SJ12 & SJ21: ELECTRIC TRANSMISSION CAPACITY & INTERSTATE POWER GRID DEVELOPMENT

FINAL REPORT TO THE 70TH MONTANA LEGISLATURE

Energy and Technology Interim Committee

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This report is a summary of the work of the Energy and Technology Interim Committee (ETIC), specific to the ETIC's 2025-2026 studies as outlined in the committee's 2025-2026 work plan and Senate Joint Resolution 12 and Senate Joint Resolution 21 (2025). Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the ETIC in reaching its conclusions. To review additional information, including audio minutes and exhibits, visit the ETIC website: https://committees.legmt.gov/#/nonStandingCommittees/11.

A full report, including links to the documents referenced in this print report, is available at the ETIC website: https://committees.legmt.gov/#/nonStandingCommittees/11.

SJ 12 & SJ 21: ELECTRIC TRANSMISSION CAPACITY AND INTERSTATE POWER GRID DEVELOPMENT

INTRODUCTION

The Legislative Council assigned SJ 12, a study of electric transmission capacity on Paths 8, 18, 80, and 83, and SJ 21, a study on interstate power grid development, to the ETIC at the beginning of the 2025-2026 interim. SJ 12 ranked fourth out of 36 study resolutions passed and approved by the 69th Legislature, and SJ 21 ranked fifth.

SJ 12 STUDY DIRECTIVES

SJ 12 directed the committee to:

1. investigate issues relating to the available transmission capacity on transmission paths 8, 18, 80, and 83;
2. analyze the economic impact to Montana's citizens and industry due to the observed congestion and curtailments on Montana transmission paths;
3. identify and measure the resources in interconnection queues of Montana's transmission service providers;
4. sample the depth of market and power supply pricing for Montana's large loads; and
5. suggest specific transmission capacity upgrades, and associated cost-benefit analysis, required to maintain a reliable, affordable electric supply for Montana's citizens and industry.

SJ 21 STUDY DIRECTIVES

SJ 21 directed the committee to:

1. evaluate the legal and regulatory framework for Montana to participate in new cooperative interstate agreements for electric transmission;
2. examine the potential economic benefits and cost implications of a compact for Montana ratepayers and industries;
3. assess how an interstate compact can incorporate market-based principles to maximize competition and minimize costs for consumers;
4. explore best practices from other states and regional transmission organizations that have implemented similar cooperative agreements;

5. consider mechanisms to streamline the permitting process and eliminate duplicative regulatory requirements for transmission projects;
6. analyze the implications of federal regulatory requirements and how an interstate compact or similar arrangements may facilitate compliance while preserving state sovereignty; and
7. engage and consider input from relevant stakeholders, including representatives from the energy industry, consumer advocacy groups, regulatory agencies, and legal experts.

The ETIC adopted a work plan as a roadmap for the committee's work during the interim. The committee determined how much time to devote to these studies in relation to the committee's other work. Due to the similarities of these studies, the committee chose to combine them to broadly examine transmission issues on state and regional levels.

BACKGROUND

Electric power transmission is the bulk transfer of electrical energy from generating resources to electrical substations. Electricity is transmitted over long distances at high voltages, which minimizes energy losses during transport. Transmission lines deliver electricity to distribution substations, where the voltage is reduced to levels that can be safely distributed to homes, businesses, and other customers. In Montana, existing and proposed transmission lines generally range from 100 kilovolt (kV) to 525 kV. The North Plains Connector Project is a proposed 420-mile, up-to-525 kV transmission line. Upon completion, this line would connect the eastern and western electric grids in North Dakota and Montana.

