

Minutes of the Montana Renewable Energy Association  
Quarterly Meeting, April 11, 2007  
MT DEQ, Metcalf Building, Helena

Present: (6 of 9 board members present, 5 required for a quorum)

Dave Ryan, President and Board Member  
Chris Borton (Sage Mountain Center), Vice President and Board Member  
Chris Daum (Oasis Montana), Treasurer and Board Member  
Patrick Judge (MEIC), Secretary and Board Member  
Steven Aagenes (InSolar), Board Member  
Kathi Montgomery (DEQ), Board Member  
Georgia Brensdal (DEQ)  
Tom Bishop (Sunelco)  
Sean Micken (Independent Power Systems)  
Tim Ranf (Pioneer Technical Services)  
Jason Isbell (Solar Montana)  
Jackson Isbell (Solar Montana)  
Orion Thornton (Independent Power Systems)  
Wendy Kleinsasser (WindPark Solutions America)  
John Campbell (NorthWestern Energy)  
John Jones (Highmark Media)  
Matt Elsaesser (SAVE Foundation)  
Peggy Miller (High Ground Communities)

**Call to Order:** President Dave Ryan called the meeting to order at 12:18 pm. He led a round of introductions.

**Minutes:** Chris Daum moved that the minutes of the January 10, 2007 meeting be approved with minor modifications mentioned by Patrick Judge. Kathi Montgomery seconded. The motion passed unanimously.

**Treasurer's Report:** Chris Daum reported that MREA had \$7,835 in its bank account, and that there were currently 33 members who had paid their 2007 dues.

**Guest Speaker:** Peggy Miller of High Ground Communities discussed her proposal to address the twin problems of oil depletion and global warming. Details are available at:  
<http://www.highlandwinds.com/Blog.aspx>

**Safety and Certification Report:** John Jones updated the group on the safety and licensing issues we've been discussing. He reported that he met with OSHA in February, and that they are interested in forming a partnership / working collaboratively with MREA's members. A partnership would offer the benefit of a two-day free safety training for MREA installers. The first day would focus on construction standards and the second day would focus on fall protection and crane operation (signaling). Mike Foreman is the contact. During the trainings, installers benefit from some protections against citations. The training would be on-going, with different topics covered in future years. MREA could establish a certification program which

would require completion of these training sessions to be an official "MREA Safety Certified Installer." Decals could be made available to those businesses.

Sean Micken moved that MREA take the initial steps toward setting up a safety training partnership with OSHA. Steve Aagenes seconded the motion, and it passed unanimously. John Jones had already set up a "blog" on the topic: [www.montanareinstallers.com](http://www.montanareinstallers.com)

**Legislative Update:** Patrick Judge gave a report on the Good Bills that were Still Alive, the Good Bills that had been Defeated, the Bad Bills that were Still Alive, and the Bad Bills that had been Defeated. (note that a final summary of the energy-related legislation at the 2007 is included below, as an appendix to these minutes)

**Other Reports:** Matt Elsaesser announced the upcoming Earth Day celebration in Helena, and asked for MREA sponsorship again this year. Matt explained that donations in excess of \$150 would get the organization on the T-Shirts. Chris Daum moved that MREA support the event with a \$200 donation. Wendy Kleinsasser seconded the motion, and it passed unanimously. Kathi Montgomery moved that MREA sponsor the MUD Earth Day event in Missoula at the same level, and also that we again sponsor the Sustainability Fair in Livingston at the \$1000 level. Chris Borton seconded the motion, and it passed unanimously.

There was an announcement that the Greening Yellowstone conference would take place September 11-14. Also, Sage Mountain will be doing renewable energy presentations in Miles City, Billings, Glendive, and Sidney this year.

There was an announcement that Montana-Dakota Utilities now has two grid-tied systems.

There was an announcement that Helena's "Step it Up" rally on global warming would take place April 14th at 3:00 pm, and Missoula's would take place the same day from noon until 2:00 pm.

There was a brief discussion of the Montana-Alberta Tie Line project. Apparently, it there are some load following contracts to go along with the wind contracts. Wendy reported that the 300 MW of northbound capacity was subscribed, but she thought that capacity was still available for southbound power.

Georgia Brensdaal reported that a certification workshop on small wind would take place this coming Fall. She thought that might offer an opportunity for MREA to apprise that group (Montana Wind Working Group, DEQ, MECA, IBEW, utilities, etc.) of MREA's progress on the certification issues.

**Next Meeting Date:** The next meeting will be held Wednesday, July 11 at NCAT. (the date and location was later changed to Tuesday, July 10 at Sage Mountain Center)

**Adjournment:** The meeting was adjourned at 2:56 pm.

These Minutes were prepared by Patrick Judge, Secretary.

