Minutes
Energy, Environment and Technology Interim Committee
East Conference Room, J.R. Williams Building
Boise, Idaho
July 11, 2006, 9:00 a.m.

The meeting was called to order at 9:00 by Cochairman Senator Curt McKenzie. Committee members present were Cochairman Representative George Eskridge, Senator Patti Anne Lodge, Senator Tom Gannon, Senator Mike Jorgenson, Senator Kate Kelly, Senator Elliot Werk, Representative Maxine Bell, Representative Eric Anderson, Representative Bert Stevenson, Representative Ken Andrus, Representative Elaine Smith and ad hoc member Representative Wendy Jaquet. Senator Russ Fulcher, Representative Bob Nonini and ad hoc member Representative Mark Snodgrass were absent and excused. Legislative Services Office staff members present were Mike Nugent, Paige Parker and Toni Hobbs.

Others present at the meeting were Robert Neilson and Marilyn Whitney, Idaho National Laboratory; Rich Rayhill, Ridgeline Energy; Ken Miller, Northwest Energy Coalition; Ingo Stroup and Jean Frenette, Division of Building Safety; Dar Olberding and Tracee Bentley, 25X'25; Russ Hendricks, Farm Bureau; Stan Boyd, Ridgeline Energy and Climate Solutions; Brenda Tominaga, Idaho Irrigation Pumpers Association/Idaho Ground Water Association; Richard Carlson, Bill Block and Dave Barneby, Keep Magic Valley Magic; Mike Louis and John Freemuth, Energy Policy Institute/Center for Advanced Energy Studies/BSU; Julie Pence, Magic Valley Coalition; Mike Heckler, Windland, Inc.; Ray Houston, Legislative Services Office; Neil Colwell, Avista Corp.; Ron Law, Marsha Smith, Paul Kjellander, Gene Fadness and Dan Pfeiffer, Public Utilities Commission; Bree Wildman, Congressman Otter's Office; Bill Eastlake; Arne Olson, Eric Cutter, Brian Horii, E3; Mark Thompson, Industrial Customers of Idaho Power; Representative Sharon Block, District 24; Paul Martin, United Street Rods of Idaho; Ron Williams, Idaho Consumer Owned Utilities Association/Mountain View Power; Ken Estep, Idaho Association of Counties; Dick Rush, Idaho Association of Commerce and Industry; Rhys Roth, Harvesting Clean Energy/Climate Solutions; Lois VanHooce, Valley County Idaho; Mike Huntington, Intermountain Gas Co.; Rich Hahn, Idaho Power Co.; Harrison Pettit and Tom Koehler, Pacific Ethanol; Gary Gould, Shoshone Bannock Tribes; Russell Westerberg, PacifiCorp; John J. Williams, Bonneville Power Administration; Teri Ottens, Idaho Building Officials and Community Action; Patrick Mazza, Climate Solutions; and Gerald Fleischman, Idaho Energy Division.

After opening remarks by the cochairmen, Senator Gannon moved that the corrected minutes be approved. Senator Lodge seconded. The corrected minutes were approved unanimously by voice vote.

Ms. Tracee Bentley from the “25X’25" Work Group was introduced as the first speaker. Her complete Powerpoint presentation is available at the Legislative Services Office. She said 25X’25 is searching for new energy solutions. It is a nonpartisan alliance that includes republicans, democrats and many industries that have historically not always agreed with each other. This group is seeking changes in the U.S. energy policy focusing on economic security and environmental challenges. They are working to form a consensus on a new energy future.

According to **Ms. Bentley**, 25X’25 believes that energy is the linchpin of our economy and will continue to be. It is fundamental to our prosperity, contributes to our quality of life and historically has been abundant and affordable. The group also knows that fossil based energy systems are not sustainable. World oil reserves are limited in supply and located in volatile parts of the world. Dependence on foreign oil is increasing. Ms. Bentley stated that the U.S. is 60% dependent on foreign oil. Costs of oil, natural gas and electricity are skyrocketing and emissions from burning of fossil fuels are impacting the environment. 25X’25 has predicted a 49.2% increase in the consumption of fossil fuels by the year 2025. She said that percentage is probably on the low side.

Ms. Bentley went on to explain that 25X’25 is an agriculture based energy project that:

- Was formed in Spring 2004
- Was organized to explore agriculture’s role in energy production
- Phase 1-creating a vision
- Phase 2-building an agriculture-energy alliance
- Phase 3-implementing strategy

Phase One:

- Development of a draft vision
  - Core questions:
    1. What role can the farm sector play?
    2. How big a contribution?
    3. What has to happen?

- Step One: Examined agriculture’s current role
  - ethanol
  - biodiesel
  - biomass/biopower
  - waste and ag residue
  - wind
  - solar

As a result of this examination 25X’25 came to the conclusion that:

- Agriculture can play a major role in helping the nation achieve energy independence.
- An enormous and historic opportunity is on the horizon.

Ms. Bentley stated that the United States enjoys the safest, most abundant, cheapest food, fiber

and feed in the world and there is no reason we cannot do the same thing with energy. 25X’25 believes that it is time for the ag sector to come together and work collaboratively to capitalize on these opportunities.

Ms. Bentley stated that 25X’25's vision is that by the year 2025, renewable energy from the nation’s farms, ranches and forests will comprise 25% of the total energy consumed in the United States.

Ms. Bentley went on to discuss how realistic this goal is. She said that some people say that is not a high enough goal but they realize there has to be a starting point.

Her Powerpoint presentation includes charts that breakdown the landmass in the United States. Her charts show that the landmass consists of 749 million acres of forestland and 431 million acres of cropland. In response to a question from **Senator Gannon, Ms. Bentley** said this is all forestland combined.

Another chart based on 2005 data from the U.S. Department of Energy shows that combined biomass potential of cropland and forestland is approximately 1,366 million dry tons per year. She explained that biomass is the feedstock for ethanol, biodiesel, biogases and direct fired equipment. She added that the U.S. also has huge wind and solar potential.

Ms. Bentley said, in order to meet their goal of 25X’25, they propose:

- Continuing to produce transportation fuels
- Harnessing wind energy
- Converting biogas emissions
- Capturing solar energy
- Providing biomass for generating heat and power

She emphasized that this is a food, feed, fiber and fuel vision that is economically viable for our nation. She said that agriculture in the U.S. is good enough to provide all of these and do it very well.

