep. Witte stated that he felt there are some things that are logical and then there is science that is beyond our scope and that the state of Montana is not at the cutting edge of fixing the global warming crisis, if one exists. He wondered how much the budget for the CCAC was, how much money was spent. Director Opper advised that \$300,000 was spent, but the state of Montana only paid \$50,000 and actually has only paid \$25,000 to date. He wasn't sure if the state will have to pay the rest or not. He explained that the expense for the Center of Climate

Strategies, the scientists used in the study, was mostly funded by grants. He advised they were very helpful and feels they got a bargain in using them.

Sen. Story asked about the part of the report that shows tables with dollar figures in them. He asked if these were dollars per ton of CO₂ emitted. Director Opper advised that it is the cost of equivalent CO₂ reduction.

Sen. Story asked if the negative sign in front of the dollar amount, is a savings or a cost. Director Opper advised it was a savings and an economic benefit to apply or implement that particular recommendation.

Sen. Story stated that some of the recommendations seem to go in different directions, for example one recommendation talks about more conservation tillage in agriculture, which has a potential to reduce carbon output, but it has some other costs, like re-mechanizing the operation and it may require a different chemical and fertilizer regimen, etc. He wondered if all of those costs were figured into the process.

Director Opper stated that he can't guarantee that all of the costs were evaluated because this is a fairly high level look and many of the life-cycle costs would be hard to determine, but basically he couldn't guarantee that all of the costs were incorporated in the recommendations.

Sen. Story stated that he sees contradicting views in some of the recommendations, so he wondered if the group really looked at the report as a whole or as individual recommendations that could contradict each other. Director Opper explained that the group did look at the report as a whole, in fact there were delays just trying to balance some of the contradictions or competing interests in the recommendations. He stated that they didn't get them all, nor were all the costs examined, but they tried to capture as many of the life-cycle costs as they could.

Sen. Story stated that in the forestry area, they talked about planting more trees and increasing productivity and expanding the use of wood products. He feels this is critical because if you grow new trees, but don't harvest them they will die and rot or they will burn up and then you have only temporarily sequestered the carbon with the new growth. Director Opper agreed.

Sen. Story then talked about the low amount of greenhouse gas that Montana currently produces and that the CCAC recommended cutting those levels back to 1990's levels -- he wondered that if the whole state were to shut down and not produce any more gas, would we really have an impact on the overall world climate. Director Opper advised that he couldn't argue with that, but that each of us have a moral responsibility to cut back on our energy use. He stated that Montana is not the only state addressing these issues, that many other states are developing plans to reduce greenhouse gas emissions. The rest country will not notice Montana's reduction of greenhouse gasses, but is it the right thing to do.

Sen. Story asked about the growth and increase in transportation in the state and if this is adding to the climate change. He also asked how much of the increase in transportation is because we are a pipeline between the ports and the midwest with trucks and trains transporting goods through our state. Director Opper stated that he didn't know the answer, but he believes the increase in transportation is partially due to the residential sector, that more people are building homes outside of the cities and in the subdivisions and having to commute to work in the city. They are driving more.

Ms. Moore advised that transportation is the area showing the highest potential growth between now and 2020 and a lot of that is due to trucks traveling through the state as well as people living further out from their work.

Rep. Dickenson asked about the uncertainty of carbon sequestration. She asked if the state is doing any kind of research, study, analysis or any forward thinking to address carbon sequestration currently. Director Opper advised not actively, however the DEQ stays in very close contact with the Big Sky Carbon Sequestration Partnership work and that the Governor has testified before Congressional committees to endorse the need to take this issue seriously and to fund a pilot project. He stated that he has had many conversations with Pacific Power & Light (PPL) and others about their interest in pursuing carbon sequestration. But he verified that Montana is not conducting any actual research as a state.

Rep. Dickenson asked if legislation would help in the effort to conduct studies or evaluations to help begin the process of researching carbon sequestration. Director Opper advised yes, if it came with an appropriation.

Sen. McGee asked how many total proposals/recommendations the CCAC came up with as a result of all of their work. Director Opper advised 54 proposals/recommendations out of 300 plus that were considered by the group.

Sen. McGee asked how many of these he intends to implement by rule. Director Opper advised they are still sorting through them and he stated that they would like some direction from the Legislature before any rulemaking takes place. He stated he does not have a number right now.

Sen. McGee asked if he was intending to implement any of these proposals by rule, prior to the next legislative session. Director Opper advised he couldn't answer that because there was some discussion at the recent Board of Environmental Review about possible rulemaking on carbon sequestration and trying to develop a regulatory framework, but the timing could be an issue. He advised that this is not a decision that he could make, but he would like direction from the Legislature first.

