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**To:** Idaho Irrigation Pumpers  
**From:** Brenda Tominaga  
**Re:** Energy, Environment & Technology Legislative Interim Committee  
August 21, 2007, Boise, Idaho

Mandatory energy efficiency criteria for state-owned and state-funded buildings and the proposed construction of a nuclear plant were the primary focus for the Energy, Environment & Technology (EET) Legislative Interim Committee at its first meeting this year on August 21. The interim committee also received a status report on the regional energy forecast from the staff of the Northwest Power and Conservation Council and air quality issues from the Treasure Valley Air Quality Council.

**Mandatory 30% Energy Efficiency Criteria:** Senator Kate Kelly (D-Ada County) presented draft legislation that would mandate future state-owned/state-funded projects meet minimum 30% energy efficiency criteria. Although no particular green building standards or any particular type or source of building material are adopted, the standard would apply to all major state buildings and renovations funded from the state's general fund, permanent building fund, State Building Authority and/or constructed by or for the state. Public school and local government projects would be exempt.

A second provision would require that, beginning in 2009, public agencies "monitor, document and annually report" the cost and savings of constructing and operating projects built using these energy efficiency standards to the Permanent Building Fund Advisory Council who would then forward a consolidated report to the Governor and Legislature. Representatives from ISU, BSU, INL and the Idaho Energy Division testified in support of the proposed legislation, stating that 30% energy savings is achievable without any increased cost, especially if the state adopts an integrated design process.

The bill is a redraft of legislation presented during the 2007 legislative session. Kelly is accepting comment on the existing draft and making further revisions that will be circulated among committee members between now and the next EET meeting. At that meeting, the interim committee will decide whether or not to recommend it to the 2008 Legislature.

**Nuclear Plant Proposed for Bruneau:** Don Gillespie, Alternative Energy Holdings, touted nuclear energy as the "largest, most reliable, clean baseload power source available" as he discussed plans to build a 1600 MW nuclear power plant near Bruneau. The facility could provide a clean renewable energy supply for Idahoans, "...lift water from the Snake River...", and help move Idaho from being an electricity importer to exporter. However, if local utilities are not interested in the power, Gillespie says utilities outside the state, including California's PG&E, are.

To date, Alternative Energy Holdings has an option on 4,000 acres of private land with senior priority water rights that is buffered by additional Bureau of Land Management acres, has filed for its conditional use permit with the Elmore County Commissioners, is moving forward with plans to build a weather monitoring tower to gather data necessary to file its Combined Operation and Licensing Application (COLA) with the Nuclear Regulatory Commission (NRC) in 2008, and is reviewing financing options for the estimated \$4 billion project. If approved, Bechtel would begin construction in 2011. The plant could tentatively be operational by 2015, providing an estimated 500 full-time positions locally, \$30 million in state and local taxes, and \$750 million to the state's Gross Domestic Product.

*Proposed Nuclear Plant, continued from page 1*

Siting for the merchant plant would fall under the jurisdiction of the federal Nuclear Regulatory Commission, not the Idaho Public Utilities Commission. The NRC's authority pre-empts that of state and local government, with the exception of water right transfers that are the domain of the Idaho Department of Water Resources. Historically the federal government would defer to state and local concerns when making its determination. When asked, Gillespie said overall local reaction has been positive.

Idaho National Laboratory representative Ralph Bennett, on hand to answer technical questions, observed that the plant's proposed "once through" cooling system, intended to conserve water, has never been used before nor has the proposed coupling of methane and ethanol production. Delivery of some construction components that are typically barged due to their excessive weight would be difficult due to this site's inland location; and, federal funding is no longer available for this type of reactor so the project costs would be borne entirely by the developers.

**Regional Energy Outlook:** Michael Schilmoeller, Senior Power Systems Analyst for the Northwest Power Planning and Conservation Council, updated the committee on the status of the regional energy supply. Since the Council adopted its 5<sup>th</sup> Power Plan, a number of changes have occurred in energy markets that include worldwide growth, war in the Middle East, climate change concerns, and what he termed a "weak energy supply response".

In discussing that weak response, Schilmoeller said that utilities appear to be building to meet existing need and relying more on conservation to meet future needs. This is partly due to the risks involved with traditional baseload resources that include a volatile natural gas market and environmental concerns about coal or nuclear power.

As utilities move to meet the requirements of various states' newly adopted Renewable Portfolio Standards, there is concern that overbuilding in this sector could result in low wholesale costs and high retail rates. Climate control measures will require substitution lower carbon dioxide resources for existing thermal resources. Utilities are also looking for alternative fuel sources like "petroleum coke – a byproduct of oil refining process – to meet future needs.

A recently completed Wind Integration Action Plan indicates that, while there are fundamentally no technical barriers to integrating 6000 MW of wind proposed to build in the region, constraints on "output control capability" and transmission are an issue. Co-chair George Eskeridge (R-Dover) said another concern that could potentially impact regional adequacy is that many utilities' Integrated Resource Plans may be subscribing to the same power supply.

**BPA Residential and Small Farm Credit Suspension:** Paul Kjellander, an Idaho Public Utilities Commissioner, and John Williams, Bonneville Power Administration's Idaho customer service representative, discussed the impact of BPA's suspension of its Residential and Small Farm Exchange Program on Idaho ratepayers. While Williams briefly recapped the history of the BPA's Residential Exchange and Small Farm Program (REP), Kjellander focused particularly on the impact to Idaho irrigators and the potential for a settlement.

*BPA REP Impact, continued from page 2*

At the heart of the controversy is how the federal system's benefits will be allocated between public and private utilities, a controversy that was apparent even in this small gathering. As Kjellander noted that the nine out of ten Idaho ratepayers who get power from an investor owned utility are entitled to share in the benefits of the federal system, Representative Eric Anderson (R-Priest Lake and a board member for a North Idaho public utility) shot back that public utility customers have first priority to that power and bear the burden of making BPA's annual Treasury payment. Kjellander was quick to point out that the Idaho PUDs were not party to the lawsuit and are working in the on-going negotiations to identify a workable solution.

Kjellander is cautiously optimistic that a possible – but not unanimous – settlement may be achievable in the next few weeks, one that would require Congressional ratification to lay the issue to rest once and for all and avoid future litigation. He also expects that the benefits going forward will be significantly lower and will never return to past levels. He said we will be lucky to receive \$250 million of what was previously an estimated \$330 million benefit to region. Most parties agree that a regional settlement is preferable to a Congressional settlement that could involve re-opening the 1980 Northwest Power Act.