

Supplemental Comments of the Snake River Alliance
To the Interim Committee on Energy, Environment and Technology
On Proposed 2007 Idaho Energy Plan Revisions
Oct. 28, 2011

Members of the Interim Energy, Environment and Technology Committee:

On behalf of the Snake River Alliance, its members and Board, please accept these supplemental comments that reflect some of the discussions during your Oct. 20, 2011, meeting. We submitted comments prior to the earlier Oct. 21 deadline, but events in the intervening days, including the availability of the ISEA “consensus report,” prompted these supplemental comments. There are many action items contained in the ISEA consensus report that the Alliance supports as sound energy policy that we chose not to highlight below. We appreciate the opportunity to continue our involvement in the 2007 Idaho Energy Plan review and preparation of the 2012 Idaho Energy Plan. It also occurs to us that, given the sometimes dramatic changes from the ISEA Task Force-based draft that the Committee received in September and the ISEA Board-vetted version the Committee received in October, the Committee may want to consider inviting the chairs of the respective ISEA Task Forces to its Nov. 2 and 3 meetings to clarify or explain the Task Forces’ intent in developing their language. Clearly, the intent of the Task Forces in some cases is far different from the intent of the ISEA Board.

Respectfully submitted,

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Electricity Resources

Policy No. 3: We urge the Committee to retain language in the 2007 Energy Plan that identifies conservation, energy efficiency, and demand response as “the highest” priority electricity resource for Idaho. ISEA provided insufficient explanations for referring to demand-side management resources as “a priority,” and the Idaho Energy Plan should recognize the



unrivaled importance of DSM in energy planning and priorities. We recommend the Committee not include “cost-effective” as a modifier of energy efficiency in this policy, as it is unnecessarily restrictive and, until such time as the Energy Plan better defines “cost effective,” it is also too ambiguous.

Policy No. 4: We see no justification for ISEA’s recommended deletion of this policy. If Idaho is not going to incent the investments in renewable energy and CHP facilities, it should nonetheless do what it can to encourage such development.

Action E-5: This action item should be retained in the Energy Plan. We disagree with ISEA that it “is redundant with E-2” in that it provides more guidance for utility IRPs to balance the costs and risks identified in this action item.

Action E-6: We agree with the 2007 Idaho Legislature, which adopted the incentive language found throughout the 2007 Energy Plan. Changing the language from “offer tax incentives” to “encourage cost-effective” renewable generation does not broaden the intent, as some have argued, but rather it dilutes the intent of the 2007 Energy Plan. The state should be “encouraging” these activities regardless of whether they are in the Energy Plan. The incentives are intended to proactively secure investments that might not otherwise be made. The revisions to the wording in this action item result in a weakened recommendation.

Action E-9: Again, the ISEA revision of this language compromises its intent. The 2007 Legislature fully intended for the PUC to administer its responsibilities in ways that promote renewable energy resources and distributed generation. It goes without saying that the PUC will perform its functions “in accordance with federal law.”

Action E-10: We believe the language in the Original 2012 Idaho Energy Plan has merit and should be included in the final plan. The ISEA Board changes dilute the intent of this action item that promotes investment in renewable energy facilities. We also recommend that municipalities and cooperatives be included in efforts to harmonize interconnection and net metering policies.

Action E-11: The Alliance partnered successfully with Idaho Power in developing a fuel mix disclosure statement that meets the company’s needs as well as the consumer’s desire for more information about a utility’s resource choices. We recommend the Committee obtain for its information and public review (i.e., posting on the Committee’s home page) the most recent disclosure statements from Idaho’s three investor-owned electric utilities. We would also recommend that if this “is already being done” as reported by the ISEA, that the Committee review the statements to determine whether they are providing similar information to their customers.

Action E-12: As edited in the ISEA consensus document, it is difficult to understand why this action item is included under “Conventional Generation Resources” since “advanced energy generation technologies” more often than not refer to renewables. This item would be better located in the prior section that includes renewables.

Action E-13: This is redundant with Action E-12 above. Nuclear would be considered an “advanced energy generation” technology, as addressed in E-12. If this action item is retained, similar language calling for collaborative efforts “to assess opportunities and risks” should also be included in the section addressing renewables. These efforts should not be confined to “conventional” generation resources.

Transmission

The three action items in this section address a perceived need for expanded and improved transmission. While we believe the existing transmission infrastructure warrants attention and is deficient in many areas, it would be appropriate in this section to include an action item that addresses the environmental, cost, and other implications of new transmission projects, and the need for diverse stakeholder involvement in transmission planning, as we are seeing with the Gateway West proposal.

Natural Gas

The Committee should consider adding a policy or an action item in this section that addresses the need for expanded natural gas conservation and efficiency efforts on the part of natural gas utilities, just as for electric utilities.