Sen. McGee then asked about the Transportation and Land Use Fuel Efficiency recommendations. He inquired about the recommendation of "Promote Efficiency Standards for tires, low rolling resistant tires". He wondered if this recommendation went forward, since there are no tire manufacturers in the state, how would you propose to implement this and what would it look like. Director Opper advised the intent of the recommendation is to influence things on a national level. There are several examples where Montana wants to weigh in on a national stage and this is one way to do it, through some of these recommendations. Another example of trying to exert influence on a national level is for Montana to try to encourage the federal government to come up with a national carbon cap. Montana alone can't and shouldn't do that on its own, it should be a federal initiative, but the state can influence it.

Sen. McGee stated that the Director previously said there are "a decreasing or dwindling number of folks who doubt climate change." He wondered if the Director had a list of those entities. Director Opper said no, he didn't have a list, and apologized that he didn't phrase it very well, but what he meant was that he feels there is more visible interest on this issue and trying to do something to address it. Many states are trying to do things to impact climate change and the Nobel Prize was just awarded to the IPCC group, the international group of scientists that

work on the science of climate change. He apologized for what sounded like a political statement.

Mr. Brenden commented that there are 5.2 million acres of state land in Montana and if he, (Director Opper), would like to see the state lead by example, then he would suggest that the DEQ meet with the DNRC, the Land Board and the Governor to determine how to share the expense to move the state land from strip-farming to no-till and the state would get more revenue, but that is where it should start.

- **Comments from the Climate Change Advisory Committee (CCAC) Members and Technical Working Group Members**

Ms. Moore discussed the contents of the large white binder titled, Montana Climate Change Action Plan, [Exhibit 3](#). She stated that the binder contains the Final Report of the Governor's Climate Change Advisory Committee. She also advised that these recommendations are strictly from the work of the committee. They are not DEQ recommendations or the Governor's recommendations, they are recommendations from the work that the Governor's Advisory Committee completed. She reviewed the "Recommendations Possibly Needing Legislation Action Plans" appendices portion of the binder, RCII-1 through RCII-13, ES-1 through ES-13 and TLU-1 through TLU-13, AFW-1 through AFW-13 and CC-1 through CC 7.4.

- **Committee Questions/Comments**

Sen. Kaufmann asked who else besides the DEQ is committed to implementing these recommendations. Ms. Moore advised that many of the recommendations in this plan would go to the DEQ, others would go to the DNRC and some to the MDT.

Sen. Kaufmann wondered if it would be beneficial to have a separate department or office that deals with this, like an energy or conservation office. Ms. Moore stated that the DEQ actually has the state energy office within the department. It was designated to the DEQ by the federal government and it is how the federal government provides funding for the state energy conservation program. She stated that they provide a website and tax information and a number of other services to the citizens. She advised that in the last session she proposed to bring energy policy functions back into that office (the Energy and Pollution Prevention Bureau), but she was not allocated additional budget for an additional FTE.

Sen. Kaufmann asked if she/Ms. Moore was assigned to staff the advisory committee or how all the work got done and the information gathered. Ms. Moore stated that she volunteered to work on the project and that it was a very good fit for DEQ. She had a team of about 12 people who worked on this report along with the committee.

Mr. Cebull stated that he is confused by the economic analysis of the report and wondered how some sectors are going to make money and some are going to lose money. He asked for clarification of the economic analysis that was done and wondered from whose perspective it was looked at and cautioned that the economics of these recommendations could greatly impact everyone. He wondered what the next steps are when looking at the numbers/costs. Ms. Moore stated that one of the reasons they brought in consultants from The Center For Climate Strategies was because they are a broad-based group that has members throughout

the nation and Canada and they specifically look at the costs and benefits associated with the various recommendations. In looking at the recommendations, they often used national formulas. They tried to make the numbers as 'Montana specific' as they possibly could, but they didn't always have all the Montana specific data that they needed. But they knew that the economic process that was used had been used nationally and had a lot of credibility associated with it. She stated that they relied on the consultants to do much of that work versus doing it in-house.

Mr. Cebull asked about the plan going forward and who will have responsibility to look at the 'true' economic impacts of these recommendations. Ms. Moore stated that they do not have a specific plan in place at this stage in terms of how they would take on every recommendation. She stated that she feels there is a lot of merit in all 54 recommendations, but she would like to target or prioritize the ones they would like to take on first.

Mr. Cebull stated that many of the recommendations in this action plan discussed "mandating standards". He advised that any time you mandate, you must be careful not to limit choices, he would rather let incentives drive choices. He advised that he feels you should let market forces drive the decisions and that there should be incentives, not punishments for consumer behaviors.

Rep. Lambert stated that some of these recommendations could be taken care of with rule changes and asked if she knew which ones and what rules might be changed. Ms. Moore stated that as Director Opper had commented, they would like direction from the Legislature before taking action.

Rep. French asked about the Chicago Climate Exchange (CCE), one of the recommendations suggests that Montana should join the exchange. Ms. Moore explained that the CCE is an exchange that trades carbon. You can also get dollars for the work you have done to sequester carbon.

