

Minutes of the Montana Renewable Energy Association
Quarterly Meeting, October 10, 2007
Missoula Fire Station, 6501 Lower Miller Creek Road

Present: (8 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 (In-Solar), Board Member
Dirk Ellis (Strawhouse), Board Member
Kathi Montgomery (DEQ), Board Member
Mickey Strickland (Dearborn Electric), Board Member
LuMarie Strickland (Dearborn Electric),
Ross Holter (Flathead Electric Cooperative -- renewables and efficiency representative)
Dan Kenworthy (Kenworthy Electric, Sheridan, MT)
Brian Lehl (Wapiti Green Builders, Helena)
Sean Micken (Matney-Frantz, Bozeman)
Marla McCombie (BPA)
Roy E. Nollkamper (Glacier Electric Cooperative)
Jim Maunder (Ravalli Electric Cooperative)
Lee Tavenner (Solar Plexus, Missoula)
Jeff Wongstrom (Thirsty Lake Solar, Eureka)
Orion Thornton (Independent Power Systems, Bozeman)
Sarah Ray (Independent Power Systems, Bozeman)
Ben Brouwer (AERO, Helena)
John "Rip" Hamilton (Solar Plexus)
Conor Darby (Independent Power Systems)
Tom Bishop (Sunelco)
John Jones (Highmark Media)
John Campbell (NorthWestern Energy)
Buzz Alexander (Hercules Mortgage)
Josh Alexander (Hercules Mortgage)
Ashley Preston (Energy Tech Program, University of Montana COT, Missoula)

Call to Order: President Dave Ryan called the meeting to order at 12:30 pm. He led a round of introductions.

Agenda Review: Andy Sponseller of Ten Spoons Winery was unable to join the group. A number of other items were shifted around to better accommodate the various speakers.

Minutes: Chris Daum moved that the minutes of the July 10, 2007 meeting be approved, with the addition of the following language:

Dave Ryan requested that the installers report back to the MREA Board with a recommendation for how to proceed with the OSHA agreement -- partnership vs. alliance, and also how MREA would pay for any expenses incurred as a result of increased recordkeeping or administrative

costs related to certifying installers (if MREA were to enter into a partnership).

Chris Borton seconded. The motion passed unanimously.

Treasurer's Report: Chris Daum reported that MREA had \$4,781.84 in its bank account with no outstanding checks. The organization has 43 members who have paid their 2007 dues.

Bioneers Update: The annual Bioneers conference will be October 19-20 in Bozeman. MREA has a booth reserved and paid for. They may be powering the sound system with a biodiesel generator this year. Apparently there is a new director. The trailer is available and working, and now has adjustable tilt panels. IPS and SMC will be there. Ben Brouwer will be there briefly. Conor is willing to work on it.

Bozeman Green Homes Tour Update: The tour took place last week, and included 4 grid-tied residences with many green features. The homes were very high-end, with an average price of about \$500,000. Many people participated.

Net Metering Updates: Montana-Dakota Utilities (MDU) now has two systems, one of which is in Montana (at the BIA office in Poplar -- it includes two of the new E50 machines that were installed by Alan Hardke). MDU has a good tariff: 100 kW limit & ability to reconcile accounts annually. However, the rate is at avoided cost, not retail. MDU forfeited USB funds are being used by DEQ, in part to fund Chris Borton's Eastern Montana presentations.

Ross Holter of **Flathead Electric Cooperative (FEC)** reported that his board has taken a proactive role in wanting to support renewables. His was a new position, created last year. Their net-metering policy is quite good: no additional charges, annual true-up, retail rate. So far, they've just dealt with 10 kW systems -- larger systems could be handled, but the process might be different. One system is on-line (Rick Stern's house -- there was an article about it in the newspaper), and several more (8-10) are in the pipeline. After that, they are somewhat stalled at the moment.

FEC has applied for CREB funding for landfill gas capture for a 800 kW project (could be expanded to 2 MW). They have also been talking to the mills about potential co-gen projects (Stolz needs a new boiler -- why not tie a 2-3 MW generator to it?).

FEC also has a voluntary green power program, with "only 400 customers" subscribed. The average participant pays an extra \$5 per month. It was pointed out that this is a much better subscription rate than NorthWestern Energy. FEC gets its green tags from Basin Electric. Finally, FEC offers rebates on efficient commercial lighting, "energy star everything", and geosource heat pumps. They do not offer time-of-use pricing, because they do not get time-differentiated rates from BPA. For consumers, they are doing a rate refund, paying off capital credits, etc.

