

MINUTES
ENERGY, ENVIRONMENT AND TECHNOLOGY
INTERIM COMMITTEE
MONDAY
NOVEMBER 21, 2011

The meeting was called to order by Cochairman Senator Curt McKenzie at 9:00 a.m. Other committee members present included: Cochairman Representative George Eskridge, Senator Patti Anne Lodge, Senator Russ Fulcher, Senator Steve Bair, Senator John Tippetts, Senator Elliot Werk, Senator Dan Schmidt, Representative Maxine Bell, Representative Bert Stevenson, Representative Eric Anderson, Representative Jeff Thompson and Representative Wendy Jaquet. Ad hoc member Brian Cronin was also present. Representative Reed Demordaunt was absent and excused. Legislative Services Office staff members present were Mike Nugent and Toni Hobbs.

Others present included: Robert Neilson, Idaho Strategic Energy Alliance; John Chatburn, Diane Holt and Sue Seifert, Office of Energy Resources; Ken Miller, Snake River Alliance; Russ Westerberg, Rocky Mountain Power; Dar Olberding, Idaho Grain Producers; John J. Williams, Bonneville Power Administration; Karl Bokenkamp and Rich Hahn, Idaho Power; Mack A. Redford, Public Utilities Commission; Ben Otto and Courtney Washburn, Idaho Conservation League; Neil Colwell, Avista Corp.; John Kotek, Gallatin, P.A.; Don Startuant, JR Simplot; Selena O'Neil, Ada County; Lynn Tominaga, Idaho Ground Water Association; Brenda Tominaga, Idaho Irrigation Pumpers Association; Teresa Molitor, Energy Integrity Project; Benjamin Davenport, Risch Pisca; and Ron Williams, Williams Bradbury.

After opening remarks from the cochairman explaining that the committee would continue reviewing the draft plan, Representative Jaquet moved that minutes from the last meeting be approved. Schmidt seconded and the minutes were approved unanimously by voice vote.

The committee started review of the plan from where they left off at the last meeting. They began with the Conservation and Energy Efficiency section of the consensus document that is available at: <http://www.legislature.idaho.gov/sessioninfo/2011/interim/energy.htm>.

CE1

All Idaho utilities should fully incorporate cost-effective conservation, energy efficiency and demand response as the priority resources in their Integrated Resource Planning.

- **Representative Eskridge made a motion to include “the” in the language. In his opinion not including “the” destroys the meaning.** He added that this does not eliminate other resources from being considered. **Senator Schmidt seconded.**

Representative Anderson commented that he sits on a utility board and reread the statement saying that he would vote against the motion because “the” priority resources eliminates any other resources that utilities need to deal with.

- **Representative Anderson made a substitute motion to take out “the” and Senator Tippetts seconded.**

Representative Bell commented that “the priority” does not eliminate other resources because the language does not say “the only”. **Representative Jaquet** spoke in support of the original motion because cost effective conservation, energy efficiency and demand resources are the cheapest ways to provide energy without building new energy facilities. She agreed that including “the” does not preclude other resources.

Senator Schmidt said he agreed with the original motion and clarified that this is listed as an action item in the plan.

- **The substitute motion failed 7 nays to 6 ayes and the original Motion passed 7 ayes to 6 nays.**

CE2

The Idaho PUC should encourage investor owned utilities (IOUs) to pursue ~~a~~ cost effective conservation in their service territories.

Representative Jaquet asked why the word “all” was struck. **Senator McKenzie** said it was included in the September 28 draft but the October 14 version dropped the word “all.” This decision was made by the ISEA board. **Representative Jaquet** commented that this was an example of the ISEA board changing a Task Force recommendation. **Senator Schmidt** said his issue with “all” is “pursue all” and suggested the language be “consider” or “examine.” **Senator Tippetts** agreed that the word “all” makes this too broad.

- **Representative Stevenson moved to strike the word “all.” Representative Bell seconded and the motion carried by voice vote.**

CE3

The Idaho PUC should establish and **continue to** periodically update an avoided-cost benchmark for each utility to be used in evaluating the cost-effectiveness of conservation and renewable resource investments and in calculating payments to Qualifying Facilities under the Public Utility Regulatory Policy Act (PURPA).