Rep. French asked if the state of Montana would join this exchange or if just specific entities should join. Ms. Moore stated that the recommendation is for the state of Montana to join the CCE and then look at how the state manages its forests and range land to be able to get carbon credits. The state would also have to commit to saving carbon, whether through conservation programs or renewable energy programs.

Rep. French asked if a local farmer would be eligible for this exchange, if the state joined, would it make it easier for a farmer to join? Director Opper advised that he feels Montana would benefit from joining the CCE. He explained that the CCE is the entity that assigns carbon a value, much like gold and silver have values. They treat it as a commodity. One of the interests Montana has in the CCE is that individual farmers could benefit if Montana joined the exchange.

Sen. Story advised that he thought both the Farmers Union and the Farmers Bureau offers these types of programs currently, for the benefit of farmers. Director Opper stated that he believes those two organizations, the Farmers Bureau and Farmers Union, are part of the CCE, just that the state of Montana is not.

Sen. Story asked about the Heavy Duty Vehicle Emission Standards recommendation. He stated that in order to implement this recommendation the state would have to retrofit their pre-2007 transportation fleet by 2018, he felt most of those vehicles would be turned over by then. Ms. Moore advised that the majority of impact will be on the MDT because of their snow plows and large road construction vehicles. She stated that many of those vehicles are more than 20 years old. Those vehicles stay in the fleet for a very long time. She agreed however, that the best opportunity of course will be as vehicles are turned over, to update at that time.

Sen. Story asked if Ms. Moore knew the actual number of vehicle turn over rates for the state fleet. Ms. Moore stated she did not know the exact numbers but would provide them in a follow-up report.

Spook Stang, Executive Vice President of the Montana Motor Carriers, explained that in the long haul industry and in heavy duty vehicles, the natural turn over rate will probably take care of updating fleets of vehicles, but the smaller carriers and farm fleet operators will probably fall through the cracks.

Sen. Story asked how much it would be to retrofit new engines in vehicles. Mr. Stang advised he believes it would be about \$8,000 to \$10,000 to retrofit.

Mr. Brenden addressed Rep. French's previous questions regarding carbon. He stated he gets paid \$1.20 per acre, but that it is very confusing as to what acreage qualifies, farm land, range land, forest land, etc. He advised that they will pay you for your qualifying acres for the previous two years, 2006 and 2007. He believes it is a very mixed up process. He also questioned who pays for it, he felt that in the end the consumer pays. He then stated that he feels it is a sham because the carbon credits are there anyway and most people are going to no-till farming anyway.

Chairman Wanzenried asked the committee to read Mr. Kolman's memo about the CCAC's report as it provides suggestions as to how to move forward with it.

02:31:15 **Break**

02:45:48 **Additional Comments from the Climate Change Advisory Committee (CCAC) Members and Technical Working Group Members**

Mr. Dave Ryan, a member of the CCAC, is a professional engineer with a utility background. The main point he wanted to make was to say that there are many things that can be done whether a person believes in climate change or not. The measures are good for the environment and they make good sense. He reiterated that the recommendations were met by consensus of the group, they are in the right order and costs were considered. He believes that some of the costs were probably missed, but some of the benefits were also probably missed. He thanked all and advised that they spent a great deal of time on the study. He ended by stating that he feels we could shorten the supply chain by using and buying things locally.

Mark Lambrecht, the Regulatory Affairs Manager for PPL Montana, also a member of the CCAC, stated that he felt his role on the committee was a bit unique. He represented his employer, PPL Montana, in helping to develop sound recommendations to address climate change and he also felt he helped and represented many other Montana industries that didn't

have a seat at the table. He advised that he kept many of the other industries, agriculture, forestry, transportation and petroleum refineries aware of what was going on during this process and he also sought their input at the end. He advised that at the end of the study, they drafted a letter to the Governor that outlined some of the recommendations that needed further analysis before being turned into Legislation or rulemaking.

Mr. Lambrecht stated that in terms of the first recommendation, the overall reduction of greenhouse gases in Montana, back to the 1990's level, is one of the most aggressive goals in the country and he advised that no economic or feasibility analysis was done when defining that recommendation. Also, one of the other recommendations was to develop a reporting protocol for greenhouse emissions. The committee recommended that the state of Montana develop its own reporting protocol. He stated that the industry members felt that it was very important to look at other existing protocols to help reduce administrative and regulatory costs associated with the effort. He stated that he also had concerns regarding the Climate Registry, a 40 state organization that Montana recently joined. The Climate Registry tracks and encourages greenhouse gas reductions. His concern is that this requires third party verification of any greenhouse gas emissions from Montana's industrial sources and that this would be in addition to pollutants that are already tracked through continuous emissions monitors. For example, it would look at mobile sources coming into and out of a plant, fugitive emission sources, things that haven't been looked at before. He stated that there are already a very limited number of environmental consulting firms in the state and they could be restricted or prevented from doing the tests that the Climate Registry requires (as recently happened in California). He stated that these local firms have all the knowledge in terms of the operations of all of the plants in the state and it would be a mistake not to be able to use them.

