

**FINAL REPORT**

**LEGISLATIVE COUNCIL INTERIM COMMITTEE**

**ENERGY,  
ENVIRONMENT  
AND TECHNOLOGY**

**2008**

# **FINAL REPORT**

## **Energy, Environment and Technology Interim Committee HCR 25 (2007)**

### **Members of the Committee:**

**Senator Curt McKenzie, Co-chair  
Senator Patti Anne Lodge  
Senator Mike Jorgenson  
Senator Russell Fulcher  
Senator Bert Brackett  
Senator Elliot Werk  
Senator Kate Kelly**

**Representative George Eskridge, Co-chair  
Representative Maxine Bell  
Representative Bert Stevenson  
Representative Bob Nonini  
Representative Ken Andrus  
Representative Eric Anderson  
Representative Elaine Smith  
Representative Wendy Jaquet (Ad Hoc)  
Representative Mark Snodgrass (Ad Hoc)**

**In Memoriam Senator Tom Gannon**

**Staff: Mike Nugent, Paige Parker, Toni Hobbs, Juanita Budell and Twyla Melton**

IN THE HOUSE OF REPRESENTATIVES

HOUSE CONCURRENT RESOLUTION NO. 25

BY STATE AFFAIRS COMMITTEE

A CONCURRENT RESOLUTION

STATING LEGISLATIVE FINDINGS AND AUTHORIZING THE LEGISLATIVE COUNCIL TO APPOINT AN INTERIM COMMITTEE ON ENERGY, ENVIRONMENT AND TECHNOLOGY TO MONITOR THE INTEGRATED STATE ENERGY PLAN AND OTHER ISSUES.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, for the past ten years, the Legislature has adopted Concurrent Resolutions which authorized the Legislative Council to appoint a committee to undertake and complete a study of energy, environment and technology related issues from both the statewide perspective and the national perspective and to submit a final report to the Idaho Legislature; and

WHEREAS, in 2006 the Legislature felt the state of Idaho needed to have an integrated state energy plan that provides for the state's power generation needs and protects the health and safety of the citizens of Idaho, and the products produced in this state; and

WHEREAS, the Interim Committee on Energy, Environment and Technology met during the legislative interim in 2006 and developed recommendations relating to an integrated energy plan; and

WHEREAS, Idaho has firm power needs in the near future, and the goal of the Integrated Energy Plan is to ensure that those needs will be met; and

WHEREAS, it is the goal of the integrated state energy plan to maintain the health, safety and welfare of Idaho's citizens, the quality and financial security of existing agricultural businesses and industries, the economic growth of the state of Idaho, and the environmental quality and natural resources of this state; and

WHEREAS, it is the goal that the 2007 Integrated State Energy Plan be a living, vibrant document.

NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Fifty-ninth Idaho Legislature, the House of Representatives and the Senate concurring therein, that the Legislative Council may appoint an Interim Committee on Energy, Environment and Technology which shall monitor the Integrated State Energy Plan that provides for the state's power generation needs and protects the health and safety of the citizens of Idaho, and the products produced in this state and make any recommendations for necessary changes in both state law and the plan regarding energy in the state and to monitor other energy, environment and technology related issues.

BE IT FURTHER RESOLVED, that the Committee is directed to involve representatives of industry, agricultural groups, small businesses, consumers of electricity and conservation interests and the Committee shall make a progress report to the Second Regular Session of the Fifty-ninth Idaho Legislature and shall make a report detailing its findings, recommendations and proposed legislation, if any, to the First Regular Session of the Sixtieth Idaho Legislature.

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# **ENERGY, ENVIRONMENT AND TECHNOLOGY INTERIM COMMITTEE**

**2007 - 2008**

## **FINAL REPORT**

### ***Charge***

The Interim Committee on Energy, Environment and Technology was created by the adoption of House Concurrent Resolution No. 25 in 2007 which authorized the Legislative Council to appoint an interim committee to monitor the Integrated State Energy Plan that provides for the state's power generation needs and protects the health and safety of the citizens of Idaho, and the products produced in this state, and to make any recommendations for necessary changes in both state law and the plan regarding energy in the state and to monitor other energy, environment and technology related issues. The interim committee was also tasked to receive input from the Treasure Valley Air Quality Council and the Treasure Valley Air Quality Plan. The interim committee is to make a report detailing its findings, recommendations and proposed legislation, if any, to the First Regular Session of the Sixtieth Idaho Legislature. The Interim Committee held two meetings on August 21 and October 25, 2007, in Boise and on June 25 and 26, September 17 and 18, and November 18, 2008, in Boise.

