

**Energy and Telecommunications Interim
Committee
Draft Work Plan
2009-2010**

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Information about the 2009-2010 Draft Work Plan

Introduction

This is the draft work plan for the Energy and Telecommunications Interim Committee (ETIC or Committee) for the 2009-2010 interim. In this document you will find:

- An explanation of how the ETIC plans its work.
- Instructions for using the draft work plan to make decisions about the final work plan.
- A description of potential work plan topics and options for addressing those topics.
- A draft timeline.

There is an additional document-- the *Draft ETIC Work Plan Decision Matrix* -- to assist members in establishing a final work plan.

Members and Staff

Committee members

- Rep. Duane Ankney
- Rep. Tony Belcourt
- Rep. Robyn Driscoll
- Rep. Harry Klock
- Sen. Jerry Black
- Sen. Ron Erickson
- Sen. Verdell Jackson
- Sen. Cliff Larsen

Staff

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How the ETIC Plans its Work

During the legislative interim, the ETIC typically focuses on the study topics it has been assigned while also maintaining oversight of programs and rulemaking activities of the Department of Public Service Regulation and the Public Service Commission. It also may address issues and improve law as it deems to be in the best interest of the state. This interim the committee has increased statutory duties, with the passage of Senate Bill No. 290 -- requiring the ETIC to address nine, specific issues in a review of the state energy policy. The Legislative Council did not assign the committee any studies, in the form of joint study resolutions ranked by legislators following the close of the 2009 Legislative Session. Members, however, provided staff with potential study topics for discussion. Keeping these assignments and potential assignments in mind, it will be up to the committee to chart its work for the coming months.

The ETIC establishes its work plan at the beginning of the interim. **The primary constraint limiting the study agenda for the interim is the number of issues that can be effectively addressed within the available time and resources of the committee members and its staff.**

This *Draft 2009-2010 Work Plan* is a **DRAFT**. It is really a **decision-making tool** to help committee members work together efficiently to set priorities and decide how and where to spend the ETIC's limited time and resources. The work plan sets out a strategy for fulfilling the ETIC's responsibilities throughout the 2009-2010 interim.

Once you collectively make a decision on the work plan, it will become your blueprint for the 2009-2010 interim. Staff will then develop detailed draft work plans and timetables for each major study. A draft timeline illustrating the overall schedule that these work plans will fit into once the meeting schedule and work plan are finalized is presented at the end of this document.

The draft work plan includes studies suggested by committee members and statutory mandates. The ETIC must decide how to prioritize its interim work regarding how or whether it plans to pursue these requests.

Committee Procedures and Public Participation

The Energy and Telecommunications Interim Committee will operate under the Rules, Procedures, and Guidelines for Interim Committees adopted by the Legislative Council.

As required by law, 10 day advance public notice will be given for all meetings and the public will be given an opportunity to comment on any matter that is within the jurisdiction of the committee. The Chair may establish time limits for public comments, if necessary.

Interested persons may be added to the mailing list by contacting Dawn Field at 444-3073, or the Legislative Services Division Office at 444-3064.

Agendas, memos, links and other information can be found on the Energy and Telecommunications Interim Committee Website : www.leg.mt.gov/etic. By visiting the Website, interested persons also may sign up for electronic notification.

Instructions

The *DRAFT ETIC Work Plan Decision Matrix* is included as a separate document. Using the matrix, the decisions you will need to make are simply "What?" and "How Much?"

Just follow these steps:

1. Review the draft work plan.
2. Refer to the matrix. Review the topics and add any additional topics that are important to you.
3. For each category in the column on the far left, *choose* from the menu of options.
4. Circle the most appropriate option for that topic.
5. Fill in the resources allocated for that option in the far right column (#FTE, etc.).
6. Do this for each topic, then add the total. If it is more or less than about **.85 FTE**, reallocate.

This exercise can be done individually in order to get an idea of your own preference. After Committee discussion that should include answers to the question "Why", ETIC members may generate proposals for the group to consider. At the end of the July ETIC meeting, a plan of *what* the committee plans to work on during the interim and *how much* effort will be placed on each subject should be the result. Any direction on *how* you think the work can best be accomplished will assist staff in preparing detailed work plans on the selected topics.

