

MINUTES
Energy Interim Committee
9:00 a.m.
Thursday, October 25, 2007
Tamarack Room, Doubletree Riverside
Boise, Idaho

The meeting was called to order at 9:15 a.m. by Cochairman Senator Curt McKenzie. Other members present were Senator Mike Jorgenson, Senator Kate Kelly, Senator Elliot Werk, Cochairman Representative George Eskridge, Representative Bert Stevenson, Representative Maxine Bell, Representative Eric Anderson, Representative Ken Andrus, Representative Elaine Smith and ad hoc member Representative Wendy Jaquet. Ad hoc member Representative Mark Snodgrass was present after lunch. Senator Patti Anne Lodge and Senator Tom Gannon were absent and excused.

Others present included Russ Hendricks, Farm Bureau; Lee Flinn, Conservation Voters; Ron Williams, Idaho Consumer Owned Utilities Association; Steve Thomas, Chevron; Brent Olmstead, Milk Producers; Ken Miller, Snake River Alliance; Molly Steckel, Givens Pursley; Brenda Tominaga, Idaho Irrigation Pumpers Association; Glen Pond and Russ Westerberg, Rocky Mountain Power; John Weber, Business; Karen Humes; Rich Hahn, Idaho Power; Jane Wittmeyer and Serena Carlson, Idaho Forest Industry Council; Joe Kunz, Building Contractors Association of Southwest Idaho; Jess Byrne, Department of Environmental Quality; John J. Williams, Bonneville Power Association; Woody Richards, American Energy Holdings; Dar Olberding, Idaho Grain Producers; Stan Boyd, Idaho Wool Growers Association; David Hawk, Energy Analysis and Answers; Beth Markley, Idaho Council on Industry and the Environment; John Ireland, Department of Commerce and Rich Rayhill, Ridgeline Energy.

After opening remarks from the cochairmen, the minutes from the last meeting were approved unanimously by voice vote.

Mr. Ron Williams, Idaho Consumer Owned Utilities Association was introduced to discuss draft legislation dealing with existing electric overhead line rights-of-way. He stated that the reason for this legislation was due to the fact that Idaho electric cooperatives have recently found themselves in court litigating prescriptive easements for power lines that have existed for decades for rights-of-way the utility thought were valid. These lines were originally installed with verbal permission in the rush to electrify rural Idaho almost a century ago. He said that as real estate developers buy up these properties and extend subdivisions further into rural Idaho, some are opportunistic in exploiting the situation by demanding the line be moved, at the utilities' expense. There have been several cases where Co-ops have litigated and proved a prescriptive easement. In other cases, due to the cost of litigation, Co-ops have simply moved the line at their customer's expense.

Mr. Williams said that this legislation is patterned after Section 42-1102, Idaho Code, and

addresses electricity transfer over existing overhead power lines the same way Idaho addresses water transfer through existing ditches. In essence it provides that “if you see a power line in the air, then it is presumed to be there over a valid right-of-way.”

Senator Kelly asked whether this includes new power lines. **Mr. Williams** said the legislation speaks only to existing overhead power lines. **Senator Kelly** clarified that this would waive in any power lines in existence as of the date of adoption. **Mr. Williams** said it does make presumptions if an existing line is there as of the effective date of the legislation; that it is there by consent of the landowner.

Representative Eskridge asked whether utilities record their easements today and whether they are required to record them. **Mr. Williams** said yes on both accounts. He said this legislation attempts to address a few situations where that should have happened but did not.

Representative Jaquet asked what is triggering this and whether there have been negotiations between landowners and utilities. **Mr. Williams** said there is almost always negotiation. He added that utilities can exercise eminent domain if a landowner refuses to allow the power line to stay where it is. He said the utility and landowner usually end up splitting the cost if the line has to be moved.

Representative Anderson noted that the utility is responsible for maintenance and tree trimming for fire control and is held liable if lack of tree trimming were to cause a fire. He said that some people are not allowing this maintenance to be done and asked whether that was part of the reason for the legislation. **Mr. Williams** said that was correct.

