

Minutes
Energy, Environment and Technology
Interim Committee
October 20, 2011

The meeting was called to order at 9:25 a.m. by Cochairman Senator Curt McKenzie. Other members present included: Cochairman Representative George Eskridge, Senator Steve Bair, Senator John Tippets, Senator Elliot Werk, Representative Bert Stevenson, Representative Eric Anderson, Representative Jeff Thompson, Representative Reed DeMordaunt, Representative Wendy Jaquet and ad hoc member Representative Brian Cronin. Senator Patti Anne Lodge attended the meeting after lunch. Senator Russ Fulcher, Representative Maxine Bell and ad hoc member Senator Dan Schmidt were absent and excused.

Others present included: Robert Neilson, Lisa LaBolle, Dr. Steve Aumeier and David Sikes, Idaho Strategic Energy Alliance; Will Hart, Idaho Consumer-Owned Utilities; John Chatburn, Shannon Kelly, Office of Energy Resources; Courtney Washburn, Idaho Conservation League; Rich Hahn, Karl Bokenkamp, Pat Sullivan and Celeste Becia, Idaho Power; Charles Johnson, Canyon County Resident; Emily Patchin, Gallatin Public Affairs; Kent Lauer, Idaho Farm Bureau; Russ Westerberg, Rocky Mountain Power; Stephen Goodson, Governor's Office; Ken Harward, Association of Idaho Cities; Jackie Flowers, Idaho Falls Power; John J. Williams, Bonneville Power Administration; Brian Whitlock and Travis McLing, Idaho National Laboratory; Lynn Young, AARP; Neil Colwell and Larry LaBolle, Avista Corporation; Ken Baker, K Energy; Benjamin Davenport, Risch Pisca; Pat Sullivan, Sullivan, Reiberger and Eiguren; Dar Olberding, Idaho Grain Producers Association; Brenda Tominaga, Idaho Irrigation Pumpers Association; Jay Larsen, Idaho Technical Council; Ken Miller and Lisa Young, Snake River Alliance; Eric Adams, City of Sun Valley; and Morty Plisament, US Green Building Council Advocacy Commission. Legislative Services Office staff members present were Mike Nugent and Toni Hobbs.

With minor corrections, **Representative Jaquet** moved that the minutes from the September 28 and 29 meeting be approved. **Senator Tippets** seconded and the minutes were approved unanimously by voice vote.

Senator McKenzie commented that the public comment period was going to be extended to Friday, November 4, 2011, to give people more time to weigh in on the revised energy plan. He stated that the committee wants to get as many comments as possible in order to gain more perspective.

Mr. Charles Johnson, Canyon County resident, was introduced to discuss air quality issues in Canyon county. He commented that the citizens of Canyon county will likely ask the 2012 legislature for a fair and honest hearing on air quality issues due to the fact that HB586 was passed based on fear of the future. The reality, according to **Mr. Johnson**, is that we have not gone in to ozone nonattainment and have had four clean air years without ozone producing wildfire smoke. He added that there will be no EPA redesignation until 2013 and asked whether the law was necessary and whether testing is warranted today. **Mr. Johnson** noted that the EPA does not recognize Ada and Canyon counties as one airshed and said that Canyon county is in

compliance with the new ozone standard at 0.066ppm and that Ada county is the only county in 14 states west of the Mississippi that is in noncompliance at 0.077ppm because DEQ did not ask the EPA to excuse wildfire cause ozone exceedences.

The committee moved on to discuss the ISEA action items that relate to their draft update of the 2007 Energy Plan. **Dr. Aumeier, ISEA** gave some opening remarks. He stated his belief that the draft 2012 Plan will provide the committee with a fact based document that can be used as a basis for policy debate, recommendations, actions and other decisions on an ongoing basis and that it will provide a source of information and references for the public to access in order to better engage in debate.

Dr. Aumeier commented that, in his opinion, this update will be superior to the 2007 plan because it will have been developed by a wide range of Idaho stakeholders with deep knowledge of and appreciation for energy options and risks for Idaho. He added that to the first order this did not cost taxpayers any money.

Dr. Aumeier emphasize that ISEA is not a special interest or advocacy group. Although the task groups are comprised of experts in particular areas of importance to energy in Idaho and therefore will be expected to suggest specific approaches, activities and actions, they will also provide a summary of pros and cons in pursuing a specific path that should be balanced. He stated that the Board endeavored to have representation that brings broad, real-world energy systems expertise and who are willing and able to consider all energy options and choices, and assess merits and risks of all, without summarily opposing one approach or another. He added that their meetings have been open meetings and from time to time groups other than the ISEA have attended. He commended that Snake River Alliance for their involvement and said involvement from outside groups should be encouraged.

