**** BILL NO. ****

INTRODUCED BY ****

BY REQUEST OF THE ****

A BILL FOR AN ACT ENTITLED: “AN ACT CREATING THE MONTANA TRANSMISSION EXPANSION AND MODERNIZATION ACT; ESTABLISHING REQUIREMENTS FOR THE ROUTING, SITING, AND PERMITTING OF TRANSMISSION FACILITIES; TPROVIDING DEFINITIONS; AMENDING SECTIONS 69-4-106, 75-20-219, 75-20-231, AND 75-20-232, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.”

WHEREAS, the North American Electricity Reliability Corporation's 2025 Long-Term Reliability Assessment finds that the resource adequacy outlook is worsening across North America and recommends streamlining siting and permitting processes to remove barriers to resource and transmission development, noting delays from these processes are among the most common cause of transmission project days; and

WHEREAS, in the Western Electricity Coordinating Council Northwest assessment area, which includes Montana, the Western Electricity Coordinating Council projects resource shortfall risks accelerating from 2030 through 2034, emphasizing the importance of timely transmission additions and upgrades; and

WHEREAS, the Western Transmission Expansion Coalition's West-Wide Transmission Study 10-Year Horizon Report identified more than 12,600 miles, including approximately 500 miles in Montana, of high-voltage transmission additions or upgrades that are needed to meet the region's forecasted energy needs by 2035; and

WHEREAS, on June 30, 2026, a bipartisan group of 11 Western governors, including the Governor of Montana, acknowledged "the urgent need for expanded transmission infrastructure across the region to ensure residents and businesses continue to receive reliable, affordable energy critical to health, safety, and economic vitality" and committed to take steps to coordinate between states and the federal government to accelerate the development of new transmission lines; and

WHEREAS, the United States Department of Energy 2026 National Transmission Needs Study (Draft) finds nearly all regions would improve reliability and resilience from more transmission, with the largest benefits coming from increased interregional capacity to reduce transmission congestion and bolster resource

adequacy; and

WHEREAS, the Western Transmission Consortium is dedicated to developing interregional and interjurisdictional transmission infrastructure across 11 western states, including Montana.

WHEREAS, The Department of Energy National Transmission Planning Study concludes that when transmission is built across interconnection seams and resource adequacy is coordinated between regions, system costs through 2050 fall by $1.7 to $3.8 billion, while maintaining reliability; and

WHEREAS, Montana exports surplus generation over high-voltage lines, most notably the double circuit Colstrip 500-kilovolt system, and maintains connections to both the western and eastern interconnections, making cross-border transmission upgrades and streamline permitting impactful; and

WHEREAS, Montana is a crucial hub for the western electric grid and energy policy has emphasized competitive procurement, strong markets, and least-cost resource acquisition, making transmission development a logical extension of existing principles.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Short title.** [Sections 1 through 5] may be cited as the "Montana Transmission Expansion and Modernization Act".

NEW SECTION. **Section 2. Purpose.** The purpose of this act is to reduce barriers to competitively built high-voltage transmission facilities and transmission facility upgrades by adopting a framework that:

(1) preserves state siting authority;

(2) improves permitting process efficiency;

(3) complies with federal law at the minimum necessary level; and

(4) improves reliability, affordability, and market competition without requiring participation in a regional transmission organization.

NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 5], unless the context clearly indicates otherwise, the following definitions apply:

(1) "Advanced transmission technology" means hardware or software technology that increases the capacity, efficiency, and reliability of an existing or new transmission facility as defined in 69-4-106 (1)(a)(i).

(2) "Competitive bidding" means a procurement process open to any qualified private developer or utility without preference for incumbents.

(3) “Grid enhancing technology” means hardware or software technology that reduces congestion or enhances the flexibility of electric transmission and distribution systems by increasing the capacity of a line or rerouting electricity from overloaded to uncongested lines while maintaining industry safety standards and includes dynamic line ratings, advanced power flow controllers and topology optimization.

(4) "Incremental impacts" means any new material and measurable environmental or land-use impacts that were not evaluated in an original siting or permitting process that cannot be mitigated through best available industry practices.

(5) "Interstate transmission provider" means any entity that owns, operates or controls interstate electric transmission facilities.

(6) "Relevant state entities" means state utility regulators, transmission siting authorities, and other state entities with delegated authority over these matters.

(7) "State agreement process" means a voluntary process through which one or more relevant state entities may agree on a cost-allocation method or formula for certain transmission facilities selected in a regional long-term transmission plan.

(8) "Transmission facility" means a facility as defined in 69-4-106(4) and of alternating current transmission lines greater than or equal to 345 kilovolts or direct current transmission lines greater than or equal to 100 kilovolts and is subject to competitive bidding under applicable Federal Energy Regulatory Commission transmission planning orders or subject to applicable interstate transmission provider tariffs filed at the Federal Energy Regulatory Commission.