In response to a question from **Senator Werk** regarding proof of a public safety hazard and asking for an injunction, **Representative Anderson** said that both sides could bring in a special witness/arborist to say either way regarding the public safety hazard but if there is an accident, the utility pays the price. **Mr. Williams** said that even with this legislation, if a landowner locks the gates and says no, the utility will still have to go to court. This legislation would give them a statute to use.

Senator Kelly asked whether any of these cases have been recorded. **Mr. Williams** said he thinks so for prescriptive easements.

Senator Kelly said she envisions a large area of land being purchased and stated that title searches would probably not show power lines. This legislation says “overhead line in sight” and she asked what if the line is hidden by trees or something similar. **Mr. Williams** said this would mean that the buyer would have to make a physical inspection of that land and if a power line is there, it means there is a right-of-way. Most maps do show the location of power lines and gas lines.

Representative Stevenson commented that Section 42-1102, Idaho Code, the part of the law

that this legislation is fashioned after, allows irrigation companies to maintain the ditches due to safety risks. In his opinion, this is the value of the new legislation and he does not see any problem with it.

Representative Eskridge spoke in support of the bill. He said that in the past most power lines were put in place by gentlemen's agreements because everyone wanted electricity. This was a service to a ratepayer. Today, developers are buying property to subdivide and are trying to force utilities to move power lines. This is costly and an unnecessary use of the courts. He said this legislation serves as a way to solve this problem.

Senator Jorgenson acknowledged that this is a problem but asked how many cases there have been in last two or three years. **Mr. Williams** said that he knows of two different lawyers up north that recently had cases. He said that Rafriver Electric had a case but they agreed to move the line before going to court and he thinks there has also been one other electric co-op in eastern Idaho. **Senator Jorgenson** asked whether someone can enter a counterclaim for legal fees. **Senator McKenzie** said he did not think so unless it is provided by statute in that area.

Representative Eskridge said this is a preventative measure. This legislation will allow the problem to be solved before there is a lawsuit and unnecessary expense to the ratepayer.

In response to another question from **Representative Jaquet**, **Mr. Williams** said this has been ongoing and the utilities are spending a lot of time and money to figure this out with GPS marking of poles in their system. This becomes very complex and they have to hire right-of-way experts to analyze each line and so on. **Representative Anderson** noted that most co-ops in Idaho are actively engaged in GPS mapping and that Northern Lights is currently working on this. The issue was brought to their attention due to maintenance and fear of fire and wind storms. He said they have made efforts toward the better management of easements for safety and have contacted people when they discover an unrecorded easement.

Representative Anderson commented that as a member of a Co-op board he would have a conflict of interest when voting on this issue.

Senator Kelly said she would prefer that the committee wait to vote on this. **Representative Stevenson** replied a vote from this committee would only be a vote to move it to germane committees for further review.

Representative Stevenson moved that this legislation be moved forward to germane committees. **Representative Bell** seconded.

Senator Werk clarified that all the motion is saying is that this committee has looked at the legislation and would like the germane committees to take a closer look. That was correct and the motion carried unanimously by voice vote.

Mr. Jess Byrne, Department of Environmental Quality was the next speaker. He spoke to the committee about climate change and efforts being made in Idaho to deal with that.

Mr. Byrne said that in May 2007 the Governor issued an Executive Order directing DEQ to look at reducing greenhouse gases. This Executive Order directed DEQ to do four things.

- 1. To develop a statewide greenhouse gas emissions inventory.

He said DEQ is currently working with a consultant through the Western Regional Air Partnership (this is a group that represents 13 western states) to complete an emissions inventory. Completion of this inventory will give DEQ an idea of where the major sources of greenhouse gas emissions are throughout the state. This will be an estimate but it will be broken down into sectors: transportation, agriculture and industry. He said this inventory will also give them a projection for the year 2020 to see what the projected increases are at the current rate.

- 2. Realize reductions in state government emissions.