Dr. Aumeier explained that their primary objective to this update was to develop the foundation of facts and structure that can provide a basis for setting policy boundaries and objectives and ongoing consideration of actions and recommendations that are consistent with that policy.

He said that the board also looked at the recommendations and actions and provided feedback regarding suggested modifications based on the facts and philosophy of the draft plan. Where the board did not have consensus or where they did not have enough information, it is noted so the committee can get more information to make an informed decision.

Dr. Aumeier reiterated that the fundamental philosophy that went in to developing the structure of the plan is that there is no free lunch when it comes to energy choices and they focused on achieving what this committee is looking for: sustainable; affordable, secure energy; economic development potential; and greater knowledge and understanding about energy so people can make the right choices in real time. He noted that they tried not to use blanket terms like “all means” or others related to one specific attribute, nor did they suggest calling for specific incentives for whole classes of resources or actions. The board felt these terms and suggestions were counter to the stated overarching objective.

Representative Jaquet asked about the distinction between the work of the task forces and the board's recommendations and decisions. She asked whether he is saying that the board's recommendations are like any other comments the committee receives. **Dr. Aumeier** said that was correct, the document is the structure and the action sheet contains the recommendations and opinion, based mostly on fact, but also with perspective. **Representative Jaquet** said that she was confused by the role of the first draft that was withdrawn and the role of the task force reports. **Dr. Aumeier** explained that the first draft was about 90% complete but they still had to correct some factual accuracies and add or change certain areas. At that point, the ISEA thought the committee wanted recommendations relating to the past recommendations in the 2007 plan. He noted that the body of the first draft and the body of the second draft are quite similar, the second draft is just more complete. With regard to the task group reports, **Dr. Aumeier** explained that they are referenced in the body of the draft plan because the ISEA felt it was important for people to be able to go back and see what the task groups were actually saying.

The committee moved on to discuss the October 14 version of the 2012 draft plan and the policies and actions consensus document. The consensus document captures policy issues and recommendations apart from the body of facts. Copies of both of these documents are available at: <http://www.legislature.idaho.gov/sessioninfo/2011/interim/energy.htm>.

Senator Werk thanked the ISEA for the work done especially the fact based information. He asked for more information regarding the process used in the opinion areas. He noted that it had been stated that the ISEA is not an advocacy group but commented that the board of directors includes a lot of special interest groups. He asked how the group came to consensus on the opinion pieces. **Dr. Aumeier** explained that in gathering the expertise represented on board, they looked not at what company the person represented, but for expertise. He said the board has electric generation experts, gas distribution experts and economic development experts. The board include small and large business interests, large energy user experts, experts in energy efficiency and environmental law experts. He noted that there is no transportation expertise on the board at this time. He encouraged the committee to look at the expertise. In response to the opinion part of question, **Dr. Aumeier** pointed out that the first draft had a carryover of recommendations from the 2007 plan and additional recommendations thrown in that were not really discussed. The board agreed to go back and revisit the recommendations and give opinion regarding each of those recommendations. The comment section of the document explains whether consensus was reached and why. **Senator Werk** said he understood that the entire board of directors was present at most of the meetings but not all and that they were held as public hearings and asked whether the meeting format was more of consensus discussion rather than formal motions. **Dr. Aumeier** said that it was more of a consensus discussion and that they also made sure to add why the suggestions were made.

The consensus document breaks the energy plan into the following topics:

- Electricity Resources;
- Renewable Generation Resources;
- Conventional Generation Resources;
- Transmission;
- Natural Gas;
- Petroleum and Transportation Fuels;

- Alternative Fuels;
- Transportation Fuel Conservation;
- Conservation and Energy Efficiency;
- Energy Facility Siting;
- Economic Development; and
- Energy Education and Outreach.

The following information discussion of the policies and action items that were specifically discussed by the committee. If an item was not discussed, it is not included in the minutes.

Electricity Resources

Policy 1

Enable robust development of a broad range of power generation and energy efficiency resources within environmentally sound parameters that are cost-effective. ~~for households and businesses.~~