### **Energy -- A Primary Focus of the Session**

#### **From the June 2007 edition of "Down to Earth" -- MEIC's membership publication by Patrick Judge**

On energy issues, the 2007 session turned out to be surprisingly successful. First, it is encouraging that energy policy received the attention it deserves. By the end of the session, lawmakers had requested no less than 109 energy-related bills, 53 of which were formally

introduced. Although most of this legislation failed (as expected, due to the political split between the two houses), about a dozen proactive energy bills made their way through the process, including one top-priority bill (HB 25) to repeal much of what was left of Montana's disastrous deregulation law (see related story). In contrast, only one of the 17 energy-related bills opposed by MEIC passed.

Here is a summary of ten positive, energy-related measures passed by the 2007 Legislature:

- **HB 41** (*Rep. Shannon Augare, D-Browning*). This bill makes additional funds available for low-income conservation activities and energy bill assistance.
- **HB 166** (*Rep. Holly Raser, D-Missoula*). This bill strengthens and extends the biodiesel production tax credit that was adopted in 2005. Facilities now have until the beginning of 2015 (instead of 2010) to begin operation in order to become eligible for the credit.
- **HB 330** (*Rep. Bob Bergren, D-Havre*). This bill authorizes local and tribal governments to issue "clean renewable energy bonds" to finance renewable energy projects. The sale of the bonds would be supported by roughly \$30 million in federal tax credits that were awarded to Montana cities and counties under the Energy Policy Act of 2005.
- **HB 427** (*Rep. Bob Bergren, D-Havre*). This bill allows for increased funding of the natural gas universal system benefits program (USBP). The USBP is used for low-income energy bill assistance and weatherization projects. HB 427, which also provides for improved USBP reporting, was requested by the Public Service Commission and passed with large majorities in both houses.
- **HB 681** (*Rep. Robyn Driscoll, D-Billings*). In 2005, the legislature passed the Montana Renewable Power Production and Rural Economic Development Act, which required NorthWestern Energy and Montana Dakota Utilities to obtain at least 15% of their electricity from renewable sources by the year 2015. HB 681 extends that Act to apply to "competitive electricity suppliers." Included in this category is Electric City Power, the municipal utility involved in the Highwood Generating Station near Great Falls. City officials indicated they were willing to meet the renewable energy standard, and the bill passed with overwhelming support.
- **HB 715** (*Rep. Alan Olson, R-Roundup*). As originally drafted, this bill was intended to provide funding for coal research and development projects. MEIC worked with the sponsor to broaden the funding to include renewable resource research and development, and to restrict the coal funding to "projects that would advance the efficiency, environmental performance, and cost-competitiveness of using coal as an energy source well beyond the current level of technology used in commercial service."
- **HJ 6** (*Rep. Mike Phillips, D-Bozeman*). This resolution endorses the national "25 x 25" initiative that seeks to meet 25% of the nation's energy requirements with clean, renewable energy produced by America's farms and ranches by the year 2025. The initiative has been endorsed by 23 current or former governors (including Montana's Brian Schweitzer) and nine state legislatures.
- **SB 367** (*Sen. Greg Lind, D-Missoula*). This bill corrects an error in the codification of the renewable energy standard following its passage in the 2005 session. That error created uncertainty about whether the Act applied to Montana-Dakota Utilities (MDU), even though the bill clearly intended to do so. To its credit, MDU was cooperative in helping to correct this error, and is now moving forward with a 20 megawatt wind project near Baker.

- **SB 448** (*Sen. Dave Wanzonried, D-Missoula*). Introduced at MEIC's request, this bill requires the Office of the Consumer Counsel to examine the impacts of new electricity generation or transmission facilities on Montana ratepayers. It requires that the analysis be included as an integral part of the environmental review for the projects.

- **SB 449** (*Sen. Kim Gillan, D-Billings*). This bill helps make the State of Montana more energy efficient by requiring that most new additions to the State vehicle fleet either meet or exceed the federal corporate average fuel economy (CAFE) standards. It also requires State agencies to develop programs to reduce fuel consumption in vehicles, and to keep proper documentation.

Holding the line on Montana's existing environmental laws (and working to prevent new subsidies for large polluters) is just as important as making positive progress. In 2007, there was no shortage of energy-related bills that would have turned back the clock on environmental quality. Fortunately, nearly all of them were defeated. Among the worst were the following six:

- **HB 114** (*Rep. Alan Olson, R-Roundup*). This bill would have established the Montana Electrical Transmission and Pipeline Authority to facilitate the development of energy infrastructure. In MEIC's view, it is inappropriate for the state to become a partner in private energy projects, especially those that would export electricity to out-of-state customers at the possible detriment of Montana ratepayers. The bill would have cost Montana taxpayers \$250,000 annually. After passing the House on a 68-30 vote, the bill was tabled in the Senate Finance and Claims Committee.