## **Meetings of the Interim Committee in 2007**

At its August 21 meeting, the Interim Committee heard extensive testimony regarding proposed legislation regarding energy efficiency measures for new state buildings. The Committee also heard from representatives of the Idaho National Laboratory, the Idaho Energy Division, Idaho State University and Boise State University on this subject. At the August 25 meeting, the Committee heard from Don Gillespie, CEO and Chairman of Alternate Energy Holdings, about his company's proposed merchant nuclear power plant near Bruneau and their timelines for construction and operation.

Also at the August 21 meeting, the Committee heard from Michael Schilmoeller of the Northwest Power and Conservation Council about energy happenings in the Pacific Northwest during the preceding year. The Committee also heard from Paul Kjellander, then of the Public Utilities Commission, and John Williams of the Bonneville Power Administration about the phaseout of the residential exchange credit which had benefited electric customers primarily in the Utah Power and Light service area. Also on August 21, the Committee heard from Peter O'Neil of the Treasure Valley Air Quality Council and the Treasure Valley Air Quality Plan. The Committee also heard testimony from Charles Johnson in opposition to the Treasure Valley Air Quality Plan.

At its October 25 meeting, which was held in conjunction with the Association of Idaho Cities energy conference, the Committee heard from Ron Williams representing the Idaho Consumer Owned Utilities Association who discussed draft legislation dealing with existing electric overhead line rights-of-way. The reason for the legislation is that electric utilities have recently found themselves in court litigating prescriptive easements for power lines that have existed for decades for rights-of-way that the utilities thought were valid. He said the legislation is patterned after Section 42-1102, Idaho Code, and addresses electricity transfer over existing overhead power lines the same way the Idaho Code addresses water transfer with existing ditches. The Committee recommended the proposed legislation be introduced in the appropriate standing committee of the Legislature.

The Committee next heard from a representative of the Department of Environmental Quality about the Governor's Executive Order 2007-20 regarding climate change and Idaho state government's attempt to address it.

During the lunch program in conjunction with the Association of Idaho Cities, the Committee heard a presentation entitled "2007 Idaho Energy and Green Building Conference Utility Programs and Incentives." The presenters represented the Northwest Energy Efficiency Alliance, AVISTA Utilities, Bonneville Power Administration, Idaho Power, Idaho Falls Power, Kootenai Electric and Rocky Mountain Power.

The Committee further discussed energy efficiency standards for state buildings that were discussed in concept at the August 21 meeting. Senator Kelly said that the 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 thirty percent greater than the current state legislated energy code. She said that the legislation does not specify the use of any particular green building standard, nor does it require a particular type or source of building materials, and it does not apply to buildings constructed by local governments, school districts or charter schools. The Committee recommended that proposed legislation be introduced in the appropriate standing committee of the Legislature.

At the October 25 meeting, the Committee heard from Paul Kjellander who had been appointed as the administrator of the Office of Energy Resources (OER), which had been moved from the Department of Water Resources to the Office of the Governor, who spoke to the Committee regarding how he envisioned that office working and some of its goals and plans. The Committee also heard from Senator Werk about proposed legislation that would provide school districts with a process for designing and building more energy-efficient buildings at no additional cost, to ensure that every public school is built to design specifications, and that the mechanical systems are properly installed, balanced and operated. Finally, the Committee heard from Ken Baker, Association of Idaho Cities, who discussed current building codes and standards regarding energy efficiency.

## **Meetings of the Interim Committee in 2008**

At the June 25, 2008 meeting, the Committee heard from representatives of co-ops and municipal utilities about issues they are having regarding electric power supplies given the Bonneville Power subscription process and increasing loads.

