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TSRIA NEWS

January, 2016

Introducing the Association's new Mission Statement

Participants in the recent TSRIA planning meeting recommended the Association revise its Mission Statement to read: *To promote and enhance the Montana Way of Life through responsible resource development.*

That change was adopted by the Board of Directors at its December 11, 2015 meeting. The new Mission Statement recognizes that promoting the Montana Way of Life is not just inviting others to admire the scenery. Nothing wrong with that - but it's so much more. We advocate for a strong economy that provides jobs that pay well. We appreciate workers and their families, farmers and ranchers, and all help who provide the things we need from energy, to food, to products we use every day. We celebrate our communities and how we pull together to make them special places. And we value hard work, common sense, and the land from which we make our living and on which we recreate. Now that's the Montana Way of Life.

Reminder: Special TSRIA Membership Meeting on January 8, 2016

Members are reminded that TSRIA President Todd O'Hair has called a special membership meeting for Friday, January 8, 2016 at 9:30 am. in the 4th Floor Conference Room of the Browning, Kaleczyc, Berry and Hoven Office Building located at 800 No. Last Chance Gulch in Helena. The complete December 22, 2015 meeting notice is reprinted below.

Notice to Treasure State Resource Industry Association Members

Special TSRIA Membership Meeting

January 8, 2016

9:30 am. Browning, Kaleczyc, Berry and Hoven Office

4th Floor Conference Room

800 North Last Chance Gulch, Suite 101

Helena, Montana

To Participate Via Conference Call Dial: (712) 775-7031 Access Code: 443-740#

In accordance with Article V, Section 5 of the Treasure State Resource Industry Association Bylaws (Dated September 23, 2015), President Todd O’Hair has called a special membership meeting for Friday, January 8, 2016 at 9:30 am. in the 4th Floor Conference Room of the Browning, Kaleczyc, Berry and Hoven Office located at 800 North Last Chance Gulch, Suite 101 in Helena. The purpose is to consider a change to the Association’s name to better reflect the broad spectrum of our membership.

This Notice complies with Article V, Section 7 Notice of Meetings provision of the Bylaws requiring that “written notice stating the place, day and hour of the annual or regular meeting, and in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than ten (10), nor more than fifty (50) days before the date of the meeting either by publication, direct mail or electronic means to each member entitled to vote at such meeting. The written notice of meetings may be published in the corporation’s newsletters.”

Specifically, the Bylaws are proposed to be amended as follows:

Article I

Name

The name of the corporation is Treasure State Resources ~~Industry~~ Association of Montana.

Article XI

Dissolution

Upon the dissolution or winding up of affairs of TSRIA ~~of Montana~~, the Board of Directors, after providing for payment of all obligations, shall distribute the remaining assets to one or more other non-profit and tax exempt organizations.

Rationale: The Board of Directors held a planning session on November 19, 2015 for purposes of setting strategic direction for 2016-2017. As part of the discussion, participants noted the term “industry” in the Association’s name might detract from its uniqueness in terms of representing organized labor, motorized recreation, agriculture, other trade associations, general business and natural resource industries. While redundant, the term “of Montana” needs to be added in order to be registered by the MT. Secretary of State as the official name. The abbreviated “Treasure State Resources Association” can be used for more general purposes.

Because the Association is in the process of launching a new website, as well as developing new promotional and educational materials, it is necessary to consider the change at this time rather than wait until the annual membership meeting.

On December 11, 2015 the TSRIA Board of Directors passed a motion supporting the name change and recommending adoption of the changes to the Bylaws.

Questions about the meeting or the proposed change can be directed to the Association’s Executive Director, Peggy Trenk at ptrenk@tsria.net or by calling 406-443-5541 (work phone) or 406-461-9945 (cell phone).

Interim Legislative Committees Have Busy January

While the 2017 Legislative Session is months away, interim committees are going to be hard at work in Helena during January. The following information offers a snapshot of what the committees TSRIA follows most closely will be discussing during their upcoming meetings.