To accomplish that, a greenhouse gas working group has been established with representatives from about 15 of the larger state agencies. Mini emission inventories are being done on those agencies to determine where their emissions are coming from. Then each agency will develop an agency action plan to reduce their own emissions. This work is ongoing and the hope is that these mini inventories will be done in the next month and have the action plans ready by the first of the year.

- 3. Make recommendations on other things that need to be done in this area.

Mr. Byrne said DEQ has not formally begun this process yet. They are focusing on the inventories and state reductions at this time.

- 4. Serve as the central point of contact and coordination for the state on this issue.

Mr. Byrne stated that subsequent to the Executive Order, the Governor requested DEQ join the climate registry. He said this is a collaborative process that most of the 50 states participate in, along with some Tribes and Canadian provinces. This process is trying to come up with a common system to account for greenhouse gases. He said the end goal of this is that if a trading system is put together, this effort is to make the system common and to make sure that it is a state driven effort rather than the federal government forcing it on the states.

Mr. Byrne said that DEQ is also looking into joining the Western Climate Initiative that is made up of several western states. This group looks at ways climate change can be addressed regionally. This group sets targets for reductions as a requirement for membership, so DEQ is looking at being an observer. This would allow DEQ to attend their meetings and decide on full membership.

Mr. Byrne said that DEQ is trying to coordinate with many other groups that are working in this area. He said the issue is moving very quickly.

Another issue related to this is carbon sequestration. **Mr. Byrne** said that DEQ is trying to link with the Carbon Sequestration Advisory Committee in Idaho. This is an area that it is believed that Idaho could play a major role in and get benefits from.

He noted that DEQ has launched a new section to their webpage relating to everything going on with climate change.

Representative Anderson asked for more information on the Carbon Sequestration Advisory Committee. **Mr. Byrne** said it is located in the Department of Agriculture and the Soil Conservation Commission. He said that Director Gould and the assistant director of the Department of Agriculture recently met with the advisory group to get it reenergized.

Representative Bell asked how all of this is going to coordinate with all of the different groups that are involved. **Mr. Byrne** said they are working on that and will include the new energy office. He noted that one area where DEQ is weak in their charge is in energy efficiency issues and that is a huge part of reducing carbon emissions. He said Director Hardesty and Paul Kjellander, the new Administrator of the new energy office plan to meet to discuss how to better coordinate on issues.

In response to a question from **Representative Jaquet**, **Mr. Byrne** said they hope to have the statewide inventory completed by the end of the year. This will also include the projections for the future.

Senator Kelly commented that there are a number of cities that have signed mayor's agreements to reduce emissions. She said it sounds like DEQ and the Governor's actions are more cautious than the cities. **Mr. Byrne** agreed that many cities are further along in this area than the state. He said that DEQ is trying to get up to speed but it is very resource intensive and the issue is very enormous. He said one thing that might need to be done is to give DEQ more resources to allow them to focus on this issue.

Representative Eskridge asked how closely they are watching what other states are doing and agreements they are forming. **Mr. Byrne** said they are watching very closely and that is part of the reason for joining these other groups. So many things are happening it is very difficult to keep track of unless they are directly involved. He said, similar to cities, that other states have been working on this for longer than Idaho and we are trying to catch up. **Representative Eskridge** commented that it is not always bad to be cautious, as Idaho was with electricity deregulation.

Representative Jaquet commented that the Governor issued his Executive Order prior to the budget. She asked whether DEQ is going to ask for additional staff. **Mr. Byrne** said not at this time. **Representative Jaquet** noted that DEQ has already been criticized for slow actions and the reason for slow action has been attributed to them not having enough staff. She said the legislature needs to help DEQ get this done. **Mr. Byrne** agreed and thinks the new energy office

will be very helpful and well received. **Representative Jaquet** said it is her understanding that the new energy office is just Mr. Kjellander and one other person in the office, there are no technical people yet. **Mr. Byrne** said the plan is to move those from Water Resources over also.