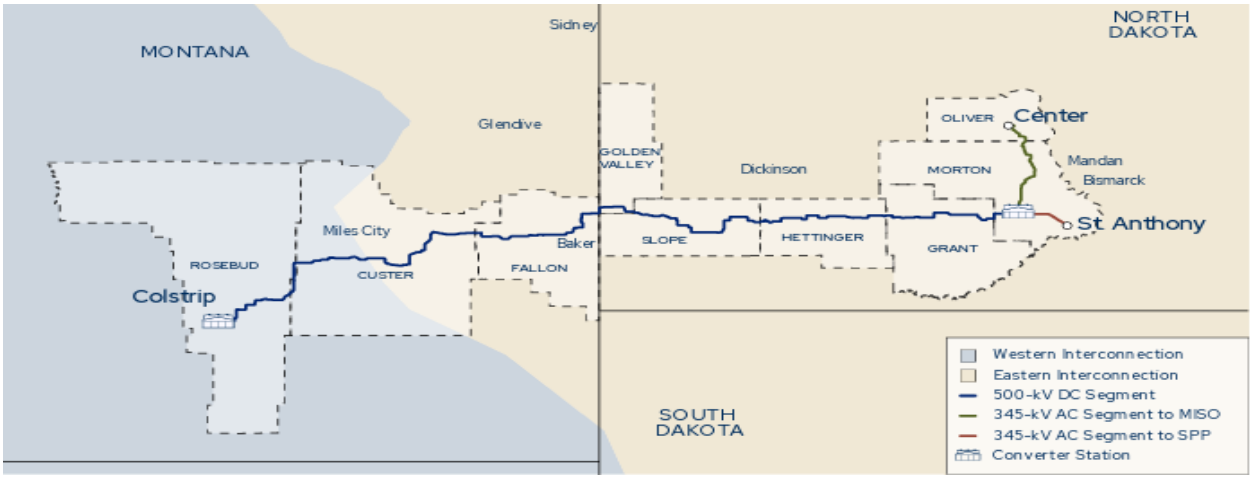

Figure 1 shows a map of the proposed North Plains Connector project from Montana to North Dakota described in the paragraph above.

In Montana and across the West, much of the transmission infrastructure is aging and is approaching or has already exceeded its original design life. Without construction of new transmission lines or significant upgrades to existing infrastructure, there is limited capacity to accommodate new interconnection requests and to meet growing electricity demand.

This is not a new issue for Montana, other Western states, or the ETIC. For decades, policymakers, utilities, and regional stakeholders have struggled with how to expand the transmission system to support a changing electric grid. As new generation projects and large-load customers, such as data centers, seek access to Montanan's transmission system, existing constraints could become even more pronounced.

While there is universal agreement that additional transmission infrastructure is needed, several questions remain: How long will it take to permit and construct them? Who should bear the cost? Additionally, is Montana's current regulatory climate positioned to encourage timely transmission development while protecting the interests of ratepayers and landowners?