Mr. Lambrecht also stated that in terms of the Renewable Portfolio Standard, we are to ramp up to the current standard which is 15% by 2015, to 20% by 2020, and 25% by 2025. His concern is that ramping up the standards that fast may not be technologically or economically possible right now. He believes this recommendation needs to be scrutinized carefully and make sure it is done at the legislative level. One component of this recommendation he feels would offer immediate benefit however. The committee recommended that new generation at existing hydro-electric facilities be eligible for the renewable standard. He stated that PPL recently installed a new 'runner' at Kerr Dam near Polson. It is more energy efficient and they can generate much more electricity with it. The recommendation is that the additional electricity it generates would be eligible for the Renewable Portfolio Standard.

In regards to carbon capture and storage, Mr. Lambrecht advised that the CCAC wanted an outright ban on any development of new coal-fired power plants unless they were able to capture and sequester 90% of the carbon dioxide emitted. There is no technology available to be able to capture that CO₂ level, at any plant whether new or existing. So the committee ended up with a compromise of about a 50% capture rate, which is very challenging to try to meet for a new plant and even more so for existing plants. But he feels it is important to remember that even if we capture the CO₂, we still need to figure out the sequestration side of it. The Big Sky Carbon Sequestration group has conducted a lot of research to identify geologic areas where CO₂ may be able to be sequestered. Many people and committees are working this issue with many unanswered questions. He stated that some members of the committee wanted to see a state specific carbon tax or a joining of a regional cap and trade system. He feels it needs to be completed on a national scale.

Regarding Generation Performance Standards, Mr. Lambrecht stated that this is the one recommendation that concerns PPL Montana the most. What this would do would be to prevent coal-fired power plants from selling electricity within the state of Montana. He feels it would be a negative impact. It would require that load serving entities, such as our utilities, only be able to purchase electricity from sources of electricity that could capture and sequester at least 50% of the CO₂ that they emit. If that were implemented today, not only would it be problematic, but there would be great competition from Washington and California and could result in power prices that would go through the roof. On the whole, there were some excellent ideas in the recommendations, but he felt that there are many industry representatives who have not had a chance to give their input and need to be consulted as well, [Exhibit 4](#).

Steve Loken, registered contractor, stated that in serving on this committee he felt he represented a lot of 'regular Montanans'. In his contracting work, he does mostly weatherization, retrofitting and historic preservation. He employs 18 people and is very interested in the state's future and feels that energy conservation and economic development is a very important part of the future. He advised he doesn't like global warming. He stated that if we are going to have a future, he feels it depends on what we do with money and how we spend money in the state. He wanted to make sure that EQC is aware of some of the recommendations that he feels were very important, that were missed by the committee. He thinks that the state needs to make better use of fuels in the transportation sector. And the one thing he is embarrassed about in this state is the 75 MPH speed limit. He stated that everyone knows that 50 - 60 MPH gives you optimum performance of any engine and that reducing speed alone could help with many of these issues. He would like the Legislature to look at the speed limit again. And also to emphasize the 'fee-bate' program, to tax the larger vehicles that use more fuel and incentivise the smaller, energy saving or fuel efficient vehicles. He also stated that in the building industry, last year alone, there were 84,000 low-income homes that needed weatherization. Only 1,700 of those homes were weatherized last year. He stated more homes need to be weatherized to reduce costs for these people. Insulation is almost the least expensive way to weatherize, plus it gives constant returns. He would like to see money in the state stay in the state and not hemorrhage it out to the large corporations that want to be successful at our expense. He advised we don't need more energy produced here in the state, he believes we need more efficient generation and consumption of all of our resources. He feels we are wasting and hemorrhaging 'bucks', not BTU's. He noted that anyone who has looked at industrial sequestration of carbon knows that it is enormously expensive to sequester carbon versus not producing it at all.

Chuck McGraw, also a member of the CCAC, advised that he too feels the committee worked extremely hard on the recommendations, but he is not here to talk about the recommendations or how the EQC should move forward or 'tackle' them. He did say however, that he felt the Council could identify some of the recommendations that make the most sense and proceed to consider those first or they could group the recommendations that are similar and then look at them. He stated however, that what would not work or what would be unacceptable, would be for the EQC not to take action or not to act on the recommendations. He stated there is going to be a cost imposed on carbon or a 'carbon charge' in the very near future. He explained that if Montana doesn't start to move to an economy that has less carbon intensity, we are going to be disadvantaged significantly compared to those states that are moving in this direction. So for sheer economic benefits, it is critical that we move forward. Secondly, the economic analysis of these recommendations did not take into account the inevitability of a carbon charge, which he feels could be significant, so he feels they are understated. Finally, he commented on the

previous remarks that relative to the rest of the world, Montana is not in the majority of producing emissions and would anyone notice if we reduced our greenhouse emissions -- he felt it was noteworthy that Montana is ideally situated to develop low carbon technologies, because we have wind, we have solar, we have geothermal and we have coal -- so it is in our best interest to start developing these technologies and we might be noticed by others for what we can do.

