

GOVERNOR'S ENERGY SUPPLY EMERGENCY POWERS ACT: CONCEPTS FOR RULES

This discussion paper lists revisions that could be made to the rules implementing the Governor's Energy Supply Emergency Powers Act ([Title 90, chapter 4, part 3](#) MCA). The existing rules ([ARM Title 14, chapter 8](#)) are out of date. The Governor's Office is starting a process to eliminate, revise, or replace those existing rules. This paper is being circulated to interested parties for informal comment prior to the rulemaking process later this year. These rules will cover electricity, natural gas, and petroleum products.

Purpose of the Rules

The purpose of the rules is two-fold: First, the rules describe actions government and industry should take to establish lines of communication and gather information prior to any emergency. Second, the rules describe actions the Governor may order during a declared emergency. That is, these rules constitute a toolbox of potential actions, which may or may not be used, depending on the situation. By describing these actions in the rules, government and industry will be better prepared to implement them, should that be necessary. However, the Act gives the Governor wide-ranging powers to respond to the events of a declared emergency, and the actions described in rules are not the only ones that could be ordered.

These rules are intended to outline responses to major events, such as an extended drought that reduces electrical generation, an earthquake that breaks a major natural gas transmission pipeline, or an event overseas that adversely affects the international petroleum market.

Actions in the rules could be ordered only in a declared emergency. Even then, the Governor would have the option, but not the obligation, of ordering these once an emergency is declared. These measures would not apply to "routine" disruptions of the energy supply system. Those will continue to be handled by the organizations and markets that are involved.

Process for Comment

DEQ will serve as staff to the Governor's Office for both the informal discussion and formal rulemaking process. During the informal process, interested parties can contact project staff by phone or in writing whenever they wish to discuss reactions to the concepts, and to give their thoughts on questions posed in this paper. The Governor's Office is looking for comments on:

1. how the proposed actions would or would not work in a given sector in Montana,
2. suggestions of specific levels to use for actions that set limits (e.g., minimum and maximum purchases during a petroleum emergency), and
3. alternate or additional actions that ought to be in the rules.

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Schedule: We would appreciate receiving comments before the end of September. The schedule for rule-making itself will be determined at that point.

General Issues

1. Should the rules establish a consultation forum to improve coordination of industry and government actions and messages to the public during an emergency? Should the forum have people from telecommunication and broadcast companies? Should it meet more often than once or twice a year? Once an emergency was underway, this forum could supplement, but would not supplant, the coordinating group headed by the state's Disaster and Emergency Services Division. If such a forum was created, businesses and/or industry organizations would be expected to nominate individuals to attend. The rules also would lay out the structure of the forum.
2. The rules will require the filing of reports on supplies and sales during an emergency and, if appropriate, the number of customers affected by outages. Who in each industry should be required to file (e.g., transmission, load serving entity, marketer, prime supplier, refiners, pipelines, etc.)? What are the critical types of information that would help state government understand an energy emergency in your industry? How often should the reports be filed, given that information needs will vary depending on the nature of emergency and type of energy product involved?
3. The federal government and industry organizations already address the issue of cybersecurity and preparing for cyber attacks. Should Montana energy emergency rules also address these topics? If so, how?
4. Other?

Rules for Emergency Response Measures by Fuel Type

These are concepts for specific actions to prepare for, and then to manage, an emergency. They have been taken from existing rules and plans around the country, including Montana. That is, they reflect the state of the art across many jurisdictions. These concepts also include suggestions from Montanans who reviewed early drafts of the state's Energy Assurance Plan. Some of these practices already are in place in some parts of Montana's energy sector. *The Governor's Office is not necessarily proposing that all these be adopted in the updated rules.*

Electricity Emergencies

1. Generally require utilities to provide the state with their plans for emergencies. (All utilities? Utilities of a certain size?)
2. Require utilities to provide the state with documentation of their procedures for rolling blackouts. Specific issues would include how the utility chooses the duration of a

blackout for an area, how circuits for blackouts are chosen, which offices or positions make those decisions, etc.

