



## **Proposed Montana Bills Bode Well for Oil and Gas**

**By:** [Amy Mowry](#)

A number of bills introduced in the Montana legislature this session take aim at environmental constraints on conventional oil and gas development and advance stricter requirements for renewable energy incentives, which may be an encouraging sign for Montana's oil and gas industry in the coming year.

In an effort to avoid potentially dire consequences of greenhouse gas regulation by the Environmental Protection Agency (EPA), Senate Joint Resolution 10 urges Congress to prevent such regulations "by any means necessary." The resolution, introduced by Republican Senator Jason Priest, characterizes EPA's proposals as "likely to be detrimental to the economy, jobs, and U.S. competitiveness in worldwide markets." The resolution asserts that EPA's proposed regulations are without a sufficient basis of study verifying either the economic effects or environmental impacts of such regulations and will be enforced at the expense of the more pressing priority "to promote economic recovery and to foster a stable and predictable business environment that will lead to the creation of jobs." The resolution outlines Montana's importance as a producer of coal, oil and natural gas and emphasizes the risk to Montana's public health and welfare "without significant new job creation and economic improvement" provided by those industries, "because people with good jobs are better able to take care of themselves and their families than are the unemployed and because environmental improvement is only possible in a society that generates wealth." The resolution passed a vote of the Senate Natural Resources Committee and is currently in its first House reading.

Along similar lines, House Bill 292, introduced by Republican Representative Dan Kennedy, proposes an amendment to Article II, Section 3 of Montana's Constitution, which guarantees Montana's citizens the right to a "clean and healthful environment," among other inalienable rights. The amendment would expand that guarantee to include a "clean, healthful and economically productive environment." Currently in its second Judiciary Committee iteration, the amendment requires a two-thirds majority vote of all members of the legislature to advance to the electorate at the November 2012 general election.

Among the bills curbing "green" development, Senate Bill 159, also introduced by Senator Priest, allows the adoption of energy-efficient building codes only if the Department of Labor and Energy can show that the conservation measures save enough money to cover their cost in five years. Additionally, the bill would require the development of cost estimates for any proposed changes to building codes. The current provisions of M.C.A. § 50-60-201, encouraging "efficiencies of design and insulation" for maximum winter and summer energy conservation and requiring "practices in the design and selection of mechanical, electrical and illumination systems that promote the efficient use of energy" would be stricken, with a new emphasis on establishing construction standards "for the purposes of affordability, predictability, fairness, and efficiency." The bill passed Senate Committee readings and is currently in the House Business and Labor Committee.

Another of Senator Priest's provisions, Senate Bill 226, proposes to revise net metering systems in Montana to require a "customer-generator" -- a consumer with a small windmill, for example, who feeds electricity into the grid -- to pay transmission and distribution charges for customer-generated electricity. The revised system would require customer-generators to use one meter for usage and another for generation, thus eliminating the allocation of distribution and transmission costs attributable to the customer-generator among the utility's entire customer base. The system would apply only to net metering equipment or facilities installed or modified after the effective date of the act. The bill is currently in the Senate Energy and Telecommunications Committee.

Other bills of importance to alternative energy development include House Bill 353, a somewhat "anti-green" proposal to abolish 2007 tax breaks for any new power line that carries only "green" energy such as wind, and House Bill 295 ("Wind Energy Rights Act"), which establishes "wind energy rights" as appurtenant to the surface estate. While wind energy rights themselves may not be severed from the surface, the bill allows for the conveyance of "wind easements," or use and development rights. HB 353 awaits a first vote in committee, while HB 295 has passed committee and is in its first House reading.

The complete text and current status of proposed Montana legislation can be found at <http://leg.mt.gov/css/default.asp>.