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Natural Resources Committee
October 16, 2009

[LR195 LR221]

The Committee on Natural Resources met at 1:30 p.m. on Friday, October 16, 2009, at the Energy Plaza Auditorium, Omaha, Nebraska, for the purpose of conducting a interim hearing LR195 and LR221. Senators present: Chris Langemeier, Chairperson; Annette Dubas, Vice Chairperson; Tom Carlson; Tanya Cook; Deb Fischer; Ken Haar; Beau McCoy; and Ken Schilz. Senators absent: None. Also present: Pete Pirsch. []

SENATOR LANGEMEIER: Good afternoon, and welcome to the Natural Resources hearings on LR195 and LR221. My name is Chris Langemeier. I'm the Chairman of the Natural Resources Committee. I'd like to introduce those sitting with me, my fellow colleagues sitting with me. We'll start clear to my right or your far left. We have Barb Koehlmoos, the committee clerk of the Natural Resources Committee. We have Senator Tanya Cook from Omaha; we have Senator Tom Carlson...I've had more blank outs in the last week; Tom Carlson from Holdrege, Nebraska; we have Senator Deb Fischer from Valentine, Nebraska; to my left or to your right we have Laurie Lage, who is the legal counsel for the Natural Resources Committee; we have Senator Annette Dubas, who is also the Vice Chair of the Natural Resources Committee from Fullerton, Nebraska; we have Senator Ken Schilz from Ogallala, Nebraska; we have Senator Ken Haar, and you are all going to hear from him in a little bit as he introduces his LR, from Malcolm, Nebraska; we have Senator Beau McCoy from Elkhorn, Nebraska; and then Senator Pete Pirsch is sitting in with our committee today as well, as he will be introducing his LR as we get to it this afternoon. For you who would like to testify, on the little stand over there, there are a couple sheets. There's first this green sheet. If you're going to testify we ask that you fill it out, and then when you come up to testify if you would give it to Barb before you start. For those of you who are here that would like us to have a record that you were here, other than the security desk, but you're not going to testify but you do want to be on record that you are here, there's also this sheet over on the podium and you can sign in on that. You don't have to do both but if you want to be of record, but you're not going to testify, that's your second option. We ask at this

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

time that you would turn your cell phones to vibrate or off so we don't disrupt those willing to testify before us today. We have, as you can see at the testifiers table, you'll see there are some lights there. We have every testifier has five minutes to testify and then if you can when you're done we will ask you...may or may not ask you questions from the committee. But as you see, the light is on green. It will be on green for four minutes. It will go to yellow and that will be one minute left and then red, we'd ask you to conclude and prepare yourself in that manner. So with that, are there any questions? Seeing none, we will open the hearing on LR195 and Senator Haar has asked...he's just going to give his opening from right there. [LR195]

SENATOR HAAR: (Exhibits 1 and 2) Thank you. These chairs are very comfortable so I'm going to stay right here, if that's okay. Thank you very much. LR195 is an interim study to examine energy efficiency. And to begin, I'd like to go briefly...and this is right in the resolution to go through the, what we believe are the many benefits of energy efficiency. The first is reduction of pollution and other environmental impacts associated with the production, generation, and use of electricity, natural gas and oil. Another one is increasing the reliability of electric systems by reducing the strain on the electrical grid during peak energy demands. Also reduces the need for new power plants and also reduces the cost of electricity. The third one is improving national security by reducing dependence on oil and other resources from other countries. The fourth is reduction in the amount of money required to heat, cool, and light buildings and homes and motor vehicles. The fifth is improving the economy of the state by reducing money sent out of state to pay for energy costs. And a sixth one that isn't on here but I think is really important, is it reduces the amount of water we consume and the amount of natural gas. What I'm going to give today in terms of my introduction is kind of a 30,000 foot view. I spent a lot of time this summer at three or four conferences, one of them, Senator Fischer is the chair of the Energy Committee. I went to that one in Kansas City. I've been doing a lot of reading, a lot of talking to people. And I like pictures and I'm sorry you don't see these out there but I'll do some explaining as I go along. My first picture I've given here is a quote from Department of Energy Secretary Chu. And he says,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

energy efficiency is not just the low-hanging fruit, it's the fruit lying on the ground. The second slide for the committee shows where the energy that we use in this country goes. About 40 percent for buildings, 22 percent of that is for residences, 18 percent for commercial, 28 percent for transportation, and 32 percent for industry. And the residential and commercial are broken down approximately...so you can get an idea. For example, under commercial, computers use up about 3 percent of the energy. Well, the first thing that I think is a responsibility of us as legislators, is to recognize energy efficiency as a high-priority resource. Energy efficiency as a resource. And, again, I've done a lot of looking at other states to do some modeling. And I'm not even saying these are the kinds of things that I would introduce as legislation, but these are the kinds of things I'm finding. For example, in Colorado there was an energy saving goal for gas and electric utilities of 11.5 percent reduction by 2020. And so again, we've heard a lot about energy portfolio standards, which are like generating 10 percent of the electricity by 2020. But now we're beginning to talk about energy savings goals that are also imposed on utilities. Vermont has something called Efficiency Vermont, which is the nation's first statewide provider of energy efficiency services operated by a nonprofit organization under the Vermont Public Service Board. And just some interesting facts about Efficiency Vermont. In 2006 alone, they served 38,600 people in Vermont saving about \$6 million in annual electric and fuel bills, 56 million kilowatt hours of annual electric savings, 415,000 ton reduction in greenhouse gases and a savings of 3 million gallons of propane, 218 million cubic feet of natural gas, and a very interesting one that would interest us is 409 million gallons of water over the lifetime of the installed measures. Another interesting example is Delaware where they have the Sustainable Electric Utility. Again it's a nonprofit corporation to foster energy for the state through conservation, efficiencies, and the use of renewable energy. And in the case of sustainable energy utility for Delaware, it's kind of the one-stop shopping. If you want to save energy you can call there and they will go through all the steps you need to go through. Then some ideas that various states have come up with for promoting energy efficiency. And here I've stressed that buildings are a key factor in our economy. California has a system developed by the Department of Energy where they require

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

Energy Star disclosure. So you have a scale that shows a standard new home and it gives you kind of an energy rating, almost like miles per gallon or the kind of energy rating you see on appliances these days. So what's being found is that many people look at the cost of a home only as the mortgage and the insurance. And what this does is encourages people to look a little bit broader. One of the costs of a home is the cost of energy over the lifetime of that home. And so, I find this very interesting in what they call the HERS, H-E-R-S Index, which compares your home to in terms of energy efficiency. Terms of building codes. One of the recommendations every seminar I went to was that we update to the current versions and that there be automatic updates instead of the Legislature always, each year, having to approve updates to the building codes. Again, I'm not saying these are precisely the things I will introduce as legislation over time, but this is what's happening nationwide. And then in terms of research, we have here, of course, in Omaha the Peter Kiewit Institute. And they're doing cost analysis modeling of energy efficiency before construction begins. And for the people at the podium here, I have a map that shows that with software that's being developed by Peter Kiewit Institute and other places, what they do is to take a building and they look at it in many different ways. What kind of insulation you use, what kind of lighting, and they run it through many different iterations. And what they find and is illustrated on this graph that actually if...when this kind of software becomes developed fully, you can build and save 40 percent energy, for example, for less than traditional building standards. And so I think this is a great hope for energy efficiency as well, looking up front at how you can build more efficiently. And then finally for the members of the committee, and I'd provide this to anybody who's interested, there was an article from the State Legislators magazine on what they call the first fuel, in other words, energy efficiency. And so again, these are the kinds of things from a highest viewpoint that I think we will all be hearing about in the future and looking at in the future in terms of energy efficiency. So thank you very much. [LR195]

SENATOR LANGEMEIER: Thank you very much, Senator Haar. With that, I'd like to introduce two more guests, three more guests that are in the crowd, director Neil

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

Moseman and Danielle Jensen from the Nebraska Energy Office are with us. We also have Mark Matulka from the Governor's Policy Research Office. We thank you for coming to the hearing. For many of you, as I see across the crowd, have testified before legislative hearings before, and at the Capitol we take proponents and opponents and neutral testimony. During an interim study, as we are here today, we take the testifiers as you care to come testify. So with that, I'll open the floor up to any public comments or anybody who wants to testify, come on up. And you need to have a green sheet so if you haven't done that yet, get it to us quickly after you're done. We'd ask that you come up and say and spell your name so we get it right in the record and then go ahead with your testimony. Welcome. [LR195]

MATTHEW LEAPER: Certainly. My name is Matthew Leaper, Matthew, two tt's, L-e-a-p-e-r, and I'm with a company called Johnson Controls. And I just simply wanted to bring to the attention of Mr. Haar what I do is specialize in a tool called performance contracting to help to enable building projects. And one of the more successful state driven initiatives that I've seen to support our business and to help us get things done inside of the state is the Facility Conservation Improvement Program in the state of Kansas. So I would recommend you look in that general direction for some ideas or some thoughts on how to promote energy efficiency. They do a great job of helping public sector entities understand how we can help and that in turn helps to get work done. And it seems to just keep the wheels moving. And there are maybe ten to twelve companies of my capabilities and size and things like that that can really use savings to help pay for things and get projects done. And I think they do a great job and I simply wanted to bring that to the attention of the committee. [LR195]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Dubas.
[LR195]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Mr. Leaper. I think you and I met in Grand Island, if I'm remembering right. [LR195]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

MATTHEW LEAPER: Correct. [LR195]

SENATOR DUBAS: Are you working with the Grand Island public schools? [LR195]

MATTHEW LEAPER: Yep. We've been exploring some options to do a wind project there and working with several other municipalities, public sector entities throughout the state. [LR195]

SENATOR DUBAS: Are those projects and ideas moving forward? [LR195]

MATTHEW LEAPER: Absolutely. I mean, it takes a little bit of time. Whenever...everything I do is in the public sector so it takes a little bit of time to get ideas and things like that moving forward. What the program I referenced in Kansas does it really shortens that initial path by helping the state to promote an idea that it makes it easier for a school district or a public sector entity to run with. It also kind of carves out, you know, some of the ways the fees are structured, some of the ways the competitive process is put together, so it basically makes it easier for us to do business. Whereas, if it takes me 24 months to develop a project without such a standard, with such a standard I can develop a project in three to six months because the state is kind of there, not to do the project for us, but to kind of help plant the seed and that kind of helps build a little bit of momentum. [LR195]

SENATOR DUBAS: So the work that you're doing with the school district and these other, it's helping them not necessarily create new energy production, it's how to maybe be more efficient and... [LR195]

MATTHEW LEAPER: Yep. Correct. We can implement any technology that produces energy or operational savings and under existing legislation, NE62, or 66, 1062-66 for energy financing contracts we can do the work using those savings, actually get the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

things done. And there's been about 60 million in work under this approach since 1983 in the state of Nebraska, mostly in schools. I think it's just starting to get some momentum within municipalities and I think having that getting more momentum, something like this could support it. Based upon some of the things that they've done in Kansas I thought was a good model. Colorado has a similar model. There's pro and there's cons, but at the end of the day it helps us to get more work done because it helps us to get over that hurdle of education, which is often one of the most challenging hurdles with the different procured method such as performance contracting. [LR195]

SENATOR DUBAS: Thank you very much. [LR195]

SENATOR LANGEMEIER: Very good. Senator Haar. [LR195]

SENATOR HAAR: Thank you. Matthew, if you could give me links to those I'd appreciate it. [LR195]

MATTHEW LEAPER: Yeah, absolutely. [LR195]

SENATOR HAAR: Okay. [LR195]

MATTHEW LEAPER: Will do. [LR195]

SENATOR LANGEMEIER: Any other questions? Seeing none, thank you very much. [LR195]