In response to a question from **Representative Demordaunt, Mr. Paul Kjellander, PUC Commissioner** said that cost-effectiveness lies with the eye of the beholder and it is a snapshot in time and place. He stated that a lot depends on what happens at the federal level. He noted that the state could have an energy source that is cost-effective today but the federal government could change requirements that eliminate or change that source's cost-effectiveness. One example would include coal emissions; a few years ago there was cap and trade on coal emissions that caused development of coal plants to be scaled back. **Mr. Kjellander** said, in his opinion, cost-effectiveness language should be included because it allows a holistic look at what cost-effectiveness means in its time and place for the resource being considered. **Representative Jaquet** asked whether cost-effectiveness is something the PUC has to consider. **Mr. Kjellander** said the PUC always looks at whether a resource is the most cost effective. **Representative Jaquet** asked whether it was specifically in statute that the PUC look at cost-effectiveness. **Mr. Kjellander** said he did not know but that he considers cost-effectiveness as a given. **Senator McKenzie** asked whether cost-effectiveness is term of art use in developing IRPs. **An audience member** commented that he was not sure it is a term of art. He said it depends whose point of view is involved because cost-effectiveness means different things in different areas. He said there are a number of different tests for cost-effectiveness. **Representative Anderson** commented that the term "cost-effectiveness" was included in the 2007 plan and in his opinion, the objectives in that plan include what cost-effectiveness means; "low-cost affordable energy." **Representative Eskridge** commented that he looked at cost-effectiveness as an attempt to find the lowest cost resource available at the time it is needed. **Dr. Aumeier** said he looks at cost-effectiveness simply as what it is we are trying to achieve; affordable, secure, sustainable energy with economic development potential in a certain time and place.

Representative Demordaunt asked whether there was a constant that would help policy makers as to what cost-effectiveness really is. **Dr. Aumeier** suggested focusing on what a policy document can do by helping to articulate broad values and objectives that allow industry to get to those objectives.

Senator Werk suggested they reverse the policy statements in the draft plan and put cost-effective, energy efficient before energy generation.

Policy 2

Align legislative policies, regulatory policies, and state agency activity to consistently message state objectives regarding energy efficiency, energy production, and delivery.

The ISEA board suggested that this be deleted from the plan and be incorporated into a transmittal letter because it is more of a general policy statement that helps define the purpose of the plan.

Senator Werk commented that the legislature points to the energy plan frequently and he feels that this policy is an informative statement to help other legislators understand what the point of the plan is. **Representative Eskridge** agreed and said that he thinks maybe this should to remain in the plan because it does provide direction.

Policy 3

Establish cost-effective conservation, energy efficiency and demand response as the highest-a priority electricity resource for Idaho.

Representative Cronin commented that this is a significant policy shift from 2007 and asked what has changed since then. **Dr. Aumeier** said this change does not mean that conservation, energy efficiency and demand response have diminished in importance, the board was thinking more in terms of a policy document. In their opinion this change allows someone to look at all of the options available in a certain time and place. The facts in the body of the report show conservation and energy efficiency are still very important. **Senator Tippets** commented that the actual draft report language is slightly different than the consensus document draft. The language in the draft plan says “a high priority.” **Senator McKenzie** asked why the board removed the reference to renewable resources from this policy. **Dr. Aumeier** said they felt that including renewable resources was too specific. **Representative Eskridge** said he understood that consensus of the board could mean there was only one person disagreeing with the recommendation and voiced concern with moving this from a highest priority to a high priority pushes conservation and energy efficiency down the ladder in terms of process. He asked for information on how the task force addressed this issue since their report lists this as a top priority compared to the board’s report. **Dr. Aumeier** said that the task forces look at specific technology, resources or applications and the board took a step back to more broad philosophies that help guide value more holistically. The board wanted it to be less specific language, not that energy efficiency was less important.

Representative Cronin asked whether the board considered the Northwest Power and Conservation Council’s (NWPCC) sixth power plan that placed efficiency and conservation as the highest priority. **Mr. Larry LaBolle, ISEA board member and representing Avista** said that from a utility perspective, they look at conservation and energy efficiency as a first tier resource as they forecast future customer load in their IRPs, but it is not everything. He said utilities get nervous when they propose building a natural gas fired plant because it is the least cost resource to meet the mix of needs they have in the future and the possibility of someone saying it is not a priority resource according to the state energy plan which says conservation and energy efficiency. **Representative Cronin** commented that the NWPCC’s sixth power plan states that they expect to meet a majority of the load growth through energy efficiency and

conservation. **Mr. LaBolle** said that it actually says they will meet something close to 90% with energy efficiency and conservation. He emphasized the fact that utilities actually have to meet load, they are not just predicting what will meet load in the future. He said that energy efficiency and conservation are always the first things they look at in meeting load, but they are only be a slice of what they use. **Senator Werk** commented that this gets to the difference between policy makers and utilities and said that in his opinion the energy plan says should not dominate what utilities do, it should just give them a direction.

Senator Werk pointed the word “endeavor” needs to be taken out of policy 110 and that they need to be sure everything is consistent throughout the plan. **Senator McKenzie** agreed and said the committee will be sure to address inconsistencies before the plan is finalized the plan.