Realizing this vision will provide agriculture and forestry:

- Increased farm income
- Added value uses
- Alternative enterprises
- More productive uses of marginal lands
- Assist in resolution of air, water and soil quality problems
- Reduced reliance on government payments
- Enhanced rural economies

Ms. Bentley said that alliance formation is what 25X’25 is focusing on today. She invited Idaho to join the alliance and make this a reality. She explained that to date, 70+ organizations have endorsed the plan and that 25X’25 is preparing to reach out to non-ag partners including:

- environmental
- conservation
- labor
- religious
- energy
- others

She said an economic analysis is being done by the University of Tennessee to make sure this goal is achievable before more states and organizations get on board. She said the preliminary results are favorable.

Their 2006 objectives include:

- Expand national alliance
- Establish 25X'25 as a national goal
- Form state level 25X '25 alliances
- Construct an implementation plan

Their national goal is by election day 2006 to have 50% of the U.S. Congress on record in support of adopting 25X'25 as a national goal.

By September 1, 2006, state level 25X'25 alliances will be operating in 20 states. **Ms. Bentley** explained that the role of these alliances is to ensure grass roots participation and ownership, to serve as a vehicle to unite state level champions and to channel support to national and state initiatives.

In conclusion, **Ms. Bentley** said that according to 25X'25 the United States has the technology, capacity and leadership to offer new energy solutions. They believe these solutions will enhance farm income and strengthen rural communities. She added that they need Idaho's involvement, insight, expertise and leadership skills to help bring this vision to life.

More information is available at: www.25x25.org.

In response to a question from **Senator Gannon** regarding the organization's funding sources, **Ms. Bentley** said there were many sources including John Deere and the Energy Future Coalition.

Senator McKenzie asked for a copy of the University of Tennessee's analysis for the committee when it is completed.

Representative Block said it is very important to get more information to farmers and ranchers in Idaho because she is sure that many of them would be very interested in this proposal. **Ms. Bentley** agreed that this is important and said that 25X'25 will do everything they can to promote awareness in Idaho. She noted that many farmers and ranchers are already on board with 25X'25.

Mr. Bill Block, **President of Keep Magic Valley Magic,** said he was thrilled to hear this presentation. He said he has many years of experience working as an engineer in water resources and energy development and has never seen such an ingenuity gap as exists today. In his opinion, 25X'25 is the type of thing necessary to fill that ingenuity gap to provide significant resources and benefits to the people of Idaho. **Mr. Block** recommended that this committee fully endorse this type of a program. **Senator McKenzie** said this is something the subcommittees will consider during their meetings.

Representative Stevenson asked where they anticipate funding coming from in the future. **Ms. Bentley** said they hope that the groups will be able to self-sustain and run their own grass roots programs. **Representative Stevenson** asked if self-sustain means there will be an assessment to members of the groups after initial formation. **Ms. Bentley** said that was a possibility but the hope is for investment from the participants.

Senator Gannon asked about 25X'25's leadership. **Ms. Bentley** said this is a project so they set up a steering committee comprised of farmers and ranchers from across the U.S.

Representative Eskridge said that while he is supportive of this idea, it is important to see how the process works and the economic evaluation on how this will happen. He said he has heard comments that this is nothing but a large agricultural subsidy program. He said he would also like to see information showing why it will be successful in reducing the United States' dependence on foreign oil. **Ms. Bentley** said those are the very questions they asked when they commissioned the University of Tennessee to do the economic study.

Mr. Ingo Stroup, Department of Building Safety, was introduced to answer questions regarding new building code requirements and how those relate to energy and energy efficiency. **Senator McKenzie** asked how building codes are adopted in Idaho and how they relate to energy. **Mr. Stroup** explained that Idaho has adopted the 2003 version of the International Building Residential and Energy Conservation Code. He said about 80% of the jurisdictions in Idaho have adopted these codes but that implementation of those codes is another story. Most jurisdictions are undermanned and overwhelmed due to the building industry boom and it is sometimes difficult to get enforcement of those codes. **Mr. Stroup** said his position is to provide training and technical assistance for the building industry to raise the compliance level of those codes.

Senator McKenzie asked how much of the 2003 code relates to energy conservation. **Mr. Stroup** said the international residential code contains a chapter on residential structures and the international energy conservation code addresses commercial and residential. He said as a minimum standard, all jurisdictions that choose to adopt and enforce code must adopt the latest version of those codes. **Senator McKenzie** asked if any of those standards relate to energy conservation. **Mr. Stroup** stated that they are energy conservation and building performance standards. He said this is a national minimum energy requirement and that there is a baseline within the code and software is used to verify how far within the code a building is. He said this is measured as energy usage per square foot. He noted that there are some jurisdictions in the

northern part of Idaho that have more effective codes and enforcement.

Mr. Stroup explained that there is a 2006 version of the International Building Code that should be adopted locally as early as July 2007 or January 2008.

In response to another question from **Senator McKenzie, Mr. Stroup** explained that the Energy Star certification is a voluntary program that says a structure is 35% more efficient. He said there are approximately 200 builders signed on to that program.

Representative Bell said if the resources are not available to enforce the code, it does not matter how good that code is. She asked how short of resources the state is for enforcement and whether these areas that do not have the resources to enforce compliance were able to keep up prior to the building boom. **Mr. Stroup** said enforcement is up to the building officials in each jurisdiction. His office provides training and technical assistance to jurisdictions that choose to adopt and enforce the code. His office also provides this training to actual industry personnel in those areas. **Representative Bell** asked whether there is a penalty for noncompliance. **Mr. Stroup** said the designer/builder is asked to resubmit the forms.

Senator Gannon asked, in regard to the 80% of jurisdictions that have adopted the code, what percentage of the population that represents. **Mr. Stroup** said 80% is an estimate and that many smaller jurisdictions adopt these codes by default because of partnerships with larger jurisdictions.

Senator Gannon asked for information about other states that have adopted stricter standards since the 2003 International Building Code is the minimum standard. **Mr. Stroup** said that Washington and Oregon have stricter codes than Idaho. He noted that some jurisdictions in Idaho have also adopted more stringent standards. **Senator Gannon** said it is his understanding that Idaho statute is written to allow local jurisdictions to adopt stricter energy codes than the International Building Code. **Mr. Stroup** said the Northwest Energy Code is more stringent than the International Building Code but that some jurisdictions use the International Building Code due to the software compliance tool that exists for that code. He said the Northwest Energy Code is just a guideline on what the minimum requirements are. **Senator Gannon** said it was very difficult to get the residential energy code adopted in Idaho initially and asked whether any progress has been made beyond that. **Mr. Stroup** said that once the state adopted the International Building Code, that brought us up to the minimum national requirements in the Energy Policy Act.