MATTHEW LEAPER: Thank you very much. [LR195]

SENATOR LANGEMEIER: Further testimony. Come on down. As you saw, it's pretty painless. (Laughter) [LR195]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

DALE GUBBELS: Right. Good afternoon, my name is Dale Gubbels, and I am the CEO of Firststar Fiber. [LR195]

SENATOR LANGEMEIER: I need you to spell it for me, please. [LR195]

DALE GUBBELS: Sure. Gubbels is G-u-b-b-e-l-s. The primary reason that I'd like to speak today is to speak to the objectives of the research. You mentioned about six very good reasons to do it. I'd like to suggest another. You mentioned conservation of water. I think there's an opportunity to look at conservation resources in general. Firststar Fiber, we are a recycling company. We recycle paper which is used to make cellulose insulation, which is a form of energy conservation. We also recycle aluminum cans which is 95 percent more energy efficient than using box site. But also just from a system's point of view, the aspect of how recycling is done in most buildings is antiquated. A lot of our buildings are not designed to even have the space to set up programs to allow recycling. We see that a lot here in the Omaha area in terms of how the schools have been designed. It's very difficult to set up a recycling program in schools because of the architectural designs allow for solid waste collection, but they don't even allow enough room then for separation of trash into a recycling bin. So as you think about what the state can do in terms of encouraging energy conservation, I'd just like to encourage you to look at it in a broader, more holistic approach, and take into account that there's imbedded energy in all our waste. And how we go about dealing with that is going to be beneficial to the state from all the other reasons that you mentioned as well from, you know, reducing our dependence on foreign oil to conserving water, so. Thank you. [LR195]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Haar. [LR195]

SENATOR HAAR: Thank you. Now, you're also associated with the state recycling group, right? [LR195]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

DALE GUBBELS: Yes, I am. I'm on the board of directors of the Nebraska Recycling Association. [LR195]

SENATOR HAAR: Are they funded at all by, you know, by state funds or...? [LR195]

DALE GUBBELS: In the past the organization has gotten funding from the Department of Environmental Quality and currently it's operating with some money from the Nebraska Environmental Trust. It's operating a small equipment loan or, excuse me, grant program where by the various community groups and small businesses around the state are applying for money for bailers, trailers, and other things to promote recycling at the community level. And actually that's a very good point because one of the aspects of how Nebraska is dealing with solid waste on a much broader scale than just buildings is the fact that we have about two million tons of garbage that we're still landfilling in this state. And other states have done studies and most recently the Department of Environmental Quality finished a waste characterization study that showed that a good 40 percent of what's going to the landfill is recyclable material. We could save a lot of money in the state and capture a lot of energy if we put more emphasis on developing an infrastructure that is more sophisticated. And not to take anything away from community groups that are running recycling programs, but we do not put enough emphasis on making this a mandate of the communities around the state. And I know that there's a lot of budget concerns at the local level, but if you were to look at the money that is being spent on solid waste in a lot of the communities, and I'm pulling from old information when I used to run the Nebraska Recycling Association years ago, but we found communities that were actually spending as much on solid waste disposal as they were on some of the community projects that they were doing in the community that are considered to enhance the livability of the community. It's only gotten worse because now, instead of open burning dumps that used to operate when I ran the Recycling Association, we rely on sanitary landfills. And we have fewer of them. Some of the communities are shipping their trash well over 100 miles. Think of the energy that goes into running those trucks up and down the road. And where does that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

resource go? Into a landfill. And where does that resource turn into? Leech aid which comes back in the form of pollution for the ground water. So it's a much bigger problem than what we generally think of when we think about recycling or solid waste management. [LR195]

SENATOR HAAR: Okay. Thank you. [LR195]

SENATOR LANGEMEIER: Senator Dubas. [LR195]

SENATOR DUBAS: Thank you, Senator Langemeier. I've heard in the past, maybe the reason why recycling efforts aren't where we want them to be is just because there's the economies of it, you know, that's it's just not...it's too costly to recycle. Is that changing or are there still challenges there? [LR195]

DALE GUBBELS: There's still challenges. The challenge, though, is not necessarily in the fact that there's commodity value. The commodity value is there. It's just how our society views it. We look at putting material into a landfill because we look at it as, well, that's, obviously it's waste. It has to go somewhere. But, you know, as we think about what our country is facing now, you know, that we need more jobs, the EPA has done studies to show that for every 10,000 tons of material that we landfill, it takes about ten people to do that. It creates ten jobs. If you were to recycle those same 10,000 tons, the EPA estimates it creates 36 jobs. So we have driven a lot of our manufacturers overseas, and the raw materials are also being driven overseas. The Commerce Department has estimated...or not estimated, they've reported that one of the biggest sectors that's offsetting our trade imbalance is actually the scrap material that we send overseas to China and other agent countries, as well as Europe. And the irony there is that when the Commerce Department reported that, they said that we were sending our trash overseas and that's what was offsetting it. Well, having been in the business now for almost 30-some years, I can tell you that no country ever buys our trash. They buy our resources. And if our own country doesn't understand that, our own government

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

doesn't understand that, that explains at a much deep level as to why we don't have as much recycling going on in Nebraska as what we should. [LR195]

SENATOR DUBAS: So does it just take more education? What is it that we need to do to change that? [LR195]

DALE GUBBELS: It takes education and a structure that starts from the Unicameral all the way down to the local level. And, you know, again I've been involved in recycling for a long time and I keep hearing from people that what we have to do is teach our children how to recycle. Well, we've done that for over 30 years, but our children cannot set policy at the municipal level. They can't set it at the state level. They can't set it in Congress. It takes us adults to do that and to put the time and energy into this so that we can develop all the...remove all the obstacles to sensible resource management and put it into an area where when it gets down to the children's level, they'll know how to do it because the adults are doing it. [LR195]

SENATOR DUBAS: Thank you. [LR195]

DALE GUBBELS: Sure. [LR195]

SENATOR LANGEMEIER: Senator Fischer. [LR195]

SENATOR FISCHER: Thank you, Chairman Langemeier. Thank you for being here today. Are you from Omaha? [LR195]

DALE GUBBELS: I live in Papillion, yes. [LR195]

SENATOR FISCHER: Papillion. I'm always interested in what local communities are doing with regards to recycling and any conservation methods that they employ. I personally like to see things come from the local level before the state steps in and tries

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

to mandate or regulate things. So what's Papillion doing, what's Omaha doing? [LR195]

DALE GUBBELS: Well, Omaha has a program where...and actually the Legislature has stepped in to Omaha already. Omaha is restricted from charging homeowners directly for their trash and their recycling. That has had a huge impact. Omaha does offer curbside collection of recyclables, those materials comes to our facility and we process it. Coming back to the connection to energy, when Omaha started its curbside recycling program, it was using 18 trucks every day to go out and pick up these recyclables and it would sort it at the curb. It went to a comingled approach whereby the public is told, put everything in a single bin. It's all paper, aluminum, tin, all that is mixed together. It's picked up in a compactor truck. They went down to eight trucks per day because the compactor truck is that much more efficient. That material comes to our facility. And by the way, you're all welcome to come visit our facility here in Omaha. But we have the mechanical means then to sort the paper, the cardboard from the newspaper, the aluminum cans from the tin cans, and the plastics from one another. [LR195]

SENATOR FISCHER: Is this a voluntary program for citizens or are all residents of Omaha required to recycle and have this on the curb? [LR195]

DALE GUBBELS: It's definitely voluntary. Now, when I mention how the state has stepped in, in other communities they have the capability to make it voluntary but provided economic incentive to that resident to recycle. It's called pay as you throw. And, you know, it gives everyone the incentive that, you know, I will pay less if I recycle. I'll pay more and cover the full cost of landfilling, which is often hidden in our tax structure. And that's one of the reasons why Nebraska isn't as far along as even Iowa, which has mandated at the municipal level that they have a more sophisticated recycling program. [LR195]

SENATOR FISCHER: Do you think local landfills from large cities should be required to have a methane production like OPPD has here in Omaha? Do you think that should be

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

a requirement? [LR195]

DALE GUBBELS: It really varies. [LR195]

SENATOR FISCHER: It's a resource. [LR195]

DALE GUBBELS: It is a resource, but to be quite honest, you know, I'm not an engineer. But I do know from what little I know about the methane, you have to have a certain size of landfill to justify that investment. I think what would be better in some respects is to try to keep it out of these landfills and, you know, organics can be returned to farmland. It can be built..it can help build up our soil again, which is so critical in this state, so. [LR195]

SENATOR FISCHER: Okay. Thank you. [LR195]

DALE GUBBELS: You're welcome. [LR195]

SENATOR LANGEMEIER: Are there any questions? I do. You know my wife in the Schuyler recycling center. That's her love, which has been a unique experience around our house. [LR195]

DALE GUBBELS: And I'm sure that's why you love her. (Laughter) [LR195]

SENATOR LANGEMEIER: And I donate the building to that recycling center. They're just filling up. Is the market ever coming around where we can get rid of...I mean, I've got five, six semiloads of cardboard in there I'd like them to haul away. [LR195]

DALE GUBBELS: Let me give you my card because we can move that for you. (Laughter) Yes, it has come back. [LR195]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR LANGEMEIER: But it was \$90 a ton and now it's \$10. Is it going to come back to...? [LR195]

DALE GUBBELS: It has come back but it really did fall off when the economy fell off. I mean, we were one of the reasons why it had gotten up to \$90 and better a ton is because the Chinese were buying our resources and sending them back to the U.S, in the form of finished goods. It has started to come back. The Chinese now are consuming a lot of our resources internally so it has come back. We've seen a trend upwards since...for cardboard since about February. It's back to about \$70 a ton now, so. [LR195]

SENATOR LANGEMEIER: She'll be happy to hear that. Been gone all day. Any other questions? Thank you very much for your testimony. [LR195]

DALE GUBBELS: Thank you. [LR195]

SENATOR LANGEMEIER: Further testimony. Come on up. You don't need permission. There's empty seats if you want to come up and sit and wait. Either way. Welcome. [LR195]

CORY FUEHRER: (Exhibit) Thank you. Chairman Langemeier and members of the Natural Resources Committee, my name is Cory Fuehrer, that's C-o-r-y F-u-e-h-r-e-r. I am the energy efficiency program manager for Nebraska Public Power District. I wanted to provide testimony today to make all of you aware of what NPPD is currently doing and in the areas of energy efficiency and conservation. I have a rather unique job that I enjoy very much. I get paid to convince customers to buy less of the product we're making in the first place. Where else but in Nebraska is this a great idea? NPPD is the largest electrical supplier in the state of Nebraska producing nearly 50 percent of all the electricity consumed in our state. NPPD in addition to supplying 80 communities at directly at a retail level here in the state, we also provide electrical energy to 52