Senator Kelly asked how the cities are paying for their efforts. **Mr. Ken Baker** said they have committee and staff. He thinks some of this is paid through fees for building permits.

Mr. Byrne said that internally DEQ realized they would not be able to make a dent in this. They looked around within the department to see if they could reprioritize people. Instead of replacing a planning person, they have hired someone else to work on the climate change issue. He spends 50% of his time on this and there is also a temporary employee.

Representative Anderson said it is his understanding that some cities (Sandpoint) have contacted utility providers and done reviews of where they could save money. In Sandpoint the utility did the work by changing lighting that saved a lot and cost the city very little.

Senator Werk commented that school districts can do performance contracting and can remodel and revamp to bring buildings up to new standards. He said perhaps the state could do something like this.

Representative Stevenson asked how deep the individual agency audits will go. He commented that the ag community will be required to switch all tractors to low sulfur fuel by the end of 2008 but that fuel providers cannot provide low sulfur fuel for trucks during harvest now. **Mr. Byrne** said that state agency reductions will focus on vehicle fleets, energy use in buildings, waste disposal and employee emissions. These inventories will be estimates and looking at common sense ways to do things better. He said just state agencies are being looked at and it will have nothing to do with the private sector. In response to a question from **Senator Werk**, **Mr. Byrne** said these audits do not include school districts. He noted that they have also decided to wait on universities due to the fact that they are doing a lot of things themselves in this area.

Senator Kelly commented that carbon sequestration is a very interesting area. She said this has to do with when other states put controls on industry and they need to be able to trade credits in order to meet requirements. There are already Idaho businesses involved in these trades but currently, Idaho has no standards on how these trades happen. She stated that this could have a great economic benefit for Idaho. She said that DEQ has a good report available. **Mr. Byrne** said that they are having a meeting on November 15 to try and approve that report and move it to the legislature.

During lunch there was a presentation titled "2007 Idaho Energy and Green Building Conference Utility Program and Incentives." Presenters included John Jennings, Northwest Energy Efficiency Alliance; Bruce Folsom, AVISTA Utilities; Mike Rose, Bonneville Power Administration; Celeste Becia, Idaho Power; Van Ashton, Idaho Falls Power; Chris Aiken, Kootenai Electric; Jeff Bumgarner, Rocky Mountain Power. Copies of their handouts are

available at the Legislative Services Office.

After lunch, **Senator Kelly** was introduced to discuss the revised version of the Energy Efficient State Buildings Act. A copy of this draft and a fact sheet is available in the Legislative Services Office. She explained that this legislation would require all major state buildings, and building renovations, to be designed, constructed and certified to a standard that achieves energy savings of at least 30% greater than the current state legislated energy code. This legislation does not specify the use of any particular green building standard (such as LEED or Green Globes). It does not require the use of any particular type or source of building materials nor does it apply to projects designed and constructed by school districts, charter schools or local governments, or to projects already in the schematic design phase. She stated that this bill is good policy because by adopting energy efficient standards for state buildings, the state can demonstrate leadership to the private sector and local government.

Senator McKenzie noted that full commissioning applies to any project over 5,000 square feet. He said that a school district in his area has contracted with a group that guaranteed energy savings, and will pay back money if that energy savings is not met. He asked, in this case, would it still require third party commissioning. **Senator Kelly** said it only requires consideration of full commissioning. **Mr. Ken Baker** said using an energy service company is likely for an existing building, and that this legislation covers new buildings. For a new building, an energy service company would be the commissioning agent.

Representative Anderson asked about the wording on page 2, line 28 “shall be considered.” He was concerned because he understood that full commissioning would not be required. **Senator Kelly** explained that this wording just means that commissioning needs to be considered but they are not absolutely required to do it. There are also different degrees of commissioning and it will be on a case-by-case basis. **Representative Anderson** said he does not object to that but he was not sure what third party commissioning means. **Mr. Baker** explained that the third party would work directly for the building owner which would be the state, not the contractor. **Senator McKenzie** asked if a designer certifies that a building meets the standards, does it still require another third party to validate that it meets those standards. **Mr. Baker** said if an energy service company is used, a building would still need another third party to commission it.