Once again, the *Draft 2009-2010 Work Plan* is a decision making tool. **Everything in it is subject to approval by the Committee.**

Potential Work Plan Topics

ETIC STATUTORY DUTIES AND OBLIGATIONS

The ETIC draws its statutory responsibilities from four sources.

I. Source/authority: 5-5-215, MCA. General duties of all interim committees.
5-5-230, MCA. ETIC oversight

"The energy and telecommunications interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the department of Public Service regulation and the Public Service Commission."

As applied to the ETIC, statutes require the Committee to:

1. **Conduct interim studies** as assigned. The Committee may recommend to the Legislative Council that an interim study be assigned to another interim committee or not be conducted.
2. **Review administrative rules** of the Department of Public Service Regulation (DPSR) and the Public Service Commission (PSC).
3. **Review legislation** proposed by DPSR or the PSC. Bills requested by an individual member of the Legislature are not subject to this requirement.
3. **Complete additional statutory duties** including reviewing and revising the state energy policy, reviewing universal system benefits programs and receiving a report on geothermal activities in Montana.
4. **Monitor the operation of the DPSR and PSC** with specific attention to the following:
 - a. identification of issues likely to require future legislative attention;
 - b. opportunities to improve existing law through the analysis of problems experienced with the application of the law by the agency; and
 - c. experiences of Montana's citizens with the operation of the agency that may be amenable to improvement through legislative action.
5. **(Committee driven):** Prepare bills and resolutions that, in the Committee's opinion, the welfare of the state may require for presentation to the next regular session of the Montana Legislature.
6. **(Committee driven):** Compile, analyze, and furnish information bearing upon the Committee's assignment and relevant to existing or prospective legislation that the Committee determines to be pertinent to the adequate completion of its work.

II. Source/authority: 90-4-1003, MCA.
SB 290, 2009
HB 199, 2005

Requires the ETIC to "review the state energy and recommend potential changes to the state energy policy" each interim. In 2009, Sen. Verdell Jackson sponsored SB 290, which changes the ETIC's statutory duties for the 2009-10 interim, as well as future interims.

During the 2009-10 interim, the Committee is required by law to consult with "a broad representation of stakeholders, including the public and state agencies" and revise the energy policy with a focus on:

1. increasing the supply of low-cost electricity with coal-fired generation;
2. rebuilding and extending electric transmission lines;
3. maximizing state land use for energy generation;
4. increasing energy efficiency standards for new construction;

5. promoting conservation;
6. promoting energy efficiency incentives;
7. promoting alternative energy systems;
8. reducing regulations that increase ratepayers' energy costs; and
9. integrating wind energy.

Each biennium, the ETIC must develop a proposed, revised state energy policy, if necessary, in the form of legislation, to present to the full Legislature.

In 2005 HB 199 transferred this function from the Environmental Quality Council to the ETIC. The statute stated that due to "limited state resources and the need to focus intensive effort on specific issues of importance, the development of a comprehensive state energy policy must occur on an incremental basis." It directed the Department of Environmental Quality, "as the need arises, [. . . to] identify and recommend to the committee specific components of a state energy policy for development." If and when the DEQ identified such issues, the ETIC was then required to create a "working group," which the DEQ assisted in terms of staffing and administration. With the passage of SB 290, the DEQ is largely removed from the process and the review and update is in the hands of the ETIC.

III. Source/authority: 69-8-402, MCA.
HB 27, 2009

Requires the ETIC to "review the universal systems benefits programs, and, if necessary, submit recommendations regarding these programs."

Public utilities and cooperative utilities are required to submit an annual summary report of universal system benefits programs to the ETIC for review. The electric universal system benefits proposal was poised to sunset in 2009, however the 2007-08 ETIC requested HB 27, sponsored by Rep. Brady Wisemen that eliminated the sunset and clarified the ETIC's role in reviewing the program.

IV. Source/authority: HB 333, 2009

Requires the Bureau of Mines and Geology, prior to each legislative session, to update the ETIC on geothermal research conducted by the Bureau and funding received by the Bureau for geothermal research.

