

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

Energy and Utilities KIN Meeting Minutes

December 16, 2015

9:30 AM – 1:30PM

Helena, Montana

Prepared by Michaela Wolfinger, Tom Kaiserski, and Mary Craigle

KIN Members:

Bob Rowe, President and CEO of Northwestern Energy – Co-Chair
Carl Borgquist, Absaroka Energy, Bozeman
Alan Olson, Sanjel, Roundup
Kathy Hadley, National Center for Appropriate Technology, Butte
Rich Budde, Corval Group, Helena

On the Phone:

Niles Hushka, President and CEO of KLJ Engineering – Co-Chair
Richard Shaheen, Bonneville Power Administration, Portland, Oregon
Brian Lipscomb, Energy Keepers, Inc., Polson
Joe Micheletti, Westmoreland Coal Company, Englewood, Colorado
Craig Wilkins, ViZn Energy, Columbia Falls

Public/staff:

Jim Molloy, Governor's Office
Michaela Wolfinger, MT Department of Commerce
Mary Craigle, MT Department of Commerce
Tom Kaiserski, MT Department of Commerce
Casey Schreiner, MT Department of Labor and Industry – on the phone
John Rogers, Governor's Office of Economic Development
Jeff Fox Renewable Northwest
Stacy Collete, MT Department of Commerce - Housing Division
Janice Wannebo, MT Department of Commerce
Jon Chafin, Chafin Energy
Craig Jones, MT Department of Environmental Quality
Laure Rennick- Andersen, MT Department of Environmental Quality
Tom Livers, Director Montana Department of Environmental Quality
Web Brown, Director Montana Chamber of Commerce
Mark Reller, BPA
Brian Altman, BPA – on the phone

9:30 A.M. Introductions and Welcome Remarks from the Co-chairs

9:40 A.M. Jim Molloy gave an update on the process with KIN recommendations moving forward
Commerce staff will work with co-chairs to create the report, format and deliver to the Governor
A meeting will be set for the co-chairs to present the final recommendation report to the Governor in person.

Each recommendation will be distributed to the designated agencies for analysis in the following three areas:

- What are the policy implications?
- What are the fiscal and budget implications?
- What is the feasibility?

Once all the KIN recommendations are reviewed, a new MSMP plan will be developed The Governor's office will continue to communicate back to KIN status of the recommendations and is available for support if KIN desires to keep meeting/ working

10 A.M. John Rogers gave an update on Financial Services KIN
Mr. Rogers indicated there have been common themes across KINs including demand for capital.
Potential topics and presentations for the Financial Services KIN include:

- o Identification of the gaps for access to capital, do know there are gaps, particularly for start-ups and certain industry sectors
- o Review of what other states done
- o Review of past efforts and current programs
- o Discussion of various size of capital needs by industry types

KIN members mentioned the point made by Craig Wilkins in a previous meeting that it will be important for the KIN to identify who's available for brokering deals in the local area. John mentioned that his intent is to furnish this KIN with good information in advance of its first meeting so that it can quickly assess options and arrive at recommendations.

10:15 A.M. Mary Craigle provided a presentation on the highlights for each of the five pillars of the Main Street MT Project. Ms. Craigle discussed how this KIN's work fits in with the work of the other KINs.

(Presentation is available on website <http://mainstreetmontanaproject.com/KINs/Energy-Utilities>)

11 A.M. Update on topics
Tom Kaiserski led the group on a review of the Energy KIN topics.

KIN has worked with DEQ on mile wide corridor and basis of need aspect of Montana Major Facility Siting Act (MSFA) in regards to major transmission lines and pipelines. The KIN and DEQ are working on drafting legislation to bring to the next session

Director Tom Livers gave a background on the issues related to MFSa and an update on the work Department of Environmental Quality. The mile wide amendment to MFSa made during the 2011 legislative session resulted in unintended consequences that have proved problematic for developers. Tom also noted that the MFSa's determination of need requirement is outdated and could be revised to

reflect changes in the energy industry that began with deregulation in the 1990's. Tom discussed working with KIN members in 2016 to develop proposed legislation for the 2017 session addressing these issues.

KIN member Carl Borgquist asked about the 3 alternate routes requirement currently contained in MFSA and Tom responded that discussion about that issue would be included in potential revisions.

