

MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Wednesday, January 28, 2015

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Thompson, Vice Chairman Anderst, Representatives Raybould, Hartgen, Vander Woude, Nielsen, Anderson, Mendive, Trujillo, Beyeler, Chaney, Nate, Scott, Smith, Rusche, Jordan, Rubel

**ABSENT/
EXCUSED:** Representative(s) Jordan

GUESTS: Jack Lyman, Idaho Mining Association; John Chatburn, Matt Wiggs, Idaho Office of Energy Resources; Marg Chipman, Idaho Oil and Gas Conservation Commission; Barry Burnell, Orville Green, Bruce Wicherski, Jess Byrne, Tiffany Floyd, Carl Brown, Curt Fransen, Department of Environmental Equality; John J. Williams, Bonnaville Power Administration; Russell Westerberg, Good Government; John Carver; Doug Paddock, IORC; Kelsey Nunez, Ron Williams, Snake River Alliance; Will Hart, Idaho Consumer Owned Utility Association; Suzanne Budge, SBS Associates; Neil Colwell, Avista Corporation

Chairman Thompson called the meeting to order at 1:30 p.m.

MOTION: **Rep. Beyeler** made a motion to approve the minutes of January 20, 2015. **Motion carried by voice vote.**

John Chatburn, Office of Energy Resources (OER), gave a presentation providing an overview of Idaho's Office of Energy Resources executive order 2012 to coordinate energy planning and policy development in Idaho. Also to coordinate the state's comments on all federal energy policy issues and documents along with serving as Idaho's clearinghouse for energy information. OER represents Idaho in regional and national energy policy forums and processes, administer loan and financial assistance programs, and coordinate the Idaho Strategic Energy Alliance (ISEA). OER's current major activities include transmission projects, federal regulations, energy efficiency in Idaho, and to participate in regional energy policy forums. Their other current activities are an energy loan program, industrial energy efficiency awards, biomass energy development, government leading by example and ISEA coordination.

Mr. Chatburn reviewed OER's major transmission projects including the Gateway West Transmission Line project, the Boardman to Hemmingway Transmission Line project, and the Hooper Springs Transmission Line project.

Mr. Chatburn gave an overview of the Federal Regulations from OER including the Clean Air Act 111 (d) Rule for carbon emissions standards for existing power plants, the BLM Hydraulic Fracturing on Federal and Indian lands by OER, and third, the federal regulation BLM Natural Gas Lease Sale in Western Idaho.

Mr. Chatburn said OER provides energy efficiency in Idaho by participating in the Idaho Energy Code Collaborative, Idaho Power's Energy Efficiency Advisory Group, Weatherization Policy Advisory Council, and provides energy use benchmarking for state buildings on the Capital Mall. OER participates in the following Regional Energy Policy forums: Wester Governor's Association, Western Interstate Energy Board, State and Provincial Steering Committee on Regional Transmission Expansion Planning as the Governor's representative, Northwest Energy Efficiency Alliance on the Board of Directory Executive committee and Commercial Advisory Committee, Western Interconnection Regional Advisory Board, Committee on Regional Electric Power Cooperation and Northwest Industrial Energy Efficiency Summit Steering Committee.

Mr. Chatburn explained OER also has a state energy loan program that loans to home owners, businesses, and agriculture. The loan terms are four percent interest with a five year repayment period. OER has provided twelve loans so far in fiscal year 2015.

In response to comments, **Mr. Chatburn** explained that a small portion of the Transmission Project is on public and state land.

John Chatburn, Office of Energy Resources (OER), gave a second presentation providing overview of the Idaho Strategic Energy Alliance (ISEA). ISEA's mission by **Governor Otter**, through Executive Order 13-01, tasked the ISEA Board of Directors to provide information and policy analysis to elected officials, stakeholders, and the public on the following: Increase Idaho's production of affordable, reliable, and sustainable energy. Increase cost-effective energy efficiency and conservation within Idaho. Improve cooperation, collaboration and communication among public and private sector entities in the areas of energy efficiency conservation and affordable and sustainable energy development. Also to seek new and innovative means to increase energy production in Idaho.

Mr. Chatburn said the main work of the ISEA is performed by over 190 volunteers participating on task forces focused on specific energy issues. Each task force includes experts in that particular field as well as interested individuals from government agencies, non-governmental organizations, industry, universities, and the public. The task forces analyze energy issues and data in order to make reports on energy options to the Board.

Mr. Chatburn also explained that Idaho Strategic Energy Alliance developed the Idaho Energy Primer as a source of facts and information on energy resources, production, distribution, and use in the state. The Idaho Energy Primer is intended to be a resource to help the citizens of Idaho make informed decision regarding Idaho's energy future.

Paul Kjellander, Idaho Public Utilities Commission (PUC) President stated the Commission was established by the Twelfth Session of the Idaho Legislature in 1913. The Governor appoints and the Senate confirms commissioners for six year terms. The Commission's role is regulatory compact, in return for the utility's obligation to serve customers and be subject to regulatory oversight, the utility is entitled to recover its incurred expenses and have an opportunity to earn a rate of return on its investment. The PUC's role is best summarized by these three points: assurance of adequate earnings, assurance of safe and reliable service and establishing reasonable rates. The PUC regulates investor owned electric, gas and water utilities, natural gas pipeline and rail safety, eight small, rural telephone companies, and larger telephone companies, but only for customer service issues, not rates.

In response to comments, **Mr. Kjellander** explained the relationship with Federal Energy Structure is building and is better than last year after being sued in federal court and negotiated a settlement with state and federal cooperation.