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

municipalities and 25 rural power districts at a wholesale level. Over the last two years, with support from our wholesale utility customers, we've established a comprehensive and multifaceted energy efficiency program that addresses all various sectors of customers to include residential, commercial, industrial, governmental, institutional, educational, and agricultural end-use customers to help them improve their efficiency in the use of energy. These have all been banded together, all of these programs under the umbrella name EnergyWise. In addition to providing technical assistance related to energy efficiency, we offer incentives, financial incentives, that help offset some of the investment cost associated with improving efficiency. Currently, we are running 15 programs under EnergyWise that cover a vast array of opportunities. One of our...well, actually our most successful programs and there are two of them under the area of lighting efficiency, address those areas for commercial, industrial, residential, educational, and government customers as well. Since this past January the improvements made under this program will save 66 million kilowatt hours through the life of those improvements. That's the equivalent of powering 4,100 homes for a year. Another program in the area of lighting that has been very successful involves compact fluorescent lamps or CFLs. So far in our program where utilities are provided reimbursement for purchasing CFLs for complimentary giveaways to their customers, 103,000 CFLs have been distributed. In addition to that, nearly 50,000 CFLs over the past two years have been discounted with our in-store coupon program. Another program that we have is in partnership with the Nebraska Energy Office. We've been able to partner with them in their program of the Dollar and Energy Savings Loan Program to buy down the interest rate on high efficiency heat pumps. Currently, our own retail customers, as well as our wholesale utilities customers, are able to obtain a 2.5 percent interest loan for installing a high efficiency heat pump. Another partnership that we currently have going is with the Department of Environmental Quality here in this state in which we're recycling refrigerators. So far since the inception of that program we've been able to reclaim 1,600 secondary refrigerators. These are the ones that are usually sitting in the garages and so forth. And 97 percent of those materials are recycled in addition to all the energy that they were using is conserved. Another thing I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

would point out is that we've had a longstanding Demand Waiver Program that we and our wholesale customers have been able to control our peak loads during the summer. Through this program we've been able to, if you will, turn off 600 megawatts. That's the equivalent of...the equivalent to an entire power plant. I'd also point out that currently within the district we're looking at our own facilities. We're saving energy in lighting, in heating and cooling improvements in our generation facilities and offices. We're constructing a new facility, a multiuse facility in Norfolk, and that will be LEED certified at the Gold level of standard. Our board of directors has been very supportive of these programs and will continue to do so in the future. So with that, I thank you for the opportunity to address you today and I'd entertain any questions that you may have.
[LR195]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Carlson.
[LR195]

SENATOR CARLSON: Thank you, Senator Langemeier. Mr. Fuehrer, thanks for your testimony. I'm interested in the 103,000 CFLs that have been given away. Can that be translated into energy savings? [LR195]

CORY FUEHRER: To give you an idea in terms of cost, each one of those on average will save \$6 to the consumer. So we do the math there, I think we start to approach two-thirds of a million dollars. [LR195]

SENATOR CARLSON: Okay. Thank you. [LR195]

SENATOR LANGEMEIER: Senator Haar. [LR195]

SENATOR HAAR: Thank you. Some questions to help educate me and also...you talk about on one part irrigation efficiency improvements. Could you talk a little bit about that? We had a tour of part of Nebraska that does a lot of irrigation so I'd be interested

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

to know of that. [LR195]

CORY FUEHRER: That particular area is near and dear to my heart. I started the work within NPPD in looking at irrigation efficiency in about 2000-2001 time frame. Nebraska, as of this year, surpassed California as the state with the largest number of irrigated acres. I believe we're just under nine million acres being irrigated here in the state. In well over 90 percent of those situations where there's opportunity for efficiency improvements in those irrigation systems, they relate to improvements in the pump. Quite often the pump is not matched up to the water delivery system that it's connected to. With that we provide a program that does provide a complimentary pretest to the customer up-front to determine where is their existing efficiency. From that we have some tools to assist the customer in figuring out how much could they be saving? Not just in terms of kilowatt hours but dollars and cents on an annual basis. And then we offer an incentive to help defray some of the costs of those improvements. [LR195]

SENATOR HAAR: How do you answer the question, and this is one that comes up quite often when I talk to people about energy efficiency, if you give me an incentive to buy a ground source heat pump, for example. Doesn't that mean the rest of your customers are subsidizing me? [LR195]

CORY FUEHRER: Excellent question. Our programs are designed to provide an incentive in the cost range of 1 to 2 cents per kilowatt hours saved. Now, NPPD is charged and established to meet the electrical requirements of the Nebraskans and the residents that we serve. [LR195]

SENATOR HAAR: Uh-huh. [LR195]

CORY FUEHRER: If we can still serve them and meet those requirements at a cost less than what it would have cost us to generate it, and our average variable costs are at that 3 to 3.5 cents to kilowatt hour... [LR195]

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Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR HAAR: Uh-huh. [LR195]

CORY FUEHRER: ...to produce, then, in fact, we're saving money for our constituents.
[LR195]

SENATOR HAAR: Okay. Excellent. And then you talk about pricing signals. What do you mean by pricing signals? [LR195]

CORY FUEHRER: We have a program, the Demand Waiver Program is our wholesale rate program, in essence, where if we're anticipating a day that there are going to be high demands on the electrical system, prior to 10:00 a.m. in the morning we're notifying all of our customers, our wholesale customers, that today is a billing day. We are going to bill for electrical demand. If they can curb some of their electrical demand, be it through load control devices connected to irrigation systems, to water heaters, to air conditioning systems, then they can reduce the charged cost for the demand that they're consuming. So that would be basically the program. And then normally later in the day once that peak period has expired, we release that and waive the electrical demand so they can return those customers to whatever they were using the power for.
[LR195]

SENATOR HAAR: And I guess this is where the smart grid would come in as we move into that area where people can plan activities for the hours when electricity is cheaper, right? [LR195]

CORY FUEHRER: It definitely would enhance it. [LR195]

SENATOR HAAR: Okay. Well, since I can't take notes quite fast enough, I'd really appreciate a written answer to my previous question. [LR195]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

CORY FUEHRER: Which was, again, Senator, which one? [LR195]

SENATOR HAAR: Am I subsidizing you by, you know, if you get a heat pump? That sort of thing. [LR195]

CORY FUEHRER: I'd be more than happy to address that in a written form. [LR195]

SENATOR HAAR: Thank you very much. [LR195]

SENATOR LANGEMEIER: Very good. Are there any other questions? Senator Carlson. [LR195]

SENATOR CAMPBELL: Senator Langemeier. Just to follow up and comment about California and the fact that Nebraska has surpassed California in irrigated acres. California is not real happy about it. [LR195]

CORY FUEHRER: No. [LR195]

SENATOR CARLSON: It's not by their plan. [LR195]

CORY FUEHRER: True. [LR195]

SENATOR CARLSON: But they're having to curtail and buy out acres, restrict the number of acres, and I'm glad that we're not doing that yet. And I think with a couple of exceptions in the state, our irrigators are being efficient and are learning how to be more efficient, and whatever NPPD can contribute towards that is a good thing. [LR195]

CORY FUEHRER: Thank you. [LR195]

SENATOR LANGEMEIER: Any other questions? Seeing none, thank you very much for

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

your testimony. [LR195]

CORY FUEHRER: Thank you. [LR195]

SENATOR LANGEMEIER: You did a good job. Come on in. Welcome. [LR195]

JASON FISHER: Good afternoon. Thanks for hearing me. I'm Jason Fisher, F-i-s-h-e-r. I work at the Lund Company here in Omaha, Nebraska. And we...I wanted to talk a little bit and make sure that this committee understands the commercial real estate, a big issue in commercial real estate as it relates to energy consumption. And that is...and by the way, we, you know, this comes from a company who we manage a little over eight million square feet of commercial properties in the area. And as we know, most of us know, that commercial properties represent a majority of the consumption or the energy conservation opportunity with regard to real estate. So there's a major disconnect that I want to make sure that you all understand and that is, that incentive programs for energy conservation or construction techniques has been geared primarily toward new construction. And the major flaw here is that in new construction, the way that the market works, the person, the entity, the landlord, if you will, that is incentivized to construct at LEED level or energy efficiencies does not actually pay for the operating expenses. The tenants in new construction, tenants, pay the operating expenses in these buildings. So there's a major disconnect. And so the incentives don't really hit the person that, you know, that you need it to. Secondly, I would say that, you know, new construction by inherently because the technologies have gotten so much better in the way we construct and the materials that we use, that new construction is very energy efficient compared to the way we used to build buildings anyway. So having said that, the older buildings which represent...at one point, I looked six months ago when Senator Pirsch and I met, at one point it was around, you know, two-thirds of the commercial properties in Omaha, just Omaha, Nebraska, were 15 years or older, which are really the target audience for what incentives should be in, should be after because they're inherently less efficient, number one. Number two, they are, for the most part,

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Rough Draft

Natural Resources Committee
October 16, 2009

full service leases or gross leases where the person who owns it, the entity that owns it, pays for the operating expenses and they try to get it back in one payment for rent. So there's an incentive there. So that's, you know, that's a big disconnect and most incentive programs out there, whether they be LEED generated or sales tax incentives for using energy efficient, energy star equipment, just are, you know, targeting the wrong problem. So...and then I'd like to add that those incentives, even when you're talking about renovating an existing facility, a 20-year old facility, where you project the return on that investment, typically don't pencil out in the near term. And in addition, the tax assessed value typically goes up after you invest in older properties, and it typically washes any potential energy savings that you would have reaped. So I think the focus I would suggest, in my humble opinion, the focus needs to be at the taxes which is the largest component of operating expenses in commercial buildings. And it needs to be focused at properties that where the tenants are not paying for the operating expenses because there's no motivation for the landlords. So there's been other municipalities...I would just say this. There's been other municipalities that have offered incentives by way of tax assessed value holds for durations based on the level of LEED certification or the level of energy improvement that you've taken on that property. So, tax holds, I'm not talking about tax assessed value reductions. I'm just saying holds for a certain amount of years and I think that's one big area that you could motivate landlords.

[LR195]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Fisher? Senator Carlson. [LR195]

SENATOR CARLSON: Senator Langemeier. So, Mr. Fisher, you believe that if...there should be incentives for landlords to be able to improve that property but not have to pay for it in increased taxes? That's okay, if that's what you said. [LR195]

JASON FISHER: Yeah, no, no, no. I mean over time that's fine, but I think there should be, you know, I think that's the big, most significant component and that's how you can

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

get it to return on investment. It's inherently expensive to retrofit older buildings with...to update it with more, you know, energy efficient lighting, HVAC, etcetera. And most properties wait until it's an absolute necessity, the mechanical system fails, etcetera. So, yeah, I think that's, I guess what I'm saying. [LR195]

SENATOR CARLSON: And you're saying it would be nice if somebody that owns property that takes the steps to make that property better, more livable, shouldn't be penalized through increased property taxes. [LR195]

JASON FISHER: Absolutely. [LR195]

SENATOR CARLSON: Who sets the property taxes in the state of Nebraska? [LR195]

JASON FISHER: Well, it's at the county level. [LR195]

SENATOR CARLSON: Yes. [LR195]

JASON FISHER: Yeah. [LR195]

SENATOR CARLSON: So you're kind of talking to the wrong group but I agree with you here. [LR195]

JASON FISHER: Well, and I understand, but you know I'VE visited with a lot of folks and most don't understand that disconnect and so, you know, any opportunity I can get. I didn't prepare to talk about it this morning but...or this afternoon, but any opportunity I can get I use it, so. [LR195]

SENATOR CARLSON: Yeah. Thank you. [LR195]

JASON FISHER: And now the way I understand it, Senator Carlson, there have

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Rough Draft

Natural Resources Committee
October 16, 2009

been...there is an opportunity that would have to go, that would have to be voter initiated, that would have to be a vote that could introduce legislation or could pass legislation that could impact property taxes. Senator Pirsch, am I correct about that? [LR195]

SENATOR PIRSCH: I believe when we looked at it, that was correct, yeah. [LR195]

JASON FISHER: Yeah, yeah. So...yeah, go ahead. [LR195]

SENATOR PIRSCH: I don't know if, Chairman, if you wanted me to address this? [LR195]

SENATOR LANGEMEIER: Otherwise you'll get your opportunity with your...you might put that in your opening to LR221. Other questions? Mr. Fisher I have one being in the real estate business similar to you. A 1,000 square foot commercial building rents for...we're making up numbers here, so we don't give any proprietary information, with utilities paid, taxes paid, rents for \$1,000 a month. If not that same building, then as you, being the landlord of that particular facility, and the utilities bills that you're paying are \$200 per month. Let's make them more, \$300. They like to have the door open a lot. If you then rewrite that lease to a new individual and you say, now you're going to have to pay your own utility bills, you don't take any account for the utility bills in setting your new lease is what you testified to. You said since they would then be paying their utilities, it doesn't affect you. And I would argue, your rent is going to be less. So I...would that not be true? Your rent would be less if they're now going to pay their own utilities? [LR195]