Water Policy Interim Committee:

Dates: January 11-12, 2016 Room 172, State Capitol Helena, MT

The Committee covers a wide swath in terms of topics, featuring updates on the CSKT Compact, and reviews of the DEQ Water Quality Planning Bureau and the adjudication process. Of particular interest to TSRIA members will be a discussion of the DEQ comprehensive hydrological impact assessment and Signal Peak mine expansion. In October of 2015, the Board of Environmental Review rejected a permit issued by the DEQ in 2013 that would allow the Signal Peak Mine to continue mining coal for another decade. That not only put the future of the mine in question, but also raises a question about how much others can count on regulatory predictability for economic activities in the state. That discussion is scheduled for Tuesday,

January 12 at 8:00 am. In the meantime, representatives of DEQ, MEIC (who challenged the permit) and the mine have been meeting to discuss potential solutions to avoid a shutdown.

TSRIA members might also be interested in the Committee's SJ2 study that explores the possibility of the State of Montana assuming responsibility for the federal Section 404 permitting program.

Environmental Quality Council

Dates: January 13-14, 2016 Room 317, State Capitol Helena, MT

EQC members also have a very full agenda for January. They'll hear an update on the Sage Grouse Conservation Strategy as well as the Clean Power Plan. The Committee will devote considerable time to Fish, Wildlife and Parks' programs, including an evaluation of hunting access and management of nongame, threatened and endangered species. The EQC will also continue its work on the HJ13 Study that looks at the impacts of statewide public land road closures on such things as wildlife management and hunting opportunities.

ETIC-EQC 111d Subcommittee (Clean Power Plan)

Dates: January 14, 2016 1 pm. Room 172, State Capitol Helena, MT

The 111d Subcommittee's Agenda offers an intense, and very thorough look at not only the status of the implementation of the new "clean power rule", but also what options exist for using new technology and renewable energy. For those following this key issue for our state and our economy, this meeting will be well worth attending or following via the live video coverage that can be accessed via the Montana Legislature's website.

Energy and Telecommunications Interim Committee

Dates: January 15, 2016 Room 172, State Capitol Helena, MT

Rounding out "interim committee week" will the meeting of the Energy and Telecommunications Interim Committee. The Committee's broad responsibilities are reflected in the agenda that covers the Clean Power Rule and related issues with the Colstrip Power Plants, to railroad safety. The afternoon is largely devoted to the Committee's SJ 12 study of net metering. ETIC is expected to provide more specific direction regarding the future direction of the study once it reviews the research and information received to date.

Washington Legislature to Again Consider Legislation That May Impact Colstrip Plants

According to information provided by the Montana Legislative Services Division, the Washington State Legislature is anticipating legislation to be introduced that could impact the Colstrip Plants in Montana. In a Memo dated December 23, 2015, legislative staff reports “that Puget Sound Energy (PSE) (which owns 50% of Colstrip Generating Units 1 and 2 and 25% of Units 3 and 4) intends to introduce legislation in Washington to address its continued use of coal-fired generation from the Colstrip Generating Station...PSE is under pressure to reduce its reliance on Colstrip from the Washington state utility commission, the Washington governor, and others who are concerned about the environmental impacts and economic costs of coal-fired generation.

The 2016 legislation crafted by PSE, the “Washington State Eligible Coal Unit Risk Mitigation Act”, allows PSE to acquire a new interest in Colstrip...PSE would essentially be granted the ability to file plans with the Washington Public Utility Commission to buy out Talen Energy’s share of Unit 3 (PSE would then own 55% of Unit 3) as long as efforts were simultaneously made to decommission other units – like Units 1 and 2, based on an early draft of the PSE legislation.”

The Chair of the Washington Legislature’s Senate Energy, Environment, and Telecommunications Committee, Senator Doug Ericksen, has indicated the bill may be heard on January 21, 2016. Unlike what happened with similar legislation in 2015, Montana legislators have been in conversation with their counterparts in Washington and will have an opportunity to testify.