- **Public Comment**

Gary Weins, representing the Montana Electric Cooperatives Association, 25 electric distribution cooperatives that serve consumers across the state in all 56 counties. He stated that they are a consumer owned not for profit utility. He advised that in November they sent a letter to the Governor expressing their concerns about climate change action and the need for a balanced prudent approach. The letter was signed by 66 Montana Electric Co-op leaders from across the state. He stated that they are not debating the realities of climate change, their focus is to determine how to go about addressing it. He stated that the message they are trying to send to government leaders is that they strongly urge that they consider all costs, that they look at the impact to existing power suppliers, the feasibility of the recommendations, the realities of existing technology and also the commitment the co-ops are voluntarily undertaking to do their part to reduce carbon emissions. He stated that in regards to cost, he feels that many of the climate change recommendations could double power bills and some of the aggressive measures suggested by the committee could produce similar rate impacts. In a poll conducted recently by Lee Newspapers, consumers stated that they are concerned about climate change and would support major actions to address it, but 'major' was not defined. Then he discussed a national survey taken by their national association, which was a scientific poll taken of electric cooperative customers as well as investor owned customers, in cities and rural areas, which showed that 76% of those polled felt that climate change is a somewhat or very serious problem. But he stated that there is a very serious disconnect between the level of concern about climate change and consumers willingness to pay: 35% stated they would not pay anything extra to combat climate change and 31% stated that they would accept a 10-20% increase in electricity bills. Only 1% said they would accept a rate increase of 50% or more in their power bill. He stated that many of the low income people in Montana live in the co-op areas and cannot afford rate increases overall.

Mr. Weins explained that his association is embarking on various efforts to combat climate change voluntarily. Many co-ops on the western side of the state depend on hydro power that leaves no carbon footprint whatsoever. Also, one of their primary power suppliers is involved in the world's largest carbon sequestration project currently and is embarking on a pilot project for development of carbon capture technology -- all voluntarily. He stated that 5 Montana co-ops in partnership with the City of Great Falls are pursuing the development of a multi-megawatt wind park east of Great Falls, along with federal funding to assist in development of carbon capture and storage capabilities for a proposed 250 megawatt, clean coal plant. Many of the co-ops have various alternative energy projects in the works. The bottom-line is that they have a commitment to voluntarily and actively work to maintain and expand their alliance on renewable energy. He does not want mandates that would force them to give up their inexpensive hydro power. He ended with saying that electricity prices are going up, demand is going up and supply is going down at the same time they are being faced with carbon emissions. He asked the EQC to keep in mind the connection between environmental action and how that connects to power affordability and power availability.

Matt Elsaesser, with the Student Advocates for Valuing the Environment, (S.A.V.E.), Foundation in Helena, discussed the legislation that the Council will be looking at for low carbon fuels, [Exhibit 5](#), and how we reduce the carbon intensity of our transportation fuels.

Todd O'Hair, Rio Tinto Energy America (RTEA), stated they are the largest producing coal mine in Montana with over 200 employees at the mine in Decker, Montana. RTEA is a global mining company who believes that these issues are real and is very committed to find solutions to the climate change issue. They have committed \$20 million to the Future-Gen Program, a coalition trying to develop a zero emission coal fired electrical facility, with plans to break ground in 2009. They have also formed a joint venture with British Petroleum to explore carbon capture and sequestration opportunities around the world. He thanked the CCAC for their work on the proposed recommendations, but also stated that they feel the economic costs must be balanced with what the real impact is going to be to the environment. He stated for example, that many people believe that ethanol is going to be very important in a reduced carbon world, but he said you must look at what it takes to produce ethanol. There is a growing demand for coal as a fuel source for the creation of ethanol. One of their largest increases of sales out of Rio Tinto's coal mines in Montana is going toward ethanol production plants. And to keep it in perspective, China in 2000, consumed over 1.68 billion tons of coal at the same time the U.S. consumed 1.09 billion tons of coal. That is expected to change by 2020. China is expected to consume 3.5 billion tons of coal. He wants the EQC to keep a balance and not "throw the baby out with the proverbial bath water." He explained that Rio Tinto has greenhouse gas reduction targets and they are actively working to reduce their carbon footprint on a yearly basis. It all comes at a cost. He stated that he feels some of the recommendations are good, but that the implementation costs need to be considered.