JASON FISHER: It is. That is correct. And that's the way, you know, if you, for instance, if you were to lease some office space in downtown Omaha you would pay it all in, you would write one check for...call it just hypothetical numbers, you know, \$18 a square foot all in. Where on West Dodge in new construction you would probably write a check

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Rough Draft

Natural Resources Committee
October 16, 2009

for \$18 all in, plus you'd have about \$8 or, you know, somewhere between \$7 and \$9 in addition for operating expenses. What you're asking me if an existing building could you lower the rent and then charge, then have them be on the, at risk for the expenses, is that the question? [LR195]

SENATOR LANGEMEIER: Well, you have in...what I'm saying is, is your downtown Omaha has quite a bit different property than in West Omaha. [LR195]

JASON FISHER: Yes, absolutely. [LR195]

SENATOR LANGEMEIER: But if you had two identical buildings sitting on Maple Street... [LR195]

JASON FISHER: Uh-huh. [LR195]

SENATOR LANGEMEIER: ...156th and Maple... [LR195]

JASON FISHER: Right. [LR195]

SENATOR LANGEMEIER: ...and one was all in and one was not, using your terminology there, at the end of the day, the total dollar spent on both facilities are going to be the same, correct? [LR195]

JASON FISHER: Somewhere...yeah, if they're equal facilities and equal locations, yes. [LR195]

SENATOR LANGEMEIER: So if I can rent that to this individual and I can lower his utility bill from \$300 to \$200, in theory my rent goes up \$100, correct? That's benefit to you. [LR195]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

JASON FISHER: Yeah, if they're paying they're paying... [LR195]

SENATOR LANGEMEIER: So you would get benefit both ways. So that disconnect is much smaller than one would be led to believe. [LR195]

JASON FISHER: Well, I...no. We wouldn't share in the, a reduction in expenses wouldn't benefit me, the landowner, the property owner. [LR195]

SENATOR LANGEMEIER: But if you as a landlord could say to the tenant, hey, you know, we've made this energy efficient, your utility bills are going to be less... [LR195]

JASON FISHER: Sure. [LR195]

SENATOR LANGEMEIER: ...that's why we're going to charge you more rent. [LR195]

JASON FISHER: It would be marketed advantage and you'd have an advantage next to the property. The all in cost to the tenants might be a little lower, yes. So help you lease it up quicker. [LR195]

SENATOR LANGEMEIER: Yes. Right. [LR195]

JASON FISHER: There's a lot of risk. You know, landlords would love not to have the risk, the exposure risk on expenses because that's just another risk element. And when you can shed that to your tenant, it's a lot, you know, safer. [LR195]

SENATOR LANGEMEIER: I understand. I understand. Any other questions? Seeing none, thank you very much. You did a great job. [LR195]

JASON FISHER: Thank you. [LR195]

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Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR LANGEMEIER: Further testimony. Welcome. [LR195]

JON TRAUDT: (Exhibits 4-10) Thank you. Mr. Chairman and the members of the committee, thanks for being here and having an interest in this. I've... [LR195]

SENATOR LANGEMEIER: I need to stop you. I need your name first. [LR195]

JON TRAUDT: Oh, excuse me. My name is Jon Traudt, and I'm with the Health and Energy Company. I'm an EPA home energy rater for new homes and existing. And I've tested a lot of homes over the last 30 years and find that we could do a lot better, not just on energy efficiency but improving the air quality and comfort in homes in the resale value. You've already mentioned many of the benefits of energy conservation, on the economic benefits, the health benefits, the environmental benefits, the reducing our dependence on imported fuel. That's all good. My frustration over the last 30 years has been that the process has been rather slow and that's understandable. A typical family considering fixing the house, they don't know if they're going to get their investment back because a lot of people don't know when they're going to move. Now in Colorado they're getting around that by letting investors buy bonds and the money then is used to finance the improvements. And it doesn't matter if the family gets transferred by an employer to some other state the next month because each succeeding family continues to take part of the savings that they get on utility bills, savings that they didn't pay for. I mean, they didn't invest in more insulation or other improvements. So the thing is, it gets it done. I've been in homes in Nebraska over 100 years old that don't have any insulation. Each family has decided they're not going to take the risk. They'll sell this to some other family. You know, maybe 20 families have been there. So I would hope that what they're doing in Colorado would start being done here because time is what we don't have a lot of. Fuel, also, is something we don't have a lot of. I brought along copies of some documents that you might like and I'll give a set of them to you. This is from a research project by Siemens covering Lincoln. They want to become energy self-sufficient, and this report says that about 70-80 percent of that can be done in a

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Rough Draft

Natural Resources Committee
October 16, 2009

way that's profitable. It pays for itself. The other 20 percent would require some sacrifice, but if you're concerned about children and grandchildren and so forth, I still think the investment, a sacrifice, is worth it. Other countries have done it. In the handout, one of the places he mentioned is Denmark. They have weaned themselves off of foreign oil. We could have done the same thing. It does take a long time. And your tax dollars paid for this report by Robert Hirsch. He said that...or the group that put this together said that it would take at least 20 years with an effort similar to the effort done to win World War II, to put a man on the moon, the Manhattan project. I mean, we're talking about very sincere energetic efforts, some sacrifice, to get the job done. He said we should start 20 years before the production of oil in this world peaks. Now we have perhaps 3 to 5 percent of the world's oil. We consume about 25 percent of the annual production. We are very dependent on other countries so we don't know what the price of oil will be in the years ahead. So you might find that a little depressing. If your first reaction is denial, I'll understand. It's a serious problem and for...to brighten up your day you might like this report. Edward Mazria was the keynote speaker at an energy conference this spring. He said if our government, instead of enriching bankers, would put some money into fixing up buildings it would not only provide the benefits you've been talking about, it would create jobs. It would make homes worth more, and it would create more tax revenue and by his figures, which you can review for yourself, the government could realistically get most of it, perhaps all of it, money back in taxes. That would be quite a switch wouldn't it. Okay, well, I'm out of time. [LR195]

SENATOR LANGEMEIER: Very good. You want to tell us what your...you brought a couple of props there. Do you want to tell us what those are quick? [LR195]

JON TRAUDT: Ah, yes, yes. (Laughter) When I test homes I usually find that there's some very simple, inexpensive improvements such as sealing the ducts that are very cost effective, improve the air quality, improve the comfort, help reduce the potential for mold, and it's very simple. The problem is, I see it in almost every house. The houses are leaky. The Lung Association says they're dangerous. The air pollution is two to ten

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

times worse than outdoors. We're spending an awful lot of money heating air that leaks through. So, I've often made the offer to people if they just let me fix their home and pay me what they save, they can have the comfort, they can have the improved resale value, they can have the better air quality. I just want what they save. Everybody turns me down once they've seen how easy it is to do, how inexpensive it is to do. In fact, I give all of you the same offer. I'll fix your homes for free, except just pay me what you save. Okay. [LR195]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Haar. [LR195]

SENATOR HAAR: Yes, thank you. Thanks for coming. In the Colorado model, who...tell me again, who invests the money for improvements? Where does that come from? [LR195]

JON TRAUDT: Bonds. The counties are selling bonds. [LR195]

SENATOR HAAR: Bonds. Okay. [LR195]

JON TRAUDT: The money is paid back out of savings. Families, for whatever reason aren't able or aren't willing to fix their homes, can have them fixed and the money...the people that come out on the short end are the utility and the coal companies and oil companies, okay. But everybody else wins. The bond holders get paid back. The homeowners get a safer, more comfortable, energy efficient house that's worth more. [LR195]

SENATOR HAAR: And then how is the money paid back through...is it paid back through the utility company or as a separate payment that they make? [LR195]

JON TRAUDT: It's separate from the utility. [LR195]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR HAAR: Okay. [LR195]

JON TRAUDT: The utilities are...is somewhat of a threat to their cash flow. But if utilities, as I've suggested in the handout, if utilities participate in this, they will be able to better predict demand, predict when they need a new power plant. So they don't wind up like one time in Iowa, a utility company built an entire new plant, raised the rates just like OPPD did recently, and then found out that it was entirely surplus. And it's a very expensive investment. So we can all win if we all work together. [LR195]

SENATOR HAAR: Thank you. [LR195]

SENATOR LANGEMEIER: Very good. Other questions? Seeing none, thank you very much for your testimony. Now, if you would give those to Barb, we'll distribute them to the committee if you're wanting to leave the...with us. [LR195]

JON TRAUDT: Good. I'll make...if you want more copies, I just have one copy of each here, okay. [LR195]

SENATOR LANGEMEIER: Yeah, if you just leave it with Barb we'll handle that, you bet. Thank you very much for your testimony. [LR195]

JON TRAUDT: Thank you. [LR195]

SENATOR LANGEMEIER: Further testimony. Welcome. [LR195]

NEIL MOSEMAN: (Exhibits 11-12) Good afternoon. Chairman Langemeier, members of the Natural Resources Committee, good afternoon. My name is Neil Moseman, N-e-i-l M-o-s-e-m-a-n, and I'm director of the Nebraska Energy Office. Thank you for the opportunity to provide testimony on LR195. And I would also like to thank OPPD for letting us use their, and the committee utilize their facility and resources here for today's

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

hearing. This is wonderful. Wonderful to be here. LR195 calls for a review of the auditing methods for energy efficiency projects, and how best to use federal stimulus money. A portion of the 2009 American Recovery and Reinvestment Act has been designated to make state buildings more efficient, and the Nebraska Energy Office is working with the building division of the Nebraska Department of Administrative Services to promote energy efficient upgrades. Energy conservation along with the use of more renewable energy sources is a priority for the state of Nebraska. The Nebraska Energy Office is committed to promoting practical ideas and implementing practices to become more energy efficient. In 2008, for example, the National Governors Association entered into a partnership with Walmart called the Greening State Capitols with a goal of assisting states in reducing their energy consumption through cost-effective improvements. In August of 2008, an audit was conducted on the Nebraska State Capitol building and the Lincoln and Omaha state office buildings. The audits focused on the facilities' lighting, HAVOC, and building envelope. The initial study illustrates that Nebraska has already made significant progress in reducing energy consumption in several of our largest state buildings. The Walmart report states: "While the audit did reveal some opportunities for additional energy savings, the primary finding here is that Nebraska should be held up as an example to other states about how to implement an energy savings initiative." In particular, the study highlighted the 309 Task Force for building renewal as an existing program that provides a unique funding mechanism from appropriations to implement energy efficiency projects. Walmart noted this program could be distributed to all states through the National Governors' Association as a best practice example. Walmart's report reinforces that Nebraska enjoys some of the lowest energy rates in the nates, therefore making it a challenge to identify specific technologies that meet the guidelines of a five year return on investment. Support was given for continuing the state's lighting retrofit program, Green Lights Program, that focuses on eliminating T12 fluorescent lamps and installing a light control system. It also noted that because of the historical preservation policies at the State Capitol building, many of the lighting fixtures cannot be altered. However, there are still potential savings in offices spaces and these include some fluorescent strip