Sage Grouse Oversight Team Taking Comment on Administrative Rules and Procedural Documents

The Montana Sage Grouse Oversight Team (MSGOT) is seeking public comment on a proposed rule for implementing the Sage Grouse Stewardship Fund Grant Program. Notice was published in the Montana Administrative Register on December 10, 2015 (MAR Notice No. 14-3) and the comment period closes on January 22, 2016.

The proposed rule establishes the process MSGOT will use to receive Applications and make decisions. For example, the rule requires:

- MSGOT will approve a grant Application form and publish Application deadlines on the Sage Grouse Habitat web page hosted by DNRC.
- Applications are to be submitted electronically at www.fundingmt.org
- MSGOT will evaluate Applications at a regularly scheduled meeting.
- MSGOT will take public comment on the Applications.
- Successful applicants must enter into an Agreement with MSGOT and DNRC before funds are made available.
- Grant recipients must file progress and final reports.

Three hearings have been scheduled on the proposed rule. The dates, times and locations are as follows:

3:00 p.m. on January 6, 2016, First State Bank, 1 S 1st Street East, Malta, Montana 59538;

2:00 p.m. on January 7, 2016, Ambulance Barn, 704 1st Street East, Roundup, Montana 59072;

6:30 p.m. on January 11, 2016, in Dillon, Bureau of Land Management Office, 1005 Selway Drive, Dillon, Montana 59725.

While the proposed rule itself is fairly basic in terms of setting forth the application process, there is a need for additional clarity relative to what is meant by “organization” in terms of who is eligible for grants. The proposed rule says it “means a private entity registered with the Montana Secretary of State authorized to conduct business in the state of Montana”. With the majority of habitat located on private lands, it would seem grant funds should be available to those who are in a position to make the greatest difference in terms of protecting sage grouse.

In addition to commenting on the proposed rule, potential applicants are encouraged to review all the documents associated with the grant programs and offer input relative to making them more workable for all involved. The Rule Notice and draft application materials can be found at: dnrc.mt.gov/divisions/cardd/sage-grouse/sage-grouse-stewardship-fund-grant-program.

Despite Challenges – There’s Always Room for Optimism

There’s no question 2015 has been a tough year on many fronts. The challenges for all the natural resource industries and workers have only increased. As we launch into a new year, the

following are excerpts from news articles or stories that offer a glimmer of hope that common sense and facts can truly find their way into the conversation – and into the media:

North Carolina Uses Unique Tactic Against new EPA Power Rule – Helena Independent Record, December 26, 2015 Source: Jonathan Drew, Associated Press

Already among the two-dozen states suing to overturn new power plant emission rules, North Carolina is picking a separate fight with the Environmental Protection Agency by adopting a plan for compliance the agency is likely to reject.

State officials hope that will create a shortcut to a federal appeals court and head off any attempt by the EPA to drag out the court case while its rule gets further entrenched...John Evans, chief deputy secretary for the Department of Environmental Quality, explained the rationale during a November meeting before a state environmental panel. He argued that the main lawsuit by the states could be drawn out by the EPA, making the state plan North Carolina's best hope to fight it in court.

"We expect the EPA to oppose being heard, and if they are successful then, ...the only chance for judicial review that we have available to us will be North Carolina's plan", he said. Evans explained that if North Carolina submits a rule that's rejected by EPA, the state can then take its case to the 4th U.S. Court of Appeals. "We have an appeal right there. That might be the first challenge in the nation to the federal power plan rule," he said.

Washington Should Drop Road Blocks for Port Expansion. Source: Guest Column by Sen. Tim Sheldon, a Democrat representing Washington's 35th Legislative District. He serves on the Energy, Environment and Telecommunications, Transportation and Rules Committees. Reprinted in Helena IR, December 21, 2015

While our neighbors to the north and south of Washington watch their port infrastructure grow and flourish, our state – the most export-dependent state in the nation – is improbably holding up billions of dollars in private infrastructure development that would only help us compete with California and Canada.