Ms. Jackie Flowers, Idaho Falls Power was asked to comment on this issue because Idaho Falls Power is a city owned utility that uses a different business model. She commented that the NWPCC’s sixth power plan is the basis for Bonneville Power Administration (BPA) setting its programs which is how Idaho Falls Power participates in energy efficiency. She urged the committee to consider flexibility in the debate for cost-effectiveness because it is very different even within her customer base. Each utility has its own set of issues and needs to have flexibility to provide energy that is available at the time it is needed. She reminded the committee that technology advances and changes rapidly and flexibility is important so that utilities are not locked in to specific sources. She said the energy plan should not limit a utility’s ability to meet demands. **Representative Jaquet** asked about leaving the word “high” in the policy. **Ms. Flowers** said she did not have a strong feeling about high or highest and that energy efficiency and conservation will always be in the mix for her utility. **Representative Jaquet** said it would be interesting to look at the metrics from BPA. **Ms. Flowers** cautioned that all utilities have different business models so it will be difficult to find one definition that covers everyone.

Representative Anderson stated that he is a director of an electric co-op for these purposes.

Senator McKenzie commented that on page 2 of the 2007 plan the resource priority that was left off of the 2012 draft states: “In order to protect and enhance Idaho’s quality of life, it is incumbent on all citizens to use Idaho’s precious natural resources, including energy, in a wise and responsible manner.” He asked why this was left out of the 2012 draft. **Dr. Aumeier** said that was not viewed as a policy item and thought maybe it should be listed elsewhere in the document. They thought of this as more of a philosophy than a policy.

Policy 4

Encourage the development of customer-owned and community-owned renewable energy and combined heat and power facilities that meet the Energy Plan objectives of the State of Idaho.

The ISEA suggests eliminating this policy. **Representative Eskridge** opined that this should be included because of the emphasis of customer owned utilities and the like. **Dr. Aumeier** said in these cases, the board felt like this existed somewhere else.

Representative Anderson asked whether the statement to encourage development means incentivizing business and if so, it seems counter intuitive to the plan. **Senator McKenzie** – commented that there are different ways to encourage development.

Senator Tippetts asked whether the intention of the committee was to discuss and familiarize members with the document and take action at a later date. **Senator McKenzie** said that was correct. **Representative Eskridge** said the cochairmen felt that such discussion would also allow insight into recommendations that will benefit the public.

The committee moved on to discuss Action Items E1 through E3. Each action item is available in detail at: <http://www.legislature.idaho.gov/sessioninfo/2011/interim/energy.htm> under the Energy Plan Consensus Discussion.

Action Item E3

The IPUC and Idaho's municipal and cooperative utilities should ensure that their policies provide incentives that orders and actions are consistent with this the priority order policies and objectives listed in the Idaho Energy Plan.

The ISEA suggested changing this from an action item to a policy item with the proposed changes. **Representative Eskridge** clarified that this does not preclude incentives, it just offers other choices. **Dr. Aumeier** agreed and said that was precisely the thinking that went into many of these changes. He said they tried not to make blanket statements throughout the document.

Representative Anderson commented that the PUC is a different entity and asked whether the statement should read Investor Owned Utilities (IOU) instead of the PUC. **Mr. Kjellander** said the language is a carryover from the old plan and was included because the PUC is the regulatory entity for the IOUs and he thinks they were looking at that regulatory functionality in the relationships. **Representative Anderson** commented that public power entities are not regulated monopolies as the IOUs are and that he thinks people will have a problem with how this is worded. **Mr. Kjellander** said that he does not read anything into the sentence to indicate an attempt to usurp the authority of municipals or vice versa. **Representative Anderson** said he was aware this was in the 2007 plan but thinks there are different variables. He noted that the NWPCC's sixth power plan gives municipals regional objectives and this statement might put different requirements on them. **Mr. Kjellander** said the ISEA added the words "orders and actions" rather than "policies" to make it more consistent for both groups. **Representative Anderson** stated concern that, since the PUC is part of the legislature and the energy plan is part of legislature, including municipals could put different regulations on them. He said he would like to discuss this more later.

Senator McKenzie commented that the committee needs to decide where to put transmission in this plan. He noted that transmission has been discussed at all conferences he has attended and thinks it is a key and that it should be emphasized at a higher level in the plan. **Dr. Aumeier** stated that the board recognizes the importance of transmission and has started a transmission task force that could be used for information.

Action Item E5

Idaho and Idaho utilities should continue to prepare resource plans that balance a variety of attributes, costs and risks, including the possibility of federal regulation of greenhouse gas emissions as well as encourage technologies that minimize emissions, harmful pollutants, and consumptive use of water.

Senator Werk said that the discussion regarding the consumptive use of water during the development of the 2007 plan was quite interesting and suggested the committee look at including some kind of consumptive resource statement in the 2012 plan.

Renewable Generation Resources

Action Item E7

Energy project financing by the Idaho Energy Resources Authority should be encouraged to promote energy and economic development.