John Krigger, of Saturn Resource Management in Helena, explained that he has been in the business of energy conservation for buildings for about 30 years. He advised his business has been a very difficult business to be in, but he is here to advocate for energy conservation for buildings. He stated that about 45% of all the energy used in the U.S. is used for the construction and operation of buildings. He feels that overall we have done a poor job of making buildings energy efficient and changes need to be made. The good news is the changes are very economical to make in terms of the fact that they have a good return on money/investment, compared to renewables or compared to continuing to use the building as is. He explained, for example, that new windows for your home will give you approximately 5% return on investment, but investing in energy efficient lighting will give you approximately 50% return on investment annually. The range is 5%-50% return on investment. He stated that with renewable rebates, you get between 1.5%-3% return on investment. He feels the state must plan for things like natural gas price increases in the future (just as oil has skyrocketed over the past several years). He feels that part of the planning should be to look at the state buildings that are not economical to heat. To be economical to upgrade commercial and institutional buildings, they need to be insulated from the outside, because basically these building currently have no insulation inside their walls. And many of the buildings have more windows than wall space. There is very low average thermal resistance in the buildings. As the cost of natural gas increases, these buildings become more vulnerable. He advised that he feels we need to follow the recommendation that Bob Decker made recently for Montana to create a government agency that is modeled after a number of other states. For example, Vermont, North Carolina and New York all do very good work in terms of directing energy efficiency and energy conservation work throughout their states. He believes that the EQC should look at their programs.

Tim Ravendal, with Montana Multiple Use Association based in Townsend, is representing the public sector. He asked the EQC to take a close look at the lives of the average Montanan when reviewing these unfunded mandates and to remember that the costs have to be passed to the various industries to pay for them, who in turn pass them down to their customers and they in turn pass them on to the citizens of Montana. He requested the EQC to please remember this and to look at the mandates from the bottom up, not top down. He gave credit to Rep. Vincent who pointed out that the study did not analyze the impact of the forest fires on our carbon issues. He felt that must be at the forefront of the process in order to move forward. He stated that he was also concerned that the cost of the study did not include a review by the people of Montana. He feels that the people need to know what is going on with the study and the recommendations and make sure the actions are best for the future of the citizens of Montana.

Bob Decker, of the Policy Institute, a non-profit organization in Helena, explained that he had recently sent a proposal to the EQC members. The proposal was for a new Montana Office of Energy Conservation to be part of the Department of Commerce. He then talked about the climate change report stating that in essence this was a study of energy and he felt that the 54 recommendations basically had to do with energy. Of the 54, a number of them had to do with conservation and efficiency. He stated that his organization took note of the conservation measures that had sizeable net present values in positive terms, economically. Ironically he said, those numbers show up as negatives in the table that was provided, but the report assures us that those negative numbers provide net positive economic benefit to Montana, usually over a time period of 12 to 13 years or out to 2020. His organization added up those conservation measures. They are not renewable energies, they are not alternative forms of energy, they are ways to use less energy or to use it better. He explained that if you add all of those up, you will get a 12 year economic benefit to the state of Montana of \$950 million. He then stated that with the overlap in the report (about 25%), he felt it was more along the lines of \$700 million. Which equates to about \$2,000 per Montana household. It is \$2,000 per household over 12 years of net economic benefit to Montana. He stated that he questioned the numbers in the report, if they were good or not, so he researched some of the numbers and found them to be very solid (the conservation and efficiency numbers). He advised that these ideas appear to be good for the state to pursue at least from the conservation side of the energy management budget. He reminded the EQC that the last Legislature created a new office of Energy Promotion to go after the production side of the energy budget. He asked why then wouldn't the state put the same effort and commitment into that kind of economic benefit for Montana. That is the rationale and basis for the proposal he sent out regarding a new Office of Energy Conservation.

- **Committee Questions/Comments**

Rep. Vincent stated that he realized there are 54 proposals/recommendations that were boiled down from 300 proposals. He asked Mr. Lambrecht where the 300 proposals came from, if they came from the Center for Climate Strategies consultants and did they have an economic analysis for each one, are these being implemented in other states, he wondered how and where the 300 came from initially. Mr. Lambrecht stated that the Center for Climate Strategies was the consulting firm that was hired to facilitate the entire process and with that, they brought a template of ideas that were implemented in similar projects in other states. Those templates included the ideas themselves along with assumptions about feasibility and cost.

Rep. French asked Mr. Lambrecht if he was the only one who objected to the recommendations. Mr. Lambrecht stated that he was the one who voted against the one

recommendation which was the recommendation of Membership in the Western Climate Initiative. He stated that it was true, the entire membership of the panel approved, upon final review, all the recommendations unanimously (except the Membership in the Western Climate Initiative), but he wanted the EQC to know that a lot of the members had concerns over some of the recommendations. During the process they voiced those concerns and ultimately they either reached a compromise or agreed to the recommendation because they didn't feel they should be an obstruction since ultimately the recommendations deserved a fair hearing before the EQC and the Legislature.

Rep. French asked Mr. Lambrecht if he supported most of the recommendations except those that pertained to his business directly. Mr. Lambrecht stated that as an employee of PPL Montana, energy supply was his focus, but he certainly kept an eye out for some of the other industries that were not on the panel. He worked hard on all of the recommendations, but with expertise in one area, that is where the majority of his focus was.