The Committee also heard from David Hawk and Brett DeLange from the Office of the Attorney General about reasons for the increase in the cost of petroleum products that was occurring in the summer of 2008. The Committee also heard from Clint Kalich of AVISTA Utilities about AVISTA's updates to its integrated resource plan.

At the June 26, 2008 meeting, the Committee heard testimony from Karl Bokenkamp and Mark Stokes of Idaho Power about Idaho Power's integrated resource plan. The Committee also heard testimony from PUC Commissioner Jim Kempton about issues before the Public Utilities Commission and about testimony presented to Congress about part of the reason for rising oil prices at the time.

The Committee also heard from Paul Kjellander of the OER about activities of the OER and the 25x'25 Council. The Committee also heard from Mark Hiddelston of Renewable Energy Resources about renewable energy technologies.

The Committee also heard from the following: Russell Westerberg and Glen Pond, Rocky Mountain Power, about Rocky Mountain's integrated resource plan; Susan Burke, about nuclear waste disposal in Idaho; Joe Weatherby, Owyhee County Planning and Zoning Commission, about the application of the merchant nuclear plant in Owyhee County; and Rich Rayhill, Ridgeline Energy, about wind energy in Idaho and the United States.

At the September 17, 2008 meeting, the Committee heard from John Weber, Westside Body Works, Brian Whitlock, Idaho National Laboratory and Representative Maxine Bell about incentives for hybrid/high-mileage cars, challenges to development of electric/hybrid cars in Idaho, and potential for advanced fuels for cars.

The Committee also heard from Senator Elliot Werk about legislation for incentives for new energy-efficient school buildings and from Representative Bert Stevenson about legislation to allow the PUC to assess nonrecurring charges on new growth which necessitates new electric generation.

The Committee next heard from Paul Kjellander about potential legislation for Idaho renewable energy enterprise zones, the alternative transportation fuels grant program, and electric transmission issues.

The Committee considered language in a proposed Joint Memorial about the cause of rising oil and gas prices and recommended that it be introduced in the 2009 Legislature. The Committee also heard from David Hawk about some potential issues and opportunities with renewable energy enterprise zones and from Ken Eklund, OER, about potential legislation regarding incentives for energy efficiency for commercial buildings and residences.

At the September 18, 2008 meeting, the Committee heard testimony from Rhys Roth of Climate Solutions regarding "Securing Idaho's Energy Future" and from Representative Eric Anderson about House Bill No. 500 which passed in 2008, from Jeff Burns about woody biomass, and Jim Yost from the Northwest Power and Conservation Council about energy issues in the Northwest and the Council's recent activities.

At its November 18, 2008 meeting, the Committee heard a discussion of nuclear power from Dr. Arjun Makhijani of the Institute for Energy and Environmental Research and Dr. Ralph Bennett of the Idaho National Laboratory. Also presenting were Teri Ottens of the Community Action Partnership Association of Idaho about making energy affordable for modest or low-income persons, and Randy Lobb of the PUC and Representative Bert Stevenson about legislation regarding new growth that was endorsed at the September 17, 2008 meeting.



The Committee also heard from Roy Eiguren, representative of Exergy Development Corporation, about proposed legislation to allow the investment tax credits for renewable energy projects to be transferred and sold, from Paul Kjellander of the OER about renewable energy enterprise zones, the residential building efficiency program in the OER, and the workings of the OER and the State Energy Plan.

The Committee finally heard from Senator Werk about legislation providing incentives for new energy-efficient school buildings.

## **Recommendations**

The Committee recommended two pieces of legislation be introduced to the 2008 Legislature: the piece sponsored by the Idaho Consumer Owned Utilities regarding electric overhead line rights-of-way, which was not introduced, and energy efficiency standards for new or renovated state buildings, which was HB 422 of 2008 and became law.

For the 2009 Legislature, the Committee recommended:

- That a Memorial be introduced regarding the reasons for high gas and oil prices;
- That legislation be introduced to allow the Public Utilities Commission to authorize a reasonable nonrecurring charge be placed on new development;
- That legislation be introduced to allow for the transfer and sale of state income tax investment tax credits for renewable energy projects;
- That legislation be introduced providing incentives for new energy- efficient school buildings; and
- That hurdles be removed to allow the hybrid/electric car industry to manufacture vehicles more easily in this state.