- **HB 405** (*Rep. Mike Lange, R-Billings*). Perhaps the most anti-environment bill of the session, HB 405 would have exempted all "clean" energy projects from the Major Facility Siting Act and the Montana Environmental Policy Act, defining as "clean" all forms of energy production other than nuclear. The bill passed the House on a 50-49 vote, but was tabled in the Senate Natural Resources and Energy Committee. See related story.

- **HB 689** (*Rep. Alan Olson, R-Roundup*). This bill would have indefinitely extended Montana's exemption from regulation of waste ash from coal-fired power plants, despite the high concentration of toxic materials that could seriously threaten air and water quality. The bill passed the House of Representatives, but was defeated in the Senate Natural Resources and Energy Committee. See related story.

- **HB 709** (*Rep. Chas Vincent, R-Libby*). This bill would have eviscerated Montana's "15% by 2015" renewable energy standard by defining hydroelectric power generation as an eligible renewable resource. Hydropower already accounts for 33% of Montana's electricity production, so the bill would have rendered the standard essentially meaningless. The bill was tabled in the House Federal Relations, Energy, and Telecommunications Committee.

- **HB 763** (*Rep. Duane Ankney, R-Colstrip*). This bill would have lifted Montana's ban on the disposal of radioactive waste materials that result from the mining or processing of uranium or thorium. The ban was put in place by a direct vote of the public on a citizens initiative (I-84) that passed in 1980. This bill passed the House on a 53-45 vote, but was tabled in the Senate Natural Resources and Energy Committee.

- **SB 268** (*Sen. Keith Bales, R-Otter*). This bill would have cut Montana's coal severance tax in half -- yet again. The strategy of stimulating additional coal production by slashing the severance tax has already been attempted in Montana, and shown to be a failure. In the late 1980s, the tax rate was reduced from 30% to 15%, with no appreciable increase in production. Instead, the primary result was the loss of millions of dollars of revenue for State government and public programs. This bill was wisely tabled in the Senate Taxation Committee.

Although the cause of clean and affordable energy generally fared better than expected, the underlying dysfunctional nature of the 2007 legislative session took its toll on several proactive bills that ought to have passed. Here are three examples:

- **HB 216** (*Rep. Franke Wilmer, D-Bozeman*). This bill would have increased the conservation and renewable energy tax credits available to homeowners. After passing out of the House Taxation Committee on a 12-6 vote, the bill passed 2nd reading 78-22. The Speaker of the House then assigned the bill to the House Appropriations Committee where it was tabled. A similar bill (SB 210, Sen. Jesse Laslovich, D-Anaconda) passed the Senate 41-9, but was tabled in the House Taxation Committee.
- **HB 495** (*Rep. Jon Sesso, D-Butte*). Every session since 1989, the Department of Environmental Quality (or its predecessor) has requested a bill to fund the State Building Energy Conservation Program. This program reduces the environmental impact of State government and saves taxpayers money. By tradition, the bill is assigned the number HB 12. And by tradition, it passes with overwhelming bipartisan support in the House, and by a unanimous or near-unanimous vote in the Senate. This year, the bill was assigned the number HB 495, and never moved out of the House Appropriations Committee. A floor motion to take the bill from committee was opposed by 47 Republicans and thereby failed to muster the necessary 60 votes. Fortunately, this bill was resurrected (albeit in a substantially different, and considerably weaker form) as part of HB 4 in the Special Session. HB 4 passed 2nd reading in the House by a margin of only 4 votes, but ultimately made it through the process and became law.
- **SB 445** (*Sen. Mitch Tropila, D-Great Falls*). Another priority bill for MEIC, SB 445 would have created a conservation revolving loan program to help homeowners and businesses finance energy conservation projects with low-interest loans. The bill received unanimous support in the Senate Natural Resources and Energy Committee, and passed the Senate on a 46-4 vote. Likewise, the bill passed the House Federal Relations, Energy, and Telecommunications Committee unanimously and passed 2nd reading in the House on a 88-11 vote. Despite the overwhelming support and a trivial fiscal note, the Speaker of the House reassigned the bill to the House Appropriations Committee where it was tabled.

