

Wind and Transmission Working Group
Meeting Summary
Front Street Learning Center – Helena, MT
August 4th, 2011

BPA/ FERC Updates

Montana Intertie Update

In a record of decision (ROD) issued on July 26th on its 2012 transmission rate case the Bonneville Power Administration (BPA) determined that the Montana Intertie (IM) transmission rate will not be rolled into the network rate. This IM rate “pancake” has been identified by many Montana wind power developers as an additional transmission cost that inhibits increased wind generation in the state. Governor Schweitzer wrote a letter in 2009 to BPA Administrator Stephen Wright asking BPA to consider eliminating the IM rate to help develop Montana’s world class wind resource. Administrator Wright advised that this issue should be addressed in the formal 2012 rate case proceedings. As part of the 2012 rate case process BPA held workshops starting in the spring of 2010 that analyzed the impact that eliminating the IM rate would have on BPA’s network costs. The results of those workshops produced estimates developed by BPA staff that, under a variety of different scenarios, eliminating the IM rate would have a little or no impact on BPA network system costs.

However, the ROD on the IM rate issue states that BPA did not find enough compelling information to eliminate the IM rate and expressed concern that rolling in the IM rate would set an undesirable precedent that may also be requested for the Southern Intertie. BPA pledged to hold more workshops, to be held starting in fall of 2011, in order to discuss the issue as preparation for the 2014 rate case.

Ted Williams, head of transmission for Montana wind developer Gaelectric, stated that BPA did good work but disagrees with their conclusions and feels that BPA missed an opportunity to encourage renewable energy generation in Montana. Ted further stated that he is not sure what additional information will be generated at the upcoming BPA workshops that have not already been covered.

BPA Network Open Season 2010 Update

Bonneville concluded their third Network Open Season (NOS) in May, 2011. Montana wind developer Gaelectric submitted nearly 1000 MW of transmission service requests in the open season. One of the projects analyzed in the NOS process is the Colstrip Upgrade Project West (CUP West) that is a proposal to complete upgrades that will expand the capacity of the Colstrip 500 kV transmission line. BPA concluded that 480 MW of additional capacity can be brought into the system at network rates pending the outcome of one final technical study expected to be completed in September 2011. These BPA network upgrades along with planned upgrades to this same Colstrip line east of Townsend, owned by a group of utility companies including NorthWestern Energy, will allow for expanded wind development to occur in Montana. Officials from NorthWestern Energy anticipate that the Colstrip line upgrades could be completed and ready for service by 2014.

Transmission Development Issues – Eminent Domain and State Policy

MATL Update: Darryl James, Gallatin Public Affairs

See presentation

Legal Process: Michael Black, Attorney General's Office

- The role of the AG's office is to defend constitutional challenges which they are doing in the case of House Bill 198.
- House Bill 198 (eminent domain bill) is being challenged on multiple grounds:
 - Due process
 - Impairment of contract
 - Special legislation
 - Equal protection
- On September 11th there will be a hearing in Cut Bank to determine the way to move forward. Thus far the state has not filed anything.

Legislation and State Policy: Evan Barrett, Governor's Office of Economic Development

- Energy development, especially renewable energy and wind is the centerpiece of the Governor's economic development focus.
- The role of the state is to facilitate development through access to capital and by creating a legal and regulatory environment that result in a good business environment.
- Evan noted that Eminent Domain is an essential tool needed by the state but that efforts to address landowner issues need to be considered.

Renewable Energy and Different Approaches to Transmission Siting

Chuck Magraw of the Natural Resources Defense Council offered a brief perspective on transmission and renewable energy development. Chuck noted that new and innovative approaches need to be explored in order to address the complex issues facing the permitting and siting of transmission lines. Without transmission line development Montana's underutilized wind resource remains isolated from markets. These comments set the stage for a presentation led by Betsy Hands that provided a report on progress being made in Madison County related to the siting of the MSTI.

The presentation noted that NorthWestern Energy's Mountain States Transmission Intertie (MSTI) project is the focus of a partnership bringing scientific and economic expertise together with organizing and outreach skills. Calling itself the Northern Rockies Clean Energy Partnership, it consists of planning professionals representing the Sonoran Institute, Western Environmental Law Center, Renewable Northwest Project, Headwaters Economics and Future West. The partnership formed in 2010 to help elected officials in Madison County to better understand the impacts of the proposed MSTI transmission line.

This summer research and analysis from the partnership's work for Madison County will be complete with a forthcoming report that will contain background material on clean energy and transmission, a GIS siting tool and an economic analysis of the MSTI project. The partnership indicates that interest in their work has spread beyond the borders of Madison County, and the BLM (with MT DEQ) plans to integrate the partnership's findings into the draft Environmental Impact Statement on MSTI expected to be released in early 2012.

For more information on this process:

Betsy Hands, & Monique DiGiorgio, Western Environmental Law Center
406-451-0051: digiorgio@westernlaw.org,
406-449-6086: hands@westernlaw.org

Julia Haggerty, Headwaters Economics
406-600-1766;
julia@headwaterseconomics.org