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Rough Draft

Natural Resources Committee
October 16, 2009

fixtures on the first to three floors utilizing T12 technology. Walmart's recommendation was to convert these to modern T8 technology in order to realize a 30 percent per fixture reduction in energy consumption and an improvement in the quality of life. The Omaha State Office Building has already converted 75 percent of its older fixtures to T8 and Lanyard recommends the replacement of the remaining 700 fixtures. They also recommended occupancy sensors. Attached to my testimony please find some of the current practices implemented by the Nebraska Department of Administrative Services that promote effective energy efficiency methods. In addition, ARRAY funds, the stimulus funds for retrofitting state buildings to improve energy efficiency projects, equal \$10 million. And this will result in an annual estimated energy savings of 143 million Btus. We estimate the creation and/or retention of approximately 110 jobs as a result. And of these funds, \$4 million is designated to make energy efficiency improvements in state government buildings under the management of DAS. The other \$6 million is designated to make energy efficiency improvements on the University of Nebraska campuses, state and community college campuses, specifically \$600,000 for state colleges, \$1.8 million for community colleges and then \$3.6 million for the NU system. And included within that is \$400,000 for woody biomass project at the Nebraska College of Technical Agriculture at Curtis, and the University of Nebraska Med Center has their projects, are yet to be determined. The State Dollar and Energy Saving Loan Program has also received \$11 million of stimulus funds and is estimated to create an estimated energy savings of 113 million Btus. These funds have been added to the existing Dollar and Energy Savings Loan Program. The interest rate is 2.5 percent and that will be used for commercial and industrial sector building improvements, which include K-12 schools. The loan limit is set at \$750,000. Bear in mind this program, the \$11 million from stimulus funds is directed toward commercial whereas the Dollar and Energy Savings Loan Program is residential in nature, or for residential facilities. And the previous I mentioned, the \$10 million for state and higher education, we anticipate those funds being awarded in early 2010. That concludes my testimony and I am happy to answer any questions that you may have. [LR195]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR LANGEMEIER: Very good. Senator Haar. [LR195]

SENATOR HAAR: Thank you. You mentioned a five year return on investment. Who set's that five year return? [LR195]

NEIL MOSEMAN: In this case, that...oh, it's probably more of an industry standard, if you will, and a Department of Energy recommendation. [LR195]

SENATOR HAAR: Can that be changed? I mean, you said in your testimony that it makes it difficult to meet the guidelines of a five year return on investment. Can that be changed or who would change that to five years? [LR195]

NEIL MOSEMAN: Oh, I guess that's not a requirement. If the state wanted to make an investment that were not a five year return, I mean, they could certainly do that. And I anticipate, especially within the stimulus dollars that will go to, say that \$4 million that will go to the Department of Administrative Services, there's not a...there's not a five year or an annual requirement in terms of a payback. The direction from the U.S. Department of Energy is really, is just as soon...expend the money that allows you the greatest energy savings and creates the greatest number of jobs. So that's their direction. And focus isn't so much on, I would say on what the payback limit would be in terms of time. [LR195]

SENATOR HAAR: Okay. Good. [LR195]

SENATOR LANGEMEIER: Other questions? Senator Carlson. [LR195]

SENATOR CARLSON: Senator Langemeier. Mr. Moseman, as I ask you this question, I'm going to look over at Mr. Fuehrer, because in his report he indicated these CFLs save about \$6 per bulb over the life of the lamp or per year. [LR195]

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Rough Draft

Natural Resources Committee
October 16, 2009

CORY FUEHRER: Is that for me, Senator? [LR195]

SENATOR CARLSON: I can't ask you but you can nod your head. (Laughter) So I'll come back to you here. Because on the third page you talk about 4" fluorescent strip fixtures, approximately 4,200 of them on floors one through three at the Capitol. Have they been installed? [LR195]

NEIL MOSEMAN: I believe they have been or replaced. I'm sorry, actually not entirely, I'm sorry. [LR195]

SENATOR CARLSON: Okay. [LR195]

NEIL MOSEMAN: The T8, they have not been converted to the T8 technology. [LR195]

SENATOR CARLSON: Well, we're going into Special Session looking for savings. (Laughter) Whatever those 4,200 translate into savings, that ought to be a report from your department to the Governor in a dollar amount and that would help each one of us at the table here. [LR195]

NEIL MOSEMAN: That's not a bad idea. [LR195]

SENATOR CARLSON: Thank you. (Laughter) [LR195]

NEIL MOSEMAN: I'm sure we'll contribute something so that's not a bad idea. (Laughter) [LR195]

SENATOR LANGEMEIER: I think that's a guarantee. In my office they just took out every other bulb, so. (Laughter) So get the lights to match the rest, I guess. Dim bulb, I guess. Other questions? Seeing none, thank you very much for your testimony. [LR195]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

NEIL MOSEMAN: Thank you. [LR195]

SENATOR HAAR: Senator Langemeier, my office is so small it doesn't make a difference. (Laughter) [LR195]

SENATOR LANGEMEIER: I was in your office once. I can understand. Further testifiers on LR195. Welcome. [LR195]

ADRIAN MINKS: Thank you. Senators, my name is Adrian Minks, A-d-r-i-a-n, last name M-i-n-k-s. I'm a vice president for Omaha Public Power District and I want to welcome you here. We're proud and happy to host you. I want to tell you a little bit about the energy efficiency efforts that OPPD has been working on for many, many years. We started way back, but the first that I know personally about is we've had an energy advisor who is an expert technician and engineer who takes phone calls from customers and answers questions. And we get questions like, what's the best kind of washer-drier to buy? What kind of lighting should I be using? All kinds of questions like that. That was back in the '80s. During the '90s we beefed that up some. We began training HVAC technicians and HVAC dealers. Our interest was in trying to encourage them to sell more heat pumps because they're more efficient and we've been doing that ever since. We began a program to do real time monitoring so that a company could dial into the Internet and see what they're actually using in terms of energy right at that moment. I think we've stopped doing that now because the interest declined in a lot of our commercial customers. About that time we began a program called Continuous Commissioning, which is a technical program in combination with the energy systems lab at the Peter Kiewit Institute to do a technical analysis of existing buildings and determine how they can become more energy efficient. Usually it has a lot to do with their HVAC system. Often the air flow is not appropriate and the controls need to be reprogrammed or a new system installed. There have been wonderful results from that. We have seen older buildings achieve energy savings of 40 percent, and it includes natural gas as well as electric energy. So that's been a very successful program. Not all

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Natural Resources Committee
October 16, 2009

of our programs have been that successful, I'll be honest enough to tell you that. And then during the '90s we began a ground loop heat exchanger program which was consulting and encouraging commercial or institutional buildings, large buildings to install ground loop heat pumps, which are very efficient because all of the cooling and heating mechanism is using the temperature of the earth. And we've had great success, largely with Omaha Public Schools. They passed a big bond issue about that time and used a lot of their money to install these systems in most of the public schools in Omaha. And they have saved...I don't know the number, but they have saved a large amount in energy since that time. Currently, we've established a new group called Sustainable Energy and Environmental Stewardship, long title. What it means is, we've folded all of our energy efficiency and renewable energy efforts into one group. Our board funded that with a 1 percent of the rate increase that we passed in 2008. So we have some funding to do some things with and we're working with that funding today. This includes our renewable, our energy efficiency, and activities that go on to make our own facilities more energy efficient. We're also using stimulus funding wherever we can get it. We've qualified for around \$300,000 so far, which is a good start. We're working very hard to make sure that these energy savings are measured and that are actually there because our goal is to defer construction of new power plants. That's where the dollar savings for us is and that will save money for our customers as well. So we have to be sure we can measure them and that they are verified and that they continue to be in effect over a period of time. We're partnering with various agencies including the Energy Office, the Weatherization Trust to weatherize consumer buildings and especially residences. We've funded a research program with UNO to look into motivations, mostly residential customers motivations. What does it take to encourage residential consumers to do some of the things that Mr. Traudt was discussing? What kind of...we found that savings doesn't do it. It takes more than that. So we're working on trying to establish those motivations. We are building with UNMC. UNMC has acquired our property, our Omaha Center at 43rd and Leavenworth. They're going to build a new research tower there. They have said they will build us a new center and that center is going to be Gold LEED certified, which is a new thing for us. We have a

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

number of programs in the existence and a number of them in pilot test. We're very committed to energy efficiency. It will present, as Senator Haar indicated, some challenges with regard to rates. If you have enough energy savings, eventually you have to restructure your rate design so that the utility recovers enough revenues to continue to provide service because you're reducing your product. So that is yet to come for us. We haven't really reached that point yet but it will happen to us sooner or later. That's...my time is almost up. It goes quickly. [LR195]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Haar. [LR195]

SENATOR HAAR: Thank you. And thank you for the use of this facility. [LR195]

ADRIAN MINKS: Absolutely. We're happy to do it any time. [LR195]

SENATOR HAAR: I'm going to vote to have all our hearings in this room. (Laughter) You mentioned that you're working on how people can be motivated. I'd be interested in hearing a little bit. What are some of the findings? You said money doesn't motivate people. What...? [LR195]

ADRIAN MINKS: Well, money does to a certain extent. But, you know, we've provided incentives and we've encouraged people to do things and we've tried to educate them so they know what to do. During the '80s, I believe it was, we actually funded a very big effort to go out and do energy audits directly in peoples home and produced a really nice report that told them exactly what they needed to do. Hardly any of them did it. We went back later and surveyed. Hardly any of them did that. And we think it has to do with the availability of money to fund the changes that need to be made or the knowledge or the...maybe the physical ability to do the work themselves or to find somebody to do it that they can trust. We're...the University has come up with several different research projects to look at those things. We don't have great results yet. We provided a real-time review that, real-time device that was attached to their meter so

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Rough Draft

Natural Resources Committee
October 16, 2009

residents could see exactly what they were using at that time. So if you crank up your air conditioner or your clothes drier, or whatever it is, you could see the change. And that helps for a few weeks but they get used to seeing that and they stop looking at it and the savings disappear. So we have a lot to learn yet. [LR195]

SENATOR HAAR: I attended a conference where the CEO, Duke Energy, which is a huge company in North Carolina, energy producer, and his assertion was that you can't just give people dollar savings but with a smart grid you're going to have to automate that so people can sort of set things and let it go. Because, as you found, after the newness wears off, it's difficult to get people to, like, you know, use their water heater only certain parts of the day and so on. [LR195]

ADRIAN MINKS: Right. Right. [LR195]

SENATOR HAAR: And how would you answer the question I asked of Mr. Fuehrer, if I say, well, you're spending that money, that 1 percent of your rate increase and you're giving it to Mr. Moseman, aren't I subsidizing him? [LR195]

ADRIAN MINKS: Let me just say we're not giving anything to Neil Moseman. (Laughter) [LR195]

SENATOR HAAR: I'll bet he isn't even on OPPD. (Laughter) [LR195]

ADRIAN MINKS: Yeah, I think he is. [LR195]

SENATOR HAAR: Oh, is he? Okay. [LR195]

ADRIAN MINKS: I think actually he is one of our customers. (Laughter) Yes, I think you're correct in the strict sense that that is true. But it's true of everything that we spend money on and not every customer benefits from every single penny we spend, so

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Rough Draft

Natural Resources Committee
October 16, 2009

it has to be within reason. And that's why we have a board of directors to make those judgments. They have made the judgment that a certain amount of our funding can go into these kinds of things and hopefully, most of our customers in the long run will benefit. And to a certain extent there are...it's up to them whether they choose to benefit or not. [LR195]

SENATOR HAAR: And then another problem, I don't have a solution for. One of my friends, who is very tenacious, decided he was going to make his home energy efficient. And he talked to the local utility, it wasn't OPPD, the local utility called the Energy Office, talked to three or four contractors and finally he got...he was able to figure out a program that worked for him. But it...yet, when he told me about this, it occurred to me that most people don't have the time... [LR195]

ADRIAN MINKS: True. [LR195]

SENATOR HAAR: ...or even the knowledge to figure out what...what's the solution to that? [LR195]