Senator Gannon asked what kind of programs exist within the Department in terms of trying to get local jurisdictions to enforce or adopt the International Building Code. **Mr. Stroup** said it is his understanding that the International Building Code has been adopted 100% in Idaho. **Senator Gannon** clarified that some jurisdictions have opted out of adopting the International Building Code in many parts of the state; some have adopted it so they can charge building fees but there are no inspections done. He asked whether the Department has any programs to promote more compliance. **Mr. Stroup** said as far as he is aware, there are no programs along

those lines, they just provide technical support and assistance to jurisdictions if they ask for it.

Mr. Ken Estep, Power County Commissioner, commented that since the state mandated use of the International Building Code, it had made it difficult for small jurisdictions to find people that were qualified to do inspections. He said if the state starts requiring this in smaller counties, they need assistance in doing the inspections. **Mr. Stroup** said that many small jurisdictions contract with larger jurisdictions to help provide qualified people to do inspections. In response to a question from **Senator Gannon** he said jurisdictions can contract with the agency for HVAC, electrical and plumbing but not for building codes.

Representative Eskridge asked for a follow up on the effectiveness of the code regarding energy savings and also if the required energy efficient building methods are causing problems with mold and such. **Mr. Stroup** said, in his opinion, energy codes that require efficient houses are not causing mold. Energy Star homes still have some amount of air that escapes and energy compliance codes allow more air to leak than that.

Mr. Arne Olson, Energy and Environmental Economics, Inc. (E3), was the next speaker. He explained that his plan for today's discussion was to make a list of the committee's high level policy goals for the energy plan. In his opinion this will give the committee a guideline or road map of what direction they want the energy plan to go. He explained that instead of someone saying "promote wind energy" he wants the list to include reasons to promote wind. In other words someone who wants to promote wind might want that due to the jobs it brings to an area or because of the tax base it brings in. **Mr. Olson** stated that this discussion will give the committee a vision of what the energy plan can do for the state.

The following list was developed.

- Maintain Idaho's low cost energy
- Conserve resources
- Air, water
- Maintain adequate energy supply
- Dependability
- Don't arbitrarily preclude any resource
- Don't discourage production with regulation
- Reduce dependence on foreign energy sources
- Reduce dependence on nonrenewable energy sources
- Reliability to meet peak demands
- Diverse portfolio of resources
- Energy as a local industry
- Increase the tax base
- Grow the Idaho economy
- Appropriate use of water and other resources/competing uses
- Recognize environmental impact of various technologies
- Reliable transportation/delivery of energy

- Incentives for production and conservation
- Protect the environment
- Energy independence
- Position the state for possible carbon regulation
- Promote most efficient use of resources available
- Fluid and flexible energy policy
- Promote rural economic development/agricultural involvement in energy production
- Access to energy for ALL Idahoans (limited income)
- Best practices from other nations
- Protection of public health & safety

This list includes suggestions from committee members as well as meeting attendees.
Mr. Olson said this will become the committee's guiding principles and suggested that if people come up with other ideas, they e-mail those to him. He said that he will take all of the suggestions and make sure the list includes everything. This final list will be presented to the committee at the next meeting for their approval.

The next part of **Mr. Olson's** presentation included a powerpoint presentation from E3 discussing Idaho's current energy picture. This complete presentation is available at: www.legislature.idaho.gov under the Energy, Environment and Technology section.

Mr. Olson said the goals behind this presentation are to give the committee a reasonable understanding of the physical and institutional workings of Idaho's energy systems. Give them an understanding of the "do-nothing" case and allow them to begin to understand where the state has leverage and to understand Idaho's situation compared to other states.

Energy Policy Levers or what states can do include:
- The state as a *taxing* authority
- The state as a *spending* authority
- The state as a *regulator* (utility regulation, codes and standards, environment and safety, water rights)
- The state as an energy *consumer*
- The state as an energy *producer*
- The state as a *participant* in regional and federal processes
- The state as a *moral* authority

Mr. Olson stated that energy is more than just another commodity. He said that affordable, reliable energy is a necessity for public health and safety and it is a necessity for the functioning of a modern economy. Extraction, generation, and delivery of energy involves facilities with a large "footprint." The nature of energy necessitates a strong degree of public oversight.

Mr. Olson said answers to the question "**Who are the players?**" include:
- **Investors**: Shareholders, bondholders, investment banks, lenders
- **Energy Suppliers**: Independent power producers, oil & gas exploration and production

companies, electric utilities

- **Bulk Energy Transporters**: Pipelines, transmission owners
- **Local Energy Deliverers**: Electric and gas utilities, oil distributors, service stations
- **Energy Consumers**: Households, businesses, farms, public agencies
- **Federal Regulators**: FERC, EPA, FTC, SEC, OSHA
- **State Regulators**: PUC, DEQ, Idaho Department of Water Resources
- **"The Public"**: As generally represented by Non-Governmental Organizations (NGOs)

Mr. Olson noted that the energy industry is highly capital-intensive. Large facilities (generators, refineries, transmission lines, pipelines) require large up-front investments. Access to capital markets is critical for timely development of energy infrastructure. Energy, like all commodities, tends to go through "boom-bust" cycles.

Mr. Olson stated that Idaho has limited indigenous energy resources. He said that the state has no oil, gas or coal resources and hydropower resources have all been developed. He noted that there are some good wind and geothermal resources in various locations but that most of the energy Idaho consumes is imported. This means that energy prices are driven by events outside Idaho. He said that most of the dollars Idahoans spend on energy go out of state and do not benefit the local community. **Mr. Olson** said this is likely to continue into the future.

In response to a question from **Senator Gannon** regarding the comment that all hydropower resources have been developed and whether that included low impact hydro, **Mr. Olson** said he was not sure. **Mr. Bob Neilson, Idaho National Laboratory (INL)**, commented that there are considerable hydro resources available to be developed in Idaho through improved technology of turbines and by adding turbines to dams that currently do not have them. He said the INL has done a study showing a lot of undeveloped hydro.

Representative Anderson asked whether the comment that Idaho's energy resources will continue to be imported assumes that the state will not look at nuclear and/or coal fired plants. **Mr. Olson** said even coal itself would have to come from out of state for a plant located in Idaho. He did say that nuclear would probably be almost completely indigenous to Idaho. He said he was thinking more of petroleum and oil resources. **Representative Eskridge** commented that this is the situation today but decisions could be made that would turn this around. **Mr. Olson** agreed. **Senator McKenzie** said if this information is based on the IRPs, it means it is true in the short term and that the issue will not change. He added that the committee could make it a goal to produce more energy in Idaho.