Senator Werk expressed frustration with how the PUC was approaching PURPA and letting rates get out of date. He stated that the addition of the words “continue to” implies that they keep doing what has always been done and he does not want things to stay the same. He added that he could be reading more into this change than is actually there. **Representative Anderson** agreed that he was reading more into this than is here. In his opinion “continue to” should be included because the PUC is doing what has been asked of them. **Representative Eskridge** agreed with **Representative Anderson**. **Senator Werk** said he would bow to the consensus of committee based on comments. The item was approved as written.

Senator Fulcher commented that, regarding CE1, he does not think language like “fully” should be used because it could be too inclusive. **Representative Anderson** said he would also like to be able to reconsider CE1 at a later time. **Senator McKenzie** say it could be revisited for the word “fully” but the committee has already voted on “the.”

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.

- **The original plan included decoupling language and Representative Jaquet moved, with a second from Senator Werk, to restore subsection iv from page 4 of the 2007 plan as follows:**
 - **iv. An increase in the utility’s return on equity for each year in which savings targets are met.**

In response to a request for more explanation of decoupling from **Senator Tippets, Senator Schmidt** clarified that utilities are paid to deliver energy and conserving energy is counterintuitive to that. He said there needs to be a way to pay the utilities or reward them for conservation. Conservation requires decoupling of financial incentive to do more. **Representative Anderson** asked who is responsible to establish these incentives and said he does not think government is going to fix this. **Senator Werk** opined that the bottom line is the utilities are regulated monopolies and the structure, established by the government, is a guaranteed rate of return to shareholders, so there is already a disincentive for conservation in the system. **Representative Anderson** said he understood that philosophy but disincentivizing the rate of return will result in someone else paying for that through rates or so on. **Senator Werk** stated that long-term, if the PUC acts properly, the ratepayers should win. The idea is the avoided cost of putting another plant on line. **Senator Tippets** suggested including the first three items without taking the broader step that actually says “decouple.” **Senator McKenzie** said it is an issue of separating revenue and sales and that decoupling does keep rates lower. **Senator Schmidt** commented that the language “may include, but not be limited to” eliminates the need to add item iv.

- **The motion passed 7-6**

In response to a question for clarification of item iii, **Representative Cronin** said it was his understanding that meant things like green tags. Mr. Chatburn, OER, said that was correct.

CE5

Approved with no discussion.

CE6

Approved with no discussion.

CE7

Approved with no discussion.

CE8

~~Idaho should offer encourage tax incentives for investments in energy efficient technologies by Idaho businesses and households to the extent practical and should offer tax exemptions on the purchase of energy efficient technologies.~~

Representative Jaquet commented that she would like to include “tax incentives” because that can mean a lot of different things. She also noted that including tax incentives does not mean they will necessarily get passed. **Senator Schmidt** said that including “tax incentives” language is limiting and that there needs to be more broad ways to encourage energy efficiency. **Representative Eskridge** agreed that the word “encourage” allows for more options. **Senator Werk** suggested a middle ground. He agreed that tax incentives are very difficult but suggested the following:

- “Idaho should encourage investments in energy efficient technologies including tax incentives to the extent practical.”

He suggested this due to the fact that the 2007 plan was referenced many times in presenting legislation and having more specifics is sometimes helpful. **Representative Cronin** commented that for consistency, CE4 actually innumerates specifics. **Senator Tippetts** said that the proposed language “Idaho should encourage....” is more of a statement rather than a list options as listed in CE4. **Representative Jaquet** referenced the Vermont plan discussed at the last meeting and the number of jobs created because of incentives.

- **Representative Jaquet moved that this item include a list of options such as tax incentives, rebates and so on because the state might want more down the road. Senator Werk seconded.**
- **Representative Anderson made a substitute motion to keep language as is because he thinks “encourage investments” is all encompassing. Senator Tippetts seconded.**
- **The substitute motion passed 9 ayes, 3 nays.**

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.

Due to comments from previous meetings **Representative Eskridge** suggested changing the word “adopt” to “review.” **Senator Tippetts** said he thinks the plan should require more than just a review. **Mr. Chatburn** noted that it would be more appropriate to use “International Energy Conservation Code”

rather than “international building codes.” **Representative Jaquet** commented that they should be reviewed every year during rulemaking. **Representative Stevenson** agreed that “review” is better because the state does not adopt these codes, the counties do. **Representative Eskridge** added that not all counties have resources necessary to adopt on a three year cycle. **Representative Jaquet** stated that there was information showing that 95% of the people in Idaho live in areas that have adopted building codes.

