

January 7, 1977

The Natural Resources Committee met at 10 a.m. on January 7, 1977, in room 437, with Chairman Arthur H. Shelden presiding and all members present except Rep. Cox who was absent.

Chairman Shelden opened the meeting to a hearing on HB 16.

DAVID COGLI, Legislative Council, explained the bill for the chief sponsor, Rep. Bardanouve. Mr. Cogli passed out copies of a paper that explained the recodification process (exhibit 1). He said this bill was introduced to clean up some of the conflicts and wordage in this section of the law. The Code Commissioner, Diane Dowling, does not have the authority to make these clarifications and conflict changes--only the legislature can do that--and that is why this bill came to be. The question was brought up about why to add parks, recreational areas, monuments, historical sites--as they were already included under line 23, page 1. Mr. Cogli said this was added to clarify that the penalty applies to all areas under the control of the commission. The amount of the fine stated in section 2 was in conflict with section 5--so section 2 was stricken and section 5 was left as it was a later action of the legislature. The amount of the fine was discussed and Mr. Cogli pointed out that this was not new material but part of the old laws--Rep. Quilici said the intent of the fine increase of up to \$500 was so that it could fit the amount of damage done.

Chairman Shelden closed the hearing on HB 16 as there were no other witnesses and opened the meeting to an informational presentation by the Environmental Quality Council, the Trade Commission and the Montana Energy and MHD R & D Institute.

JOHN REUSS, Director of the EQC, stated the council was a legislative agency created in 1971 to provide accurate information on the natural resources areas to the legislature and the public. He said in the last few years much of the staff's time has been spent on the energy problem. He said the council is made up of eight legislators, four members of the general public and one member of the governor's staff. He said the council had a meeting in December at which eight recommendations were made on the natural gas problem, after having a hearing at which 17 individuals (from a varied cross section) gave testimony. A transcript of this hearing will be available. Mr. Reuss introduced from his staff Dick Bourke, the permanent staff economist, and the next speaker

TOM FRIZZELL, who gave a talk and slide presentation explaining parts of his report "Montana's Natural Gas Supply Crisis."

SEN. TOM HAGER, Chairman of the EQC, spoke next. He went through the eight recommendations the council made at their December 4 meeting. A copy of these recommendations is exhibit 2.

J. ANDREW KISSNER, Montana Trade Commission, spoke next. He said his group was a nonprofit corporation with a board of directors of about 20. He said the Governor's Task Force had requested them to look into the costs of synthetic gas production and to study what

the increased demand (due to decrease in the Canadian supply) and willingness to pay would do to the supply available. Mr. Kissner requested permission to speak further at another informational meeting.

D. L. BRELSFORD, Manager of the Environmental Engineering Division of the Montana Energy and MHD Institute, was the next speaker. He had copies of their report "Coal Gasification, Vol. I" available for the committee members. He also passed out copies of a report he made to the Governor's Coal Gasification Task Force on December 17 (exhibit 3). He said the institute is a nonprofit corporation organized two years ago as a MHD development program, mandated in public law by Sen. Mansfield. He said the Governor's Task Force had requested and funded them to do a price demand study for gas. He said residential conservation and industrial switching to other energy sources would cause a certain reduction in the gas needed but by 1985 we would reach a critical point. Then the demand curve would move rapidly away from the supply curve; and, if the economy is going to be able to continue operating, we'll need another source. He felt serious consideration should be given to having one major coal gasification plant to allow time for other alternative energy sources to become an effective part of the energy system. He said an advantage of coal gasification is that it is environmentally clean and a disadvantage is the inefficiency of conversion--30% is lost in converting and normal use of gas is only 50% efficient.

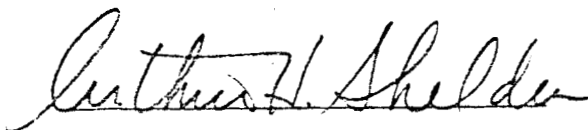
Rep. Metcalf asked why the institute didn't prepare alternative scenarios using other sources of power, like water power. Mr. Brelsford said they were funded to do the gas study but that electricity from water power could make a substantial difference in the energy situation if the federal government took an active part.

Chairman Shelden asked about solar power--why it was assumed to be so far in the future. Mr. Brelsford said there were people in his group very knowledgeable on this subject. He said the cost would be four to five times more than our present energy and two or three times more than coal gasification at the present time.

Rep. Harper questioned whether we should take a lead in coal gasification. Mr. Brelsford said we wouldn't be taking the lead. He said we do have time as our demand isn't critical as it is in some eastern states--we could look at second generation technology. Rep. Harper asked if the records of the Trade Commission study would be open to the public; and Mr. Kissner said that everything they had on coal gasification was open to the public.

Meeting adjourned at 12:10 p.m.

Respectfully submitted,



ARTHUR H. SHELDEN, Chairman