ADRIAN MINKS: Well, I think one of the solutions is to have utilities like us provide a service like our energy adviser who can help with those kinds of things. We go out and do the house border test that I think Mr. Traudt was talking about to a certain extent and determine where the leaks are. Now, we charge for that because it costs a good deal of money to buy the equipment to do it. But if you're tenacious as your neighbor is, you can figure...you can get that kind of help from some utilities. And maybe most utilities provide that in some form or other. Other than that, I don't think there's a magic bullet to make it easy for people necessarily. And maybe that's what you can do with legislation. [LR195]

SENATOR HAAR: Thank you. [LR195]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR LANGEMEIER: Other questions? Thank you very much for your testimony. [LR195]

ADRIAN MINKS: You're welcome. [LR195]

SENATOR LANGEMEIER: Further testimony on LR195. Welcome. [LR195]

KEN WINSTON: Good afternoon. Good afternoon, members of the Natural Resources Committee. My name is Ken Winston, last name spelled W-i-n-s-t-o-n. I'm appearing on behalf of the Nebraska Sierra Club on... related to LR180, what is it LR195? [LR195]

SENATOR LANGEMEIER: Yes. [LR195]

KEN WINSTON: I just wanted to talk a little bit about some of the other benefits that Senator Haar was talking about in terms of the benefits of energy efficiency. One benefit that was...that Neil Moseman mentioned that I think deserves some more attention is the idea of job creation. When you're remodeling homes, when you're installing insulation, doing HVAC or windows, or even just caulking or things of that nature, that requires people to come to your home or to the business establishment and do the work right here. These aren't jobs that can't be outsourced and the report of the...I heard him talk about the various numbers of jobs that he was expecting the programs that he is working with to create. At least 110 jobs by the Dollar and Energy Saving Program. So similarly the kinds of jobs...I think I've seen figure that indicate that for every, that for every...well, \$1 million of investment there would be ten jobs that would be created. And I believe that the figures that he cited are in line with that. There's also economic development opportunities. Materials can be bought locally and often will be in order to do the kinds of improvements that we're talking about. And when there's more money in consumers pockets, that means that there's more money that gets spent in the local economy, there's more money that can turn around. And as Senator Carlson indicated, there's a Special Session coming up and hopefully that generates more revenue that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

can go into the state coffers. And then as Ms. Minks indicated, the cost of building power plants is significant. It's much more cost to pay for efficiency than it is to build new power plants. So how can we achieve these things? I'm just going to run through a variety of different things. Senator Haar indicated that codes are one possibility. There's incentives. The gentleman from the...the developer indicated that tax breaks would be a good idea. There's various...there were a couple of bills last session related to tax breaks for energy efficient construction or remodeling. Senator Mello had one bill and Senator...there was another bill. I can't recall who introduced it, but there was another...there were two bills that were introduced in the Revenue Committee on that subject. Grants and loans. Mr. Moseman talked about that. There were a variety of utility programs and Ms. Minks talked about that. Performance contracting. That was mentioned, I believe it was Mr. Leaper mentioned that. Often it's called the pay as you save program where you have the contractor pays the up-front costs but the cost of the efficiency program is paid off by the savings. And then, of course, there's legislators probably least favorite thing which is mandates, requiring people to do certain things because of the fact that people rarely appreciate being told what to do. And then, of course, how do we fund all of this? There's a number of different ways of funding them. I'm just going to run through a couple of things. A couple of years ago the Legislature passed a bill, LB1001, and that provides for a rebate of sales taxes to the utilities in order to fund energy conservation programs. The utilities pay sales tax on their sales and this would rebate some of their funds back to them provided they match those funds. And it's used for a low income energy conservation program and I believe that LPPD is in the process of implementing it. And I know, LES is also doing that. There was...Senator Haar asked a couple of questions about rates. Well, I think the main question is, how much is the bill as opposed to how much is the rate. Because if my rate goes up by 1 percent but my bill goes down by 25 percent, that's a big savings. And I think the main goal that we ought to have is, how do we reduce people's bills and how can we make their...the monthly amount of outgo decrease. And as I indicated, it's much cheaper to reduce consumption than to build a new power plant. And then, of course, as I indicated, there's also funding for the state through tax breaks of various kinds. And

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

then Mr. Moseman talked briefly about the energy...the American Recovery Act funding and I won't go into any detail because I see my time is about up. So those would be my comments at this point and would be glad to answer questions if I can. [LR195]

SENATOR LANGEMEIER: Very good. Senator Haar has a question. [LR195]

SENATOR HAAR: Yes, thank you. One of the things that came to my mind as you were talking here, if we really get into energy efficiency programs, it would seem there's maybe the opportunity for scams, for contractor scams. And I'm wondering whether maybe some legislation that we should look at would require some kind of certification for people using at least public money for, you know, upgrading energy efficiency or something. Because I could see, you know, some people just going door to door, knocking, and putting up a little bit of plastic or something. [LR195]

KEN WINSTON: Certainly. Well, there are a couple of certification systems, the LEED system that people talked about and then there's Energy Star, so I think you... [LR195]

SENATOR HAAR: But, I mean, that's for the big, that's for big stuff. I'm talking about, you know, my home. Somebody comes to my home and tells me they can save 30 percent energy and... [LR195]

KEN WINSTON: Okay. Well, but LEED and Energy Star also apply to residential properties as well. And Energy Star actually also applies to appliances. And I suppose you could come up with a different kind of standard, I guess. I'm not disagreeing with you. [LR195]

SENATOR HAAR: I'm sorry, I was talking about the standard for the contractors. [LR195]

KEN WINSTON: Well, sure. I guess I was saying they would have to, if they were going

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Natural Resources Committee
October 16, 2009

to do contracting, it would have to meet certain standards such as Energy Star. That they would have to be able to certify that the work they do meets Energy Star. I'm not disagreeing with you. If I sounded like I was, that wasn't my intention. So...but that was a suggestion as perhaps a standard that might be available to hold the contractors so that the work they would do would meet that standard. [LR195]

SENATOR HAAR: That's interesting. [LR195]

SENATOR LANGEMEIER: Any other questions? Seeing none, thank you very much for your testimony. [LR195]

KEN WINSTON: Thank you. [LR195]

_____ : I have a question. Can I or not? [LR195]

SENATOR LANGEMEIER: No. You can come testify. Tell us whatever you want to...you bet. Thank you very much. Is there any other testimony? Seeing none, on LR...with that we'll close the hearing on LR195 and thank everybody that testified. Now, Senator Pirsch is recognized to open on LR221 and we would allow you to do it from there, or if you want to come up here. [LR195]

SENATOR PIRSCH: Well, you know, after I saw Ken Winston jam his knees and then providing us that... (Laughter) [LR221]

SENATOR LANGEMEIER: Hold that mike to you a little bit and then you can do it from there. [LR221]

SENATOR PIRSCH: Thank you very much Mr. Chairman and members of the Natural Resources Committee. I'm state Senator Pete Pirsch, Legislative District 4, and I have sponsored LR221, and that calls for studying the ways the state could promote energy

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

efficiency in commercial buildings and residential properties and I should add, governmental buildings as well. There's a certain amount of overlap here, as a matter of fact. [LR221]

SENATOR LANGEMEIER: Sure. [LR221]

SENATOR PIRSCH: I think Senator Haar's LR195 talks...the breadth of his is larger, I think, though, than subsection 4. A lot of the testimony that has gone on here today is equally, probably applicable to this legislative resolution. I know some of those who had come down to testify on the other had to go and so I'm sure that their testimony applies to this legislative resolution as well. It is an...you know I brought the legislative resolution because of the current and future importance of energy conservation to our state, especially as it pertains to buildings and residences as the quote from Energy Secretary Chu's statement that energy efficiency is not just low hanging fruit, but fruit lying on the ground. I think that that is a very accurate statement and it's the reason why I've hoped that this body takes a turn towards looking at energy efficiency. And if the facts illustrate how important residential and commercial buildings are when you're talking about energy efficiency, we have the residential...and the facts are that residential and commercial buildings consume 40 percent of the energy and represent 40 percent of the carbon emissions in the United States. Our buildings consume more energy than any other sector of the U.S. economy, including the transportation sector in the industry. Seven percent of all energy consumed in the U.S. alone is used for lighting. By adding new and existing technologies in homes and businesses, our buildings can be 30, 40, 50...I've heard up to, in some cases, 80 percent more energy efficient. If you use aggressive strategies, buildings can...it's not unheard of to get 50 percent more through these strategies in your buildings. So, just kind of an interesting study that was funded in part by the Omaha Public Power Department and the University of Nebraska, Omaha, recently completed the testing and fixing of the 100 homes in Morton Meadows Subdivision, Omaha. I'm familiar with that subdivision. Actually my mother grew up in that subdivision over at 42nd and Center Street. Of those

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

100 homes, the windows, heating and cooling systems were not replaced, but insulation was added and unwanted air leaks were sealed. So, simple measures, not too costly measures were taken. The estimated annual savings on heating and cooling bills average about \$500 per home. So we are talking about significant savings to homeowners through these measures. And ones that don't take a whole lot of time, in many instances to be recognized over the course of years as the years pass, the initial up-front cost. So there are...as we talked here today, I kind of was thinking there are probably three immediate concerns or problems as we're looking at achieving energy efficiency. And we talked about some of those here today but a lack of knowledge, what energy efficiency savings can be had, especially when it applies to the residential sector, not the commercial or the governmental sector. But, you know, for a simple \$19.99 adjustable thermostat, how quickly that pays for itself in just one fell swoop. I think that there is a general lack of knowledge about that. People lead busy lives and so whatever, you know, way that we go about redressing that, I think that that is something we have to keep in mind, that lack of knowledge. The second problem or hurdle to overcome, I think, is the lack of financing. Even if you understand that this type of activity, employ these measures are going to save you money in the long term, if you just don't have that up-front seed money to do those measures, you just can't do them. And so that's something I think we need to keep in mind as we fashion a bill that will address energy efficiency. And another problem or hurdle that I've conceptualized that was brought out here today is really the externalization of higher costs that comes with this up-front cost of making things more energy efficient. In some instances and especially as it applies to the, you know, governmental buildings and commercial leases, you...the person who is making these up-front outlays of cash may not have any certainty that those benefits that accrues with those measures will ever be realized by that person or entity. And so I think we need to keep that in mind as we're fashioning legislation. A couple of other factors that were just mentioned, I think by Ms. Minks, you know, in many cases people may have knowledge and they may have the financing but they just don't have the time in our busy life today to get to it. Mean to get to it. They go to the problem. They even have the home audit done and just never act on that, and so

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

I appreciate that testimony. And another factor she mentioned was trusted, having the trusted help. Who do you turn to? And so all good concerns that we need to address. We do have a couple of existing programs in the state of Nebraska. Very important I think the Green Building, Nebraska Certified Homes and Buildings. Now, I think, that program has not been...and you'll probably correct me if I'm wrong, in existence for that many years... [LR221]

SCOTT TAFOYA: [LR221]

SENATOR PIRSCH: ...2001, and so I think that that's one that's probably going to keep building. And then we have Nebraska's Dollar and Energy Savings Loan Program. It provides low interest loans to help homeowners and others, including farm operations, to local government and nonprofit groups. No income guidelines on that. Interest rate to the borrowers 5 percent fixed, up to ten years. Over 600 lending sites across the state participating in that program. And that has done some encouraging thing over the life of the program, \$10.8 million yearly average. It's clear, though, that that is most popular in the residential sector, 98 percent of those loans being made to the residential sector. And so that does leave kind of a gap to be addressing energy efficiency, (inaudible) wholesale in the commercial sector and the governmental sector. And even within the residential sector I think there's a tremendous need out there. And so...so building on those programs, I think is an important thing that we should look at as well. I think that Senator Haar's...a lot of his concerns are as well need to be addressed with regards to whose paying the up-front costs in these and who is going to reap the benefits of those. And as we move forward, I think that that's important to keep in your forethought that there, I think, in the final analysis is room for win-win. We've got a lot of good suggestions here to take a look at. Other states, in Colorado bonding experience and that may be something that can help in that regard. And I think Mr. Fisher testified, indicated that in certain circumstances, that the commercial sector, the commercial side of things, they are extremely hesitant to do the right thing and to make energy efficient measures because of the uncertainty and the fact that their costs, the cost of inefficient