- **Representative Eskridge moved that this item remain in the plan with replacement of the word “adopt” with “review” and replacement of “International Building Codes” with “International Energy Conservation Code . Senator Lodge seconded and the motion carried on voice vote.**

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 Fulcher commented that he did not like the use of the word “full” in subsection ii. There was also concern with the words “all facets” voiced by **Senator Bair** at a previous meeting. He also suggested adding “cost effective” in i. **Representative Jaquet** asked for an example where energy efficiency had been implemented that was not cost effective. Senator Bair said one example, in his opinion, would be the ag programs that were put in place to save money for irrigators while irrigating. The irrigators are given a better rate to shut off irrigation at peak times of the day. He does not think this was cost effective for him as a ratepayer. **Senator McKenzie** said he thinks cost effective is used throughout and that adding it does not do any harm. **Representative Jaquet** stated that subsection iii does what **Senator Bair** is suggesting. **Senator Werk** stated that the plan is talking about state government operations, not private sector and it needs to include having the most efficient use of energy. **Senator McKenzie** clarified that the requests were to add “cost effective” and remove “all facets” and “full”. This was approved by the committee

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.

Consensus was reached on this.

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 suggested adding language allowing for exploration of legislation similar to CAFOs to provide sideboards for counties to review. In other words to provide limited guidelines to counties for the siting of energy facilities. **Senator McKenzie** said this might be a separate action item. **Representative Jaquet** asked whether OER has the resources to do this. **Representative Stevenson** said this does same thing as the CAFO legislation in that the counties have to request assistance and OER would provide information to them should they ask for it. He said he would be hesitant to give counties any more restrictions. **Representative Eskridge** agreed. There was consensus that the committee would discuss additional language as a separate item. **Senator Werk** cautioned using OER specifically in the item due to the fact that the name could change or that the specific office might not exist down the road. **Representative Stevenson** suggested they leave it as is because that is the current office and deal with it down the road if necessary. **Senator McKenzie** agreed that they do not want to make it more generic. Consensus was reached as is.

The committee discussed a possible new item per **Representative Jaquet's** suggestion that would involve developing language modeled after CAFOs regarding ability to testify with respect to siting issues, generation and transmission. **Representative Anderson** said he did not think this needs to be included in the plan. **Representative Jaquet** suggested this as a mini action item to explore this process. **Representative Stevenson** said this is getting close to the area of becoming more restrictive of counties land use planning than it should be. In his opinion, this should be done by legislation, not in the energy plan. **Senator Werk** voiced support for the suggestion stating that siting is a big issue. **Representative Jaquet** noted that Nebraska does not have siting law and that has been a huge problem for them. She said she was suggesting this committee take a small step to encourage the legislature to move forward.

- **Representative Jaquet moved that an action item be added to the plan that encourages exploration of developing language modeled after CAFOs regarding ability to testify with respect to siting issues, generation and transmission. Werk seconded.**

Senator Fulcher spoke in opposition to the motion because he thinks the conditional use process counties already have takes care of this. **Senator Tippets** said he would need more discussion about specific language to be able to support this and asked whether the committee would be able to discuss this at a later date. **Senator McKenzie** said yes. **Representative Anderson** said he was not necessarily opposed to this but that he thinks it is too vague for the energy plan.

- **The motion failed by voice vote.**

S2

Approved as is.

Economic Development

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.~~

The committee agreed to this item with the addition of “provinces” after “neighboring states.”

Policy 12

Continue to promote energy-related jobs and career opportunities for Idaho citizens.

Senator Tippets commented that some of the action items and policy statements are specific and some are not. He said he is assuming that it means the state when it is not specific. **Senator McKenzie** said that was correct. **Senator Schmidt** stated that the 2007 begins with “It is Idaho policy that” and suggested these words be used in the new plan. He also suggested that for action items they begin with “Idaho should/will/can....” The committee agreed to let the cochairmen make those additions when finalizing the plan.

With regard to Policy 12, **Representative Jaquet** suggested adding “where there is public benefit as defined in text” or “where the jobs provide a net societal benefit to state.” **Representative Eskridge** said that he sees difficulty defining public benefit in terms of projects. **Representative Jaquet** stated that she has heard concern from utilities about this and said consideration needs to be given to what a large company might do in terms of using a lot of energy and affecting rates and what benefit they actually bring to the area. She said we want to attract high paying jobs rather than low paying jobs. **Representative Eskridge** cautioned that the term public benefit could be misused. **Rep Jaquet** noted that it is defined in the text of the plan on page 102.