In response to a question from **Senator Kelly, Mr. Olson** said that conservation measures are much more short term.

Mr. Olson went on to discuss regulation and competition. He said that:

- Some energy facilities are competitive
  - Oil & gas production, petroleum refining, gasoline distribution, electric generation

- Some energy facilities are regulated as monopoly franchises
  - Electricity and natural gas distribution systems
- Some energy facilities are regulated as monopolies but are subject to some competition
  - Oil and gas pipelines, electric transmission lines, electric generation

Mr. Olson gave a history of state regulation of electric and gas utilities as follows:

- "Regulatory compact" took shape in the 1920s and 1930s
  - Utility has the obligation to serve all customers
  - Utility has the opportunity to earn a fair return on prudent investments
- Utilities earn profits by investing in facilities for which they receive a regulated rate of return
- PUC sets rates to recover utility's cost of service plus return on prudent investments
  - Evidentiary hearings with multiple participants

Mr. Olson explained that due to the fact that these large capital investments are regulated by the state and because return is based on investment, utilities have the incentive to make *capital investments.* He also said that because their rate of return is regulated, utilities have the incentive to *minimize risk* and that utilities have little incentive to encourage conservation, because lower sales means less revenue. Incentive to reduce costs is muted because cost savings must eventually be shared with customers.

Representative Jaquet said she pays a small amount extra for conservation on her utility bill and asked whether it would be better to take that money and pay it to local groups for conservation instead. **Mr. Olson** said some states have groups that do this but utilities say they should do it because they know the customer load better.

Brian Horii from E3 said that there are things PUCs can set up to encourage utilities to promote conservation.

Representative Jaquet noted that coops are not regulated and asked why they promote conservation. **Mr. Olson** said that one reason is because coops' owners are also ratepayers and regulators. **Representative Anderson** added that coops' owners are also shareholders.

Senator Werk commented that he is under the impression that perhaps conservation might be an area for the committee to focus on, due to the information provided saying that utilities have little incentive to encourage conservation. **Mr. Olson** said he is just trying to point out what he views as an incentive problem with the existing system to make the committee aware of it. **Mr. Paul Kjellander, PUC,** pointed out that they already have a case before them dealing with this issue.

In response to a question from **Senator Kelly** regarding deregulation and merchant plants and how that fits into this, **Mr. Olson** said his presentation contains slides to cover merchant plants but not deregulation. He suggested that the committee not discuss deregulation because it is a very large issue and he is pretty sure that is not where Idaho wants to go.

Sizing of energy infrastructure

- Energy systems have limited capability to store energy
- This means that suppliers must plan based on how much energy must be delivered in a short period of time
- Peak demand for energy occurs during extreme events:
  - Summer heat wave (Electricity "Critical Peak")
  - Winter cold snap (Natural Gas "Design Day")
  - 4th of July weekend (Gasoline)

Gerald Fleischman, Idaho Energy Division, stated that the Pacific Northwest has huge energy capacity and storage availability compared to other parts of the nation. **Mr. Olson** agreed but explained that even if storage is available, the energy has to be transported and be available to meet the peak demand. He said consideration has to be given to what the highest peak demand is during the worst conditions. That is the load size that needs to be available.

Senator Gannon asked for information regarding what would happen if a utility never meets their peak demand and does brown outs instead. He asked how much money that would save a utility. **Mr. Olson** said that would probably save them a lot. **Mr. Horii** said the value of the electricity to the customer needs to be considered.

Mr. Olson's presentation included charts showing electric energy and capacity and demand and capacity investments over time and showed that energy pricing is not driven by marginal costs. The presentation also shows statewide energy use by type over time, energy use per capita and per dollar of state GSP, energy prices over time and a comparison to other states and household energy bills compared to other states.

Mr. Olson summarized statewide energy demand and prices as follows:

- Idaho energy prices tend to be lower than U.S. average
- Despite the lower prices, energy is a larger burden for Idaho households than in most other states
- Gas and oil prices are near early 1980s levels in real (inflation-adjusted) terms
- High energy prices are probably here to stay

Senator Werk asked why solar energy is not included anywhere in the presentation. **Mr. Olson** said it was an oversight on his part and that it will be included from now on.

Brian Horii from E3 was introduced to give the committee more background regarding electricity and the electricity grid, conservation and demand side management in Idaho. **Mr. Horii** explained how the electricity grid works.

- 1. The power plants generate electricity
- 2. Transformer steps up voltage for transmission
- 3. Transmission lines carry electricity long distances
- 4. Neighborhood transformer steps down voltage
- 5. Distribution lines carry electricity to houses

- 6. Transformers on poles step down electricity before it enters houses.

He explained that generation can be owned by a utility or by an independent power producer (IPP). Transmission is generally owned by a utility, federal rules allow access by third parties (FERC Order 888) and that distribution is owned by the utility and regulated by the states.

In Idaho, the players involved in electricity include:
- Investor-Owned Utilities: Avista, Idaho Power, PacifiCorp (88% of load, 92% of customers)
- Municipal Utilities and Rural Electric Cooperatives served by BPA
- Electricity consumers (both large and small)
- Independent power producers/qualifying facilities
- Other interested parties (environmentalists, water users)
- State PUC, FERC and other government agencies

Mr. Horii explained that Idaho utilities are still "vertically integrated," i.e., they still own generation, transmission and distribution.

Major users of electricity in Idaho include:
- Idaho has a relatively large industrial sector with several very large individual users
  - Monsanto, Potlatch, Simplot, Micron, Idaho National Laboratory
- Southern Idaho irrigators use a lot of electricity during the summer months
- Increased saturation of residential air conditioning is driving summer peak loads in southern Idaho

This part of the presentation also includes maps showing the service areas of investor owned utilities in Idaho, existing generating resources in the Western Interconnection and the Western Transmission Grid.

Senator Gannon commented that while some industries are attracted to Idaho because of low power rates, industries such as Monsanto are attracted because of a large mine nearby. **Mr. Horii** said that was true in their case but he thinks the two go hand in hand. **Mr. Olson** noted low rates also have a lot to do with why industries stay in Idaho.

Mr. Ron Williams, Idaho Consumer Owned Utilities, commented that coops serve a vast majority of the less populated areas of northern and eastern Idaho, and offered to work with E3 to provide them with more information and to do research if necessary.