Representative Jaquet asked whether an attorney general's opinion would be needed for this suggestion. **Ms. Flowers** said they coordinated with the Idaho Energy Resources Authority (IERA) on what was included in the 2007 plan. She noted that finances have changed a lot in the last five years and from the perspective of the IERA management, the credit backstop was not worth putting the state at risk for. She said the IERA would not pursue financing a project that did not have solid credit worthiness. It was through the IERA's recommendation that the credit backstop language be removed.

Action Item E8

Idaho utilities should provide customers with the information and choices that enable them to more effectively manage their electricity consumption.

This is a new recommendation recognizing the importance of technology and the opportunities it provides.

Action Item E9

In accordance with federal law, the Idaho PUC should continue to administer its responsibilities under the Public Utility Regulatory Policy Act. ~~in a way that encourages the cost-effective development of customer-owned renewable generation and combined heat and power facilities.~~

Action Item E10

The Idaho PUC, ~~utilities, municipalities, and cooperatives~~ should ~~establish~~ ensure uniform non-discriminatory policies ~~that provide for interconnection and net metering of that promote investment in customer-owned generation.~~ renewable energy facilities. Idaho's municipal and cooperative utilities should work together to develop a uniform policy for municipal utilities and rural electric cooperatives.

Senator Bair asked for clarification of the definition of "customer owned generation". **Mr. Kjellander** said that could include net metering, solar panels on houses and selling the power to a utility.

Senator Werk pointed out that action items E9 and E10 were originally to encourage distributive generation and that this has changed somewhat from what they were trying to accomplish in 2007.

Conventional Generation Resources

Action Item E12

The Idaho PUC, the Office of Energy Resources, and the Department of Environmental Quality should monitor the status of ~~“clean coal”~~ advanced energy generation technologies **in order to stay aware of opportunities and risks.** ~~and barriers that prevent Idaho utilities from investing in environmentally preferred uses of coal.~~

Dr. Aumeier stated that the 2007 plan specified “clean coal” and the board thought the new plan should not single out one specific type of energy.

Action Item E13

Idaho leaders, electric utilities and other energy-related companies, economic development professionals, universities, other stakeholders and the Idaho National Laboratory should work cooperatively to assess opportunities and risks associated with development of commercial nuclear power and nuclear energy-related services in Idaho and provide related recommendations.

Senator McKenzie commented that this action item calls for the development of nuclear power as an energy resource and asked for more background of why this action item was included. **Dr. Aumeier** stated that the 2007 plan called specifically for next generation nuclear projects and this language broadens that language beyond INL.

Action Item E14

Idaho should encourage the **efficient** use of **water resources** in all energy generation facilities **with a focus on efficient cooling.** ~~use of “dry cooling” or “gray water” cooling for new thermal facilities.~~

In response to a question from **Senator McKenzie**, **Dr. Aumeier** stated that there are several existing or proposed policy statements that either do or should include an environmental consequence section.

Natural Gas

Policy 5

*It is Idaho policy to ~~employ~~ **encourage** the **most effective** ~~highest and best~~ use of natural gas and ensure that Idaho consumers have access to **a** ~~an abundant and~~ reliable supply from diverse and varied resources.*

Senator Tippetts asked for clarification of the terms “diverse and varied resources.” **Dr. Aumeier** said this language carried over from 2007 but that today the focus would be on secure and cost effective supply and options that give better opportunities to get best cost reliability. **Senator Tippetts** said this seems like two different things. **Mr. Kjellander** commented that in 2007 there was a significant effort to look at dairy waste to conversion of natural gas that was pipeline quality gas, due to lower prices of natural gas those companies went bankrupt. In his opinion, today this could be looked at that differently and that there are other resources available. **Senator Tippetts** suggested focusing on reliable more than diverse and varied. **Dr. Aumeier** agreed with **Mr. Kjellander** in that having a number of different resources available allows more reliable and affordable energy.

Policy 6

Action Item 2

Idaho should support the siting of liquefied natural gas terminals and other infrastructure in the United States to provide delivery capability to Idaho.

The board suggests that this item be removed from the plan. **Representative Cronin** asked since liquefied natural gas siting was removed from plan, what about compressed natural gas. **Dr. Aumeier** explained that the board thought this item was rendered moot because of the large supplies of natural gas. He added that there are other recommendations suggesting wider use of natural gas due to the large supply. If importation of natural gas was the focus, today many of those terminals are being shifted to export terminals and technology has affected this.

Representative Cronin noted that he is involved with a project that built two compressed gas facilities in Idaho.

Senator Werk suggested that the committee might want to consider including a recommendation specifying energy efficiency and demand side management within the natural gas section of the plan as well.