- **Representative Eskridge moved to keep the language as it is. Representative Anderson seconded and the motion passed by voice vote.**

ED1

This item was deleted as the committee felt it is not energy related.

ED2

Encourage a broader engagement with the Center for Advanced Energy Studies (CAES) to advance promote to in providing assistance in encouraging energy related technology commercialization, efficiency, and research and deployment.

Representative Cronin said he is assuming that this means the state is to engage with the Center. **Senator McKenzie** agreed. **Representative Eskridge** suggested maybe it should encourage the Idaho Department of Energy to engage with the center because he is not sure how the state could do this. **Senator Bair** commented that JFAC has funded the center and he thinks this is important to have in the energy plan. **Representative Eskridge** said he supported that JFAC funding but asked what “broader engagement” means. **Senator McKenzie** suggested “encourage the center to advance” and remove “broader engagement.” **Representative Bell** said they could add OER and the state of Idaho. **Representative Jaquet** requested adding that it is a priority for institutions of higher education to use the center. **Representative Eskridge** commented that in his opinion encourage means state and all entities of the state that have the opportunity to engage with the center and said it should be left as it is. **Senator Werk** asked why this singles out the center. He said he realizes the center does very important work but there are other organizations that could also help with commercialization. He suggested a broader policy statement. **Representative Jaquet** said she thinks the center should be singled out because it has been very successful.

- **Representative Jaquet moved that they leave ED2 as written. Representative Thompson seconded and the motion passed on voice vote.**

Policy 13

Education and Outreach

Idaho should raise the ~~profile~~ awareness of energy challenges and opportunities in Idaho within state government through education and outreach. ~~and provide additional resources to oversee and promote implementation of the recommendations of this Energy Plan.~~

Senator Werk said it was noteworthy that this replaces policy from 2007 to promote the plan. **Senator McKenzie** said this could actually be two items. The policy was approved as written.

Senator McKenzie asked for suggestions on promoting energy as high level importance. **Senator Werk** suggested a statement utilizing the energy plan as tool that would benefit government. He said this should probably not be the same statement as 2007. **Senator McKenzie** suggested they include a statement recommending that OER remain a separate entity. **Representative Anderson** agreed and said he thinks it is very important that OER stay in existence under the executive branch. **Representative Stevenson** asked where this should be in the plan and said the education section might not be the best place. **Senator McKenzie** thought it would be ok in this section because their main function is to provide information and education to others in the state. **Representative Eskridge** suggested the language be incorporated into EE3 as follows: “The Office of Energy Resources should continue and with the ISEA should engage”

The committee agreed to delete EE1.

Representative Jaquet suggested the committee include a recommendation to the Governor to add additional representation to the ISEA board that more broadly reflects energy related organizations.

Senator McKenzie suggested this could be another action item under EE3 to include broader spectrum of representation of stakeholders related to energy across the state. **Senator Werk** said this was an interesting idea to word this as a suggestion in the plan that the governor look at broadening the scope of the ISEA board as this would be the Legislature speaking to a Governor's creation. **Representative Anderson** said he would like more specific language and agreed with **Senator Werk**. **Representative Eskridge** clarified that members of the board are all energy interest related but she is suggesting a broader range. **Representative Jaquet** said that was correct. **Senator McKenzie** suggested the following language: "... recommend that the ISEA board include a broader spectrum of energy related interests including consumer advocates, large rate payers" **Representative Anderson** said he was not sure it should include specifics such as consumer advocates. **Representative Stevenson** commented that the board members are all energy related and the board is fairly large already. He cautioned that if it becomes larger, it could lose the ability to reach consensus. **Representative Eskridge** disagreed and said that the ISEA board does lack representation by other stakeholders besides "major" players. In response to a question from **Representative Stevenson** regarding the charge of the ISEA, **Senator Bair** read a statement from the ISEA handbook. **Senator McKenzie** said they would craft more specific language after lunch.

EE2

Approved as written.

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.

Representative Jaquet expressed concern with ISEA's role and whether it will continue. **Mr. Chatburn** stated that ISEA had been created by Governor and as long as OER has funding, they will provide staff services to ISEA and information to the legislature. **Mr. Chatburn** said there is every indication that the Governor considers energy the highest priority and OER's work as very important. **Senator Werk** said there might be a role for the PUC in the area of education. It was decided that would be incorporated into the earlier language change that was agreed upon.