Action NG-1: The Committee should restore the “incentives” language overwhelmingly approved by the 2007 Legislature. ISEA’s comments suggest that incentives “should be handled with care” because they “may support special interests,” when in fact most Idaho tax incentives are designed to do precisely that for reasons deemed meritorious by the Legislature.

Petroleum and Transportation Fuels

This section would be a logical place for the Committee to insert policy or other language dealing with the electric vehicles and the increasing electrification of private, commercial, and government transportation fleets. As more EVs are integrated into our transportation system, efforts must be taken to ensure that the charging and other infrastructures are being developed to meet the increased need.

Actions T-2 and T-3: Striking “incentives” and replacing it with “encourage” will likely result in fewer investments in retail and wholesale alternative fuel supply infrastructure and reduced

purchases of efficient, flex-fuel, and alternative fuel vehicles. The incentives for infrastructure investments proved useful shortly after the 2007 Energy Plan was approved.

Transportation Fuel Conservation

Action T-8: We disagree with ISEA that this item should be deleted because it “could have unintended consequences.” It is appropriate policy, as recommended in the 2007 Plan, to allow local governments and local residents the ability to authorize transit option taxes.

Action T-9: This language should be retained and not deleted as recommended by ISEA. ISEA’s comments (“see explanation above”) do not indicate why it believes this worthwhile action item should be deleted from the 2007 Plan.

Action T-10: We disagree with the ISEA Board that encouraging “regional land use planning and policies that minimize vehicle miles traveled” may have unintended consequences. This language was appropriately included in the 2007 Idaho Energy Plan after much thought and must remain in the 2012 Plan.

Conservation and Energy Efficiency

Action CE-1: We see no reason to delete the word “the” from this action item as recommended by the ISEA Board.

Action CE-2: Language from the 2007 plan should be retained. Removing the adjective “all” from “cost effective” dilutes the PUC’s intent that utilities should acquire all cost effective efficiency, just as most utilities elsewhere must. Furthermore, the term “all cost effective” is a directive that has been frequently used by the PUC in directing utilities to acquire all cost effective energy efficiency. Removing “all” would by implication interfere with existing PUC directives. The irony of the recommendation by the ISEA Board (which includes representatives from OER and the PUC) to remove the word “all” is all the more unusual in light of the following excerpt from Page 7 of the Joint Report to the Idaho Legislature, December 2009, that was submitted by OER and PUC to fulfill their required reporting on the status of the implementation of the 2007 Idaho Energy Plan (**emphasis ours**):

*Because of the complexity of the issues above, and because achievable cost-effective conservation comes as a mix of customer participation and utility Demand-Side Management (DSM) programs, the Commission has not established specific conservation targets. The Commission has instead directed utilities to pursue all available cost effective DSM and conservation. For example, in regard to the Commission’s approval of Idaho Power’s Evander Andrews peaking power plant, **the Commission directed the Company to “...diligently and vigorously pursue all available cost-effective DSM,***

conservation, and pricing options that could potentially displace or defer the need for additional future peaking generation (Order No. 30201).

For the Committee's reference, PUC Order No. 30201 arose from PUC Case No. IPC-E-06-09, which was Idaho Power's application to the PUC for a certificate of public convenience and necessity for the Evander Andrews Power Plant, a natural gas-fired peaking plant located near Mountain Home. Page 12 of Order 30201 states:

We continue to find that programs or procedures that reduce critical peak hourly demand have great value to both ratepayers and the Company. Idaho Power must diligently and vigorously pursue all available, cost effective DSM, conservation, and pricing options that could potentially displace or defer the need for additional future peaking generation.

We concur with the PUC's Order 30201 that Idaho utilities must pursue all available, cost effective DSM, and believe that the ISEA Board's recommended language clashes with the PUC order. We also believe that the Committee should weigh in on the side of the PUC and retain the Original 2012 Idaho Energy Plan draft's language for CE-2.