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

heating and cooling are not borne by them directly but rather their tenants. And so investigating ideas such as having a phased in, increase in tax valuation over the course of years is something as well. And so I appreciate this committee and Chairman Langemeier holding this special hearing here today. I think it is a very timely issue, and with that I would be interested in the testimony to follow. [LR221]

SENATOR LANGEMEIER: Very good. You've heard Senator Pirsch in the opening on LR221. Now we open the floor for those who would like to testify. Come on up. Welcome. [LR221]

SCOTT TAFOYA: (Exhibit 13) Good afternoon. My name is Scott Tafoya, that's T-a-f-o-y-a, and I'm going to be representing the Nebraska Green Built Council. I'm also the president of Arcosanti Homes here in Omaha. And that's A-r-c-o-s-a-n-t-i. And I trimmed this eight minute little speech down to five minutes, I'm pretty sure, so. I provided you guys copies and I will read down the trimmed version. Good afternoon. My name is Scott Tafoya, president of Arconsanti Homes and also the vice president of the Nebraska Green Built Council. Today I'll be addressing you on behalf of the Nebraska Green Built Council and I have three other representatives that will be following me as well. I'll let you know up-front that what we are proposing or requesting as a possibility is a rebate or some sort of incentive to the homebuyer to offset the cost of testing and verifying a Nebraska Green Built certified home. I've been building homes in the Omaha area since 1999 and I've been a Nebraska Green Built certified home builder since 2003. The Nebraska Green Built program since 2001 has certified over 80 homes statewide. I've become rather adept over the years at picking and choosing the right techniques and materials to not only match a homebuyer's budget, but to also maximize a return on investment. Unfortunately, now more than ever, it is the up-front cost of the home mortgage that the buyer qualifies for that will drive the techniques and materials that the homebuyer can afford. Indulge me for a moment while I relay a story to you about one of the first green homes that I built back in 2001. Jon Traudt remembers it perfectly, he's the one that tested it. I built a 3,600 square foot house, ranch, back in

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

2001 at Papillion. It was supposed to be for myself but someone walked into it, fell in love with it and convinced me to sell it to them. Two hundred eighty-two thousand dollars is what I was willing to sell it for, but \$250,000 was their maximum budget. Jon Traudt did the Energy Star test on it. According to his test, that home was going to save the homebuyer \$115 a month on average versus if I had built that home standard construction. They couldn't afford \$282,000, \$250,000 was their maximum budget. But we figured out was the extra \$32,000 of mortgage was going to cost them \$112 additional a month. So in essence, my \$282,000 house on a monthly basis was going to save them \$3 a month versus the house next door which is what they were looking to buy. Long story short, they bought the house and two years ago in December...I'm still friends with them, but I only...they told me this two years ago, that December their total utility bill for the month of December for 3,600 square foot ranch, \$50. [LR221]

SENATOR HAAR: Wow. [LR221]

SCOTT TAFOYA: The house next door they were planning on buying originally was over \$300. So green building isn't just a warm, fuzzy feeling, feel good term. If it's instituted correctly it can save the buyer significant money every single month. Money that isn't spent on utilities can be spent eating out, going to a movie, buying clothes, stimulating our economy and generating sales tax revenues. Since its inception in 2001, the Nebraska Green Build program has had the benefit of being subsidized by the Nebraska Energy Office. The Nebraska Energy Office provided us with independent third party testing to have a home certified as green. The cost to us through them was \$300 per house to test the home. Last year they lost their funding. They changed their focus, not 100 percent certain what happened but they are no longer certifying the homes for us so we had to go out and find other independent third parties to test our homes. Long story short, it's costing us \$1,600 on average per home now to test the homes now that we don't have the advantage of our relationship with the Nebraska Energy Office, and that's where we're looking for help. So why don't I just build a house to the same standard, the green building standard, yet not have it tested, and pay the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

additional \$1,300. Without an independent third party test of every single house, there cannot be the same level of efficiency and quality. It saves us from the scam that you were mentioning, Senator Haar. A very good point that I didn't even consider. But without independent third party testing, we also encounter the problem of green washing. Anyone who builds a home, and there's no qualification to build a home. Every single one of you can be a homebuilder. Anyone that builds a home can call it green. There's...without a certified standard, anyone can call it green and the buyer is none the wiser. Any many do. So a Nebraska certified home, independently tested by a third party, assures the homebuyer that they are getting exactly what they are paying for, and nothing less. We at the Nebraska Green Built program have done what we can to streamline our costs and procedures to make it more cost effective to the buyer but we still need help. When we had a partnership with the Nebraska Energy Office we used a set of standards and guidelines that we developed together. Now that we no longer have that relationship, we have adopted the National Green Building Standard, which is a set of ANSI approved standards developed by the International Codes Council. It's a national set of standards. It still requires everything to be third party tested. So to summarize, we used to be able to sell...to build and sell a independently tested and verified green home at a cost of \$300 for verification through the Nebraska Energy Office. Since they can no longer provide us with that verification, it will now cost a builder and then ultimately the homebuyer on average \$1,600 per home. We at the Nebraska Green Builders Council would like to request a rebate back to the homebuyer for the cost of the testing and certification. Thank you very much. [LR221]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Carlson.
[LR221]

SENATOR CARLSON: Senator Langemeier. Scott, do you primarily build new homes?
[LR221]

SCOTT TAFOYA: Everything I do is a new home. We do have remodel. Delrae will be

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Rough Draft

Natural Resources Committee
October 16, 2009

addressing the remodeling issue. [LR221]

SENATOR CARLSON: Okay. So, you've addressed the difference in cost and if you've got a new home side by side and one of them is qualified as green builder and the other isn't, on...and maybe I'll wait then to ask a question on remodeling. [LR221]

SCOTT TAFOYA: Okay. [LR221]

SENATOR CARLSON: Thank you. [LR221]

SCOTT TAFOYA: Yeah, I couldn't answer a remodeling question, I'm sorry. [LR221]

SENATOR LANGEMEIER: Very good. Senator Haar. [LR221]

SENATOR HAAR: Do you feel that there ought to be a requirement that homes be tested before they're bought, or before they're bought new or used? [LR221]

SCOTT TAFOYA: I'm speaking for myself. [LR221]

SENATOR HAAR: Yeah. [LR221]

SCOTT TAFOYA: I'm not real big on requirements in legislation. I prefer incentives. And quite frankly, the first home that I built, the one that I mentioned here, that was my test house. It was meant for me. It was actually my Masters thesis in architecture because I really didn't know if it was going to work. I didn't know if it was going to cash flow. After I did it and started hearing back from the homeowner what they were actually paying per month, it's a no-brainer. It cash flows. To do something energy efficient, it just cash flows. But now that we have a completely different economy, especially with new home construction, it's all the up-front costs. And a little section that I had to cut out here was it always seems to come down to about \$1,500 at the end. Right before we sign on the

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

dotted line for the contract, the homeowners always seem to need to cut about \$1,500 out. I always offer as an add-on or an option, a tankless water heater in each of my homes, much more efficient and conserves a lot less water and energy than a regular old water heater. That's about a \$1,500 up-charge. And basically in the last three years, every single home I've built, that \$1,500 tankless water heater has gotten the ax the very end. And here, unfortunately, now I'm faced with a \$1,600 additional charge just for the testing. And quite frankly, I'm thinking I'm going to have a really hard time convincing my buyers to actually have their home built to this standard, which would be a shame because in the long run that home is going to be there for a long time, and it would be best for all of us if it says efficient as possible from the get go. [LR221]

SENATOR LANGEMEIER: Any other questions? Seeing none, thank you very much. [LR221]

SCOTT TAFOYA: Thank you. [LR221]

SENATOR LANGEMEIER: Now, we're going to remodeling. Welcome. [LR221]

KEN INNESS: (Exhibit 14) Welcome. Thank you. My name is Ken Inness, K-e-n I-n-n-e-s-s. I'm also a member of the Nebraska Green Build Council. My statement will be considerably shorter than Scott's. I'm president of Skyline Homes in Lincoln and like...in 2005 I built the first certified Nebraska green built affordable home. Up until then...and I've been in the business for over 35 years that I thought that I built a really well-constructed home. After being involved with that project and the Nebraska Green Builders, I've learned that so much more about the energy efficient construction that it's unbelievable. Since then I've been able...since that project in 2005, almost all of my homes have met Five Star. Energy Star Plus granted me the federal tax credits, so I think it's very important that you do this. According to the statistics below on the sheet each of you have gotten, I think you will see that it's very important that we promote energy efficiency in our new homes and even our remodeling, which is a high priority for

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

the Nebraska Green Builders. So that's my hit for now. If any questions from anyone?
[LR221]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Carlson.
[LR221]

SENATOR CARLSON: Thank you Senator Langemeier. Getting back to the, can, and the idea of remodeling, and I'm certain that some of the work you do in remodeling shows up in appearance, but some of...and to be more energy efficient, and some of it doesn't. Would that be true? You do a lot of energy efficiency work that really doesn't show up in appearance? [LR221]

KEN INNESS: Yeah, you can like the added insulation in homes that don't have it. In my own house particularly, it was built 50 years ago and had no insulation in the walls and we did insulate it and boy, it made a big difference. [LR221]

SENATOR CARLSON: Well, those things that really don't change the appearance...
[LR221]

KEN INNESS: No. [LR221]

SENATOR CARLSON: ...are not going to change the taxes. [LR221]

KEN INNESS: No. [LR221]

SENATOR CARLSON: Which is an advantage. [LR221]

KEN INNESS: Because no one would have a clue that I insulated my walls. [LR221]

SENATOR CARLSON: Right. It's kind of too bad that you can't do both at the same

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

time. You take an older home and fix it up so it's an additional plus in the neighborhood, but you make those exterior changes or add square footage, of course, you're going to increase the value and add your taxes, but not necessarily the energy part of it. [LR221]

KEN INNESS: No. [LR221]

SENATOR CARLSON: Thank you. [LR221]

SENATOR LANGEMEIER: Very good. Senator Haar. [LR221]

SENATOR HAAR: Thank you. The last testifier talked about a rebate for third party testing. Are you familiar with that concept? [LR221]

KEN INNESS: Yes. [LR221]

SENATOR HAAR: And how would that rebate work? Could you talk...? [LR221]

KEN INNESS: I'm not quite sure. I'm kind of at odds with them. I think the contractor or the builder should receive the rebate because we're in more control of what we're doing. You know, it would be...you know, in a tax credit or something else like that, but I'm not quite sure how you would make it work. [LR221]

SENATOR HAAR: Okay. Thank you. [LR221]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much for your testimony. [LR221]

KEN INNESS: Thank you. [LR221]

SENATOR LANGEMEIER: Welcome. [LR221]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

DELRAE HIRSCHMAN: (Exhibit 15) Thank you. Good afternoon, Senators. My name is Delrae Hirschman, D-e-l-r-a-e H-i-r-s-c-h-m-a-n. I'm here on behalf of the Nebraska State Home Builders Green Build Council and I am their remodeling chair. A 19...or excuse me, a 2008 California study found that 70 percent of the greenhouse gas emissions related to single family envelope energy consumption can be attributed to homes built before 1983. Retrofitting existing homes with energy efficient features is four to eight times more carbon and cost-efficient than adding energy efficient requirements to new homes. That said, the major challenge for both remodelers and builders of new construction to complete a green home, is convincing their clients to choose truly green materials over the less expensive counterparts. Not just new windows, but energy efficient windows. Plumbing fixtures that conserve water and are less expensive to heat it. Lighting that uses energy saving technology. Paint and finish materials that are low in volatile organic compounds or VOCs as we hear, such as formaldehyde. Efficient appliances and total HVAC packages that don't just provide energy efficient heating and cooling, but air quality control systems that control humidity, ventilation, and air filtration. Also materials that use recycled content. All of these things are requirements in a green built recertified home. Manufacturers of green products are jumping on board and the technology is there, but costs are still high. Creating a demand for these products will bring the prices down and stimulate competition. Major remodeling offers opportunities. If you're gutting a structure you have the opportunity to insulate it well. However, most remodeling jobs are not major remodels. It's small jobs, one at a time over a period of years. So making these efficient remodels, doing them properly as you do them, is the goal of the Green Built Council. Remodelers have an additional challenge in working with homes that are built before 1978 because the EPA has mandated that we must deal with lead and asbestos. This increased cost to work in these homes. So when clients are cutting costs, they will choose less expensive materials to stay within their budget. Incentives to choose green materials will help to get the ball rolling, to give clients the push to build and remodel green. This will in turn stimulate manufacturers to put out green products and technology and stimulate jobs.