Statutory Duties and Obligations		
Revise State Energy Policy	<p style="text-align: center;">0.75 FTE</p> <ul style="list-style-type: none"> ✓ Develop list of interested persons, including public and state agencies to assist in development of policy. ✓ Provide background reports on nine topics outlined, including review of existing state law in subject areas. ✓ Analyze potential policy statements and use of energy policy in Montana. <p style="text-align: center;">Deliverables:</p> <ul style="list-style-type: none"> ✓ In-depth energy policy, addressing nine specific policy areas. ✓ Issue papers on nine policy areas reviewed by Committee. ✓ ETIC energy policy legislation. 	<p style="text-align: center;">0.60 FTE</p> <ul style="list-style-type: none"> ✓ Develop list of interested persons, including public and state agencies to assist in development of policy. ✓ Provide background reports on nine topics outlined, including review of existing state law in subject areas. <p style="text-align: center;">Deliverables:</p> <ul style="list-style-type: none"> ✓ Energy policy, addressing nine specific policy areas. ✓ Briefs on nine policy areas reviewed by Committee. ✓ ETIC energy policy legislation.
Review Administrative Rules	<p style="text-align: center;">0.03 FTE</p> <ul style="list-style-type: none"> ✓ Staff provides Committee copies of notices for the adoption of rules on all ETIC subjects. (Members to inform staff or Chair if they want more information.) ✓ Committee requests that it be copied on notification letters that the DPSR and/or PSC is sending to legislators who were primary sponsors of laws that the agency is now promulgating rules for. ✓ Committee attorney monitors and provides synopses of proposed rules or subjects Committee needs to know about. 	<p style="text-align: center;">0.02 FTE</p> <ul style="list-style-type: none"> ✓ Staff provides Committee copies of notices for the adoption of rules on certain ETIC subjects. (Members to inform staff or Chair if they want more information.) ✓ Committee requests that it be copied on notification letters that the DPSR and/or PSC is sending to legislators who were primary sponsors of laws that the agency is now promulgating rules for.
Review Agency Legislation	<p style="text-align: center;">0.005 FTE</p> <ul style="list-style-type: none"> ✓ Committee reviews proposals from the DSPR and/or PSC and decides if staff should draft legislation for preintroduction. 	
Monitor PSC activities	<p style="text-align: center;">0.03 FTE</p> <ul style="list-style-type: none"> ✓ Monitor or investigate aspects of PSC programs. 	<p style="text-align: center;">0.01 FTE</p> <ul style="list-style-type: none"> ✓ Monitor or investigate aspects of a program, if and when the Committee so chooses.

Statutory Duties and Obligations	
Review Utility USBP Reports	0.02 FTE ✓Committee reviews utility reports and decides if any comments on compliance are needed and if staff should assist.
Review Geothermal Research	0.005 FTE ✓Committee reviews Bureau of Mines and Geology reports and decides if any comments are needed and if staff should assist.

ETIC Educational Publications

Background: The Environmental Quality Council has historically produced objective, nonpartisan, educational publications related to energy issues in Montana. These educational publications are well regarded and are regularly requested by the general public, legislators, state and federal agencies, other states, and industry and conservation groups. While the EQC in the past has developed these educational tools, the ETIC may choose, as it did last interim, to oversee updates to the following documents:

☆ *The Electricity Law Handbook: A Montanan's Guide to Understanding Electricity Law (produced 2002; updated 2004, 2008)*

Explanation: This handbook was originally produced by the EQC during the 2001-03 interim. The EQC felt that given the magnitude of the issues surrounding electricity and especially electricity deregulation in the state, that an educational publication was needed to help Montanans sort out the morass of laws that deal with electricity. During the 2007-08 interim, the ETIC revised this handbook and updated it to reflect major changes in Montana's energy policy, including a step back from utility deregulation.

☆ *Understanding Electricity in Montana: A Guide to Electricity, Natural Gas and Coal Produced and Consumed in Montana (produced 2002; updated 2004)*

Explanation: This guide was produced by the Department of Environmental Quality energy staff for publication by the EQC. It provides statistical and explanatory information on electricity supply, demand, and transmission and information on coal and natural gas supply and demand.

These publications often become outdated every interim as a result of legislative changes or administrative changes in the particular areas of law or rule that the publication addresses. Sometimes the updates require minimal time and effort, but some updates require a more intensive effort.