FEC serves everything from Essex to west of Whitefish, to the Flathead Reservation line. The territory includes Kalispell, Columbia Falls, etc. -- a total of 70,000 meters and 50,000 customers. The Columbia Falls Aluminum Company is NOT a FEC customer -- rather, they are a Direct Service Industry customer of BPA. Ross reported that 3 of the 5 potlines were operating at CFAC.

FEC is growing rapidly, adding several thousand new meters per year -- not sure yet how they will meet all of the load growth on their system. Additional conservation and renewable options

are possible, but co-ops are nervous about cross-subsidization. FEC is still a winter-peaking utility, but is getting closer to a double-peaking or summer-peaking system. Vigilante is the only summer-peaking co-op, due to its irrigation load. Ironically, FEC inherited a little chunk of territory in Cooke City from PacifiCorp.

The basic charge for FEC customers is \$16 per month (down from \$21 -- he says that "theory" supports a basic charge of \$31, so he doesn't see it being reduced any further), and the volumetric charge is 5.8 cents per kwh (about to be lowered to 5.7 cents per kwh).

Roy Nollkampber of **Glacier Electric Cooperative (GEC)** reported they have an incredible wind regime in their area. They are one of the leading co-ops in the state in terms of installed renewable energy capacity (135 kW, all wind) but ALL of their systems are down right now:

- 75 kW Vestas

- 4 x 10 kW Bergeys

- blades blew off at Doug Nelson's ranch

- tribal college system

GEC's net metering policy is as follows:

- 30 kW limit

- quarterly true-up (but no one has had a net negative month yet anyway)

- retail cost

- allows a customer to credit to a meter that is within 3000 feet

Browning High School is proposing a biomass-fueled generator and a wind turbine at the edge of the school. The money is there, but it hasn't happened yet.

Roy also reported on the Montana Alberta Tie Line (MATL), which would run through Cut Bank and Conrad en route to Great Falls. There will be a full EIS study. The capacity is up to 300 MW. Roy described the proposed 300 MW McCormick Wind Farm (being developed by the Spanish company Naturener), which is apparently willing to help upgrade the infrastructure. Roy called MATL "just another highway that will provide access into the BC intertie -- cheap U.S. power is a bargain in Canada."

Roy concluded by saying that the attitude is changing, and the co-ops are becoming more aware of climate change issues, etc. He urged people to "go to the board meetings" to have a real impact.

Jim Maunder works on energy efficiency and net metering issues for **Ravalli Electric Cooperative (REC)**, having previously worked for NCAT. Maunder reported that REC now has its first grid-tied, net metered system -- 1.5 kW. The policy is as follows:

- 10 kW limit

- \$5 extra per month lines charge

- monthly true-up

- bi-directional meter

The co-op has 9800 meters and 9400 customers. There is a 800 kW methane digester proposed to be located in Corvallis that will hopefully be on-line by the first of the year (and may qualify as a QF). Like FEC, REC offers green tags to its customers that are obtained from Basin Electric. He gave figures for price and enrollment levels (43?). He said it took off when initially offered, but dropped off from that initial enthusiasm. REC is growing rapidly, at about 4% per year. He mentioned the possibility of a 80 lot subdivision, with 80 net meters, but said that "everything is delayed in the industry right now -- it takes 52 weeks to get a transformer."

MREA Brochures: Kathi Montgomery moved that the brochures be updated and that 1000 copies be printed. Dave Ryan seconded the motion, and it passed unanimously.

OSHA Issues / Installers Safety Partnership: Dave Ryan gave a short re-cap of MREA's work in the area of safety training over the course of the last year. John Jones elaborated with the following points:

- Federal OSHA is the last word -- what they say on health and safety is the gospel
- Anything over 90 volts is regulated by the State Electrical Board
- OSHA requires trained technicians for work over 50 volts
- Other players include the IBEW (which represents 4000 electricians in the state) & the National Electrical Contractors Association (NECA)
- The electrical board consists of 5 people who serve staggered, 5 year terms.
- In Montana, an electrician can come to your worksite and then file a complaint. The electricians have been monitoring USB projects for a couple of years now. The electricians do have quality safety training programs.
- John Jones has been exploring the possibility of a limited renewable energy technician license, but proper safety training will be crucial for this.
- In December 2006, there was an all-day safety training in Butte. In early February 2007, Jones met with OSHA and worked on a draft partnership agreement. Jones has also met with Dan Flynn and Keith Allen of the IBEW. In August, Mike Foreman of OSHA met with John Jones, Conor Darby, Henry Dykema, and Orion Thornton.

Conor Darby spoke in favor of signing the agreement at this time. Also indicating support for this general course of action were Patrick Judge, Tom Bishop, John Campbell, and Orion Thornton, while Rip Hamilton voiced some concerns.