SUMMARY OF COMMITTEE WORK AND MATERIALS

SEPTEMBER 2025

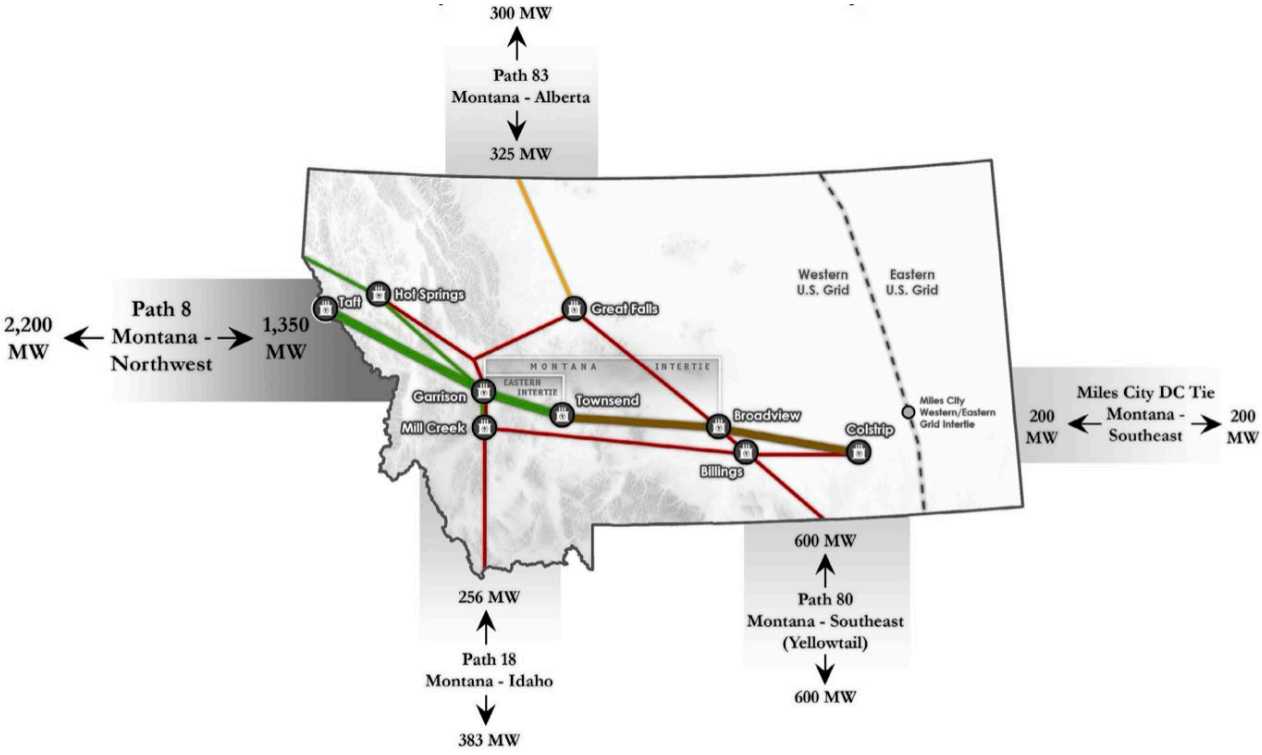

Figure 2 is an overview of the major transmission lines and substations in Montana along with the four paths and their capacities that connect Montana to the rest of the West.

To begin the committee's work for SJ 12 and SJ 21, the ETIC invited Berkshire Hathaway Energy, Bonneville Power Administration (BPA), and NorthWestern Energy to provide an overview on transmission capacity, constraints, and proposed projects affecting transmission paths 8, 18, 80, and 83. These presenters highlighted the challenges of limited available capacity, navigating multiple jurisdictions, and lengthy development timelines.

Additionally, they emphasized the benefits and opportunities that the proposed North Plains Connector Project and the reinitiated BPA's Montana-Washington Transmission System (M2W) upgrade project could provide for regional connectivity. To support BPA's efforts, the committee directed staff to draft a letter of support as the BPA navigates the environmental review and project design phase. The letter was subsequently sent to the BPA leadership and Montana's congressional delegation.

The following materials were presented to the committee:

Bonneville Power Administration Transmission Overview

NorthWestern Energy Transmission Overview

Montana Alberta Tie Line Overview

GOVERNOR'S ENERGY TASK FORCE

On September 10, 2025, Governor Greg Gianforte signed Executive Order No. 6-2025 creating the Governor's Energy Task Force and charged it with giving him short-term and long-term recommendations and strategies for Montana to increase affordable and reliable energy options. The director of the Department of Environmental Quality is the presiding officer of the task force. The task force is comprised of 20 members representing energy and utility industries, academia, and elected officials. ETIC members Sen. Christopher Pope and Rep. Gary Parry were appointed to the task force. Full details are available on the task force's website, https://deq.mt.gov/energy/Task-Force, and the final report is available online: https://deq.mt.gov/files/Energy/Task%20Force/Energy%20Task%20Force%20Report.pdf.

With the task force's timeline mirroring the Legislature's interim period, the two entities established a collaborative working relationship by sharing information, hosting educational presenters, and providing regular updates to one another.

NOVEMBER 2025

The Energy Policy Act of 2005 states:

(1) "The consent of Congress is given for three or more contiguous States to enter into an interstate compact, subject to approval by Congress, establishing regional transmission siting agencies to:
   (a) facilitate siting of future electric energy transmission facilities within those States; and
   (b) carry out the electric energy transmission siting responsibilities of those States."[1]

Since the passage of the Energy Policy Act of 2005, no states have entered into such a compact. To explore the possibility of a compact with neighboring states, the ETIC heard a presentation from the National Center of Interstate Compacts. The presentation covered interstate compact components, features, and benefits. The committee directed staff to coordinate with interested parties and draft preliminary compact language for discussion at future meetings.

The committee received a presentation entitled "Interstate Compacts" by The Council of State Governments.

In addition to compact education, the committee heard a presentation on a recently published report entitled: "Montana Transmission Connectivity Study: Strategic Roadmap to Enhance Montana's Connection with the West". This study was prepared at the request of NW Energy Coalition, an energy nonprofit. The study was conducted by Energy Strategies, an independent energy consulting firm. This study modeled three scenarios of increasing resource deployment in Montana, described in figure 3 below.

Deployment Scenario	Transmission Portfolio Summary			
	New Montana Resources Integrated (MW)	Required Transmission Investment ($B)	New Lines (mi)	Reconductor or Rebuild Lines (mi)
Low	3,000	$3.1	432	-
Medium	9,000	$10.7	1,647	437
High	12,000	$13.9	2,021	467

[1] Energy Policy Act of 2005, Public Law 109-58, 109th Congress

Figure 3 describes the three scenarios of increasing resource deployment in Montana in terms of new state resources integrated expressed in megawatt; required transmission investment expressed in billions of dollars; miles of new lines; and miles of reconductor or rebuild lines.