In response to a question from **Representative Andrus**, **Mr. Baker** explained that there are several ways to certify that the building meets the 30% requirement. He said modeling using existing energy codes that looks for a 30% greater efficiency can be done, or a prescriptive approach can be used to reach 25% to 30% savings. In response to another question from **Representative Andrus**, **Representative Eskridge** stated that 30% was used because it is considered easily reachable. He noted that buildings can go higher, 30% is just the bottom line. He said for political expediency, 30% gets us on the right path and it is easy and cost effective. There is currently nothing in place to encourage people to start building to higher energy efficiency standards. **Senator Kelly** added that the language says at least 30%. She stated that without a target to meet, nothing is done.

Senator Kelly clarified the language as stating that the buildings will be required to be 30% more efficient than the **then current** state building codes. She put the “then current” language in response to the fact that the state building codes are updated periodically. This means as the code increases its efficiency standards, the 30% would also have to be above those standards. Buildings will be required to be built to 30% more efficiency than whatever the current building code is. **Representative Eskridge** added that if it is not cost-effective to build to above 30% efficiency, there is no requirement that it be done.

Representative Bell asked what is happening at this point. She asked whether renovations being done are looking at energy efficiencies. **Senator Kelly** said that the universities in Idaho have said this is a reachable target and some are building buildings with greater efficiency. Not all current construction is being built to the higher standard. She said that based on construction projected by the Idaho Division of Public Works, the three state universities, and on current electric rates, the cost savings to be realized by implementation of the bill during the first five years is almost \$1 million. This would be just in cost savings from energy not being consumed.

Senator Kelly said she ran the language of this bill by the head of the Public Works Division and the only concern expressed was that it could put more pressure on that department due to the reporting requirement. In her opinion, there does need to be some sort of monitoring system.

Senator McKenzie stated that this legislation is consistent with item E11 in the Energy Plan and has been considered at the last two meetings.

Representative Anderson agreed that 30% is easily achievable in design construction before it gets to the technical areas. He said very simple design changes could easily achieve this.

Representative Anderson made a motion to send this legislation to the germane committee with a recommendation that it pass. Senator Werk seconded.

Representative Eskridge spoke in favor of the motion. He said everyone needs to realize that this is easily doable and legislators owe it to taxpayers to save as much money as possible when building new buildings. He said there is no way to assume energy costs are going to stay the same and that this will not only save taxpayer money based on today’s costs but it will create more savings down the road.

The motion carried unanimously by voice vote.

Mr. Paul Kjellander, newly appointed Administrator of the Office of Energy Resources was introduced. He discussed what he envisions for this new office and what direction he thinks his position will take. He noted that he had only been on the job for three days.

Mr. Kjellander said that since the announcement of his new position and the new Office of Energy Resources, he has found that there was a lot of demand for this to be done as

recommended in the Energy Plan that was passed last year. He said that as people congratulated him, they were then saying they wanted to talk to him and they started talking. He said that all of those phone calls led to meetings and he has been exposed to issues such as biofuels, biomass, woody biomass and so on. He has had more discussion on renewables and energy efficiency as well as transmission and generation, nuclear and economic development. He said it has been fun for him learning and seeing how all of the pieces fit together. He said he is very excited about the opportunity.

Mr. Kjellander stated that the Governor expects a plan as soon as possible. He added that all of the employees from the Energy Divisions are now with the Office of Energy Resources and he intends for all of them to be there until they are ready to leave. He said what those employees do is a key component of what the Executive Order stated the new office was about.

He said there are other pieces missing that include generation and transmission and economic development. His first few meetings focused a lot on transmission and he learned that there is a huge project involving Idaho Power and PacifiCorp. He said there has not been a project of this size anywhere in the nation in the last 30 to 40 years, so the expertise on how to deal with that really does not exist anymore. They are in the process with BLM in developing an environmental impact statement (EIS). His role is to collaborate with state agencies involved in siting and permitting and put them in touch with the federal government and look at how that EIS can be shaped into something that is actually meaningful.

