

Energy Policy Development

Using public comments collected in November and December and additional comments provided during the Energy and Telecommunications Interim Committee's January 14 meeting, staff attempted to summarize the suggested policy statements and policy changes in state law that were provided by the public, stakeholders, and the appropriate state agencies. Members should provide additional suggestions for policy statements (ETIC findings) and actual policies (ETIC recommendations). During the ETIC's May meeting, the committee will review the information included and decide which issues deserve further consideration.

Promoting conservation and energy efficiency incentives

Policy Statements:

- Energy conservation and efficiency should serve as the cornerstone of Montana's energy policy. It should be considered Montana's "first fuel".
- Energy-efficient technologies have the potential to save the state 25 percent to 30 percent in the next 20 years. Conservation is dependent upon behavioral changes, and the state should promote programs to educate state employees and others on how to reduce energy consumption.
- Energy efficiency and conservation can and should meet the majority of Montana's growing energy needs in the future.
- Montana utilities and cooperatives should be recognized for the work they are doing to promote efficiency and conservation.
- Utilities in Montana should give priority to conservation, energy efficiency, and demand response.
- Land-use planning and zoning opportunities in Montana should be reviewed and improved upon to address energy conservation and efficiency.
- Montana strives to promote energy efficiency and conservation, but does not support mandates or efforts that increase customers' rates.
- Utilities should make energy efficiency the highest priority in their' planning processes. and demonstrate that they have pursued all available energy efficiency and demand reduction resources that are cost effective before building additional generation capacity.
- Tax incentives, such as those in place in Montana, are important in encouraging widespread efforts to increase efficiency.
- Existing law provides the Public Service Commission with the direction, flexibility, and authority to implement and oversee the energy efficiency and demand-side management activities of regulated utilities. The PSC is encouraged to use its existing authority to better promote energy efficiency and conservation.
- The PSC should continue to require regulated utilities to aggressively acquire cost-effective energy efficiency and conservation.
- The PSC is encouraged to use its general authority to address implementation of new energy efficiency-related initiatives, including smart grid deployment, demand response, decoupling, and energy efficiency resource standards.
- All utilities should be required to achieve annual energy savings. However, rural electric

- cooperatives should be given reasonable time to develop individualized programs.
- All utilities and cooperatives in Montana should be encouraged, but not mandated, to provide effective efficiency and conservation programs for their customers. Decisions about energy use should remain in the hands of utilities and cooperatives.
- Montana supports market-oriented measures to achieve greater energy efficiency, as opposed to government regulation.
- Energy efficient technologies can demonstrate huge energy savings and minimize peak demand.
- Montana supports efforts to establish a smart grid pilot program in Montana, and encourages all utilities to undertake similar efforts.
- Energy prices and the market encourage energy efficiency. Government regulation and tax incentives are not needed to promote conservation.
- Montana electric cooperatives are focused on local control and flexibility. The imposition of energy efficiency mandates strike at the heart of Montana cooperatives' ability to control customers' rates.
- Montana should encourage energy efficiency by promoting incentives, not mandating standards.
- Montana recognizes that electricity providers are not the only utilities that provide energy in Montana homes and businesses. Energy efficiency measures should remain utility decisions, and electricity providers should not be mandated to meet specific standards.
- Energy audits provide an invaluable resource to homeowners and Montana all Montana utilities are encouraged to provide audits to their customers. Entities, like building supply stores, are encouraged to advertise opportunities to maximize energy audits and the purchase of low-cost CFL bulbs.
- Montana must develop a unified, effective energy efficiency program. That program should be based in the Department of Environmental Quality, and it should be provided with adequate resources.
- Montana supports greater coordination between utilities and state agencies that work on energy efficiency and conservation to maximize efforts.
- The Montana Climate Action Plan, prepared in 2007, outlines opportunities for energy efficiency and conservation in Montana. The plan, and its recommendations, are worthy of review. Montana should implement the recommendations to save energy.