Representative Jaquet stated that many of her constituents have all electric homes and would benefit by switching to natural gas but there is no incentive to do so. She asked if these types of issues were part of the discussion. **Dr. Aumeier** said he was not aware of that discussion but thinks policy statements in the plan could help start a study of what could be done in this area.

Senator McKenzie noted that the issue of gas exploration was not anticipated in 2007 and stated that the committee should consider whether it needs to be part of the new plan due to the new technologies being developed involving the exploration of natural gas. **Dr. Aumeier** stated that in the energy facility siting section, natural gas exploration is included. He said that in the body of the report natural gas exploration is discussed and the challenges associated with regulation and siting. **Senator McKenzie** suggested that the committee think about adding some policies relating to that going forward. **Representative Stevenson** cautioned that there are already rules in process from the Department of Lands on this issue. **Senator McKenzie** agreed but said he thought a broad statement might be appropriate.

Petroleum and Transportation Fuels

Policy 7 through 9

Senator Werk expressed concern over the lack of current capacity in terms of overall transportation issues and suggested the committee could benefit from additional expertise. He also asked whether the ISEA could form a transportation task force. **Dr. Aumeier** stated that the body of the plan includes information explaining that transportation is responsible for about 1/3 of the energy used in the state. He noted that there are also land use and environmental implications with regard to transportation. The ISEA decided to wait on a transportation task force until the other task forces were in place but they do think it is important. In his opinion, this should be an ongoing task force to be used as a resource. **Senator Werk** emphasized that transportation is a big part of the overall energy picture and he would like to pursue it at a later date and perhaps add it on to the energy plan on an ongoing basis.

Alternative Fuels

Action Item T4

Idaho should establish an incentive for the production of ethanol and biodiesel that reflects the cost of alternative fuel production relative to the price of gasoline and diesel fuel.

The board suggested this action item be deleted because there are already federal incentives being offered. **Dr. Aumeier** asked why incentivize something that is already incentivized and said that the board also felt that the statement needed to be more general.

Action Item T6

Idaho should prohibit “exclusivity” requirements in future contracts between fuel suppliers and retail service stations that prevent the stations from offering alternative fuels.

Senator McKenzie asked whether the task forces looked into whether this was still relevant and whether they examined any of the federal regulations. **Dr. Aumeier** said he did not think the task forces did any research but that they could have someone do more research and get facts for the committee. **Senator McKenzie** said he would like to see that information before the committee decides to eliminate it. **Representative Stevenson** commented that in an attempt to run legislation after the 2007 plan was developed, there were conflicts involving existing contracts.

Action Item T8

Idaho should permit local authorization of transit option taxes to support the use and expansion of public transportation.

Action Item T9

Idaho should provide incentives for the installation and operation of equipment that reduces truck and tour bus idling.

Action Item T10

Idaho should encourage regional land use planning and policies that minimize vehicle miles traveled.

Senator Werk suggested that it might be beneficial for the plan to make policy statements that allow local options for certain areas of the state and asked why these items were deleted. **Dr. Aumeier** commented that these are very specific statements and the board tried to make statements that were more broad. He said it depends how broad the committee wants to make the energy plan. Everything relates to energy.

Representative Jaquet agreed that she would like the committee to revisit **T8** because local option is becoming more important throughout the state. **Senator McKenzie** said they would be able to revisit all of the items and that no decisions would be made today.

Conservation and Energy Efficiency

Action Item CE4

The Idaho PUC should seek to eliminate disincentives that stand as barriers to implementing cost-effective conservation measures. The PUC should consider appropriate methods to avoid the disincentives associated with investor owned utility conservation efforts. Options may include, but are not limited to:

- i. Recovery of revenues lost due to reduced sales resulting from conservation investments;
- ii. Capitalization of conservation expenditures;
- iii. A share of the net societal benefits attributable to the utility's energy efficiency programs.

Senator Tippets asked, regarding item iii., whether this is an attempt to quantify these benefits.

Mr. Kjellander said that the intent deals with overriding issue relating to utilities historically doing energy efficiency. Encouraging energy efficiency actually encourages utilities not to produce power. This is seen as a disincentive and this encourages elimination of those disincentives. In response to another question from **Senator Tippets**, **Mr. Kjellander** explained that societal benefits are looked at as a broader part of energy efficiency.

Senator McKenzie noted that two items in this area from the 2007 plan were left off that included an increase in the utility's return on equity for each year savings targets are met and decoupling. He asked about the discussion that took place especially with regard to the decoupling issue. **Mr. Kjellander** explained that they just eliminated the word decoupling and used disincentive. He said they did deal with the decoupling issue and that Idaho does have to pursue decoupling efforts due to the stimulus money that was accepted from DOE. He added that Idaho has met those requirements.