Ron Williams, Idaho, Energy Resources Authority (IERA), stated in 2005 the Idaho Consumer-Owned Utilities Association (ICUA) proposed and successfully passed legislation establishing the IERA. The Act established an energy related lending financing Authority, not unlike the Housing Authority, with the ability to borrow money including issuing revenue bonds. The Act also allows Idaho's municipal electric systems to jointly own electric facilities without lending the city's credit to the other joint participants that are not municipalities. Activities of the Authority are narrowly targeted, it cannot originate the development of electric facilities, it can only do so at the request of a participating utility. Facilities within the Act only include electric generation, transmission and distribution facilities, and renewable energy facilities. Participating utilities include electric co-ops, municipal electrics, investor owed utilities, renewable energy developers and the Bonneville Power Administration (BPA).

Mr. Williams stated legislation is needed since BPA has asked IERA to amend the Act so greater assurance can be provided, through statute, that anything the IERA does for the benefit of Bonneville is insulated from any other financings the IERA may do for other parties. BPA is also considering financing conservation expenditures. If Bonneville chooses to do so, it would like the option of financing its acquisition of conservation measures through the IERA.

In the future, the Idaho Energy Resources Authority expects to facilitate the low-cost financing of electrical transmission and substation facilities for the Bonneville Power Administration and its customers in Idaho and the northwest region. It is likely the Authority will do hundreds of millions of financing of facilities over the next several years, as BPA and the regional transmitting utilities seek to overcome current transmission bottlenecks.

In response to comments, **Mr. Kjellander** explained the primary source of funds borrowed are Federal Government money with a cap reached in seven to eight years before going to a third party.

Margaret Chipman, Vice Chairman, Idaho Oil and Gas Conservation Council (IOGCC) stated that **Governor Otter** and the Idaho Legislature approved a bill proposed by the Idaho Department of Lands during the 2013 session that changed the composition of the IOGCC to include subject matter experts in oil and gas, geology and water, along with two landowners, one who owns mineral rights and the other owns only the surface estate. The members are appointed by the Governor and approved by the Senate. Prior to this change the Commission was made up of the same five constitutional officers who served on the Land Board.

The authority of the Commission states its duty is to regulate the exploration for and production of oil and gas, prevent waste of oil and gas and to protect correlative rights, and otherwise to administer and enforce Idaho's laws pertaining to conservation of oil and gas. The Commission was designed to preside over the industry, provide for a regulatory framework and rational development of the industry in a way that protects the interests of the State of Idaho and land owners, protects Idaho's environment, including water, and provide for a fair and level playing field with standards and rules that are aligned with best practices and commonly accepted industry standards in other states.

Ms. Chipman said the structure and makeup of the Commission is consistent with other states, and is designed to encompass the expertise needed for efficient and effective development of the industry while acting in the best interest of the State of Idaho and its citizens. With Idaho's position as one of the most recent states to develop an oil and gas industry, the Commission was been able to learn from the many other states with mature industries, many of which border Idaho. Idaho has the good fortune of benefiting from other states' experience.

In response to comments, **Ms. Chipman** explained all negotiations and payment agreements are between the company and the individual. When disputes arise a hearing is conducted.

Jim Yost, Idaho Oil and Gas Conservation Council (IOGCC) explained the budget process for BPA with a twenty year power plan and five year action plan. IOGCC makes recommendations to BPA ensuring Idaho water laws are carefully protected.

In response to comments, **Mr. Yost** clarified Idaho tends to have enough energy and is an importer not an exporter of energy. He said there is a small amounts of coal energy imported from Nevada and Wyoming. He said wind and solar energy will not be able to compensate for the shortage since they are intermitted power sources unlike coal and hydropower. He also explained at certain times Idaho has too much power and Invasive species are a real threat. Thankfully, to legislative funding, Idaho is the leader in invasive species prevention.

Curt Fransen, Director Idaho Department of Environmental Quality (DEQ) informed the committee that the Energy Production Facility is subjected to the same as other facilities, with no special location requirements.

RS 23226C1: **Orville Green**, Department of Environmental Quality (DEQ) presented **RS 23226C1** to the committee requesting to amend the provisions established in the Idaho Community Reinvestment Pilot Fund to allow use unobligated remains and accumulated interest to provide financial assistance to additional eligible properties. He stated the money from the projects were not loans and there is no extra money coming in. Not all funds have been used to complete the projects and there's no fault in returning the money.

MOTION: **Rep. Nielsen** made a motion to introduce **RS 23226C1**. **Motion carried by voice vote. Representative(s) Hartgen, Vander Woude, Mendive, Trujillo, Beyeler, Chaney, Nate**, requested to be recorded as voting **NAY**.

RS 23205: **Barry Burnell**, Department of Environmental Quality (DEQ) presented **RS 23205** to the committee. He explained this is a structure upgrade to offer thirty year loans to disadvantaged communities. The expansion does not need to be a thirty year loan. The life of the drinking water system is longer than thirty years except when there is storage problems or when treatment is needed.

MOTION: **Rep. Rusche** made a motion to introduce **RS 23205**.

In response to questions, **Mr. Burnell** explained there are more resources available to communities and money also has been transferred to waste management. This change will provide benefits to cities and water districts having a difficult time with budgets. DEQ will also offer twenty and thirty year loans.

VOTE ON MOTION: **Motion carried by voice vote.**

RS 23276C1: **Barry Burnell**, Department of Environmental Quality (DEQ) presented **RS 23276C1** to the committee to approve the revision to Idaho Water Quality Standards (WQS) deleting the Outstanding Resource Waters (ORW) section from the mixing zone policy with the WQS.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 23276C1**.

In response to questions, **Mr. Burnell** explained current permits are under old rule until they need a permit for renewal.

**VOTE ON
MOTION:**

Motion carried by voice vote.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 3:20 p.m.

Representative Thompson
Chair

Heidi McKay
Secretary