Steven Aagenes moved that MREA approve the draft agreement, with the "MREIG" language to be deleted. Kathi Montgomery seconded the motion, and it passed unanimously. There will continue to be a committee of MREA members who will take the lead on implementation. Dave Ryan will formally sign the document on behalf of MREA.

This is only the 3rd formal OSHA partnership West of the Mississippi. Dave Ryan congratulated the group and expressed his intention to "make it work."

Report from Buzz & Josh Alexander: Buzz was previously involved with MREA as the Ravalli Electric Co-operative representative. He is now working with his son Josh doing renewable energy project financing. They're currently involved with one \$25 million project which involves the purchase of a lignite-burning power plant which is being moved to Oregon to be repowered as a 7 MW biofuel-based cogen project (burning pig fuels / scrap wood). They tapped into the excellent incentives Oregon offers (BETSI) to help make this project work. They are currently looking for other ideas and business opportunities (in the \$500,000 to \$100 million range). They are paying referral fees for all commercial real estate transactions in any state.

They can be contacted at:

Hercules Mortgage, LLC
16840 Beckwith St. / PO Box 735
Frenchtown, MT 59834
406/626-4140
406/626-4292 fax

John Cambell, Dirk Ellis, and Kathi Montgomery elaborated on some of the creative financing

mechanisms that are currently being used by companies like Honeywell, etc. (shared savings / performance contracts). Safeway, Google, and Lowe's all have energy specialists on-site.

Helena Building Permit Issue: Tom Bishop reported that he sold a system to a Helena customer who then had to pay an unanticipated \$600 "building permit" fee that will essentially wipe out any long-term savings she might have had from her PV system. Great Falls has something similar, but not nearly so expensive. Butte and some other towns require a one-day business license, but those are comparatively affordable. It was agreed that some of MREA's Helena members would do follow-up on this issue, by approaching City Commissioners, etc.

Other Announcements: Patrick Judge announced that the Public Service Commission would be having a hearing to learn more about interconnection issues. Dave Ryan will be presenting. Patrick promised to send around the announcement (secretary's note -- the information did finally make it to the list). Patrick Judge summarized the findings of the Governor's Climate Change Advisory Committee. Kathi Montgomery announced that the next Harvesting Clean Energy Conference (the eighth one!) will be held in Portland, OR January 27-29, 2008. In 2009, the conference will be back in Montana. Marla McCombie announced that effective January 3rd, 2008, she will be retiring from BPA. The group conveyed its appreciation to Marla for her many years of service, and contributions to MREA (having served as a former chair of the organization). She will be missed! But we hope to keep her in the fold, as an individual member perhaps.

NorthWestern Energy USB Report: John Cambell reported that NWE will likely spend a total of \$750,000 - \$850,000 in Universal System Benefits funds on renewable energy projects / educational activities in 2007. The USB program was established by the legislature in 1997 (it first took effect in 1999), and is funded through a charge on ratepayers' bills. An extensive study was recently performed to analyze NWE's energy efficiency and renewable energy programs. It made a number of recommendations, including:

- net-metering customers need to be given comprehensive, consistent information (and customers need to sign-off that they've received the materials)
- more thorough invoices should be required of installers -- they should essentially submit their bid sheets to NWE (including their components lists, etc.)

NWE should limit funding for projects that aren't installed at the optimum orientation NorthWestern will take these suggestions under advisement, and will probably implement some of them. Campbell also noted that private commercial applications are a difficult sell to NWE's USB Advisory Committee. Campbell also said the company is spending between \$5 million and \$8 million annually on conservation projects and programs (now funded largely out of default supply rates, not USB).

Report on the new Energy Technician Program at the University of Montana College of Technology (Missoula): Ashley Preston summarized the new, 2-year Associates of Applied Science program. The students study the science of energy, and the technologies that are used in harvesting, storing, and distributing energy. The entire program is on-line, and they are partnering with the Dawson (Co.), Miles City, and Butte community colleges for the summer program and capstone project. The funding comes from the Governor's WIRED grant, which

focuses on eastern Montana. There are currently 22 students enrolled, but at this time most are in western Montana. The program has been approved by the Board of Regents, its classes are open to the public, and the Environmental Studies (EVST) program is cross-listing it. They can involve faculty from anywhere, and are hoping to make a strong link with the tribal colleges. Preston would like to hear feedback as to which skills students will need in order to enter the workforce.

Adjournment: The meeting was adjourned at 4:06 pm. The next meeting will take place on Wednesday, January 9th in Bozeman.

These Minutes were prepared by Patrick Judge, Secretary.