

Energy Policy Summary Provided by Senator Larsen

Increasing the supply of low-cost electricity with coal-fired generation¹

Montana is committed to supplementing energy needs with renewable energy sources, while recognizing the value of existing coal-fired generation and its place in Montana's energy portfolio.

Montana recognizes the global consensus that carbon dioxide from the burning of coal will require, at some time in the future, carbon capture and storage (CCS). The financial viability of future coal plants and the longevity of current plants will depend on the cost of CCS relative to alternatives. Montana may play a major role in the development of CCS because we have vast coal reserves, promising sites for carbon sequestration, and a regulatory framework to provide certainty for industry and protect private property rights for this emerging technology.

Promoting alternative energy systems²

Montana should develop educational programs that prepare the workforce for creating and obtaining jobs in an emerging renewable energy economy.

Montana supports:

- the advancement of new alternative energy technologies to improve vehicle mileage and reduce exhaust emissions;
- incentives and loan programs to promote the development of biomass plants to generate heat for industrial use or electricity; and
- promotion of the long-term growth of large utility scale wind and small-scale distributed generation.

Montana should classify capacity expansions to existing hydroelectric facilities as renewable resources under the "Montana Renewable Power Production and Rural Economic Development Act" provided that the targets in the Act are strengthened (20% by 2020 and 25% by 2025) and the the Act applies broadly to Montana's many energy utilities.

Rebuilding and extending transmission lines³

Montana recognizes the need for new transmission lines in the state, while noting that the need for new transmission lines may be mitigated by focusing on energy efficiency, distributed energy, demand response, and smart grid technologies.

Montana urges developers and utilities to increase the capacity of existing lines in existing corridors and maximize the potential of existing lines. When new transmission lines are developed in Montana, developers should work closely with all stakeholders,

¹ Insert into page 21; replace current findings

² Insert into page 26; replace last paragraph of current findings

³ Insert into page 9; replace findings

including local governments and conservation organizations, in the preliminary stages of development.

If companies build transmission lines that allow for the export of Montana-generated electricity, the costs of those lines should be borne by those who will benefit from the lines. The state should protect Montana's rate-payers from the costs of serving others.

Montana should strengthen its level of participation in regional transmission efforts and organizations, recognizing that endeavors to improve the management of the transmission grid often require a broad, regional approach.

Wind integration⁴

The State of Montana encourages the testing and application of new and innovative technologies, such as compressed air energy storage, batteries, flywheels, hydrogen production, smart grid, smart garage, and intra-hour balancing services, to address wind integration.

Geographic diversity and regional planning in the siting of future wind development can mitigate firming needs and ensure that the economic benefits of wind are shared across the state.

Montana recognizes that there are areas of the state where large-scale, commercial industrial wind development may not be appropriate. Developers and regulators should closely review potential impacts to landscapes, wildlife, and existing land uses, including recreation and agriculture.

Montana recognizes that contracts between small-scale qualifying facilities and utilities require qualifying facilities to pay the cost of integrating its power, and the state is committed to providing the lowest-cost firming resources available to encourage renewable development

Maximizing state land use for energy generation

In pursuing energy development on state lands, the state must continue to weigh its overall management responsibilities (fiduciary and multiple-use), as mandated by the Montana Constitution and state law.

Promoting Energy Efficiency and Conservation Incentives⁵

Energy efficiency and conservation form the cornerstone of Montana's energy policy and have the potential to meet the majority of Montana's growing energy needs and save consumers money on their energy bills. Utilities in Montana, including both rural electric cooperatives and investor-owned utilities, must demonstrate that they are prioritizing and pursuing the acquisition of all cost-effective energy efficiency on their system. This includes requiring all utilities offer energy audits to their customers. In addition, the

⁴ Insert into page 13; replace findings

⁵ Insert into page 26, new "findings"

Public Service Commission should implement and enforce energy efficiency-related initiatives, including smart grid deployment, demand response, decoupling, and energy efficiency resource standards. Expanding incentives such as tax credits is necessary to promote and encourage consumer investment in energy efficiency.

Promoting Energy Efficiency Standards for New Construction⁶

Montana supports a strong statewide energy code and enforcement and compliance evaluation mechanisms to ensure that newly constructed buildings meet or exceed the latest International Energy Conservation Code standards for energy efficiency. A strong energy code must work in tandem with a standardized enforcement system to ensure that all homeowners and business owners, regardless of their location in the state, are experiencing the economic benefits of the state's current energy code. The state must provide adequate financial support and resources to appropriate agencies so that the energy code is properly enforced.

⁶ Insert into page 39, new "findings"