Policies (Potential bill drafts):

- Develop energy efficiency standards for regulated utilities.
- Develop energy efficiency standards for all Montana utilities.
- Increase to the state energy efficiency tax credit.
- Pursue decoupling legislation to encourage or reward utilities to promote reduced sales and increased conservation.
- Direct the PSC to take more steps to encourage efficiency and conservation.
- Require all utilities to offer energy audits to customers. Require houses more than 5 year old to have an audit.
- Create an energy-efficiency utility similar to Vermont's "Efficiency Vermont" program to provide technical assistance and financial incentives to households and businesses.

- Revisit Montana energy conservation and alternative energy tax credits to clarify legislative intent and maximize use in all residences, as opposed to primary residences.
- Revisit USB laws to provide funding for homes heated with fuel oil and propane.
- Generally revise USB laws to require conservation and efficiency efforts for all utilities.
- Authorize local governments to establish energy improvement districts.
- Revisit bills proposed in the previous session to enhance energy efficiency tax incentives.
- Revisit 15-32-109, MCA to include whole-home monitoring.

Promoting energy efficiency standards for new construction

Policy Statements:

- Montana supports efforts to upgrade its statewide energy code, requiring newly constructed homes to meet the latest standards for energy efficiency, such as the efforts recently undertaken by the Department of Labor and Industry. Developers and home builders are encouraged to take additional energy-conservation measures.
- Montana's current, and limited energy code requirements, such as labeling, should be more strictly enforced. A statewide building energy inspection process should be developed in Montana.
- The state should provide both technical and financial assistance to help local jurisdictions implement and enforce the building codes.
- Energy conservation provisions in Montana's building codes should be strengthened.
- Montana recognizes that energy efficiency efforts can increase costs, however, advancements in technology continue to make the implementation of energy conservation more cost effective.
- Montana supports the ongoing efforts by industry and others to promote green building.
- Montana should not mandate energy efficiency standards but should allow the market to provide incentives and guidance in new construction.
- Builders and developers should be more diligent about providing homeowners and tenants with information about the energy efficiency of structures.
- Investments in the efficiency of new and existing homes, offices, and other buildings save property owners money on energy bills. Energy efficiency in schools and government buildings save taxpayers money.
- Montana must strengthen its current system of enforcement of energy conservation requirements in state building codes.
- Montana recognizes that its current energy code is not being adequately enforced and encourages the state to provide the proper agencies with adequate resources to properly enforce energy efficiency building codes.
- Collaboration between the private sector and government agencies can provide improvements to energy efficiency building and better education about opportunities in building.

Policies (Potential bill drafts):

- Develop specific energy efficiency requirements or targets for new homes built in Montana.

- Modernize Montana's building code laws.
- Provide increased funding for the enforcement of Montana's current energy code requirements.
- A work group, or task force, should be created to develop recommendations for improving building codes. The task force should also discuss the role of the state, and the importance protecting local government jurisdiction.
- Develop more incentives for assisting new homeowners with the costs of efficiency equipment or increase existing incentives.
- Develop tax credits that reflect a percentage of the cost of an energy efficiency improvement for five years.
- Require smart thermostats and smart switches in all new homes.
- Develop a low-voltage installers licensing system.
- Require blower-door testing on all new construction to determine thermal bypass issues.
- Require subsurface rain sensing irrigation or more native/xeriscape landscaping in new developments.
- Provide incentives for Green Building certification.
- Develop new licensing requirements for HVAC installers and additional certification requirements.
- Revise and modernize the professional representation on Montana's Building Codes Council by establishing qualifications for some members based on energy management and expertise. 50-60-115, MCA
- Require adoption of a 15% improvement to the existing energy code in Montana by 2010 and 30% by 2020.
- Develop a rural building code enforcement program. Investigate use of stimulus money to fund the program.
- Work with federal and regional coalitions to enhance federal standards for enhancement of appliance efficiency standards.
- Apply stronger penalties to builders failing to adhere to the existing energy code.
- Allow building owners to sue for damages equal to the cost of additional energy purchased because of poor construction.
- Require inspections of certain percentage of buildings built by a contractor and keep a list of how contractors do on inspections.
- Require energy efficiency inspections in counties that meet a certain density level.
- Require updates to the energy code every three years.

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