3. Require utilities to maintain lists of priority customers, who they are and where they are, to guide decisions in the event of blackouts.
4. Require utilities to submit documents explaining how the balancing authority (BA) will interact with a load serving entity (LSE) should load reduction be required. Explain who will be contacted and which unit(s) within the LSE will respond, and in what manner, to a BA's direction to reduce load.
5. Require utilities to document their plans for coordinating with natural gas providers to cope with the surge in use as affected customers turn to electric heaters and stoves during a cold-weather pipeline failure.
6. Require utilities to publicize consumption data that indicate the extent to which customers are reducing their demand in response to an emergency. (How fine-grained can these data be?)
7. Require utilities and DEQ to coordinate on plans to advise public in the event of an emergency on: 1) the amount of demand reduction required, 2) most effective energy saving measures, and 3) the use and dangers of emergency home heating equipment.
8. Require state agencies and local governments to reduce consumption.
9. Allow changes in portfolio costs to be reflected immediately in the monthly tracker, instead of spread over 12 months. (This would be a significant change from existing regulatory practice. Are there other or better ways to send a price signal during a prolonged energy emergency?)
10. Develop an expedited process to site and commission railroad locomotives to be used as emergency generators.
11. Identify state standards or requirements affecting or affected by the use of energy, including those relating to air or water quality control, that could be relaxed or enforced differently during an emergency. (What are the changes that would be critical to your organization during an emergency?)
12. Other?

Natural Gas Emergencies

1. Generally require companies to provide the state with their plans for emergencies. (All pipeline and distribution companies? Only those with retail customers in Montana?)

2. Require companies to provide the state with documentation of their procedures for cold day or emergency cutoffs. Specific issues would include how the utility chooses the duration of a cutoff for an area, how lines for cutoffs are chosen, which offices or positions make those decisions, etc.
3. Require companies to maintain lists of priority customers, who they are and where they are, to guide decisions in the event demand must be reduced.
4. Require companies to submit documents explaining how the pipeline operator will interact with a distribution company should load reduction be required. Explain who will be contacted and which unit within the distribution company will respond, and in what manner, to a pipeline operator's direction to reduce load.
5. Require companies to have public advisories prepared for immediate distribution in the event of a gas transmission line rupture, so to reduce consumption and conserve line pack.
6. Require companies to document their plans for coordinating with electricity providers during a cold-weather pipeline failure to help them cope with the surge in use as affected customers turn to electric heaters and stoves.
7. Require companies to publicize consumption data that indicate the extent to which customers are reducing their demand in response to an emergency. (How fine-grained can these data be?)
8. Require natural gas providers and pipelines to give priority to electricity generation during an emergency.
9. Require companies and DEQ to coordinate on plans to advise public in the event of an emergency on: 1) the amount of demand reduction required, 2) most effective energy saving measures, and 3) the use and dangers of emergency home heating equipment.
10. Require state agencies and local governments to reduce consumption.
11. Allow changes in portfolio costs to be reflected immediately in the monthly tracker, instead of spread over 12 months. (This would be a significant change from existing regulatory practice. Are there other or better ways to send a price signal during a prolonged energy emergency?)
12. Identify state standards or requirements affecting or affected by the use of energy, including those relating to air or water quality control, that could be relaxed or enforced differently during an emergency. (What are the changes that would be critical to your organization during an emergency?)
13. Other?

Petroleum Product Emergencies

1. Require retail outlets to indicate availability of product in a standardized way, such as flags or reader board messages.
2. Establish min\max purchase requirements for retail outlets (at what amounts?).
3. Require odd/even day purchases based on license plates (how can this be enforced?).
4. Set restrictions on the number and/or kinds of portable tanks that can be filled at a station during an emergency (at what levels?).
5. Require retail outlet coordination of hours-of-business to ensure a minimum number of stations are open at all times within a community.
6. Establish government and/or petroleum company priority allocation programs. (However, this would require substantial work in advance of an emergency.)
7. Designate priority pumps at a station for use by priority services. (How should priority services identify themselves?)
8. Lower speed limits.
9. Lift truck driver restrictions on hours.
10. Cover the extra fuel costs of health and safety services and of local governments out of the state emergency appropriation. (Use the authority in existing law or establish new and additional authority for energy emergencies?)
11. Identify state standards or requirements affecting or affected by the use of energy, including those relating to air or water quality control, that could be relaxed or enforced differently during an emergency. (What are the changes that would be critical to your organization during an emergency?)
12. Other?