He said at the same time this is happening, they are seeing the emergence of fledgling “mini” regional transmission organizations who are being set up to look at how these projects are going to move through from conception to implementation. He said that siting and permitting is the piece that is missing from their piece of the puzzle. **Mr. Kjellander** said that if all of these things can come together, there is so much that can be accomplished just in the area of transmission.

Mr. Kjellander stated that the same people being brought together for transmission can also be used for generation. He said building those coalitions now will allow us to keep moving forward.

He said that in looking at what policy might look like for transmission and generation, it is writing itself as it happens.

He noted that the Department of Commerce as well as local units of government do not have the tools today to know when they are overselling. Where are the constraints of the transmission system? Where are the areas that have enough generation resources to address the need and where is there enough transmission to get that power where it needs to be? He said there are mechanisms in place for this but it will be an educational process.

Mr. Kjellander, regarding the BPA issue, stated that they are in settlement discussions and are looking at an interim settlement to get some money in place for the winter. He said it will be a

fraction of what the state has seen over the last few years, and in his opinion, we will never see the level of benefits that once existed.

He went on to say that no one can control the price of the kilowatt as easily as it once was. He said we might be able to control the size of the bill and that is where each individual has to play a role. In looking at energy efficiency and demand side management and other tools available, those tools may have been ignored in the past due to the low prices Idaho has enjoyed. He said that will slowly change. He said utilities are also realizing this and due to carbon sequestration and uncertainty in that arena the only options available are natural gas, nuclear power or nothing. Due to this, utilities are also focusing on demand side management and conservation.

Representative Jaquet asked whether renewables or conservation were a part of the conversations he has had. **Mr. Kjellander** said that energy conservation and demand side management are a broad piece of that. He said many people express caution in this area due to what might happen on the federal level with renewable portfolio standards. He noted that there are a lot more renewables coming online and geothermal is becoming of increased interest by the federal government. Idaho is a target for that. He said that geothermal power is more firm than wind and there will be more expansion. He noted that there is also a wind project in process.

Mr. Kjellander, with regard to the fact that the prior energy division depended on federal grants to operate, said if any business or agency relies on these grants to stay in business, they will pursue what they know will be funded. He asked if that is really the direction the state wants this office to go.

Representative Eskridge asked about other energy issues such as natural gas infrastructure into the state for supply and distribution and transportation fuel and the production of ethanol. **Mr. Kjellander** commented that there is a lot more that can be done. He has had discussions with the Farm Bureau. He noted that the state actually put in some money for biofuels to help at the pumps with marketing. He said from discussions with the ag industry, it would seem that there needs to be more of a complete chain from growing the product to the actual fuel getting to the marketplace. He said there might also be a way to use this for economic development in certain areas of the state.

Representative Jaquet asked whether there is a need for state generation siting authority and should it be in this new division. **Mr. Kjellander** said this goes to the question of local control and whether there should be a backstop authority. He said Idaho is not ready for a large authority to do away with any local control or authority. He asked whether there could be an incremental backstop approach to this.

Senator Kelly asked how he plans to help implement the state energy plan. **Mr. Kjellander** said he does plan to incorporate the plan into his office's workings. He thinks it is a good structure in which many things can be attached.

In response to a question from **Senator McKenzie**, **Mr. Kjellander** said the plan for the office will probably evolve but initially they plan to deal with transmission and generation.

Representative Eskridge asked how the office is going to be funded. **Mr. Kjellander** said the federal government has a geothermal leasing program and money is coming into Idaho from that for the first time. Since that is an energy resource that the state has never dealt with, there is no clear definition of how that has to be spent. He said this would be a golden opportunity to look at that money and determine whether it is a viable funding resource to put with the Office of Energy Resources. He said that as more leases are established for geothermal, there will be more money coming into the state as well as potential royalties that exist once those geothermal facilities are up and operating.