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 Bair said he would like to leave "every two years" in the statement because without this the legislature might not receive regular updates. **Senator McKenzie** suggested adding "at least every two years" so reports can be received more often if necessary. **Senator Bair** made a motion for that and **Senator Werk** seconded. This was approved by voice vote.

Senator Werk asked about including the PUC in this reporting requirement because the PUC will always exist. **Representative Eskridge** said he had a problem including the PUC because that is not part of their responsibility to report on state agency activities. In his opinion, OER could include some PUC information in their reports. Senator McKenzie agreed to strike the PUC.

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.**

This item was approved as written with the deletion of “revisit this Energy Plan...”

After lunch the committee returned to discussion of the language in **Representative Jaquet’s** recommendation to the Governor regarding the ISEA board. Representative Jaquet moved:

- **The interim committee recommends that the Governor make board appointments that represent a broad spectrum of energy interests.**

Schmidt seconded. **Senator Werk** commented that because of the composition of the ISEA board, the work they have done has been diminished. In his opinion, to make the ISEA more effective it needs a broader range of membership. **The motion failed 8 nays, 5 ayes.**

The committee moved on to revisit the plan revisions that were discussed at the November 3, 2011, meeting but not voted on.

Policy 1

The State of Idaho should enable robust development of a broad range of cost-effective energy efficiency and power generation resources within environmentally sound parameters.

Approved as written.

Policy 2

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

Senator Schmidt suggested substituting “reinforce” for “message” and the language was approved.

Policy 3

When acquiring resources, Idaho and Idaho utilities should give priority to cost effective and prudent: (1) Conservation, energy efficiency and demand response; and (2) Renewable resources; recognizing that these alone will not fulfill Idaho’s growing energy requirements, and that these resources play a role in addition to conventional resources in providing for Idaho's energy needs.

Approved as written.

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.

Approved as written

E1

Idaho utilities should continue to acquire resources that are reliable, that promote diversity, are cost-effective and environmentally sound to meet their customers' short and long-term electricity needs.

Representative Anderson commented that the word “diversity” was a problem. **Senator Tippetts** agreed that use of “diversity” was raised at the last meeting because diversity for sake of diversity is not the best policy.

- **Representative Anderson moved to strike “diversity” and Senator Bair seconded.**

Representative Jaquet noted that Monsanto’s main issue in their discussion was affordability and asked why that was not being discussed in this section. She said that cost effective is not the same as affordability. **Representative Eskridge** opined that using “diversity” has an advantage because sometimes too much emphasis is placed on one type of energy. **Representative Anderson** agreed with that. He also said it should be up to the utility to decide what type of energy they need, not the legislature. **Representative Eskridge** said this statement is not requiring utilities to do anything, it is simply promoting diversity. **Representative Anderson** reminded the committee that many utilities are municipals and co-ops that have limited ability to diversify what their power sources will be.

Senator Tippetts commented that removing “diversity” still allows diversity when it is cost effective and environmentally sound. **The motion carried by voice vote.**

Representative Jaquet returned to the topic of affordability. **Representative Anderson** said he thinks the entire plan could have the word “affordability” added everywhere “cost effective” appears. **Senator McKenzie** suggested adding “affordable” before “cost effective” in item E1. **Representative Jaquet** agreed. There was no opposition to adding “affordable” by the committee. **Representative Anderson** suggested the co-chairs look at adding “affordable” everywhere “cost effective” occurs.

E2

Idaho investor-owned electric utilities or the individual, board-accepted equivalent for public utilities, should continue to conduct formal Integrated Resource Planning to assess the relevant attributes of a diverse set of supply-side and demand-side resource options and to continue to provide an opportunity for public input into utility resource decisions.

Approved as written.

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.

After some discussion, this was approved with the addition of "councils" after "municipal" and "boards" after "cooperative utilities."

E4

Idaho's utilities should continue evaluating transmission as a resource option in their resource planning and should continue participating in the development of local, sub-regional, and regional, national, and international transmission plans to construct transmission facilities that are needed to provide reliable, low-cost energy service to their customers, access to regional markets, and access to a diverse set of current and new resources in the most cost-effective and efficient manner practicable.

Senator Tippetts commented that the focus should be on reliability and cost effective affordability of power. **Representative Jaquet** added that who pays for transmission should be included.