Action CE-4: We are mystified that the ISEA would recommend removing bullets IV and V from the list that was approved by the 2007 Legislature and also alter the intent of this action item by removing "establish appropriate shareholder incentives" and replace that with "eliminate disincentives." The original language was carefully crafted in the 2007 Energy Plan after extensive deliberations. The 2007 Plan was explicit in recommending that efficiency targets (and rewards for meeting them) are effective mechanisms to promoting efficiency, and that utilities that are successful in meeting those targets should benefit. The proposed ISEA revision seems aimed in part to eliminate the recommendation in the 2007 Plan dealing with efficiency targets. Further, removing the "decoupling" bullet makes little sense. Contrary to what the Committee was told on Oct. 20, Idaho has not successfully decoupled its electric utilities. Idaho Power is the only utility to have been decoupled, and that mechanism continues to be a pilot after four years. It's important to note that efforts toward decoupling utilities are among the requirements for states to have received federal energy stimulus funds; stripping the decoupling language at this point is not only premature, it sends the wrong message about the state's ongoing efforts to encourage more efficiency. In light of the Committee discussion on Oct. 20 about the meaning of "societal benefits," we suggest the Committee ensure in the 2012 Idaho Energy Plan a brief explanation of "societal benefits." This is an important issue and relates to how the savings from such things as avoided generation construction due to efficiency gains or avoided carbon emissions penalties should be shared among utility customers and shareholders.

Action CE-7: We recommend the Committee retain the 2007 language. ISEA says consumer-owned utilities asked to have the reporting language deleted and also notes that annual efficiency reporting as recommended in the action item “is not required by state law.” The original intent of this action item was to institutionalize the reporting and make the information widely available to the public, which is not currently occurring. That the reporting is not required by statute is no reason to remove this important action item from the 2007 Energy Plan.

Action CE-8: ISEA’s proposed revision, removing incentives and adding “to the extent practical,” leaves this action item open to such broad interpretation as to be ineffective.

Action CE-9: We join those who are baffled by the recommended deletion of this item from the 2007 Plan and are confident that the building code language will be restored in some fashion by the Committee. We recommend that the replacement language not be so open-ended as to relieve the sense of importance and immediacy in adopting the latest codes as they are updated.

Action CE-10: The language from the Original 2012 Idaho Energy Plan should be retained. The ISEA Board provided no explanation for striking “provide appropriate incentives” from the draft’s section i. It also did not explain the removal of “all sectors of” in iii.

Energy Facility Siting

We continue believe the existing language is ineffective, inasmuch as the Energy Facility Site Advisory Act has yet to be called upon by a local jurisdiction. If the Act was working as intended by the Legislature, it would have been invoked by now. Relevant state entities should be required to perform a basic analysis of energy projects of a certain size and provide their findings to local jurisdictions for use as they see fit. The ultimate decision could continue to rest with the local jurisdiction, but those affected by energy projects would have the benefit of the state’s analysis to act upon.

Energy Education and Outreach

Policy No. 13: The language from the Original 2012 Idaho Energy Plan Draft is appropriate. We disagree with the ISEA Board’s comments that this policy might necessitate “creating new entities.” Equally important, the ISEA Board’s striking of the language “and provide additional resources to oversee and promote implementation of the recommendations of this Energy Plan” seems to ignore the fact that most of the recommendations of the 2007 Idaho Energy Plan have yet to be implemented after five years.

Action EE-3: While we agree with the spirit of this action item, as the Committee has heard there are fundamental problems with the current ISEA structure that threaten to reduce its effectiveness. If the ISEA is to serve in any form of policy-development forum, its Board of Directors must be reconstituted to include greater stakeholder diversity. A majority of the current Board members are utility representatives and there are no representatives of residential utility customers, small businesses, or the environmental community. As a result, there is significant concern among Idahoans about whose interests the ISEA Board is representing.

Action EE-4: This language should be modified to state that the OER will coordinate a report to the Legislature as requested. OER lacks the capacity to “report to the Legislature” on its own, but is the appropriate entity to collect information from relevant entities and stakeholders (including the Public Utilities Commission) and to make those resources available to the Legislature as part of the report.

Conclusion

The Alliance reiterates concerns expressed in various comments submitted to the Committee and by Committee members at the Oct. 20 meeting that care must be taken when reviewing the ISEA Board’s proposed revisions to the 2007 Idaho Energy Plan. As participants in the 2006-2007 process, we are mindful of the broad public involvement and the extensive care taken and attention to detail in crafting what in 2007 was a solid state energy planning document. Many of the proposed ISEA Board’s changes to the 2007 Plan and to the ISEA Task Force recommendations would, if adopted, undermine the spirit and intent of many of the 2007 Plan’s policy and action items, which were overwhelmingly approved by the 2007 Idaho Legislature. This is particularly concerning in light of the fact that more than half of the ISEA Board is comprised of utility representatives, with no representation from residential consumer, small business, conservation or other stakeholder interests.

While we are aware that the Committee has indicated it will give the ISEA draft the same weight as public comments, and that the ISEA draft was intended to consist of policy and action recommendations to the Committee, the format of the draft, complete with a submittal letter from the Committee co-chairs to the Legislature, seems to more closely resemble a “first cut” of Idaho’s revised energy plan.

Still, we salute the vigor and level of detail shown by OER and ISEA in updating the narrative and other key components of the 2007 Plan.