Mr. Horii went on to discuss utility resource planning and how reliability/needs are determined.
- Utilities need to acquire resources to meet growing loads
- Generally use three criteria to evaluate resources
  - Reliability/Needs Determination
  - Cost
  - Risk
- "Integrated" Resource Planning (IRP) considers conservation as resource on the same

terms as generation
- All the utilities conduct stakeholder processes
- IRPs filed with IPUC along with stakeholder comments

There is no rule or single standard in use across the country to determine resource needs. In thermal systems, utilities plan to meet peak loads, e.g., forecasted peak load plus 15% reserve margin. Hydro systems with lots of peaking capacity can plan on an energy basis, e.g., sufficient energy to meet annual needs under "critical water" conditions. Neighboring systems may be able to lend a hand. Various processes are going on at NWPCC, WECC, NERC and FERC to develop "resource adequacy" standards.

Mr. Horii stated that utilities also consider risk and resource diversity. He explained that:
- Gas fired resources are most variable
- Natural gas prices are highly volatile
  - 20% of cost is fixed, 80% of cost is variable
- Coal fired resources are less variable
  - Coal prices are less volatile than gas, but rail transportation requires volatile diesel fuel
  - 80% of cost is fixed, 20% is variable
- Conservation and renewable resources have no fuel price volatility, but may have availability/timing issues
- A diversified resource portfolio will be less risky than a portfolio that relies heavily on a particular resource

Mr. Fleischman stated that the risk involved with natural gas is not a risk to the utility.

The presentation included charts showing resources used when meeting daily electric loads with an all-thermal system, meeting daily loads with a mixed hydro-thermal system and meeting daily loads with a hydro-thermal system and wind. **Mr. Horii** said intermittent resources such as wind generated energy only when the resources are available. He said wind fluctuates hour to hour and minute to minute. The cost to integrate wind into the system costs an additional $5 to$15 a megawatt hour.

Representative Eskridge commented that there were hydro-thermal programs that used nuclear and hydro in the 1970s, but with the WPPS problem those never succeeded.

Senator Werk asked again about solar. **Mr. Horii** said that solar is difficult for large commercial uses and there is more interest in wind. He noted that solar energy is better in terms of intermittency. **Senator Werk** commented that in his opinion large scale use of solar energy by homeowners would lessen the burden on other forms of energy.

With regard to a chart showing the characteristics of different types of resources, **Mr. Horii** stated that hydro should have been included.

Mr. Horii moved on to discuss demand side management, conservation and energy efficiency. He said that these three issues are:

- Another way to meet customer electricity needs
- Can be a long-term persistent "resource"
- Popular in jurisdictions with high retail rates or strong environmental concerns
- Could have negative rate or shareholder impacts

Mr. Horii said that demand side management is gaining momentum due to:

- High fuel costs
- Energy crises of recent past
- California has made a $2 billion commitment (3 years)
- NYSERDA has endorsed an $874 million energy smart program (5 years)
- Avista increased conservation and demand side management in their 2005 IRP by 50% over 2003
- July 31 roll out of the national action plan for energy efficiency that has been endorsed by more than 20 state commissioners

Mr. Horii explained that demand side management comes in many different flavors. He said that different types of demand side management could be promoted, depending upon value objectives. PacifiCorp demand side management types include:

- 1: Fully dispatchable or scheduled firm power
- 2: Energy efficiency
- 3: Price responsive
- 4: Behavioral changes

The next section of the presentation deals with Idaho's resource needs over the next 10 years. **Mr. Olson** said they tried to incorporate information from all of the IRPs but it was very difficult to do and they did not have a lot of time to coordinate with the utilities. He said, in the interest of time, this information will be presented to the subcommittees at a later date.

In response to a question from **Senator Jorgenson** regarding energy efficiency in Idaho utilities' IRP plans, **Mr. Olson** explained that it was difficult to reach an accurate number. He said the Power Council target is what the utility's share of load would be, but this ignores differences in customers, load type and so on. **Mr. Olson** said the Power Council's conservation targets are very aggressive. **Representative Eskridge** asked whether this is indicative that the Power Council's target will not be met. **Mr. Olson** said yes, but that it is not unusual for the council's target not to be met.

Other slides discussed during this presentation were as follows. The entire presentation is available at: www.legislature.idaho.gov under the Energy Interim Committee section.

Independent Power Producers (IPPs)

- Independent power producers (IPPs) gained a foothold with passage of Public Utility Regulatory Policy Act (PURPA) in 1978

- Momentum accelerated after EPACT 92 and FERC Order 888 (1996)
- Today, IPPs generate around 35% of U.S. power
- Another possible source of supply for Idaho utilities

Merchant vs. utility facilities
Merchant Facilities
- No obligations other than those spelled out in contract
- Physical output is consumed locally, but economic benefits may accrue elsewhere
- Risks and returns borne by merchant shareholders

Utility Facilities
- Developed under state regulation in conjunction with obligation to serve
- PUC reviews prudency and sets returns
- Risks and returns shared among utility shareholders and ratepayers

Senator Kelly asked how rates get set on power provided by IPPs or merchant plants. **Mr. Olson** said that merchant plants look for investors who are willing to pay and take the risk. **Senator Gannon** asked whether the contracts are fixed in quantity and price. **Mr. Olson** said there can be many different arrangements. **Senator Gannon** asked where the power that has to be purchased after a utility goes above its demand comes from. **Mr. Olson** said that also varies. He said that there are dozens of entities in the northwest that have surplus power to sell. He explained that merchants plants and IPPs are the same thing.

PURPA and Qualified Facilities (QFs)
PURPA was passed by Congress in 1978 to:
- Lessen dependence on foreign gas and oil
- Alleviate inflation
- Improve the balance of payments
- Preserve nation's nonrenewable resources
- Utilities must buy power from Qualifying Facilities (QFs) at their "avoided costs"
- QFs include cogeneration and small renewables
- Rates, terms, and conditions set by state commissions

PURPA in Idaho
- Idaho was one of the first states to adopt PURPA and has been one of the most QF-friendly
- Rates, terms, and conditions for QFs have changed several times over the past 25 years
- The fuel types of QFs have varied over the past 25 years
- Current PURPA rates around $60/megawatt hour (Avoided Cost)

Mr. Olson said these rates are quite high, and due to that fact there have been a large number of small renewable facilities that have applied to the PUC for QF status. This requires the utility to pay that "avoided cost" rate that is fixed by the commission.
- Utilities would prefer to acquire renewables through IRPs rather than PURPA

The presentation also includes a chart showing PURPA contracts by resource type.

In response to a question from **Representative Jaquet, Mr. Kjellander** said there is a new PURPA contract with the landfill in Ada County.