KIN member Kathy Hadley asked Director Livers if staffing at DEQ for major facilities siting has gone down? Director Livers responded that yes, staffing has decreased and the Department has adjusted made organizational changes with NEPA area for cost savings.

Mr. Kaiserski then presented an update on the KIN topic regarding EPA's Clean Power Plan / 111D rule. The Governor has created an advisory council and received approximately 80 applicants. Director Livers commented that MDEQ along with the Governor's Office is reviewing applications to ensure broad stakeholder representation on the council from the various sectors and interest groups that have applied – he mentioned they plan to start-up the council at the end of January. Tom Kaiserski noted that creation of this council is an action consistent with the KIN's previous discussions and recommendations and thus already constitutes a positive outcome of the KIN's work.

At 11:30 A.M. Mr. Kaiserski led the discussion on the creation of a Montana Energy Infrastructure Authority (MEIA) and presented the written proposal that Niles Hushka and Carl Borgquist agreed at the May KIN meeting to draft up for review and consideration by the KIN. KIN members discussed what would be required for MEIA including funding and a process of determining board members to be appointed by the Governor from each key energy industry sector. The Have scope. Try to coordinate. Complexity of being a net exporter. Promote MT energy resources as a whole
Is this a proposal for the KIN to support?
Would provide expertise to agency, objective assistance, have a bigger picture of overall development

KIN member Brian Lipscomb suggested the KIN consider how this proposal to create a MEIA overlap's with the state's compliance with EPA's Clean Power Plan. Alan Olson commented from his previous experience with this issue in the 2005 legislature that the bonding element in the proposal will make it very difficult to get the legislature to pass this.

Authority and bonding are issues

Just get authority in place, see what they need to do, then add authority

Public/private funding? Think creatively, put a package together that includes steps/timeline Niles stated he strongly supports this proposal and that he has seen successes in other states that we could duplicate in Montana. Carl Borgquist suggests that the KIN make creation of a MEIA a recommendation to the Governor and include the written proposal which includes the creation of an advisory board to discuss and advance the proposal. Carl noted that the written proposal can be used as a guide for discussions and exploration of the issues with the goal of developing a complete step by step process to create, structure and devise a funding package that could be the basis for draft legislation creating a MEIA.

11:45 A.M. Mary Craigle provided a brief workforce symposium briefing. Ms. Craigle discussed the need for follow up work to ensure continued input from industry. There is discussion about doing the Workforce conference as an annual event.

KIN member Alan Olson discussed the energy industry had different needs since were laying off workers. The KIN discussed the need for retraining and for moving workforce to areas where needed

and develop a pipeline for future needs. The KIN members discussed possibly creating Workforce KIN made up of members from the various KINs.

12 P.M. Lunch and finalizing recommendations

Recommendation: Create a permanent MT Energy infrastructure authority or a similar permanent advising and coordinating body by the end of the first quarter of 2016 to address Energy Industry Sector matters. Potential responsibilities include:

- Developing a comprehensive energy strategy and include strategic plan forward for industry and workforce needs consistent with MT energy statutes.
- Exploring funding options including public-private partnering solutions for projects
- Managing state resources and facilitate regulatory reviews
- Promote Montana's energy export opportunities
- Coordinating projects and plans of industry companies and interests
- Serving as a resource for the Montana State Legislature
- Collaborate with the Montana University System on energy sector development and innovation

Recommendation: Support the KIN-DEQ work currently underway in revising the MT Facility Siting Act

Recommendation: Create policies through a stakeholder group that provide utilities and other energy interests with predictable and fair returns on investments for cost-effective energy efficiency programs.

Recommendation: Lead the effort to ensure a sufficient pipeline and supply of trained workers for the Energy Industry sector through efforts such as:

- Creating a cross-KIN workforce group
- Develop platform/process to facilitate employer coordination (apprenticeships, internships, mentorships)
- Determine retraining needs and funding for energy workforce
- Creating permanent linkages among Department of Labor, the Montana University System and the Energy Industry allowing for regular communication and input from the private sector
- Market career opportunities to students early and educate Montanans on the Energy Sector
- Explore best practices outside of the state on recruiting, retaining/re-training workers

Next Steps:

Set date for meeting with the Governor

Send note out to KIN members, see if they want to meet in 6 months. See how the recommendations have gone.