Action Item CE5

The Idaho PUC should support market transformation programs that provide cost-effective energy savings to Idaho citizens.

Representative Cronin asked whether there were any specific suggestions. **Dr. Aumeier** said he could get the specific recommendations from the task force and that those might also be in the task force reports.

Action Item CE9

Idaho should adopt international building codes on a three-year cycle as a minimum for building energy efficiency standards and should provide technical and financial assistance to local jurisdictions for implementation and enforcement.

Senator McKenzie stated that international building codes require adoption on a three-year cycle and asked why this item was removed. **Dr. Aumeier** commented that the board thought more information was necessary in this area before a decision could be made. **Senator McKenzie** commented that this area will have debate and has a lot of consequences.

Representative Stevenson noted that wording of this says "adopt" and again suggested caution with regard to the rules process. **Senator McKenzie** said that there are a lot of options as to how this will be handled. **Representative Eskridge** said that, in his opinion, the committee will hear input from the public proposing other ways to look at codes and adopting them rather than just mandating they be adopted.

Action Item CE10

State Government will:

- i. Demonstrate leadership by promoting energy efficiency, energy efficient products, use of renewable energy and fostering emerging technologies by increasing energy efficiency in all facets of State government;

- ii. Ensure that public facility procurement rules ~~provide appropriate incentives to~~ allow full implementation of cost-effective energy efficiency and small-scale generation at public facilities;
- iii. Collaborate with utilities, regulators, legislators and other impacted stakeholders to advance energy efficiency in ~~all sectors of~~ Idaho's economy;
- iv. Work to identify and address ~~all~~ barriers and disincentives to increased acquisition of energy conservation and efficiency; and
- v. Educate government agencies, the private sector and the public about the benefits and means to implement energy efficiency.

Senator Tippetts asked why the language including “all facets” was left in. **Dr. Aumeier** said he thinks that was an oversight.

Energy Facility Siting Policy 10

The Committee reiterates the recommendation from the 2007 Plan that Idaho state agencies play a role in providing technical assistance to support local energy facility siting decisions and that local jurisdictions make a reasonable effort to hear testimony about the impact of proposed energy facilities from citizens and businesses in neighboring jurisdictions.

Senator McKenzie stated that there is existing statute that says state agencies play a role in siting by providing assistance to local communities if asked to do so. It is his understanding that this has not been utilized much since implementation. He asked whether the ISEA discussed the possibility of more state involvement. **Dr. Aumeier** said this was discussed and everyone agreed that state assistance is important. He added that siting is a very important issue.

Action Item S1

The Office of Energy Resources should ensure local officials are aware of the Act and the opportunity to establish Energy Facility Site Advisory Teams to provide technical assistance when requested by local jurisdictions.

Representative Jaquet commented that this is modeled after the CAFO legislation and that in this instance siting would be the responsibility of the Office of Energy Resources (OER). She added that OER might not exist after this year due to its sunset. She asked about CAFO costs and **Representative Stevenson** explained that for CAFOs the applicant pays the county who reimburses the state for costs. **Representative Jaquet** said she would like this to be discussed further.

Senator McKenzie noted that Idaho separates energy facility siting and energy generation facility siting as two separate issues. He asked whether there was discussion of siting transmission. He thinks it is important for this to be included in the updated plan. **Dr. Aumeier** said there has been ongoing discussion about importance of energy facility siting and they suggested including transmission. He noted that the task force report has not been finalized but could provide a lot of information to the committee. It was noted that the Energy Facility Site Advisory Teams have never been utilized.

In response to a question from **Senator Werk, Mr. John Chatburn, OER** stated that it is their understanding that the Governor has signed a new executive order continuing the Office of

Energy Resources. He said he was not sure of the terms of that executive order at this time. In response to the state being used for technical assistance with regard to siting, he said that OER does plan to attend the Association of Idaho Counties meetings and the Idaho Association of Cities meetings to make them aware that this assistance is available. He added that expertise will come from a variety of state agencies.

Action Item S2

Sponsors of new transmission line projects in Idaho should consider adopting best practices from the siting of other transmission lines in the Western Interconnection.

Senator Bair asked for clarification of the definition of “best practices” when someone is putting up transmission lines. **Dr. Aumeier** said the focus of “best practices” in this instance was more toward siting and was carried over from the 2007 plan.