The next item for discussion is what happens if nothing is done. **Mr. Olson** stated that if the state does nothing:

- The light stays on
- Utilities invest in mix of thermal resources, renewables and conservation with most of new energy coming from thermal resources
- Unclear whether thermal resources will be built in state
- High cost of new resources leads to rate increases over time
- Idaho utilities acquire less conservation than estimated share of Power Council target
- PURPA issues played out in front of PUC

Senator McKenzie commented that in the utilities IRP presentations it was his understanding that they had considered conservation with as much weight as renewables and other sources in their mix. It seemed that the utilities tried to find the point where cost and risk balanced; lowest cost/least risk. He said the do-nothing case is relying on that analysis, and in his opinion the committee could actually make things more risky or more costly by changing the system. **Mr. Olson** agreed. He said there is something called the efficient frontier that the committee does not want to move away from. He noted that there is a tradeoff to have possible higher costs with less risk. **Brian Cutter from E3** said the cost/risks are faced by the utilities but that with conservation there are also social benefits to the state. **Senator Gannon** said he would like to see an evaluation of the cost of these social issues and the willingness to pay more for green power.

Mr. Olson explained that state leverage points include:

- PUC decisions:
  - Certificate of Public Convenience and Necessity (CPCN)
  - Prudency review and retail rates
  - Terms and conditions for QFs
  - Treatment of utility revenues lost due to conservation
- Utility resource acquisition
- Use of electricity in state facilities
- Taxation of generation facilities
- Conservation and low-income assistance through appropriations process

He went on to say that:

- Idaho electricity rates are lower than most other states
- Idaho uses more electricity per capita than other states
- Idaho does more for QFs than other states
- Idaho will likely have less renewables than states with portfolio standards, but more than states without

Energy Facility Siting

- Energy facilities have a large “footprint”

- Pipelines and transmission lines cross multiple jurisdictions
- Most states have some form of energy facility siting authority
- EPACT 2005 gets feds involved in facility siting through national corridors initiative

The current energy facility siting process in Idaho consists of:

- Land-use decisions made by local jurisdictions
- State agencies conduct separate permitting processes (air emissions, wastewater discharge, occupational health & safety, etc.)
- Utility-owned facilities: IPUC issues Certificate of Pubic Convenience and Necessity (CPCN)
- Nonutility-owned facilities: No CPCN

Many other states handle siting with:

- Separate state government agency
  - Permanent commission
  - Staffed by state employees
  - Local officials sometimes included on commission
- "One-stop shopping":
  - Siting agency holds all the hearings, conducts environmental impact statement, issues permits
  - Must follow state agency regulations and local ordinances
- Limited or no-need standard for merchant facilities

Mr. Olson stated that key points for the siting subcommittee to consider are:

- What is the do-nothing case?
  - Continued local siting with a strong likelihood of another train wreck
- Where does the state have leverage?
  - State has wide latitude to establish siting processes.
  - Most, but not all, other states have state-level energy facility siting.

Mr. Olson said that E3 would provide the subcommittee on siting with more thorough information regarding what other states have done.

The last portion of the presentation was centered around natural gas. **Eric Cutter from E3** spoke to this issue. He explained that:

- Natural gas prices are less volatile than electricity due to availability of storage (except around hurricanes)
- Natural gas is historically managed on a daily rather than hourly basis
- Electric generation to account for over 54% of natural gas demand growth in the Pacific Northwest
- There is a close relationship between wholesale prices of gas and electricity

His presentation included a chart showing the players involved in natural gas. They include producers, suppliers, marketers, traders, interstate pipelines, utilities, storage and end use customers.

He said that Avista has 16% of the natural gas sales in Idaho, Intermountain Gas Company has 63%, Munistar has 1% and the municipalities have about 20%.

State regulation of natural gas includes:

- Gas commodity purchased on the open market and passed through (utility makes no margin)
- Large users buy their own gas and pay utility for transportation service
- Some states allow choice for smaller customers
- Resource plans mostly weigh pipe against storage for meeting design day demand
- "Decoupling" of revenues from flows helps solve conservation incentive problem

FERC regulation of Natural Gas

- FERC Order 636 in 1992 led to "unbundling" of pipelines from supply
- Secondary market for "released" capacity
- Encourages supply basin competition
- Pipeline rates regulated under "just and reasonable" standard
- "Let the market decide" pipeline expansions (subscription)

Idaho's natural gas supply comes 80% from Canada and 20% from the Rocky Mountains. **Mr. Cutter** stated that the U.S. and Canadian markets are well integrated. He noted that utilities purchase supply on the open market.

Natural gas supply issues include:

- High, volatile prices expected to continue
- Increasing competition for western gas
- Demand continues to grow
- Big increases in gas fired generation and oil sands
- Expansion of pipelines eastbound out of Rockies
- Possibility of new supplies from Arctic "Frontier Gas" and LNG
- Canadian and Rockies gas wants to flow east for better prices
- Canadian and U.S. "conventional" gas declining
- Must be replaced by new sources: coalbed methane, frontier gas, LNG

Mr. Cutter noted that there are three major pipelines proposed from the Rocky Mountains to the east. These are very strong projects in which customers have committed to buying transmission pipelines. He said it is possible that only two of the three will get built but he is positive two will be built.

He stated that projects bringing supply into our area are much further out. Proposed pipelines from the northwest territory and Alaska highway will be into the continental U.S. by 2015 at the earliest. Another project related to liquefied natural gas known as the Pacific Connector still faces a lot of issues before it will come online.

His presentation also includes charts showing pipeline expansions, liquid natural gas costs and a comparison of state natural gas programs.

Mr. Cutter went on to discuss the "do-nothing" scenario. If the state does nothing Idaho will continue to send lots of dollars to out-of-state natural gas suppliers. He added that tariff riders help to pay for conservation but utilities still lose revenue.

Leverage points include:

- PUC policies:
  - Utility procurement (spot vs. forward purchases)
  - Customer choice
  - Decoupling
  - Tariff rider for conservation
  - Promote direct use of natural gas for water and space heating
- Use of natural gas in state facilities

In response to a question from **Senator Gannon** regarding whether there are any natural gas storage domes in Idaho or the west that compare to the large dome in Illinois, **Mr. Cutter** said there is storage available in the northwest and in California.