Senator Werk was introduced to discuss possible legislation regarding energy efficient school buildings. He noted that Idaho does have a program for retrofitting existing older school buildings and increasing their energy efficiency using performance contracting. He stated that the problem today is that construction of school buildings is not done with an eye toward energy efficiency. He said that all 114 school districts in the state build buildings using different processes. The state pays for utility expenses by funding maintenance and operations (M&O) for our schools with general fund money. **Senator Werk** said that if a school district decides to build a new building to the bare minimum current code, the state of Idaho will pay for that decision every year for fifty or more years. For example, the Boise schools on a ten year old building for electrical and natural gas annually spend:

- \$26,000 per elementary school
- \$66,000 per junior high
- \$152,000 per high school

Senator Werk said that if the school district could be guided toward saving 20% annually on energy costs for each school built, for a high school that would be over \$30,000 each and every year. For a fifty year life of the building that is millions of dollars of energy costs saved. He said the energy inefficient schools result in lost dollars that should be dedicated to learning in the classroom.

Senator Werk said he has been working with a group that includes the State Department of Education, the School Boards Association, School Administrators, Division of Energy and the Division of Building Safety for the last few months to discuss alternatives. This group has been looking at a way to get new school buildings built with energy efficiency in mind.

Senator Werk said one possible solution is to provide school districts with a process for designing and building more energy efficient buildings at no additional cost and to ensure that every public school is built to design specifications and that the mechanical systems are properly installed, balanced and operated.

His proposed legislation would:

- Specify that school districts employ the Integrated Design for design of public school

buildings.

- Require fundamental commissioning of the mechanical systems to ensure that these systems are installed and working properly (so that we get what we pay for).
- Cover the cost of fundamental commissioning through the Bond Levy Equalization Program (to ensure that district patrons are not asked to cover this cost). FYI - fundamental commissioning costs approximately 1% to 85% of the total project costs. Annual cost would be about \$90,000 total.
- Place responsibility for defining Integrated Design and Fundamental Commissioning within rule with the Division of Building Safety.
- Provide assistance to school districts in locating resources and information through both the Division of Building Safety and the Office of Energy Resources.
- Effective for construction bonds passed after January 1, 2009.

Representative Bell asked about the school districts themselves being in charge of this and educating school districts instead of the state picking up any piece of the costs. **Senator Werk** agreed with this idea and said they have met with the School Boards Association and the like but the message is not getting out. Some school districts do this but many do not and do not want to change. Discussions have been held on the proper way for the state to get involved.

Representative Jaquet spoke in support of this idea and encouraged the committee to move forward with it.

Senator Werk said there has been concern from districts about professional help that would be available for design or commissioning and how to locate those resources. He noted that third party commissioning does not have to be located by district.

Representative Anderson agreed that local control is fundamental but said that integrated design planning makes very good sense. He said that if he was on a school board, he would appreciate all the help and information that is available from experts. He thinks this is a very important subject and that it should be given more consideration. **Representative Eskridge** agreed with **Representative Anderson** and thinks the idea has merit and needs more consideration. He said this would be a good way to offset some of the state responsibility to pay for heating and energy costs that resulted from the property tax structure change. He said he would like more information and more discussion of how to get schools to recognize the importance of this.

Senator Werk commented that they felt setting an actual target for energy efficiency for school districts was overstepping their boundaries. He noted that the idea has been well received by school administrators at this point.

Representative Andrus clarified that the \$90,000 to cover costs for construction of all schools in the state would be for commissioning, not for the energy efficiencies. **Senator Werk** said that was correct and it would actually come from general funds because the bond levy

equalization program is funded through the general fund. The state should get the money back very quickly.

Senator McKenzie agreed also that this idea deserved more discussion and that it be developed further. **Senator Werk** said he would continue and would welcome any suggestions from other committee members.

Mr. Ken Baker, Association of Idaho Cities was introduced to discuss building codes and standards. **Mr. Baker** explained that Idaho uses the 2003 International Energy Conservation Code as approved by the 2002 Legislature. Beginning in January 2008, that will be the 2006 International Energy Conservation Code.