The delay with regard to the export terminal expansions in Bellingham and Longview is patently unacceptable. Proposed projects and potential investments in this state should benefit from a fair, timely and predictable review process. Yet this is not the case with these projects, whose review has been in process for three years, and subject to numerous, ongoing delays. It is one thing to politically disagree with these projects on the basis of exporting a particular commodity – in this case coal – and to express concern over the environmental standards to which these

projects must adhere. It is quite another to attempt to bind these projects with endless government bureaucracy and red tape in hopes that the investors will give up and go elsewhere...The list of delay tactics is long and troubling. First, the Department of Ecology announced in 2013 that it would implement an unprecedented scope of review – going so far as to evaluate the impact of burning coal all the way on the other side of the world. The Army Corps of Engineers, tasked with completing the environmental impact statement (EIS), has delayed its release numerous times without satisfactory reason...

Trade is the lifeblood of our state with 40 percent of Washington jobs linked to our trade economy. Furthermore, discouraging the growth of our trade infrastructure also negatively impacts our neighbors like Montana and Wyoming that depend on Washington to serve as their primary trade gateway to Asia. Washington's ability to compete in a global market and to attract related investment is absolutely critical to our economic well-being. Our leaders could do well to recognize this fact, and act accordingly by bringing an end to the delay with these projects.

Can We Set the World's Temperature? Helena Independent Record, December 28, 2015

Source: Column by Robert J. Samuelson, Columnist for the Washington Post

Washington – On climate change, curb your enthusiasm. It's not that the recent international conference in Paris didn't take significant steps to check global warming. It did....The trouble is that what's being attempted is so fundamentally difficult that even these measures may be wildly unequal to the task. What's being attempted, of course, is the wholesale replacement of the world economy's reliance on fossil fuels (coal, oil, natural gas) for four-fifths of its energy...

Renewable energy – mainly wind and solar power – is supposed to rescue us. Quite likely it won't. True, renewable energy is expanding rapidly in the United States. In the next two years, the solar industry expects to double its installed American capacity. In 2014 wind generation was up 51 percent from 2011, according to government figures. Moreover, costs are said to have fallen sharply. The wind industry puts its decline at 60 percent over the past four years; the solar industry reports a 70 percent drop since 2009.

But these achievements need to be qualified. For starters, renewables' rapid growth comes off a tiny base. As a result, wind supplied only 4.4 percent of U.S. electricity in 2014. Solar's contribution was smaller, about 1 percent; for 2020 the industry's target is 3.5 percent. Global figures are lower. The Economist magazine puts renewables' share of world energy production at 1 percent. The fact that wind and solar are heavily subsidized in the United States, through tax breaks, suggests that recent cost reductions haven't yet made renewables competitive with other energy sources.

Another handicap is physics: Wind and solar generate electricity only when the sun shines or the wind blows. They need backup power supplies. This hasn't been (so far) a big problem in

the United States because we have many “base” power plants – typically fueled by coal and natural gas – that can provide backup. Developing countries are another story. Seeking to reduce their poverty, they need more bulk power, says Robert Bryce, an energy expert at the Manhattan Institute. They have favored coal.

Despite Paris, we haven’t acknowledged the difficulties of grappling with climate change, whose extent and timing are uncertain.

We invent soothing fantasies to simplify matters. The notion that the world can wean itself from fossil fuels by substituting renewables is one of these. The potential isn’t large enough....

It’s true that technological breakthroughs could change this. We know what’s needed: cheaper and safer nuclear power; better batteries and energy storage, boosting wind and solar by making their power more useable; **cost-effective carbon carbon capture – making coal more acceptable by burying its carbon dioxide in the ground.** (Emphasis added)

We have been searching for solutions for decades with only modest success. We need to keep searching, but without meaningful advances, regulating the world’s temperature is mission impossible.

Upcoming Events/Dates

January 8, 2016 TSRIA Special Membership Meeting 9:30 am. Helena, MT
January 11 – 12, 2016 Water Policy Interim Committee Helena, MT
January 13-14, 2016 Environmental Quality Council Helena, MT
January 13-14, 2016 MT Chamber of Commerce Business Days Great Northern Hotel, Helena, MT
January 14, 2016 111(d) (Clean Power Rule) Legislative Subcommittee January 15, 2016 Energy & Telecommunications Interim Committee Helena, MT