- **Senator Tippetts moved that this item include "with cost of new transmission paid by those who benefit from it." at the end. Representative Jaquet seconded.**

He explained the concern that had been voice by Monsanto that ratepayers are being charged to build transmission through Idaho that does not benefit them. **Representative Anderson** expressed concern that this language might conflict with other projects being developed. He said the language seems too specific. **Senator Tippetts** said he was suggesting a general statement that those benefitting from transmission, should pay when something is overbuilt for the benefit of the utility, not the ratepayer. **Senator Werk** stated that an overbuilt powerline today could be underbuilt tomorrow. He said this seems like slippery slope of how power transmission should be paid for and who benefits from it. **Representative Eskridge** agreed and said that transmission is not built just for one consumer, you are balancing reliability and providing another resources and it is hard to quantity who benefits from what. **Representative Jaquet** commented that Idaho does not have renewable portfolio standards and stated that she does not think Idahoans should have to pay for transmission that goes through the state to get power elsewhere. She said this is a serious issue for ratepayers. **Senator Tippetts** stated that there is also an incentive to overbuild transmission lines today because of the economy and the investment in capital. **Representative Anderson** added that every transmission line in the past was overbuilt and there will always be the need for a bigger load. He said it is very difficult to know who the end user will be and said this should be left up to utilities and/or the PUC. **The motion failed 9 nays to 4 ayes.**

The committee approved adding "electric" between Idaho's and utilities at the beginning of the statement.

E5

New Policy: *The State of Idaho should encourage technologies that minimize emissions, harmful pollutants, and consumptive use of water.*

New Policy: Idaho utilities should continue to prepare resource plans that balance a variety of attributes, costs and risks, including the possibility of federal regulations that impact resource portfolios.

Approved as written.

E6

Idaho should encourage cost-effective tax incentives and other measures to encourage investment in renewable generation and combined heat and power facilities.

Senator Fulcher voiced support for the original version that says “investment” instead of “tax incentives” because there other ways to encourage besides tax incentives. He said this does not hinder tax incentives but allows other options such as low interest loans. **Representative Jaquet** noted that the statement says “cost effective tax incentive and other measures.” **Representative Anderson** noted that they took out tax incentives for investments out of item CE8.

- **Representative Anderson moved that this item be consistent with CE8; “should encourage cost effective investment” and Senator Fulcher seconded.**
- **Representative Jaquet made a substitute motion to use tax incentive language and make CE8 language consistent with this. Senator Werk seconded.**
- **The original motion passed by voice vote.**

The committee decided that distributive generation and specific programs such as installation of solar panels could be included in the renewable generation section of the plan.

E7

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

Approved as written.

E8

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

Approved as written.

E9

Action Item: In accordance with federal law, the Idaho PUC should continue to administer its responsibilities under the Public Utility Regulatory Policy Act. Then within the text of the Plan, delete the last sentence: "Ultimately, IPUC decisions associated with PURPA should not result in resources being brought online significantly before customers need them."

Senator Tippets asked why this should be included when the PUC is required to do this by federal law. **Senator McKenzie** said he thinks it was included because the committee wanted to make a statement regarding PURPA. **Senator Tippets** spoke in support of the original statement and said they could show support for PURPA some other way. **Senator Bair** agreed with **Senator McKenzie** and suggested going

back to the 2007 language and use “affordable” instead of “cost effective.” **Senator McKenzie** said he was not sure “affordable” fits and suggested leaving “cost effective.” This was approved.

E10

It is Idaho policy to encourage investment in customer-owned generation, therefore the Idaho PUC, utilities, municipalities, and cooperatives are encouraged to ensure -non-discriminatory policies for interconnection and net metering.

Senator Tippets questioned the premise of this item and said he would like to leave these decisions up to the PUC. **Senator Werk** said he lends support to this idea because consumer owned generation is an important part of our energy future. **Senator McKenzie** suggested leaving the language as is. The committee agreed.

E11

Idaho utilities should continue to report annually to their retail customers their sources of electricity generation.

After discussion of whether this language should include “RECs”, the committee voted to leave the language as it.

E12

The Idaho PUC, the Office of Energy Resources, and the Department of Environmental Quality should monitor the status of advanced energy generation technologies in order to stay aware of opportunities and risks.

This was approved with the removal of “in order.”