He commented that there are also many other standards in existence. These are above code standards and include everything from LEED to Green Globes to Advanced Building Core and Shell. This last one deals only with energy efficiency. There is also the Advanced Energy Design Guide for small office buildings, schools and retail (20,000 square feet or less). The American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE) are also coming out with a green energy efficient standard called 189. There is also Energy Star Northwest.

Mr. Baker said that in moving from the 2003 to the 2006 energy code, there will be an increase in efficiency of about 5% to 10% on the commercial side and 10% to 15% for residential. This is not a big issue to builders except that they want to make sure they receive the necessary education. He said they are setting up training through building supply companies throughout the state. **Mr. Baker** noted that the new Idaho Energy Plan recommends adoption of these energy codes on a three-year cycle.

He noted that it is important that the legislation that was presented today by **Senator Kelly** be benchmarked to every code as it is adopted. This is because in five years, the 2012 code will have greater efficiencies than 30% above the 2006 codes.

Mr. Baker said there is economic development from these codes. He said the ten year economic value was \$1.3 billion from energy savings for both residential and commercial buildings and the fact that not spending money on utilities results in those dollars revolving through the communities by a factor of eight times.

Mr. Baker stated that commercial buildings currently use about 1/6 of the electrical energy produced in the United States. He added that residential and commercial together use over 40%. He noted that 23% of the 1/6 for commercial buildings is in office buildings, and that would include state buildings because most of those are office buildings. Ten percent are schools and **Mr. Baker** said, in his opinion, it is really important to continue to look at how to help schools as **Senator Werk** discussed earlier.

Representative Jaquet commented that many small communities do not have building inspectors and that this would also help school districts. She asked how many communities do not have building inspectors. **Mr. Baker** said he did not know how many do not have building inspectors. He said from the code work that has been done, 1% to 2% of the population do not have building officials. He said having building officials will help schools a little but it does not help them with their designs.

Mr. Baker went on to discuss a study of the new Center for Advanced Studies that is being built by Idaho State University in Idaho Falls. This study asked how much does it cost to build a more efficient state building. This study looked at LEED standards. The goal was to build this to be 30% more efficient than the 2006 code that will be adopted as of January 1, 2008. In modeling the building that the design would achieve 38% greater savings. He said there is a letter in the file from the contractor stating that there are absolutely no additional costs for measures to do this. The incremental costs are basically design costs at \$67,500; this included the modeling analysis and \$40,000 for documenting to the U.S. Building Council that this will be a LEED building and deserves recognition. The model also predicts that there will be an avoided cost the first year and every year thereafter of \$58,859. This is energy savings that will result in a 1.2 year payback for the design costs. Taking out the cost of LEED, that \$67,000 becomes about \$22,000 which means the design costs would be paid back in about four months.

Senator Werk asked for an explanation of the difference between commissioning, fundamental commissioning and certification of meeting a standard. **Mr. Baker** said a software model is what found that this building will be 38% more efficient, not commissioning. To ensure it meets this percentage it would have to be commissioned. This would mean looking at HVAC, Controls and Electrical and would be fundamental commissioning with a third party.

In response to another question from **Senator Werk**, **Mr. Baker** said full commissioning goes beyond HVAC and Electrical. It can go into multiple aspects of buildings. He said about ten years ago there were some big issues regarding the security software and the new Ada County Jail. He said this could have been a commissioning item but it was not included. The building manager for the county has said he will never not do building commissioning again. This makes sure switches turn on proper lights and so on. It makes sure you get what you pay for.

Representative Bell commented that she would like to see more information on **Senator Werk's** idea for school buildings at a future meeting. **Senator McKenzie** agreed that this is a good idea but there will not be another meeting before the legislative session. **Senator Werk** commented that he does plan to move the idea forward to the legislature and will keep members updated and ask for their advice.

It was stated that this committee was formed for two years, so it will continue through November 30, 2008.

The meeting was adjourned at 3:40 p.m.