

Main Street Montana – Energy and Utilities KIN
Group C – Market Montana Issues
Conference Call
December 12, 2014 – 10:00 a.m.
Minutes

PARTICIPANTS: Carl Borgquist, Absaroka Energy, Bozeman
Mark Johnson, Flathead Electric, Kalispell
Brian Lipscomb, Energy Keepers, Inc., Polson
Chris Hodge, NaturEner, San Francisco, CA

STATE STAFF: Tom Kaiserski, Program Manager, Industry Development Bureau
Michaela Wolfinger, Program Assistant, Main Street Program
Janice Wannebo, Temporary Program Assistant

Kaiserski began with introductions of the conference call participants followed by the mission of today which is to identify the two highest priority energy exporting issues on which to focus. This will then be presented to the full group (possibly in February 2015).

Borgquist began the discussion by asking call participants to describe energy exporting issues facing their companies which resulted in a number of challenges, questions and ideas expressed as noted below.

Discussion / Challenges:

- All on the call agreed there is not a lot of energy load in Montana therefore the state must look to market and export out of state to fully develop its energy resources.
- Johnson expressed that it is important that the costs for any new transmission developments be born by those that cause the cost and who receive the benefits. He believes that Montana has focused more on promoting generation development for energy export and has not looked carefully enough at the transmission system costs needed to move that energy. His coop members do not want to pay the infrastructure costs they don't receive benefit for.
- Lipscomb commented that there is a new and different electric transmission paradigm today – that is that the existing transmission system was built to serve a certain type of customer in the past that differs from the export model being considered today. He further noted that it is crucial for Montana to be involved in discussions with export markets to make sure that those markets are open to exports from Montana.
- Hodge agreed that Montana needs to assure that export markets are accessible emphasizing that Alberta is a growing energy market on which we must focus our efforts, especially as regards impending carbon emission rules and qualifying offsets.
- Borgquist noted that from an operational / tactical standpoint any modifications or changes to the electrical transmission system are subject to FERC regulatory jurisdiction.

Ideas:

- Look at other state's (Wyoming & North Dakota) infrastructure authorities for ideas.
- Consider forming a committee / group that will look strategically at how the electric transmission system needs to be operated and evolved to meet all user's needs – expanding that into all forms of energy.

There were two priorities recommended in this call for this KIN to pursue:

- 1. Recommend that the state create a Montana Energy Infrastructure Authority, capable of bonding that would strategically facilitate/coordinate energy infrastructure development for exporting Montana's energy.**
- 2. Recommend that the state create a policy/approach to interact with other states / markets to insure the accessibility of Montana energy to meet demand in those markets.**

Conclusion – Mark Johnson agreed to summarize the results of this call at the next full KIN meeting. The meeting then adjourned at 11:20 a.m.