This presentation also includes charts and information regarding petroleum and transportation fuels. In summary:

- What is the do-nothing case?
  - Continue to send lots of dollars to out-of-state oil companies
- Where does the state have leverage?
  - Promoting alternative fuels, state fleets
- Where does Idaho sit relative to other states?
  - Idaho is more vulnerable to oil price shocks because it (a) has no oil industry and (b) uses more oil per capita than other states

Mr. Olson commented that in comparing Oregon and Wyoming energy policies, the two states could not be more different. Oregon has very little conventional energy resources while Wyoming has abundant resources of oil, natural gas, coal, uranium, wind and so on. As a result of that Wyoming has been really active in trying to find markets for this domestically produced energy. **Mr. Olson** noted that in the Wyoming Governor's State of the State speech he said the state plans to "promote energy development" and specifically "coal." He added that while Idaho may be more philosophically aligned with Wyoming, we need to realize that Idaho's energy situation is more like Oregon's.

In conclusion, **Mr. Olson** pointed out the following points that were included in the 1982 Energy Plan:

- High priority on conservation, renewables, and high fuel efficient generation before others
- High priority to hydroelectric projects
- Carefully consider impacts on agriculture
- Favor conversion to natural gas heating
- Review and update curtailment plans
- Consider coal and nuclear
- Promote cogeneration and wood fuel

- Encourage development of municipal solid waste power
- Identify potential for wind development
- Promote petroleum and gas conservation, exploration
- Encourage and support local governments in their efforts to promote energy awareness, efficiency and resource development

This complete powerpoint presentation discussed above is available at: www.legislature.idaho.gov under the Energy Interim Committee section.

Dr. John Freemuth and Mr. Mike Louis from the Energy Policy Institute were introduced to give a proposal for a statewide survey of Idaho adults about energy policy and energy issues in Idaho. This complete powerpoint presentation is also available at the Legislative Services Office.

The objective of this survey is to "determine Idaho citizen attitudes and preferences on a variety of energy issues and alternatives to inform the committee as they develop an Idaho Energy Plan.

The services EPI would provide during the survey include:
- Consultation on methodology, question development, survey instrument, sampling process, protocol design, and general project management.
- Data collection via telephone interviews to the target population via contractor or internal resources.
- Presentation of status reports.
- Ongoing Quality Assurance of data during survey fielding.
- Data preparation and recoding.
- Analysis of data and production of interim and final reports.

Senator Kelly asked how do people who only have cell phones affect phone survey results. **Mr. Louis** said this is a concern within the polling industry but they believe it is not that large of an issue in Idaho at this time. He said that it will affect the results to some extent.

Mr. Louis stated that generally, the process requires around 14 to19 weeks for implementation but on a 'fast track' the process can be reduced by 3 to 6 weeks.

General Process:
Allow 4 to 6 weeks for question development, review and approval. (While many steps can be done concurrently, this step drives the timeline for the process.) Once the survey questions are finalized, the timeline for completion is as follows:
- 1 week for programming and survey instrument refinement;
- 3-4 business days for testing/quality assurance;
- 2-4 weeks for data collection;*
- 1 week until preview of preliminary findings;
- 2 weeks for data cleaning, recoding open-ended questions;
- 2 weeks for final, weighted frequencies for state and regions;

- 2 weeks for analysis and top line report;
- 4-6 weeks for final report and technical report.

**Time required for data collection depends upon length of final survey instrument and number of complete surveys required. May also be impacted by other political polling during the time frame chosen.*

The following is a generalized survey timeline for this project. The dates in parentheses are for a fast track timeline.
July 17 - Aug. 25, Develop questions. (7/14-8/4)
Aug. 28 - Sept. 1, Finalize survey questions and timeline. (8/7-11)
Sept. 5-11, Program survey instrument. (8/14-18)
Sept. 12 - 15, Test survey/quality assurance. (8/19-23)
Sept. 18 - Oct.15, Field survey/collect data. (8/23-9/18)
Oct. 20, Preview general preliminary findings. (9/12 w/o wts.)
Oct. 23 – Nov. 3, Data cleaning/recoding. (9/18-29)
Nov. 6 – 17, Produce weighted frequencies, state & regions. (9/25-10/6)
Nov. 20 – Dec. 1, Analysis and initial report. (10/6-30/Ongoing)
Jan. 13, Final/technical report. (Around mid-December)

The total proposed cost for this survey is $29,135 based on the following recommendations for implementation:
- Conduct a survey by telephone to a random sample of Idaho adults.
- To project to the population of Idaho adults in a statistically sound manner, a quantity of 500 – 600 complete surveys are required.
- Field survey to conclude before the November 8 election.
- Quota (stratify the sample) for 6 Idaho Planning Regions & track regional differences.
- Limit number of open-ended questions to 2 or 3.
- Target length of survey to 10-12 minutes; limit to no more than 13-14 minutes. (Including demographic questions.)
- Target 95% Confidence Level for the statewide results, at a +/- 4% margin of error.

Representative Jaquet said she has a problem with only surveying 500 to 600 adults in Idaho through a survey conducted by BSU. In her opinion, people will think it has a Boise bias. **Dr. Freemuth** explained that no matter how many people are surveyed, if 43% of the population lives in Ada County, 43% of those surveyed will be from Ada County.

Senator Jorgenson commented that a Gallup Poll makes sense when there is an actual outcome. But, in his opinion, since this survey is just asking opinion, it would be harder to show how successful it was. **Mr. Louis** agreed that such a survey is a tool and people may shift their opinions on any given day. He said there is no really good way to verify the results without repeated surveys. He said the questions would be written to eliminate as much bias as possible.

Representative Eskridge said it was his understanding that this survey would be used to get opinion on the draft policy after it was developed by the committee. He said this presentation seems to be just the opposite and if the committee goes this direction, they will have to wait until the survey is completed to even begin their work. **Mr. Louis** said that was a misunderstanding on his part. **Representative Eskridge** said he wants to make sure and give the public a chance to answer questions relating to the actual draft policy. **Mr. Louis** said he would have to adjust the timeline because he thought the survey would be conducted as the subcommittees worked. **Representative Eskridge** explained that the subcommittees are going to develop policy recommendations on their specific issues and then the committee will develop actual policy with the help of the consultant. **Senator Kelly** added that once the draft policy is developed would also be the time to take it across state. **Representative Eskridge** asked **Mr. Louis** to revise proposal with different timelines and different questions. **Mr. Louis** said it is generic regarding the questions but that the timeline needs to be adjusted. He noted that it would be prudent for EPI to integrate its timeline with the committee timeline.

Senator Gannon said he does not see how the subcommittees are going to get their work done in the time allotted as it is and he does not want to rush the subcommittee work in order to get the survey out. **Senator McKenzie** said that the subcommittees will have participation from nonlegislative members and the public during their meeting to get input.

