



November 3, 2011

Senator Curt McKenzie  
Interim Committee Co-Chair

Representative George Eskridge  
Interim Committee Co-Chair

Dear Senator McKenzie and Representative Eskridge:

The Washington State University (WSU) Energy Program is honored by the opportunity to submit comment on the draft 2011 Idaho Energy Plan. The WSU Energy Program is no stranger to Idaho. It has been a long-term partner with Idaho's energy office in all areas of efficiency including residential, commercial, industrial, and combined heat and power for many years. It is currently involved with Idaho in many ways – including contracting with the Idaho Office of Energy Resources and operating the Energy Star® NW Program in Idaho.

The WSU Energy Program has reviewed the draft plan and wants to offer congratulations to the Interim Committee, the Idaho Strategic Energy Alliance and the Idaho Office of Energy Resources for creating an excellent and impressive state energy plan. The WSU Energy Program offers its comments in four areas – general organization, residential efficiency, industrial efficiency, and combined heat and power – in the hope that its perspective can assist in making the plan even better.

### General Organization

The draft is a valuable resource that provides in-depth information about Idaho's energy sources, utilities and their programs. To enhance its value as a plan, it would be helpful if the recommendations in the beginning of the document included specific sections on topical areas in efficiency – such as residential, commercial, industrial, combined heat and power – and made specific recommendations. In the residential section, for example, goals and actions for new and existing homes could be stated. Subsequent comments from the WSU Energy Program describe items that could be included in these sections.

### Residential Efficiency

In the fall of 2010, the WSU Energy Program was selected by the Northwest Energy Efficiency Alliance to provide Energy Star verification and quality assurance in the State of Idaho. The WSU Energy Program is a full-scale certification organization. It provides federal tax credit, energy efficient mortgage and home energy rating services in Idaho, in addition to its work with Energy Star. It also provides training in duct testing and sealing and heat pump commissioning for Performance Tested Comfort Systems™ (PTCS), home energy raters under the authority of the Residential Energy Services Network (RESNET), and existing home auditing through the Building Performance Institute (BPI).

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As a full service energy rating services and training provider, the WSU Energy Program has been asked by its network of home energy specialists in Idaho to provide support for a home retrofit program that would include certification and quality assurance. The WSU Energy Program is prepared to provide this service.

Like most states, Idaho has a significant stock of existing homes that do not approach current cost-effective levels of efficiency. Most of these homeowners do not qualify for low income weatherization, but they also may not have significant resources to finance energy efficiency upgrades to their homes. Any assistance can make the difference between making the investment and continuing to pay more than is necessary to keep their homes comfortable.

A message that Idaho can send to homeowners is a tax deduction for the investment in making their homes more energy efficient. The WSU Energy Program's experience working with communities in Washington indicates that paying a portion of the cost produces more participation in the program. Idaho already provides this benefit to owners of homes older than 1976 (63 I.C. 3022b). However, this incentive is not available to owners of homes built later – regardless of how inefficient they are.

A tax incentive is a great marketing tool to help get home owners to commit to upgrading their efficiency. The deduction costs the state only 6.9 percent of the overall investment (the average Idaho tax rate), and is almost revenue neutral in the first stage – due to increased sales and income tax on the materials and installation. In other words, this will increase jobs for home energy specialists, insulation and window suppliers and installers, and others involved in the efficiency industry.

And, the benefit does not stop there. Studies done in Idaho and elsewhere indicate that a dollar spent in a community – especially on labor – cycles through that economy buying goods and services many times, adding value to the investment on each transaction and producing taxable revenue.

Idaho's Draft 2011 Energy Plan does not recommend updating the energy efficiency tax deduction to apply to all inefficient homes, although it does recommend allowing a deduction for Energy Star appliances. The WSU Energy Program suggests it should. Like Washington, Idaho needs jobs. The WSU Energy Program is helping by providing a framework for value-added work. A tax deduction that encourages energy efficient work would be a great help to Idaho businesses that make these services available.

#### Industrial Efficiency

The draft plan states what utilities are doing to promote industrial efficiency. It would be helpful if the plan also outlined in a specific section policies to explore in the industrial sector that promote efficiency. The section could discuss policies like encouragement to industry to use Idaho's investment tax credits and/or utility incentives to finance efficiency improvements. Existing state, regional and federal resources to help support industrial efficiency efforts could be highlighted. Industry could also be encouraged to set efficiency targets for their own operations. An overall policy target for industrial efficiency that industry, utilities, universities and government could work jointly towards could also be stated.

While industry may give push back on efficiency goals established by the state's plan, by creating a leadership program that recognizes industrial energy efficiency goals and achievements – one that is supported by the Governor's office and other regional stakeholders – companies will likely be much more inclined to participate. Similar efforts are currently underway in Oregon and Washington, led by the state energy offices, and Idaho could leverage the work already done in those states to help create its own program.

A stated goal and recognition program would attract investment and participation by giving regional partners and the U.S. Department of Energy evidence of a state commitment to industrial efficiency. The WSU Energy Program and other regional stakeholders have historically cooperated with Idaho in regional industrial efficiency efforts funded by the Department of Energy. Over the years, these connections have provided valuable energy efficiency resources to Idaho industry, and can continue to do so with a clear statement of intent in Idaho's planning documents.

#### Combined Heat and Power

Idaho is a partner in the Northwest Clean Energy Application Center operated by the WSU Energy Program – with funding from U.S. Department of Energy (for more information see: <http://www.chpcenternw.org/>). Using resources provided by the Center, Idaho is developing some of the most exciting Combined Heat and Power (CHP) projects in the region.

It will take a clear, defined policy to turn these potential projects into reality. The plan provides an opportunity to state a clear policy in favor of combined heat and power as a preferred option. This would provide a signal to regulators, utilities and industry that CHP should be promoted where appropriate.

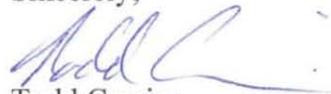
CHP can benefit dairies, food processing, forest products and other industrial sectors. It can also take pressure off the transmission and distribution systems. Having "on ramps" to the transmission and distribution system with a smooth interconnection framework would be of benefit.

This policy makes both financial and energy sense. Financial because it provides energy and process heating and cooling at the lowest possible cost, because of the multiple uses obtained from the primary fuel. Energy because the overall efficiencies obtained are the highest possible, since heat that would otherwise be wasted is put to good use.

#### Conclusion

The WSU Energy Program is available to answer questions from the Committee on these questions. Please do not hesitate to contact us if we can be of assistance as you finalize your energy plan. We are very glad to be part of such an impressive effort.

Sincerely,



Todd Currier  
Division Manager  
WSU Energy Program

Cc: John Chatburn