NEW SECTION. **Section 4. Routing, siting, and permitting of transmission facilities--biennial reviews.** (1) Any proposed transmission facility as defined in [section 3] shall be awarded through a transparent, competitive bidding process where applicable. Bids shall be evaluated using best value criteria and not awarded solely based on lowest costs. Bids shall be evaluated using best value criteria and not awarded

solely based on lowest cost. Bids shall be evaluated according to the prevailing regional transmission organization, independent system operator, or other appropriate authority within whose jurisdiction the project will be located. The open bid process should also consider benefits to ratepayers, including but not limited to:

(a) ensuring reliability;

(b) ratepayer cost savings;

(c) maximizing grid efficiency;

(d) reducing grid congestion; and

(f) mitigating the impact of grid-stressing events.

(2) (a) Except where federal oversight is explicitly required, state review shall be the controlling authority on routing, siting and permitting.

(b) Local governments may impose additional conditions only to address demonstrably unique public health or safety needs, such as emergency access, road use and repair, or fire and hazard mitigation, provided such conditions do not duplicate or conflict with state review.

(c) Additional conditions imposed by local governments shall not apply retroactively to facilities under review by the department of environmental quality or have been certificated under Title 75, chapter 20.

(3) (a) Beginning July 1, 2027, the public service commission, department of environmental quality, department of transportation and the department of natural resources and conservation shall coordinate and conduct biennial reviews of the processes governing the routing, siting and permitting of transmission facilities. The departments shall conduct internal departmental reviews with the goal of identifying statutory and regulatory modifications that result in a more streamlined and efficient application review period.

(b) The departments shall evaluate any internal procedures related to the routing, siting and permitting of transmission facilities. Evaluations must remain within the primary function of each department. Internal personnel may be allocated as necessary and available by the departments.

(c) Each department shall submit a report containing summaries of facility review activities and recommended actions to the Legislature within 90 days following the initiation of a biennial review period.

(d) The departments shall explicitly allow and streamline review and permitting of grid-enhancing technologies that improve the capacity, efficiency or reliability of existing transmission facilities.

(e) The departments shall not mandate any specific fuel type, generation source, or technology

that connects or intends to connect to a transmission facility.

(4) Environmental reviews shall be run concurrently with all other necessary permitting steps to the maximum extent permitted by law.

(5) Where a transmission facility has already been permitted, future upgrades, maintenance, or renovations to the facility shall not require a new permitting process, except for review of incremental impacts.

(6) Grid enhancing technologies shall receive a fair-market monetary valuation for the ratepayer benefits and system value they provide and must be considered in the transmission competitive bidding process, if deployment is determined to achieve the same results more cost-effectively and timely.

(7) All transmission facilities must provide non-discriminatory open access consistent with Federal Energy Regulatory Commission rules.

(8) (a) Transmission facility costs shall be allocated proportionally to all entities that cause and directly benefit, financially or otherwise, from such facilities.

(b) If a predefined tariff-based cost allocation methodology does not currently exist, cost allocation for new proposed regional transmission facilities may be determined by a state agreement process in accordance with Federal Energy Regulatory Commission Order 1920.

(c) Any cost allocation methodology resulting from a state agreement process shall allocate costs to those who benefit, in a manner roughly commensurate with and proportional to the estimated benefits received.

(9) (a) When an entity upgrades an existing transmission facility to add transfer capacity, the upgrading entity retains ownership of, and the right to collect revenues from, the proportion of the facility's total capacity, attributable to its investment.

(b) Such rights must be commensurate with the incremental capacity added, subject to applicable Federal Energy Regulatory Commission open access requirements and contractual cost allocation agreements.

(10) Nothing in this section may be construed to require transmission facility owners, independent generators or load serving entities to join a regional transmission organization or independent system operator.

NEW SECTION. **Section 5. Rulemaking.** Within 180 days of the effective date of this act, the public

service commission, department of environmental quality, department of transportation and the department of natural resources and conservation shall promulgate rules to implement the provisions of [section 4] according to their areas of involvement in the siting and permitting of transmission facilities.

Section 6. Section 69-4-106, MCA, is amended to read:

"**69-4-106. Definitions.** As used in 69-4-106 through 69-4-108, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Advanced transmission technology" means a technology that increases the capacity, efficiency, and reliability of an existing or new transmission facility. For the purposes of 69-4-106 through 69-4-108, the term applies to the following technology:

(a) grid enhancing technology, which means hardware or software technology that reduces congestion or enhances the flexibility of electric transmission and distribution systems by increasing the capacity of a line or rerouting electricity from overloaded to uncongested lines while maintaining industry safety standards and includes dynamic line ratings, advanced power flow controllers and topology optimization;

~~(a)~~(b) underground cables;

~~(b)~~(c) advanced conductor technology, ~~such as advanced composite conductors, high temperature low-sag conductors, and fiber optic temperature sensing conductors~~which includes any conductor that increases energy carrying capacity by at least 75 percent and has a direct current electrical resistance level that is at least ten percent lower than legacy conductors of similar diameter;

~~(c)~~(d) high-capacity ceramic electric wire, connectors, and insulators;

~~(d)~~(e) high-voltage direct-current technology;

~~(e)~~(f) flexible alternate-current transmission systems;

~~(f)~~(g) enhanced power device monitoring;

~~(g)~~(h) power electronics and related software, including real-time monitoring and analytical software; and

~~(h)~~(i) any other technologies the commission considers appropriate.