After more committee discussion, **Representative Eskridge** moved that the committee table discussion of a survey until subcommittees were set up and had started working. **Representative Stevenson** seconded and the motion carried unanimously by voice vote.

Senator Gannon, Representative Stevenson and Representative Smith gave a short report on the coal gasification plant tour they participated in at Bismark, ND. **Senator Gannon** said that this trip was sponsored by the U.S. Department of Energy in coordination with the American Gasification Technology Council. He said the first half of one day was spent in a presentation explaining the gasification process. He said there were a lot of technicians on the tour and it was not necessarily designed for legislators.

Senator Gannon said that the plant itself was very interesting. It is located in a coal field at the mine and has been in production for over 20 years. It does not generate electricity, it generates syngas. This is synthetic gas that is put into the natural gas pipeline. He said that this is a strip mine and the gasification process uses a larger lump of coal. After the coal is taken out of the mine, it is separated and the larger chunks go to the gasification process and the smaller pieces go next door to a traditional coal fired plant.

He said this plant was built as a result of a spike in natural gas prices in the mid-1970s and was the final project sponsored in part by the Department of Energy before the bottom fell out of the natural gas market. As a result of that, the plant sat vacant for one year.

The gasification process allows them to capture the vast majority of the pollutants including CO2, mercury and ammonia. These pollutants are all put into other processes. The CO2 is put

into a pipeline and piped 200 miles up to a Canadian oil field to help get the oil to the wellhead. The CO2 that comes out in this process is fed back into the underground system and eventually sequestered. **Senator Gannon** said where the CO2 goes is one question that would have to be answered should Idaho decide on any type of gasification facility. Other products include fertilizer and resin.

Senator Gannon said that in talking to other attendees, it seems that the entire gasification industry is waiting for someone to really get into the electrical generation through the gasification process because there have been some failures due to technology issues. Apparently the gasification and generation technology are not quite compatible yet. Once this issue is resolved, it is assumed that gasification will become an important part of the power industry. **Representative Stevenson** added that the marrying of these technologies is about eight or nine years away.

Representative Smith noted that there were people attending from 33 states, two Canadian provinces and two other countries. She said that Illinois currently has four projects that have submitted permit applications. Information was provided as to what states have projects pending, the size of projects and whether these projects would be for power generation or for natural gas.

Representative Smith also said she was surprised to learn that Indiana has 20 nonattainment air quality areas. She said in 2002, Indiana began offering financial incentives for clean coal and energy projects and coal gasification was something they were very interested in.

She noted that the proposed coal gasification project in Pocatello will be announcing a change in the near future.

The committee moved on to discuss subcommittee assignments. The following is the breakdown of those legislative assignments so far.

Generation/Renewables and Conventional

Senator Gannon	Representative Anderson Cochairs
Senator Jorgenson	Representative Nonini
Senator Werk	Representative Jaquet

Conservation and Demand Side Management

Senator Lodge	Representative Bell Cochairs
Senator Gannon	Representative Andrus
Senator Kelly	Representative Smith

Siting Generation and Transmission

Senator Fulcher	Representative Snodgrass Cochairs
Senator Lodge	Representative Anderson
Senator Werk	Representative Smith

Transportation Fuels and Natural Gas Used for Heating and Distribution/LNG combined

Senator Jorgenson	Representative Stevenson Cochairs
Senator Fulcher	Representative Andrus
Senator Kelly	Representative Jaquet

It was decided that each subcommittee should have the same number of nonlegislative members as members to participate in the meetings. It was suggested that the cochairs of each subcommittee do their best to diversify interests as much as possible and invite the public to attend and to participate or testify. In response to a question from **Representative Stevenson**, it was stated that so far there have been 147 names submitted by nonlegislative members interested in subcommittees. **Senator McKenzie** said that nonlegislative members will not be reimbursed for participating. **Senator McKenzie and Representative Eskridge**, as cochairmen of the regular interim committee will serve as ex officio members on each subcommittee and will try to attend as many meetings as they can. **Senator Kelly** asked whether the nonlegislative members will have voting privileges. **Senator McKenzie** said that since the subcommittees will be bringing recommendations to the main committee and the subcommittees contain ad hoc members of the actual interim committee who will be voting, in his opinion, it should be up to the cochairs of each subcommittee to decide how to handle voting.

Senator Gannon asked whether the consultant will be present at all subcommittee meetings. **Mr. Olson** said E3 has identified people that will help the subcommittees and if necessary, they will attend the meetings. **Senator Gannon** requested E3 look at the list and give them feedback on how to hold meetings and so on. **Senator Werk** commented that it would probably be more cost-effective for the consultant to participate through conference calls.

Senator McKenzie suggested that the subcommittees hold meetings until the end of September and report back to the committee at that time. In response to a question from **Senator Kelly, Senator McKenzie** clarified that the subcommittees will summarize the current situation and the projected situation into the future using industry IRPs and coop information. He said they should then address issues that are points where the state has leverage and identify the cost benefits of those issues. **Mr. Olson** commented that committee members have a lot of background information already and he hopes the subcommittees are ready to move on to developing goals and policy. **Senator Kelly** said, in her opinion, the products from each subcommittee need to be compatible. **Mr. Olson** said the first step is to get a general idea or goal, then they should look at ways to accomplish that goal and the pros and cons. That information will be brought back to the full committee, which will then compile a list of subcommittee goals everyone agrees should be used to form an energy policy. Then the main committee will develop compatible products.

It will be up to the cochairs of each subcommittee as to where the meetings are held.

Senator McKenzie clarified that the subcommittees should meet in August and September and then report back to the main committee in October. He suggested they pick their nonlegislative

members by the end of this week or first of next week and get them notified. **Senator Werk** encouraged the subcommittee cochairs to have broad representation of nonlegislative members so everyone feels that all sides were represented. **Senator Lodge** said she would like more information about those who have volunteered. **Mr. Nugent** said he could provide that to some extent. **Representative Jaquet** said she would like to be able to participate in the choice of nonlegislative members. **Senator McKenzie** suggested that subcommittee members make recommendations from the list of volunteers to their cochairmen.

Representative Stevenson announced that the Transportation Fuels/Natural Gas subcommittee will meet August 2, and September 7, 2006, in Boise. **Representative Eskridge** commented that meetings throughout the state might not be that productive. He said that spokesmen for all different interests will be present to represent those interests no matter where the meeting is held.

It was decided that the subcommittee chairmen would leave this meeting with the goal of setting meeting dates and appointing their nonlegislative members as soon as possible.

The meeting was adjourned at 5:15 p.m.