

SENATE BILL NO. 305

INTRODUCED BY JACKSON, OLSON, KLOCK

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MONTANA'S ENERGY POLICY; AMENDING SECTION 90-4-1001, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 90-4-1001, MCA, is amended to read:

**"90-4-1001. State energy policy goal ~~statement~~ statements.** (1) It is the policy of the state of Montana

to:

(a) promote energy efficiency, conservation, production, and consumption of a reliable and efficient mix of energy sources that represent the least social, environmental, and economic costs and the greatest long-term benefits to Montana citizens;

~~(b) supplement energy needs with renewable energy sources while enhancing coal-fired and natural gas generation and promoting new technologies;~~

(B) ENHANCE EXISTING ENERGY DEVELOPMENT AND CREATE NEW DIVERSIFIED ENERGY DEVELOPMENT FROM ALL OF MONTANA'S ABUNDANT ENERGY RESOURCES;

(c) promote development of projects using ADVANCED technologies that convert coal into electricity, synthetic petroleum products, hydrogen, methane, natural gas, and chemical feedstocks;

(d) increase utilization of Montana's vast coal reserves in an environmentally sound manner THAT INCLUDES THE MITIGATION OF GREENHOUSE GAS AND OTHER EMISSIONS;

(e) increase local oil and gas exploration and development to provide high-paying jobs and to strengthen Montana's economy;

(f) expand exploration and technological innovation, including using carbon dioxide for enhanced oil recovery in declining oil fields to increase output;

(g) expand Montana's petroleum refining industry as a significant contributor to Montana's manufacturing sector in supplying the transportation energy needs of Montana and the region;

(h) develop biomass plants to generate heat for industrial use, electricity, or both, and as a means to manage Montana's forests;



- 1           (i) promote the generation of low-cost electricity with large-scale utility wind generation and small-scale  
2 distributed generation;
- 3           (j) build new transmission lines in the state, while noting that the need for new transmission lines may  
4 be mitigated by focusing on energy efficiency, distributed energy, demand response, and smart grid technologies;
- 5           (k) increase the capacity of existing transmission lines in existing corridors and maximize the potential  
6 of existing transmission lines;
- 7           (l) develop new transmission lines, PIPELINES, AND OTHER ENERGY INFRASTRUCTURE in Montana by working  
8 closely with all affected stakeholders, including local governments, in the preliminary stages of development;
- 9           (m) address the interests of property owners and property rights as soon as practicable when developing  
10 a project to provide time to consider a variety of options as easements are secured;
- 11           (n) ensure that the costs of transmission lines that allow for the export of Montana-generated electricity  
12 are borne by those who will benefit from the lines in order to protect Montana's ratepayers from the costs of  
13 serving others;
- 14           (o) strengthen Montana's level of participation in regional transmission efforts and organizations,  
15 recognizing that endeavors to improve the management of the transmission grid often require a broad, regional  
16 approach;
- 17           (p) use new and innovative technologies, such as compressed air energy storage, batteries, flywheels,  
18 hydrogen production, smart grid, smart garage, and intrahour balancing services to address wind integration;
- 19 ~~(q) use geographic diversity and regional planning in the siting of future wind development facilities to~~  
20 ~~mitigate firming needs;~~
- 21           (Q) UTILIZE MODELING AND HIGH-CAPACITY COMPUTER TECHNOLOGY TO QUANTIFY THE BENEFITS OF  
22 GEOGRAPHIC DIVERSITY AND FOR REGIONAL PLANNING IN THE SITING OF FUTURE WIND DEVELOPMENT FACILITIES IN ORDER  
23 TO OPTIMIZE USABLE POWER GENERATION AND MITIGATE FIRING NEEDS;
- 24           (r) review potential impacts to landscapes, wildlife, and existing land uses, including recreation and  
25 agriculture when developing wind generation;
- 26           (s) develop contracts between qualifying small power production facilities, as defined in 69-3-601, and  
27 utilities that require facilities to pay the cost of integrating, WHICH FACILITATE THE DEVELOPMENT OF SMALL POWER  
28 PRODUCTION FACILITIES BY IDENTIFYING FAIR AND REASONABLE COSTS FOR INTEGRATION OF their power;
- 29           (t) monitor existing energy incentives to determine if they are cost-effective, noting that incentives are  
30 a temporary tool to implement and promote;

- 1           (i) new technologies;  
 2           (ii) new fuel sources;  
 3           (iii) efficiency and conservation; and  
 4           (iv) energy diversity;  
 5           (u) enhance Montana's overall management responsibilities, both fiduciary and multiple-use, pursuant  
 6 to The Enabling Act of the state of Montana, Article X of the Montana constitution, and Title 7, chapter 1, in  
 7 pursuing energy development on state lands;  
 8           (v) develop and use best management practices for energy development on state lands; and  
 9           (w) develop and emphasize building performance standards for efficiency as an alternative to  
 10 prescriptive standards in order to encourage innovations that may result in more comfort for the property owner  
 11 and less energy use at a lower cost; AND  
 12           (X) ENSURE THAT ADEQUATE AMOUNTS OF THE ELECTRICAL ENERGY PRODUCED AT THE LOWEST COST IN THIS  
 13 STATE ARE RESERVED FOR MONTANA'S FAMILIES, BUSINESSES, AND INDUSTRIES.  
 14           (2) In pursuing ~~this goal~~ these goal statements, it is the policy of the state of Montana to:  
 15           (a) ~~recognize~~ consider that the state's energy system operates within the larger context of and is  
 16 influenced by regional, national, and international energy markets;  
 17           **(b)** develop Montana's existing and new, diversified energy resources to provide low-cost electricity, gas,  
 18 and liquid fuels needed to drive economic growth and self sufficiency;  
 19           **(c)** reduce the nation's reliance on foreign oil that often comes from unfriendly countries around the  
 20 world;  
 21           ~~(b)(d) review this~~ consider reviewing these energy policy ~~statement~~ statements and any future changes  
 22 pursuant to 90-4-1003 so that Montana's energy strategy will provide for a balance between a sustainable  
 23 environment and a viable economy; ~~and~~  
 24           ~~(e)(e)~~ adopt a state transportation energy policy as provided in 90-4-1010 and an alternative fuels policy  
 25 and implementing guidelines as provided in 90-4-1011; and  
 26           **(f)** consider revisions to the state transportation energy policy and the alternative fuels policy and  
 27 implementing guidelines, if necessary."

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29           NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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