

United States Senate

March 2, 2017

The Honorable Rick Perry
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Mr. Perry:

Congratulations on your confirmation as the Secretary of the United States Department of Energy (Department). As a member of the Senate Committee on Energy and Natural Resources and the Senate Committee on Appropriations, I look forward to working with you to ensure Montana and our nation continue to grow as a global energy leader.

In Montana, energy plays a crucial role in our economy and the daily lives of our citizens. It is vitally important that we construct policies and rules that not only keep our lights on, but also create jobs, enhance our national security and protect our environment for the future. I am confident you will restore balance, a balance that has been lacking in President Obama's Energy Department, between fossil fuel and renewable energy investments and focus the Department's regulatory efforts to strengthen our nation's infrastructure, make our electric grid secure, protecting reliable, baseload energy, and also help spur innovation to strengthen reliability of renewable resources.

Specifically, as the new Secretary of Energy, I would like to draw your attention to several policies that demand your close attention.

Colstrip –A major energy producing facility in my state is the Colstrip Generating Station. This operation is the second largest coal-fired generating facility west of the Mississippi River. The combination of nearby low sulfur subbituminous coal and a host of upgrades to the plant make it an economic engine that can serve the people of Montana, and the western United States, for years to come.

An onslaught of heavy-handed regulations from the Environmental Protection Agency (EPA) under the Obama Administration continues to challenge the survival of this plant. Yet, despite all odds, over the years the Colstrip plant has continued to develop and adopt technologies that have consistently led to less emissions and pollution and powered our state with affordable and reliable electricity. Still, fringe environmental litigation has called for the decommissioning of units 1 and 2 of the plant by 2022; and, the other two larger units are at risk.

Under the EPA Power Plan, Montana would need to cut its emissions by 47%, the largest reduction in the nation, leading almost inevitably to the entire shutdown of the Plant. According to a recent

study conducted by the University of Montana (Bureau of Business and Economic Research), the Clean Power Plan would result in a loss of 7,000 direct and indirect jobs, a loss of \$500 million in revenue, and a loss of over \$1.5 billion in gross annual sales in the state as we would move from an energy exporter to energy importer.

The closure of the Colstrip generating station could also risk the reliability of a 500 kv line that leads west of Colstrip and would require placing significant energy online from alternative sources.

Mr. Perry, I cannot think of a more important place to witness firsthand the need for investments in clean coal technology and grid security than Colstrip, Montana. I urge you to prioritize these goals and I invite you to tour the plant and learn firsthand the challenges associated with the longevity of the plant and the significant opportunities for worthwhile American innovation.

Clean Coal Technology – According to the Energy Information Administration (EIA), Annual Energy Outlook 2015, demand for coal is expected to rise until at least 2040. Reaching global emissions goals is impossible without clean coal technology, and the United States should lead as an example for other countries. As such, I urge robust and continued investment in the Office of Fossil Energy Research and Development, specifically, accounts related to carbon capture, storage, and clean coal technology.

Coal to Liquid Investment – Montana has more recoverable coal of any state in the country. With this abundant resource readily available, crucial investments are needed in order to further the development coal to liquid (CTL) technology. Investing in CTL technology in the near term offers our nation strategic flexibility for future energy sources in the long term. Commercially viable CTL projects will also help promote economic self-sufficiency for Native American tribes in Montana.

Hydropower – Aside from coal, hydropower makes up the largest supplier of reliable, baseload energy in Montana. The EIA estimates that hydropower is the largest renewable energy source in the United States (surpassing wind and solar combined). Whether through administrative action or working with Congress, I urge you to prioritize the reinstatement and extensions of Federal Energy Regulatory Commission construction licenses and streamline permitting of new projects.

Electric Markets – Montana is a net energy exporter of electric power and regional power markets have a central role in Montana's energy economy and development. The Bonneville Power Administration (BPA) and the Western Area Power Administration (WAPA) are also responsible for much of the infrastructure that connects Montana to electric power markets. Montana has vast natural resources and great potential to grow in its ability to provide energy to the surrounding regions. I urge you to evaluate ways that BPA and WAPA can work within the regional power markets to provide Montana with greater opportunity to access regional electric power markets and ways to keep our grid secure and reliable.

Energy Reliability – The Federal Energy Regulatory Commission is tasked with the important authority to oversee the reliability of our power grid. Extreme weather patterns, increased demand, and changing generation sources can pose serious risks to the security and reliability of

our power grid. As such, I urge you to prioritize protecting baseload generation and infrastructure maintenance. I also urge the Department to analyze carefully how regulatory decisions and investments affect the reliability of the grid.

Cybersecurity – Our nation’s security and prosperity depends on secure energy infrastructure. As technology has evolved and our energy systems are more connected than ever, we have become more vulnerable to cyber-attacks. The energy sector reports more cyber-attacks than any other industry. In 2015, more than 75% of information technology experts at energy companies and electric utilities have reported at least one breach. The Department should make it a top priority to ensure the nation’s energy infrastructure is resilient to cyber threats. Continued support is needed to strengthen cybersecurity preparedness and ensure our infrastructure is protected.

Minute Man III transition to GBSD – Your team at the National Nuclear Security Administration (NNSA), in partnership with the Department of Defense (DoD), will play a vital role in the transition from the current inventory of Minuteman III missiles to the Ground Based Strategic Deterrent (GBSD) system of the future. Montana is home to one-third of the current Minuteman III ICBM capability. The successful partnership between NNSA and DoD in developing the GBSD capability is of paramount importance, because a world class GBSD will deter foes, and assure friends, that the United States will continue to lead the way into a safe and prosperous future.

Thank you for your consideration of these important matters. I look forward to working with you and your team at the Department of Energy to ensure our country remains an energy leader. Again, I invite you to visit Colstrip, Montana to learn firsthand the challenges associated with the longevity of the plant and the significant opportunities for worthwhile American innovation.

Sincerely,



STEVE DAINES
United States Senator