(2) "Certificate of public convenience and necessity" means a written authorization to operate issued by the commission for constructing an electric transmission facility.

(3) "Department" means the department of environmental quality provided for in 2-15-3501.

(4) "Transmission facility" means those facilities that are controlled or operated by a utility and used to provide transmission services as determined by the federal energy regulatory commission and the public service commission. The term includes advanced transmission technology."

Section 7. Section 75-20-219, MCA, is amended to read:

"**75-20-219. Amendments to certificate.** (1) (a) Except as provided in 75-20-228, within 30 days after notice of an amendment to a certificate is given as set forth in 75-20-213(1), including notice to all active parties to the original proceeding, the department shall determine whether the proposed change in the facility would result in a material increase in any environmental impact of the facility or a substantial change in the location of all or a portion of the facility as set forth in the certificate.

(b) Except as provided in 75-20-228, if the department determines that the proposed change would result in a material increase in any environmental impact of the facility or a substantial change in the location of all or a portion of the facility, the department shall grant, deny, or modify the amendment with conditions as it considers appropriate. In the case of electric transmission facilities that are more than 69 kilovolts, this provision shall only apply to a material increase in any environmental impact that cannot be mitigated through best available industry practices.

(c) Except as provided in 75-20-228, if the department determines that a modification of the proposed amendment to the certificate is needed, it shall consult with the applicant.

(2) Except as provided in 75-20-228, if those cases in which the department determines that the proposed change in the facility would not result in a material increase in any environmental impact or would not be a substantial change in the location of all or a portion of the facility, the department shall automatically grant the amendment either as applied for or upon terms or conditions that the department considers appropriate.

(3) Except as provided in 75-20-228, if a hearing is requested under 75-20-223(2), the party requesting the hearing has the burden of showing by clear and convincing evidence that the department's determination is not reasonable.

(4) Except as provided in 75-20-228, if an amendment is required to a certificate that would affect, amend, alter, or modify a decision, opinion, order, certification, or air or water quality permit issued by the

department, the amendment must be processed under the applicable statutes administered by the department."

Section 8. Section 75-20-231, MCA, is amended to read:

"**75-20-231. Expedited review.** (1) Except as provided in 75-1-208(4)(b), the department shall issue a certification decision within 90 days from the date on which an application is considered complete for a facility that:

(a) is unlikely to result in significant adverse environmental impacts based on the criteria listed in 75-20-232; or

(b) is presently in existence and proposed for upgrade, reconstruction, ~~or~~ relocation or is not an exempt transmission facility pursuant to 75-20-219 and is unlikely to result in significant impacts pursuant to 75-20-232.

(2) A facility that qualifies for expedited review is exempt from undergoing an alternative siting study, except as provided in 75-1-201."

Section 9. Section 75-20-232, MCA, is amended to read:

"**75-20-232. Criteria for identifying proposed facilities that qualify for expedited review.** (1) In order for a facility to qualify for expedited review under 75-20-231, the department shall make a significance determination of the impacts associated with a proposed facility. This determination is the basis of the department's decision concerning whether the proposed facility qualifies for expedited review.

(2) The department shall consider the following criteria in determining the significance of each impact that the proposed facility has on the quality of the human environment:

(a) the severity, duration, geographic extent, and frequency of occurrence of the impact;

(b) (i) the probability that the impact will occur if the proposed action occurs; or

(ii) reasonable assurance in keeping with the potential severity of an impact that the impact will not occur;

(c) growth-inducing or growth-inhibiting aspects of the impact, including the relationship or contribution of the impact to cumulative impacts;

(d) the quantity and quality of each environmental resource or value that would be affected,

including the uniqueness and fragility of those resources or values;

(e) the importance to the state and to society of each environmental resource or value that would be affected;

(f) any precedent that would be set as a result of an impact of the proposed action that would commit the department to future actions with significant impacts or to a decision in principle about future actions;

(g) potential conflict with local, state, or federal laws, requirements, or formal plans;

(h) the degree to which the impacts on the human environment are likely to create a high level of public concern; ~~and~~

(i) the economic importance and benefits to the state and the local community of the proposed facility, including the increase of local access to economic activity; and

(j) potential conflicts with regional infrastructure planning and the extent to which such planning may impact the state and local communities.

(3) An impact may be adverse, beneficial, or both. If none of the adverse effects of the impact are significant, expedited review is required."

NEW SECTION. **Section 10. Codification instruction.** [Sections 1 through 5] are intended to be codified as a new part in Title 69, chapter 4, and the provisions of Title 69, chapter 4, apply to [sections 1 through 5].

NEW SECTION. **Section 11. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

NEW SECTION. **Section 12. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. **Section 13. Effective date.** [This act] is effective on passage and approval.

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