

## Main Street Montana Energy and Utilities Key Industry Network – Summary of 1<sup>st</sup> Meeting

This is a summary of the first meeting of the Main Street Montana Energy and Utilities Key Industry Network, held on September 22<sup>nd</sup>, 2014 at the Department of Commerce in Helena. Thanks to everyone who participated. Focus areas for smaller conversations are in boxes with working titles of the topic, along with the names of individuals who committed to further flesh out each topic. In some cases, similar or related issues have been grouped together, including across *pillars*.

**This summary is being sent out to all members of the KIN for two reasons:**

- Members should use these notes to simply refresh their memory of the array of important topics. Thank you again to everyone for such a robust conversation.
- Members should use these notes to help inform the smaller, topic-specific conversations to be held via phone conference.

<b>A vision for Montana’s Energy and Utilities Economy in 3 years:</b>		
<ul style="list-style-type: none"> <li>▪ We are a pro-active resource consolidator/optimizer</li> <li>▪ We become the Go-To place</li> <li>▪ We get on the map with a competitive advantage</li> <li>▪ We have a streamlined regulatory process</li> <li>▪ We are a “State of choice”</li> <li>▪ We expand intellectual capital within Montana</li> <li>▪ We leverage relationships beyond Montana</li> </ul>	<ul style="list-style-type: none"> <li>▪ We are about technology exports (vs. just resources)</li> <li>▪ There is greater <i>application of</i> Technology</li> <li>▪ We have expanded development and potential</li> <li>▪ We have sustained, consistent growth</li> <li>▪ We leverage Montana’s energy diversity</li> <li>▪ We adopt sustainable and evolving business models</li> </ul>	<ul style="list-style-type: none"> <li>▪ We are investor supported, customer focused</li> <li>▪ We are anticipatory (less reactive)</li> <li>▪ We are responsive to consequences (social and environmental)</li> <li>▪ We have resource neutral policies</li> <li>▪ We are flexible, affordable, customer-focused</li> <li>▪ We are all good at data management</li> <li>▪ We have effective Transmission Facility Access</li> <li>▪ We are cooperative with other economies (e.g Tourism)</li> </ul>
<b>Strengths of Montana’s Energy/Utility Industry:</b> <ul style="list-style-type: none"> <li>▪ Diversity</li> </ul>		<b>Weaknesses:</b> <ul style="list-style-type: none"> <li>▪ Defining the <i>big picture</i></li> </ul>

<ul style="list-style-type: none"> <li>▪ Resources <ul style="list-style-type: none"> <li>○ “Honest broker”</li> </ul> </li> <li>▪ Tech hubs <ul style="list-style-type: none"> <li>○ Affordable</li> <li>○ Quality</li> </ul> </li> <li>▪ People want to live here</li> <li>▪ Work ethic/ loyalty</li> <li>▪ Where MT is: location, location, location</li> <li>▪ Willing Government – P3</li> <li>▪ Tight communities</li> <li>▪ Strong brand</li> <li>▪ Existing and expanding innovations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exporting is complicated <ul style="list-style-type: none"> <li>○ Stranded</li> <li>○ Insular</li> </ul> </li> <li>▪ NIMBE</li> <li>▪ Regulatory constraints to access markets</li> <li>▪ Speed of Government</li> <li>▪ Adversarial</li> <li>▪ Conservative nature</li> <li>▪ Small and occupied workforce <ul style="list-style-type: none"> <li>○ Brain Drain</li> </ul> </li> <li>▪ Housing is limited</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>▪ We are here meeting today</li> <li>▪ Lead the nation in <b>How</b> to do this <ul style="list-style-type: none"> <li>○ Energy self-sufficiency</li> <li>○ Industry-gov’t collaboration and networking</li> </ul> </li> <li>▪ Communication</li> <li>▪ Good partnerships with labor</li> <li>▪ Growing/ tapping labor Pool (E. MT)</li> <li>▪ Specific training for energy jobs and for MT’s labor pool</li> <li>▪ Awareness and education</li> <li>▪ Drive outside investment capital</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>▪ Staying abreast of what’s going on</li> <li>▪ One size fits all mentality</li> <li>▪ Political Division: lack of common vision + increased polarization</li> <li>▪ Physical security of physical assets (cyber)</li> <li>▪ Not understanding the real tradeoffs</li> <li>▪ Equipment taxes</li> <li>▪ Small, vocal minorities equaling out of proportion impact</li> <li>▪ Wage inflation beyond Montana: competition</li> <li>▪ Short Term vs. Long term</li> </ul>

**Pillar 1: Train and Educate Tomorrow’s Workforce**

- Re-name this pillar: Train and Educate Today’s Society (not just tomorrow’s workforce)
- Dynamic and timely response from education and training is needed
- Not a “sexy” industry; hard to attract young people (some disagreement here)

### **#1. Recruitment and retention of a Skilled Workforce in a Rural State**

- Small, rural communities: **Frank Morehouse (Montana Dakota Utilities)**, **Phil Rykhoek (Denbury Resources)**
  - Limited pool of skilled jobseekers, limited recruitment opportunities
- Reconcile the Sydney vs. Kalispell differences
- Scholarships and incentives for people to stay in Montana: **Frank Morehouse (Montana Dakota Utilities)**