A review of energy legislation passed in 2007 would not be complete without mention of the Governor's "clean and green" tax package. During the regular session, the Governor's energy bill (SB 562, Sen. Jesse Laslovich, D-Anaconda) failed to clear the Senate despite intense lobbying by the Administration. The fact that the lengthy and complex bill was introduced quite late in the session did not help its chances, but it ultimately faltered in the Senate due to misgivings by members of the Governor's own party about its overall approach to energy policy. The bill subsequently became a central component of the Governor's agenda for the five-day Special Session held in May. HB 3 (Rep. Llew Jones, R-Conrad) offers property tax reductions for new renewable energy projects (both electricity and renewable fuels), "clean advanced coal" projects that sequester at least 65% of their carbon dioxide, natural gas combined-cycle power plants that offset a (yet to be determined) portion of their carbon emissions, and certain pipelines, transmission lines, and adjacent lands. Due to the bill's inclusion of both positive and negative elements (in nearly equal measure), MEIC remained neutral -- both in the regular and special sessions. HB 3 was passed by both houses and signed by the Governor.

### **Legislature Repeals Remnants of Deregulation**

**From the June 2007 edition of "Down to Earth" -- MEIC's membership publication  
by Patrick Judge**

In 1997, the Montana Legislature made one of the greatest public policy blunders in its history, with the enactment of SB 390 deregulating the electric utility industry. The decision was made over the strong protests of more than a dozen consumer, low-income, and environmental organizations, and a mere 36 farsighted legislators. The fallout was even worse than the opponents predicted, with a cascade of unintended, devastating consequences to Montana's ratepayers, economy, and environment.

The first (and perhaps worst) of these misadventures was the surprise sell-off of Montana Power Co.'s electricity generation facilities to a solitary out-of-state company, Pennsylvania Power & Light (PPL). As the dominant generator of electricity in the state, PPL Montana has made hefty profits charging Montanans unregulated "market-based" power rates.

Other impacts of deregulation were quick to follow. Most Montanans are well-versed in the ensuing price spikes, layoffs, and bankruptcies. All in all, the wreckage has been severe enough to render infamous the term "deregulation," and to make legislators shudder when their proposals are assigned the designation "SB 390."

On May 14th, ten years and 12 days after Montana started down this unfortunate path, Montana Governor Brian Schweitzer signed into law HB 25 (Rep. Alan Olson, R-Roundup) to repeal most of what remained of SB 390. In his signing statement, the Governor declared deregulation "an unmitigated disaster for Montana." While this bill does not go so far as to re-establish control over the power plants formerly owned by Montana Power Co., it does allow NorthWestern Energy (NWE) to more effectively pursue long-term, low-cost contracts for its customers and to build its own generation facilities.

In MEIC's view, NWE has a legitimate need for some type of "firming" resource that can quickly respond to variability in supply and demand and help balance the system. Such a resource (whether a power plant or energy storage technology) would assist NWE to integrate additional wind power into its supply portfolio, meet the requirements of Montana's Renewable Energy Standard, preserve reliability, and diminish the market power currently enjoyed by PPL Montana.

As is the case with any legislation of this magnitude and consequence, the details are critically important. Amendments added in the Senate provided the key environmental and consumer protections that were necessary to secure MEIC's support. For example:

- A proposed power plant cannot be approved by the Public Service Commission for inclusion into a utility's rate base until the final air-quality permit is obtained and the public has had an opportunity to review that permit and submit comments to the Commission.
- The PSC cannot approve a proposed coal-fired power plant unless either the state or federal government has adopted a law or regulation requiring carbon sequestration, or the plant will actually capture and sequester at least 50% of its carbon dioxide emissions. Likewise, a proposed natural gas-fired power plant must mitigate a portion of its carbon dioxide emissions through the use of certified reductions or carbon offsets.

An side benefit of this bill is that it will prevent the partners in the Highwood Generating Station (a proposed coal-fired power plant near Great Falls) from siphoning additional customers from NWE's system, in an attempt to make the oversized plant viable. In general, the model of "customer choice" (whereby customers leave the utility in search of competitive third-party power suppliers) has proven itself unsuccessful in Montana and elsewhere. In 2003, the Legislature recognized that "retail" choice carried as much risk as reward for small customers, and passed a bill to limit the amount of electricity load that could leave the system each year. Without a reliable customer base, it is difficult for a utility to plan for the future and to secure

long-term, low-cost resources. But rather than definitively closing the book on deregulation that year, lawmakers instead extended the “transition period” to 2027. It is gratifying that the legislature finally jettisoned that model completely, so that Montana can move toward a different future -- one that emphasizes clean, affordable, and stable energy.

In addition to multiple consumer and environmental groups, the final version of HB 25 was supported by the Montana Consumer Counsel and PSC commissioners Jergeson, Mood, Raney, and Toole. Commissioner Molnar, PPL Montana, the City of Great Falls and several other parties opposed it. The bill was ultimately approved in the House on a 60-40 vote, and in the Senate 29-21.