OPTION A	OPTION B	OPTION C	OPTION D
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<p>.10 FTE</p> <ul style="list-style-type: none"> ✓ Complete overhaul of both <i>The Electricity Law Handbook</i> and <i>Understanding Electricity in Montana</i> ✓ ETIC reviews and approves updates 	<p>.03 FTE</p> <ul style="list-style-type: none"> ✓ All of Option C ✓ Provide minimal updates to <i>The Electricity Law Handbook</i> ✓ ETIC reviews and approves updates 	<p>.02 FTE</p> <ul style="list-style-type: none"> ✓ Authorize staff to work with DEQ to update <i>Understanding Electricity in Montana</i> ✓ ETIC reviews and approves updates 	<p>No Action</p>
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ETIC MEMBER SUGGESTED TOPICS

Review Federal Greenhouse Gas Reduction Programs

Source/authority: Suggested by Sen. Black & Sen. Erickson **Legislative Poll Ranking:** N/A

Background: This topic was suggested in an effort to review or track certain issues, primarily related to proposed, federal greenhouse gas cap and trade programs, raised in SJ 36, which was contemplated by the 2009 Legislature. SJ 36, which died on a tie vote in House Federal Relations, Energy and Telecommunications, was brought in response to the federal government moving forward with the development of national programs to reduce greenhouse gas emissions. The design of such a program could require individual state responsibilities in certain areas, and the overall goal of the study was to analyze the potential impacts of such a program on Montana's environment and economy.

OPTION A	OPTION B	OPTION C	OPTION D
<p>.3 FTE</p> <ul style="list-style-type: none"> ✓ All of Option B ✓ Coordinate review/public comment on Montana's potential participation in a federal program. ✓ Evaluate various greenhouse gas reporting and reduction models, including a review of other Western state's efforts in these areas. <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Potential legislation ✓ Final report with recommendations and alternatives 	<p>.15 FTE</p> <ul style="list-style-type: none"> ✓ All of Option C ✓ Overview of Montana-specific issues and impacts related to potential federal greenhouse gas reduction programs. <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Potential legislation ✓ White paper 	<p>.05 FTE</p> <ul style="list-style-type: none"> ✓ Track proposed and potential federal greenhouse gas reduction programs ✓ Panel discussion from utility industry, greenhouse gas reduction program specialists, and state agency personnel currently tracking and participating in federal policy development. <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Potential legislation 	<p>No Action</p>

Track Transmission Line Development

Source/authority: Suggested by Sen. Black **Legislative Poll Ranking:** N/A

Background: This topic was suggested in an effort to track the progress and development of transmission lines proposed in Montana. Last interim the Committee allocated **.03 FTE** to this topic. The ETIC could continue to track the progress of transmission projects proposed in Montana and receive regular reports from the Energy Infrastructure Promotion Division.

OPTION A	OPTION B	OPTION C	OPTION D
	<p>.10 FTE</p> <ul style="list-style-type: none"> ✓ All of Option B ✓ Review permitting requirements for transmission. ✓ Identify use of incentives for transmission. <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Staff white paper ✓ Potential legislation 	<p>.02 FTE</p> <ul style="list-style-type: none"> ✓ Track transmission line development in Montana <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Potential legislation 	<p>No Action</p>

Monitor Implementation of Carbon Sequestration Legislation

Source/authority: Suggested by Sen. Erickson **Legislative Poll Ranking:** N/A

Background: With the passage of Senate Bill 498, "An Act Regulation Carbon Sequestration", the Board of Oil and Gas was granted rulemaking authority to pursue primacy over such a program. While the Board of Oil and Gas, under the umbrella of the Department of Natural Resources and Conservation, reports to the Environmental Quality Council, the 2007-08 ETIC dedicated the largest chunk of its time to studying carbon sequestration. The ETIC would track the issue and request an update on implementation of SB 498. The ETIC also would explore issues associated with the composition of the Board of Oil and Gas, as were raised by the 2009 Legislature.