As outlined in the study, a new Montana-Idaho intertie provides a high-impact starting point for Montana to bolster connectivity. The Energy Strategies report states that for the low deployment scenario, a new high-voltage direct current (HVDC) line between the Colstrip transmission system and Idaho offers an efficient solution for unlocking a large tranche of interstate connectivity. When paired with minor upgrades in Montana, the low deployment portfolio costs roughly $3.1 billion and represents a strategic option to integrate capacity, improve market access, and enhance regional reliability."[2]

This is a long-standing recommendation. In 2008, NorthWestern Energy filed a Major Facility Siting application with the Department of Environmental Quality for a high-voltage transmission system intertie to deliver Montana wind power to the Southwest. The utility began developing the project as early as 2004.

The 500-kV project, called the Mountain States Transmission Intertie (MSTI), carried a $1 billion price tag, with a proposed route spanning 430 miles from Townsend, Montana, to Jerome, Idaho. The project was subject to litigation and opposition from landowners, concerned citizens, local governments, public-land advocates, and environmentalists. In 2012, NorthWestern Energy called a "time-out" on the project.[3] MSTI was originally proposed at a different time, in a different market, and amid different energy-demand conditions. If the MSTI project is revived, it may face the same challenges it faced nearly 20 years ago. Again, one question remains: Who pays?

Materials presented: NWEC-MT-Regional-Transmission-Connectivity-Study-Report-1.pdf

[2] Energy Strategies, *Montana Regional Transmission Connectivity Study: Final Report*
[3] NorthWestern Energy, *Electric Transmission: Federal, State and Local Permitting and Siting Issues*



Figure 4 shows the 500-kV project, called the Mountain States Transmission Intertie (MSTI), that NorthWestern Energy proposed in 2008. The project carried a $1 billion price tag for the proposed route spanning 430 miles from Townsend, Montana, to Jerome, Idaho.

JANUARY 2026

In 2025, ETIC member Rep. Parry introduced House Bill 314, which sought to create a state energy authority to develop and advise on the energy production and electric transmission facilities necessary to produce and transport energy to markets within the state and region. Ultimately, the bill did not pass, but ETIC members wanted more information about transmission-specific authorities that exist in other states.

Seven states have transmission authorities. These authorities, which are authorized by state legislatures, traditionally assist with various aspects of transmission development, including the planning, permitting, financing, and construction of transmission projects.[4] To gain first-hand perspectives from both a long-established authority and a recently formed authority, the ETIC invited leadership from the New Mexico Renewable Energy Transmission Authority and the Colorado Electric Transmission Authority to the committee. Following their presentations, the ETIC considered a transmission authority bill, but no drafts have been pursued. Individual committee members may pursue transmission authority legislation outside of the ETIC during the 70th legislative session.

Materials presented:

[4]National Conference of State Legislatures (NCSL), *State Transmission Authorities*

New Mexico Renewable Energy Transmission Authority

Colorado Electric Transmission Authority

MARCH 2026

At the direction of the committee, stakeholders presented two drafts of an Interstate Competitive Transmission Development Compact (PD 0002 and PD 0003). The only difference between the drafts is that PD0003 establishes a governing commission for the compact. The drafts provide policy provisions for member states that choose to adopt the compact, as well as duties for the Governor of Montana, the Department of Environmental Quality, and the Department of Natural Resources and Conservation. The intent of the compact is to streamline the routing, siting, and permitting of transmission projects through a competitive solicitation process. Ultimately, the ETIC did not pursue introducing PD002 and PD003 as committee legislation for the 70th legislative session.

Materials presented:

PD002

PD003

RECOMMENDATIONS

After the interim period began, the ETIC was informed of several ongoing regional efforts and studies that address the same issues contemplated by SJ 12 and SJ 21. To avoid duplicating these efforts, the ETIC chose to craft legislation in other areas within the committee's jurisdiction.

The ETIC supports the draft recommendations of the Governor's Energy Task Force, the West-Wide Transmission Needs Study conducted by the Western Transmission Expansion Coalition (WestTEC) and coordinated by the Western Power Pool, and the Western Governors' Permitting Alignment and Coordination Task Force which was formed following the WestTEC study. The ETIC also supports other efforts and projects that strengthen Montana's transmission system and improve regional connectivity.

Recommended documents:

Governor's Energy Task Force Final Report

West-Wide Transmission Study: 10-Year Horizon Report

WestTEC Transmission Study: Advancing Montana's Energy Future

Western Power Pool: Western governors endorse WestTEC, create permitting task force

APPENDIX A:
ENERGY AND TECHNOLOGY INTERIM COMMITTEE MEMBERS

Before the close of each legislative session, House and Senate leadership appoint lawmakers to interim committees. The members of the Energy and Technology Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with section 2-15-155, MCA.

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