Rep. French then asked Mr. Lambrecht if there were any of the recommendations that were directed solely at his business that he did approve. Mr. Lambrecht stated that ultimately the energy supply section was approved unanimously by the members of the committee and that is where his focus was. He stated that he did voice the concerns he had with the recommendations that were ultimately approved. He stated those concerns for the Council in earlier testimony today so the EQC could consider them before they moved forward with possible legislation.

Sen. Shockley asked Mr. Lambrecht about the references to carbon sequestration and asked if carbon sequestration is a "real deal." Mr. Lambrecht advised that he is a board member of the Big Sky Carbon Sequestration Partnership and that he has spent a great deal of time researching and studying carbon sequestration. He advised that there definitely will be a cap on carbon emissions in this country and feels it is coming soon. He advised that in order to position themselves and remain competitive, PPL Montana has spent a great deal of time and money researching this issue with the Big Sky Carbon Sequestration Partnership. He stated that like Rio Tinto, PPL Montana is a member of the Future Gen Industrial Alliance and they provide siting and engineering assistance to that project. They are working very hard to determine if carbon sequestration is a viable opportunity for permanent storage of carbon dioxide. What he has seen so far, according to the science he has reviewed, is that there is hope that it will work, but there are many, many challenges to overcome, like possible liability and possible environmental issues associated with storing large amounts of CO₂.

Sen. Shockley stated that burning a tiny bit of coal produces tons of gas. He made the point that trying to put all that gas into a tiny hole in the earth just doesn't seem logical. Mr. Lambrecht stated that the science behind it has to do with the capture of the gas and compressing it into a liquid and then pumping it into deep saline aquifers deep below the surface of the earth. He stated that it is not faith based science, it is real actual credible science. It is a matter of trying to determine what the liabilities are going to be and how to reduce the costs of the technology and make sure that it can feasibly be applied to an existing or new coal-fired power plant.

Sen. Shockley verified that the CO₂ would have to be compressed at least 2-3 times, then it is necessary to try to find places all over the world to sequester it, then it has to be watched forever. He also stated that it takes a lot of energy to do this. Mr. Lambrecht stated he was

correct and yes it takes a lot of energy to do this. As much as a third of the megawatts produced at a coal-fired power plant would be directed towards running the CO₂ capture equipment.

Chairman Wanzenried asked Mr. Decker about his proposal for an Energy Office to be established as part of the Department of Commerce given that there is an Energy Office in the DEQ currently. He asked Mr. Decker to walk the Council through his proposal. Mr. Decker started by saying that as heard in previous testimony today, it's all about 'bucks', not BTU's but 'bucks'. He stated that his proposal is all about money and the economic terms, not the environmental effects. During his testimony, he did not talk about the environmental impacts of the committee's recommendations, but the economic impacts and what the recommendations are worth to the state. He advised that the other side of the energy equation is currently in the Department of Commerce, so it makes sense from an economic standpoint and an energy equation standpoint to have an Office of Energy Conservation there as well. They are both working to deliver economic benefit.

Chairman Wanzenried asked Mr. Lambrecht about some of the things that need to be taken care of at the national level. He asked why this issue is any different, why should the state expect something to happen quickly at the federal level. He wanted to know if there was a timetable. Mr. Lambrecht stated that PPL Montana and PPL Corporate gave its support to one piece of legislation that has not moved forward. They are also monitoring the Lieberman-Warner piece. He advised that they had hoped that Congress would act during this session but it hasn't happened yet. He is at a loss as to predicting this at the national level.

Chairman Wanzenried asked if that changes his opinion on any of these recommendations then, in terms of the immediacy of taking action on some of the recommendations, as opposed to waiting for what could happen nationally. Mr. Lambrecht stated that no, he still feels that many of the recommendations should only be implemented at a national level and on a nationwide scale, like the cap and trade program or a nationwide carbon tax. Other aspects, like the Generation Performance Standard, would be difficult to implement in the near future or in the long term because of the difficulty it would present for the electrical generators and ultimately the consumers.

Sen. Wanzenried asked if he would be willing to identify the recommendations he is in favor of supporting and advancing. Mr. Lambrecht stated he would be willing to do that. He stated he had an earlier version of such a list and will make a copy for the Chairman.

Sen. McGee verified with Mr. McGraw that he was with the National Resources Defense Council and asked him specifically what his professional vocation was. Mr. McGraw stated he was an attorney, but he now he does energy policy. Sen. McGee asked Mr. McGraw if the CCAC ever took into account the amount of CO₂ that we/human beings breath out as part of this study. If they looked at human CO₂. Mr. McGraw stated that no, it was never considered. They focused on those things or sources of greenhouse gases that they could control, sources that exist because of our activities, not because we exist.