OPTION A	OPTION B	OPTION C	OPTION D
	<p>.05 FTE</p> <ul style="list-style-type: none"> ✓ All of Option B ✓ Review federal and other efforts related to sequestration. ✓ Identify updates or changes needed for SB 498 implementation. <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Staff white paper ✓ Potential legislation 	<p>.02 FTE</p> <ul style="list-style-type: none"> ✓ Track implementation of S.B. 498. ✓ Discuss BOG composition. ✓ Reports from BOG, DEQ, Governor's Office, other interested parties. <p>Deliverables:</p> <ul style="list-style-type: none"> ✓ Potential legislation 	<p>No Action</p>

Study Climate Change -- Energy Supply Focus

Source/authority: Suggested by Rep. Driscoll **Legislative Poll Ranking:** N/A

Background: This proposal would look at the Montana Climate Change Action Plan (Nov. 2007), with a focus on potential legislative proposals related to distributed generation and increasing the efficiency of the energy production and distribution systems. The Montana Climate Change Action Plan describes benefits, costs and barriers connected to increasing efficiency and conservation measures and with developing renewable energy. During the 2007-2008 interim, the EQC dedicated .4 FTE to reviewing the recommendations included in the “Montana Climate Change Action Plan: Final Report of the Governor’s Climate Change Advisory Committee.” The Council did not specifically look at the energy supply recommendations. This study would focus on:

- ES-1 Environmental Portfolio Standard (Renewables and Energy Efficiency).
- ES-2 Renewable Energy Incentives (Biomass, Wind, Solar, Geothermal).
- ES-3 Research and Development for Energy Storage and Advanced Fossil Fuel Technologies.
- ES-4 Incentives and Barrier Removal (including interconnection rules and net metering arrangements) for combined heat and power and clean distributed energy.
- ES-6 Efficiency improvements and repower of existing plants.
- ES-7 Demand-side management.

OPTION A	OPTION B	OPTION C	OPTION D
<p>.12 FTE</p> <ul style="list-style-type: none"> • Review statutes, regulations, publications related to distributed energy generation, renewable energy, and greater efficiency in existing energy systems. • Examine national efforts to address distributed energy and renewable generation. • Review proposals in the West related to renewables, efficiency and distributed energy. • Panel discussions. • <p>Deliverables:</p> <ul style="list-style-type: none"> • Interim report • Legislation 	<p>.05 FTE</p> <ul style="list-style-type: none"> • Review MCCAC recommendations related to Energy Supply and supporting documentation with a focus on potential legislation to implement recommendations. • Panel discussions. <p>Deliverables:</p> <ul style="list-style-type: none"> • White paper. • Legislation 	<p>.02 FTE</p> <ul style="list-style-type: none"> • Provide overview of the current implementation of MCCAC recommendations focused on Energy Supply. • Panel discussion. <p>Deliverables:</p> <ul style="list-style-type: none"> • Legislation 	<p>No Action</p>

Draft 2009-2010 Work Plan Timeline

[Note: This draft timeline is provided to give you an idea of the timeline that the ETIC will need to work under in order to complete its work on time. It is subject to the final approval of the ETIC. The timeline shows the last date for completion of certain items.]

July 10, 2009	ETIC Meeting. Interim work plan prioritization and ETIC organizational meeting. Selection of studies and topics.
September 24, 2009	ETIC Meeting. Adoption of detailed work plans for each selected study or topic.
Nov. 16-17, 2009	ETIC Meeting
Jan. 14, 2010	ETIC Meeting
May 13, 2010	ETIC Meeting. Last day to suggest revisions to a draft document if a 30 day public comment period is desired. Comments received will be compiled and distributed to the ETIC prior to the July meeting.
July 29-30, 2010	ETIC Meeting. Decision on recommendations, any proposed legislation, final report contents.
Sept. 10, 2010	ETIC Meeting. Final approval of recommendations, any reports, proposed legislation. Selection of bill sponsors. Development of strategy. Review agency bill draft requests. Committee interim work must be completed prior to September 15, 2010.

Summary of Issues Reviewed by the 2007-08 Energy and Telecommunications Interim Committee

Study	Status
Study Carbon Sequestration	Report "An Analysis of Geologic and Terrestrial Carbon Sequestration Regulatory and Policy Issues" September 2008.
Study Public Power	Report "Perspectives on Public Power" September 2008.
Evaluate Costs/Savings of Wind Power	White paper January 2008.
Evaluate Energy Transmission Systems	Summary June 2007. Updates provided to Committee.
State of Telecommunications in Montana	May 2008 Panel Discussion
Coal Gasification/Liquefaction water usage	Summary November 2007.