Economic Development

Mr. Jay Larsen, ISEA Board Member, was introduced to give background on these new recommendations to the plan. He said one reason this topic was included in the draft suggestions was due to the fact that Idaho needs to be able to tie energy policy to economic development in order to attract the right type of industry. **Representative Jaquet** cautioned that she did not want to promote the creation of low paying jobs just to attract industry. **Mr. Larsen** said the question is what is the opportunity cost of bringing a company in and what will the energy cost (amount they will use) be. **Representative Jaquet** said she would like more discussion of this in the future. **Dr. Aumeier** stated that in the draft plan there is a section that discusses consideration of price and availability of energy and how that affects current business and what type of business it will attract. He said they should consider return on energy investment as part of any economic development strategy. Another type of economic development to think about is generation and the ability to export energy and also how to serve international energy markets. This could include manufacturing equipment needed for certain energy production in other countries. **Mr. Larsen** added that pages 101-102 of the draft plan might help answer **Representative Jaquet’s** questions.

Policy 11

Pursue regional energy dialogue Examine the potential of developing a regional energy roundtable with neighboring states, with the goals of pursuing common energy market economic development interests and that mitigating managing energy-related policy risk and enhance economic development potential.

Senator McKenzie commented that any regional energy dialogue should probably include Canada and its provinces.

Energy Education and Outreach

Action Item EE1

Request that the Idaho Strategic Energy Alliance expand its role in energy education in the state through workshops, public outreach and publications.

Senator Werk asked for recommendations of where and how the legislature could help educate the public and thought there might be a role for the PUC in this to promote better energy awareness.

Action Item EE3

The Office of Energy Resources, **including the Idaho Strategic Energy Alliance**, should engage in public outreach and education and work with Idaho energy stakeholders to promote a reliable, diverse, cost-effective and environmentally-sound energy system for the benefit of Idaho citizens and businesses.

Senator Werk suggested that the recommendation not include the ISEA because that alliance might not exist in five years. **Mr. Larsen** said, in his opinion, it is important to include the ISEA due to the wide array of expertise they offer and the information they are able to gather in short periods of time. He noted that the Idaho Technology Council has an energy cluster; the ITC Energy Consortium. This group consists of private sector groups focused on transmission, generation, storage and energy conservation. This will provide a good opportunity for the ISEA and OER to gather information and provide assistance where needed. He thinks this will also be valuable to the interim committee.

Action Item EE4

The Office of Energy Resources ~~and PUC should~~ **will** report to the Legislature ~~every two years as requested~~ on the progress of Idaho state agencies, energy providers and energy consumers in implementing the recommendations in this Energy Plan.

Senator Werk commented regarding the fact that this recommendation removes the requirement that the PUC report to the legislature and stated that he finds updates from them very valuable. **Mr. Kjellander** said that when this was looked at, the board felt that this requirement could be handled by OER. He noted that OER will include information from the PUC in its report. He added that there are now more state agencies that would be a part of this report including the Department of Lands, DEQ, ISEA and so on. He emphasized that if asked by the legislature to report, the PUC would always be happy to do so. **Senator Werk** said it might be better to say that OER will coordinate an energy report with other state agencies.

Action Item EE5

The Interim Committee recommends that the Legislature revisit this Energy Plan and **develop a process and approach to continually update data and assess opportunities and risks** ~~and develop new recommendations on a yearly basis and a perform a complete revision of the Plan on at least a five year basis.~~ ~~cycle.~~

Senator McKenzie said this was an interesting recommendation in thinking about the significant commitment that has been involved from the ISEA and committee members in doing this update. He does agree that regular updating is necessary due to how quickly energy issues change. **Dr. Aumeier** agreed that this was very important. He went on to say that this entirely new section on education and outreach is very important. He said that recommendations include workforce education while outreach could include groups such as the ISEA and their ability to provide informational materials to help people understand the fundamentals of energy.

Dr. Aumeier said the task forces will be available to provide updates to policymakers as necessary. **Representative Jaquet** said it would helpful to have names, email and phone numbers of task force chairman. **Dr. Aumeier** said he would get that for the committee. He said he would also provide information regarding where the task forces are in their processes.

Representative Stevenson voiced his appreciation to all of the board members and task force members present to help answer questions and said it had been very helpful.

Senator McKenzie reminded everyone that the committee will meet again on November 2 and 3 for public comment and committee discussion. He noted that the ISEA will distribute the draft plan and consensus document to members in Word format so they can make actual revisions to it for the future meeting.

Representative Jaquet suggested breaking into subgroups to deal with different parts of the plan and then report their findings back to the committee. **Senator Werk** commented that subgroups very valuable and smaller groups could have conference calls or computer meetings instead of having actual meetings in order to save money. **Senator McKenzie** said he understood the value of subgroups but thought that many of these issues need to be discussed and debated by the entire committee.

Representative Eskridge thanked the ISEA again for work they have done and said the committee could not have done this without them. He reminded everyone that this is just the base and that others are welcome to provide comments and recommendations to the draft plan.

The meeting was adjourned at 3:30 p.m.