Sen. McGee asked if anyone has ever taken a look at the contribution of the respiration of human beings to the greenhouse gas problem. Mr. McGraw stated that he assumes that someone has looked at human CO₂ respiration as a pollutant, but that it is probably minuscule compared to the industrial sources that emit greenhouse gases worldwide.

Sen. McGee stated that was his point. He wanted to know about the contribution of respiration from human beings. He wondered if the IPCC or anyone else has ever studied that contribution. Mr. McGraw advised that the CCAC and the IPCC and others focus on what they can do about the issues. He doesn't know about human respiration amounts specifically.

*On January 15, 2008, Mr. McGraw distributed information he had researched on human respiration of carbon dioxide, **EXHIBIT 6**.*

Sen. McGee asked if anyone in the audience had knowledge of human respiration, because with 6 billion people in the world breathing 8-10 times every minute, it has to be substantial. No one responded from the audience.

Rep. Vincent discussed the forest fire contribution to the greenhouse gas problem. He advised that this past summer Montana burned approximately 684,000 acres. He added he had done some research on the greenhouse gases emitted by forest fires and found that burning one acre of conifer forest emits on average 9 tons of CO₂, .6 tons of hydro-carbon particulate, and .25 tons of nitrous oxide. He stated that this would take 1,040 new cars, with new emissions, driving 1,250 miles each, to equal a one acre fire. He advised that the one acre of forest was based on a premise of about 30-40 tons per acre of woody debris.

Sen. Story asked Mr. Loken if he does any new construction or mostly modifies/weatherizes existing homes. Mr. Loken answered he does about 75% of existing structures/homes.

Sen. Story asked Mr. Loken his opinion on why people don't insulate and weatherproof their homes as much as they can. He wondered if it was due to the design of the home maybe having too many windows or is it that people just don't adequately insulate. Mr. Loken stated it is both, but the designs aren't particularly good. People want more space, more volume so they look at least cost per volume. He advised that the average home size in the U.S. has gone from 1,200 sq. ft. in 1960, up to about 2,400 sq. ft., it has doubled. People want bigger houses and want to spend less money for them. He stated that insulation is one of the least costly components, but people don't want to do anymore than code minimum. Bonneville Power now recommends that structures should have R26 walls and R50 in the ceilings. Montana codes are well below that.

Sen. Story asked if people only build to a minimum or does he find people who understand the economics of something like insulation as well. Mr. Loken advised that what he sees are people who generally build to the minimum, there are a few who do better, but not many.

Rep. Witte asked Director Opper about the discussion regarding the proposal for an Energy Conservation Office. Director Opper stated that the DEQ has had a focus on energy conservation for years and that Lou Moore's Energy Pollution Prevention Bureau is the designated energy office for the federal Department of Energy, which funnels a lot of money through the agency to do conservation work. They run the state energy buildings program, they provide renewable energy loans and promote efficiency and conservation in general. He stated that they have the expertise and have been doing it for a lot of years now. But, the funding provided by the state for this office has been cut back over the years. In 1985 they had 25 people employed to promote energy conservation and now they are down to 19, but they have doubled their workload. There are reasons for the cuts. First there have been some lean years, obviously, but also it is a non-regulatory office and those are the ones that the Legislature tends

to cut first. Also, there have been very low energy prices in the past, but that is changing. He said that it is up to the Governor and the Legislature whether to funnel additional resources to this office, but he doubts that it would be beneficial to give it to another state agency.

Sen. Story stated that with all the comments regarding the production of CO₂, it would be nice to have an expert come to the committee to present and explain the difference between natural gas emissions and coal emissions in a brief but helpful and simple format. Rep. Lambert asked Ms. Moore about a statement she made previously that many of the buildings currently being built are not meeting building standards. She wondered why then do we have building inspectors if buildings are not meeting the codes and standards.

Ms. Moore stated that there are building inspectors in certain jurisdictions that have adopted the energy code within the local governments. For example, if a person builds within a city, an inspector will come out, but outside that jurisdiction, there is not an inspector who goes out to look at the building codes.

Rep. Lambert made a correction to Mr. Loken's statement regarding the 75 MPH speed limit. He stated that Montana was the only state in the union that had a 75 MPH speed limit. She advised that she frequently travels through South Dakota and Wyoming and they both have speed limits of 75 MPH as well.

Sen. Story asked for a copy of the letter from Mr. Kolman that was in the packet of information they received.

Chairman Wanzenried stated he feels the EQC needs to look at Mr Kolman's suggestions regarding the CCAC's recommendations and determine if there are any of these recommendations that the EQC would like to move forward with. He stated that by the May meeting, he feels the EQC should have some draft proposals regarding the recommendations they want to move forward with. He would like to have a discussion tomorrow with the Council regarding how they would like to proceed.

Direction from Council Regarding Climate Change Study (postponed to 01/15/08).

04:26:23 **RECESS OF EQC MEETING**