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 Werk commented that the plan does not single out any other specific type of energy anywhere and suggested that the language be changed to look at the innovative technologies of INL which are much broader than just nuclear energy. **Senator Bair, Senator McKenzie and Representative Thompson** liked this as written. **Senator Werk** said he understands what is involved and the feelings about INL. **He moved to change the language to “commercial innovative generation and energy related services of INL.” There was no second and the item was approved as written.**

E14

Idaho should encourage the efficient use of water resources in all energy generation facilities with a focus on efficient cooling.

- **Senator Tippets moved that the statement end at “generation facilities” and Representative Stevenson seconded. The committee agreed to adopt the language with that change.**

The committee agreed to the following new policy for transmission:

New Policy: *It is Idaho policy to encourage a stable, robust, reliable transmission system in order to provide reliable low cost energy to Idaho consumers and facilitate renewable generation.*

E15

Approved as written at the November 3, 2011, meeting.

E16

Approved as written at November 3, 2011, meeting.

E17

Committee agreed to delete this item.

The interim committee discussed adding a new action item to encourage efficiency under the natural gas section **Representative Eskridge** commented that was included in Policy 5.

Policy 5

Approved as written at November 3, 2011, meeting.

Policy 6

Approved as written at November 3, 2011, meeting.

Representative Eskridge spoke in support of this language and noted that the “fracking” issue was included in the discussion for this language.

NG1

Approved as written at November 3, 2011, meeting.

NG2

This item was deleted because it is reflected in Policy 5.

Petroleum and Transportation Fuels

Policy 7

Approved as written at November 3, 2011, meeting.

Policy 8

Approved as written at November 3, 2011, meeting.

Policy 9

Approved as written at November 3, 2011, meeting.

Alternative Fuels

T1

Idaho should ensure that its state vehicle procurement rules promote purchases of high-efficiency, flex-fuel and alternative-fuel vehicles where cost-effective.

Representative Eskridge commented that “natural gas” had been removed from the original because the committee felt it is already covered by alternative fuels. He added that at a meeting of PENWAR, there was strong support for natural gas vehicles and pilot programs being developed.

T2

Idaho should encourage the purchase of efficient, flex-fuel, and alternative fuel vehicles

In response to a question from **Senator Schmidt**, **Representative Eskridge** explained that item T1 is to encourage the state to purchase flex fuel vehicles and T2 is to encourage citizens to do so. These items were approved as written at November 3, 2011, meeting.

T3

Approved as written at November 3, 2011, meeting with the possibility of striking the “s” off of “investments.”

T4

Deleted

T5

Approved as written at November 3, 2011, meeting.

T6

Deleted

T7

It is the policy of the State of Idaho to support fuel efficiency standards in order to enhance Idaho's energy independence.

There was agreement to remove “in order.” **Senator Tippetts** said he was not sure he supports this because sometimes these standards actually drive up the cost of vehicles. **Representative Jaquet** commented that the original said to “work with other states.”

- **Senator Tippetts moved to delete the action item. Senator Bair seconded.**

Representative Jaquet remarked that since people in Idaho travel great distances to get to work and all of our transportation fuel comes from outside of the state, it would seem to make sense to encourage fuel efficiency standards. She added that INL has also been looking at fuel efficiency and what works.

- **Representative Jaquet made a substitute motion to keep this in the plan. Senator Werk seconded the substitute motion.**

Senator Tippets agreed that everyone supports fuel efficient vehicles but that he does not think they should be mandated. **Senator Werk** said that everything in energy is a trade off and he thinks the price of autos goes up no matter how efficient they become but people have choices of what they buy. There is also the issue of air quality that would be improved through these types of efficiencies. He said he understands the concern with Café standards but this is just saying fuel efficiency standards. In his opinion, most of these fuel standards do not add that much to cost of vehicles. **Representative Stevenson** noted that CAFÉ standards are always attached to better fuel mileage and this sends a false message because there are always unintended consequences with regard to cost.

- **The vote on the substitute motion vote was a tie so language from the original motion will not be included in plan.**

T8

Idaho should consider local authorization of transit option taxes to support the use and expansion of public transportation in order to conserve fuel.

- **Senator Fulcher moved to delete this item and Senator Bair seconded.**
- **Representative Jaquet made a substitute motion to keep this in the plan and Senator Schmidt seconded.**

Senator Fulcher explained that he does not think this should be part of the energy plan.