### **#2. Early exposure to the Energy industry and its careers**

- Start early, early childhood education: **Mark Johnson (Flathead Electric)**, **Don Prevost (Lower Yellowstone Rural Electric Association Inc)**, **Bob Harris (Western Area Power Administration)**
- Increase Access, Exposure to what Energy is all about; jobs and careers
- Including a push and expansion of entrepreneurship: **Craig Wilkins (ViZn Energy)**
- Leverage the expertise, time and capital of the Aging Workforce: **Rich Budde (Corval Group)**

### **#3. Expand meaningful partnerships of Industry and Education to meet needs now**

- Industry must engage in training (including money)
- Training needed for existing employees on new technologies
- Industry-funded curriculum: **Frank Morehouse (Montana Dakota Utilities)**, **Craig Wilkins (ViZn Energy)**
- Focus on 2-year schools: **John Kappes (Mountain Water – Missoula)**
- Must focus on transferrable, basic skills (private sector role and basic training)
- Standardization of needed skills across sectors: **Rich Budde (Corval Group)**
- Expand Apprenticeship programs and access
- Leveraging, expanding Labor relationships: **Rich Budde (Corval Group)**
- Catalogues existing program across MT's education institutions
- Understand current level of Industry Input and process; focus on agility
- Credentials, core competencies needed now

**Overlap of Pillars 2 (Attract, retain and grow) + Pillar 3 (Economic Foundation) + Pillar 5 (Nurture and encourage innovation)**

### **#4. Streamlined, modern regulatory system**

- Timely, predictable, simple regulations and neutral: **Corey Goulet (TransCanada)**
- Regulators themselves

- New culture, attitude, and approach: **Rich Budde (Corvall Group)**
- Regulators are stuck; need forward thinking and innovation: **Frank Morehouse (Montana Dakota Utilities), Chris McCall (Compass Wind),**
- Outdated and overlapping regulations and policies: **John Kappes (Mountain Water – Missoula)**
- Not forward-looking; hindering “stewardship” (e.g. rate making policies that encourage investment in infrastructure)

#### **#5. Access to Capital**

- Access to capital to commercialize: **Jose Maria Sanchez Seara (Naturener)**
- Expand the options for capital: **Craig Wilkins (ViZn Energy)**

#### **#6. Market Integration**

- Market Integration: **Chris Mccall (Compass Wind), Robert Stade (Enbridge), Jose Maria Sanchez Seara (Naturener), Bob Harris (Western Area Power Administration)**

### **Pillar 2: Attract, Retain, & Grow Business**

- Grow the existing companies
- Leverage existing companies, business foundations, companies, and anchor companies to bring in / grow your own spinout

#### **#7. Property Taxes**

- Property taxes: **Phil Rykhoek (Denbury Resources), Senator Alan Olson (Sanjel)**

#### **#8. Cross-regional conversations in response to EPA’s 2030 Carbon Reduction Targets**

- Implications of EPA/ cross regional conversations: **Corey Goulet (TransCanada), Phil Rykhoek (Denbury Resources)**

- Past/ existing policies are implemented poorly

- Robust Communication among market builders, technologies, shared growth, trends and opportunity, synergies, bottlenecks, and solutions, value-added opponents
- Forum for understanding new demand and new markets (e.g. products that use energy)

### **Pillar 3: Build Upon Montana’s Economic Foundation**

- Infrastructure and utilities
- No Go-To forum to resolve issues of staying/ growing
  - Navigating where to go specifically access to capital; lifecycle of capital needs 2<sup>nd</sup> and 3<sup>rd</sup> stage
- Misperceptions by investors and just not enough existing investors
- EDO’s – Who are they? How many? How to get them to coordinate together?

### **Pillar 4: Market Montana**

#### **#9. Working together to get the product out to market**

- Exporting: Moving the resources out
- Identifying the sticky points for getting energy out: **Corey Goulet (TransCanada), Bob Harris (Western Area Power Administration), Robert Stade (Enbridge)**
- Identify the “flood gate opening” conversations and issues (e.g. the transmission line that leads to backfill)- I.d. specific bottlenecks: **Chris McCall (Compass Wind), Jose Maria Sanchez Seara (Naturener)**
- Coordinate, backfill, just have the conversation
- Transportation of product (coal, gas, etc.): **Rich Budde (Corval Group), Senator Alan Olson (Sanjel)**
- Pipeline capacity: **Corey Goulet (TransCanada), Dan Berube (Montana Power – retired)**
  - Facility siting
- Transmission/ Distribution technologies
  - Gaps and connections

- Communication strategy
- Leadership and spokesmen
- Get clear about message
  - Simple

- Understanding specific opportunities
- Cut through the noise: Partner ecosystem; Access to capital; Workforce; Taxes

**Pillar 5: Nurture Emerging Industries and encourage Innovation**

***#10. Connecting and encouraging emerging innovations and start-ups/small companies***

- Hogan Institute in Spokane and replicate and expand: **Craig Wilkins (ViZn Energy)**
- How new technologies (and corresponding regulations) affect small companies: **Henry Dykem (Sundance Solar Systems, LLC)**
- Open-mindedness to new technologies
- More industry CX's and integration on ground level for emerging ideas and companies
  - What's already going on