



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 629

Chairperson: LeRoy Louden
Committee: Natural Resources
Date of Hearing: February 14, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 629 creates the Rural Community-Based Energy Development Act (C-BED). Its purpose is to foster community-based renewable energy development initiatives designed to optimize local and regional agricultural resource economic development benefits. Local ownership of C-BED projects are designed to keep the financial benefits of ownership in the community by limiting ownership to farmers, local businesses, schools, community groups and ordinary members of local communities. In addition, financing is typically done with local area banks. C-BED projects create and support many jobs for local contractors, engineers, accountants, lawyers, bankers and main street businesses. As a result, significantly more dollars per KWh circulate in the local and regional communities compared to non-C-BED renewable power projects. A May 2005 U.S. Department of Energy study showed that wind power brings higher direct economic benefits to local economies than any other form of new electricity, including from coal and natural gas.

Under LB 629, C-BED projects of more than two wind turbines are defined in part by limiting the percentage of ownership by a single qualified owner to no more than 15% of the project. In addition a C-BED project must have a resolution of support adopted by the county board of each county in which the C-BED project is to be located or by the tribal council for a C-BED project located within the boundaries of an Indian reservation.

A C-BED tariff is established in LB 629. The rate schedule must provide for a rate that is higher in the first 10 years of the power purchase agreement than in the last ten years. This schedule is structured with the goal of repaying the high capital construction costs in wind energy projects. Unlike other energy generation facilities, the vast majority of the projects' costs are in construction because there are no fuel costs. A C-BED project which operates under a power purchase agreement under a tariff is not eligible for net-energy billing.

If a Nebraska public utility is required to comply with renewable portfolio standard requirements, the utility shall first consider whether one or more C-BED projects are available to meet the utility's needs without causing any adverse or unsafe consequences and with minimal impact to customer rates. Each public utility must include in its resource plan a description of its efforts to purchase energy from C-BED projects. Nothing in LB 629 would obligate a public utility to enter into a power purchase agreement under a C-BED tariff.

Principal Introducer:

Senator M.L. Dierks