Representative Eskridge spoke in support of the substitute motion because there has been a lot of discussion for local option taxes or transit option taxes. He noted that the public transit system implemented in his area would have been better if they could have used a local option tax. **Senator Schmidt** said he supports the substitute motion due to the interest his constituents show in this.

- **The substitute motion failed 7 nays, 5 ayes rendering the original motion moot and the item will not be included in the plan.**

T9

Idaho should encourage local communities to install and operate equipment that reduces truck and tour bus idling.

The committee agreed to this language as follows:

Idaho should encourage installation and operation of equipment that reduces truck and tour bus idling.

T10

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

Senator Tippets spoke in opposition to this because there is so much to consider with land use planning decisions. He thinks land use planning decisions should be left to local governments. **Senator Werk** agreed that these decisions should be left to local governments but said this is just to encourage local governments to keep this in mind when making those decisions.

- **Senator Tippets moved to delete this item, Representative Anderson seconded.**
- **Representative Jaquet made a substitute motion to keep this item as written. Senator Werk seconded the substitute motion.**
- **The substitute motion failed 7 nays to 5 ayes so the item will not be included in the plan.**

The committee moved on to further discussion of comments that had been received.

Consumer Advocate Office

Representative Eskridge said, in his opinion a consumer advocate does nothing to support development of energy policy and he thinks this should be handled elsewhere. **Representative Jaquet** commented that there were other options for where this would be located besides the PUC. In her opinion the language should just encourage this be explored, not to specify where it be located. **Representative Anderson** said he thinks the system is already in place to handle this without future expansion. **Senator Tippets** said he had warmed to the idea of consumer advocate because large utilities have many resources available for these cases that individual ratepayers cannot compete with. **Senator Werk** commented that he gets the sense that the committee does not want this in plan itself but said adding it to the plan would make a statement of interest in leveling the playing field. He said he would prefer to see it in the plan.

- **Representative Jaquet moved that the plan include a statement to explore the possibility of a consumer advocate office in state of Idaho to represent residential customers. Senator Tippets seconded.**

Representative Stevenson asked who will do this exploring and suggested that it would be appropriately handled through legislation and germane committee process. **Representative Jaquet** thinks explore brings this to a higher level for consideration. **Representative Anderson** commented that the PUC was established for this and since Idaho has the cheapest rates of any state, why would the PUC not move in the best interest of rate payers.

- **Representative Anderson made a substitute motion to not include this in the plan. Senator Fulcher seconded.**
- **The substitute motion passed 8 ayes to 4 nays so this will not be included in the plan.**

It was decided that language regarding the federal government allowing access to woody biomass for electricity would be distributed to members to vote on when considering the entire plan.

Representative Jaquet said that she had received comments that the PUC should be able to allow utilities to offer bill assistance programs to ratepayers and suggested language for this be included in the plan. **Representative Anderson** commented that he did not think this should be part of the plan. He thinks this should be done legislatively. **Representative Stevenson and Representative Eskridge** agreed with **Representative Anderson**. **Representative Eskridge** said, in his opinion, the plan should focus on the development of energy resources to meet the needs of Idaho citizens. There was no consensus to add this.

In response to a comment from **Representative Jaquet** regarding LEED standards and retro-commissioning state buildings, **Representative Eskridge** said he thought that had been covered in other areas of the plan.

Representative Jaquet asked whether “distributive generation” had been specifically included in the plan. **Senator McKenzie** said it was included in E10.

Senator Werk commented on the number of comments received and said it would be nice to include them as an appendix to the plan. He asked whether market transformation language had been included in the plan and **Senator McKenzie** said it was included as CE5 of the new plan.

Senator Schmidt reiterated that fact that approximately 1/3 of the energy used in this state is for transportation and in his opinion, people need to be aware of this fact. **Representative Eskridge** stated that Policy 8 emphasizes the need for conservation and fuel usage. He added that the plan also includes language that schools should promote programs for efficient use of energy.

There was no consensus for raising the \$40,000 intervenor cap for funding.

It was decided that the cochairmen will meet with Legislative Services Office staff to formulate the plan using the policies and action items that were agreed to or voted on by the committee. The plan will include “It is the policy that the state of Idaho...” where necessary. Legislative Services Office staff will format the plan to distribute to committee members. It was determined that the committee will have another short meeting to vote on the finalized plan.

Senator McKenzie thanked everyone for all of their hard work and participation

The meeting was adjourned at 4:45 p.m.