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

Homes become more sustainable and our carbon footprint becomes smaller. Thank you very much. [LR221]

SENATOR LANGEMEIER: Very good. Are there any questions? [LR221]

SENATOR HAAR: Thank you. Is there a site where we can see the green built standards? [LR221]

DELRAE HIRSCHMAN: There are several new homes that are built to that standard. The remodeling portion of that has just come on board. The first remodel that has been done to NC standards was just completed on the East Coast. But our Council is working to get remodels up and coming, so I would be happy to contact you as soon as we have something. [LR221]

SENATOR HAAR: Yeah, I'd like to see what the standards are. Thank you. [LR221]

SENATOR LANGEMEIER: Any there any other questions? Seeing none, thank you very much for your testimony. [LR221]

DELRAE HIRSCHMAN: Thank you. [LR221]

SENATOR LANGEMEIER: Mr. Rezac, welcome. [LR221]

MIKE REZAC: (Exhibit 16) Hello. My name is Mike Rezac, R-e-z-a-c, or Resodge, if you're a little bit north of town as some of you are. (Laughter) I am president of the Nebraska Green Builders Council and I have been since 2003. The Nebraska Green Builders Council was a copartnership between the Nebraska Energy Office and the Nebraska State Home Builders Association. And I can tell you that without Neil's support in the Nebraska Energy Office, the Green Building Council wouldn't be here today. And it is interesting to think that Nebraska has had green building standards that

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

precede a lot of the national standards, so it really...a lot of it started here and so I think we should be proud of that part of it. We completed the first state certified green built home in 2003. I'm a codeveloper of Nebraska's first totally geothermal subdivision, The Bridges. And then recently, just completed Nebraska's first Net Zero Home in The Bridges, which was a partnership, once again, of the Nebraska Energy Office, Nebraska Public Power, Lincoln Electric System, and Norris Public Power. So, obviously, we've had an energy efficiency in green building go hand in hand. The cost for green building a new construction according to the National Association of Home Builders, a bronze level is approximately 2 percent of the sales price, silver level is approximately 4 percent of the sales price, gold, 7 percent, and emerald, 16 percent. The silver, gold and emerald levels require that third party certification. And once again that's what we've always gone back to, we all feel that that third party verification so that the consumers know exactly what they're getting is very important. When you consider the first time homebrew is in the \$150,000 range and the step-up homebuyers in the \$250,000 range and the custom homebuyer in the \$350,000 range, those costs obviously are substantial. There always has seemed to be a need for some sort of incentives for the homeowners and we'd like those incentives to go to the homeowners. We think they drive the market and I think some possibilities would be some sales tax credit on incentive, or energy efficient upgrades, windows, insulation, HVAC systems, or possibly the rebate on any impact fees that might be associated with the building. The green of the dollar always wins out over the environment, unfortunately. But that is the truth. If they can save money they will go that way. So we need to look for ways to keep green affordable. And once again, that energy efficiency and green building are absolutely one together. The most expensive part of any green building program is the energy efficiency facet of that green building program. One possibility and one thing to look at. We were talking about earlier, how do we identify green built homes? I think there should be a listing, a realty listing for green built homes that are certified, third-party certified. I think that way from a consumer standpoint they would know they're truly getting a green built home. I am a little cautious when we talk about code mandated green standards or energy standards with the slump in the housing right now.

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

We have to be very cautious on what code changes, how they affect housing costs. And Senator Haar's, one of his concerns that I think currently is being looked at, the Nebraska State Home Builders Association is contractor certification or a contractor registration program so that we're assured that the contractors that are doing those jobs know what they're doing and it is being performed correctly. So, thank you. [LR221]

SENATOR LANGEMEIER: You got another minute if you're not... (Laughter) [LR221]

MIKE REZAC: I'm okay. (Laughter) [LR221]

SENATOR LANGEMEIER: It sounded kind of abrupt there... (Laughter) Senator Haar. [LR221]

SENATOR HAAR: Thank you. Mike, I've seen your net zero home and was very impressed. Are there states that have those kind of standards you're talking about for contractors who are either building homes or retrofitting? [LR221]

MIKE REZAC: Absolutely. [LR221]

SENATOR HAAR: Okay. I'd be interested in hearing... [LR221]

MIKE REZAC: So, yeah, so we're currently looking at what other states are doing and what might be done here that would work for Nebraska. [LR221]

SENATOR HAAR: Okay. I appreciate that. [LR221]

SENATOR LANGEMEIER: Senator Carlson. [LR221]

SENATOR CARLSON: Senator Langemeier. Mike, several of us on the committee saw your...went through your net zero home and enjoyed that tour. On your report here,

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Rough Draft

Natural Resources Committee
October 16, 2009

bronze, silver, gold and emerald, and the percentages of the sales price that it increases construction, do you have percentage of savings at each of those levels on utilities? [LR221]

MIKE REZAC: Yes. You know when you get into the emerald, that's when you're bringing in some alternative energy aspect of the home, so take the net zero home would be an emerald level. So that from an energy savings standpoint, that home will not have an electric bill. So that home is a net zero energy home. So it...you know, the costs are substantial. I think my alternative energy system on that particular home was just about...run the \$50,000 range. But that home will never have an electric bill and so that is projected probably a savings of a little over \$200 a month for that particular home for the life of the home. You get into your gold level. Now you're talking geothermal home with a geothermal system. Most of our homes in our geothermal are high performance homes with geothermals. Our projected heating and cooling costs per year are right around \$300 per year for an average 2,000 square foot home with an additional 2,000 square foot of finish in the basement. [LR221]

SENATOR CARLSON: That's the saving or that's the cost? [LR221]

MIKE REZAC: That's the total cost. So there probably be a cost savings of...and probably one of the energy raters might be able to answer it better, but probably a savings of \$800, possibly \$800, or \$800 to \$1,000, depending on what you're comparing it to. I guess if you go to just a standard built home it could be substantially more. And then your silver level is more of your energy star, probably a five star rating. And unfortunately, they haven't updated the energy star program as fast as housing has changed. Senator Haar spoke to the HERS rating and the lower, if you're paying attention, the lower the HERS rating number the more energy efficient a home is. Our net zero home has a HERS rating of 6, so. [LR221]

SENATOR CARLSON: Thank you. [LR221]

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR LANGEMEIER: Very good. Senator Haar. [LR221]

SENATOR HAAR: Thank you. Well, part of building the energy savings into any structure is a hedge against the rise of energy costs which, you know, in some form or another is going to happen probably, wouldn't you agree? [LR221]

MIKE REZAC: Absolutely. I mean, that's part of our sales (inaudible). When we sell energy efficiency, part of what I say is, you know, it's either pay now or pay later. The reason you would choose not to is if you believe energy costs are going to go down, which I'm not sure if there's anyone in the room that believe it. [LR221]

SENATOR HAAR: Yeah, you found anybody like that yet? (Laughter) [LR221]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much. [LR221]

MIKE REZAC: Thank you. [LR221]

SENATOR LANGEMEIER: Further testimony on LR221. No one. I think I've got one more. Neil, are you going to testify? [LR221]

NEIL MOSEMAN: Yes, sir. [LR221]

SENATOR LANGEMEIER: You had that look like you was going to, so. Welcome. [LR221]

NEIL MOSEMAN: (Exhibits 17 and 18) All right. Thank you, again, Mr. Chairman. Chairman Langemeier and members of the Natural Resources Committee, again, my name is Neil Moseman, N-e-i-l M-o-s-e-m-a-n, and I'm director of the Nebraska Energy

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Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

Office. Thank you again for the opportunity to provide testimony on LR221. The purpose of LR221 is to determine ways the state of Nebraska can promote energy conservation in commercial buildings and residential properties. The Nebraska Energy Office has long had energy efficiency programs, and is currently utilizing the American Recovery and Reinvestment Act funds for some of these existing programs, as well as new ones. We'll start at the top. Nebraska is receiving \$30.9 million over three years for the State Energy Program, SEP, under the American Recovery and Reinvestment Act. This program provides energy efficiency services to consumers and energy users in addition to public information, energy statistics, education, and renewable energy activities. Funds for the ARRA SEP, State Energy programs, have been infused into existing programs such as the Dollar and Energy Savings Loan program discussed today, and Nebraska Public Power District's 2.5 percent loans for heat pumps, also discussed earlier. New programs developed from the ARRA funds include the Energy Star Rebate program, Advanced Renewable Energy Project Grant Solicitation, and the energy efficiency community block grants. In addition, Nebraska will receive over \$41 million over three years for our Low Income Weatherization program. That's a federal weatherization program. The Dollar and Energy Savings and Loan program is perhaps the best known activity of all these programs. This program, again, has received \$11 million of these SEP funds, from stimulus package, to provide loans of up to \$750,000 for the interest rate of 2.5 percent. And again, these loans are designated for commercial and industrial efficiency building improvements. Many home, building or system energy improvements qualify for financing, but they are not supplemented with ARRA funds. These projects are generally cost-effective and can be financed with a low and a 5 percent or less for up to ten years, or for five years for appliances. These loans are offered statewide by the Nebraska Energy Office and our state lending institutions. I will...the partnership with NPPD was mentioned earlier so I'll move ahead. The state of Nebraska will receive \$1.71 million for rebates under the Energy Star Appliance Rebates program. This new program provides energy efficient consumer appliance and heating/cooling equipment rebates for ten types of appliances approved under the program. And yesterday, a bellwether day, yesterday we submitted our application to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

the U.S. Department of Energy. Yesterday was the deadline to do so for the Energy Star rebates. And I can explain where we're headed with that. Time for questions. A few other points here, the advance for Renewable Energy Project Grant Solicitation. I've been referring to it as the renewable energy demonstration program. It's another stimulus project funded with \$5 million dollars available for new awards. The closing date on that final submission is November 3. We had letters of intent were due September 3 and we received about 112 letters of intent from folks seeking funds from this \$5 million pot. The objectives of this program were...are to increase renewable energy generation in Nebraska; demonstrate the use of renewable energy technologies in new ways; deploy innovative renewable energy technologies within the state, throughout the state. And then also, federal energy guidelines, Department of Energy guidelines who have to generate this energy, has to be generated from renewable resources on or before March 30, 2012. Also additional goals are reduce greenhouse gas, leverage funds, and then create and retain jobs. This solicitation focuses on demonstrating new ways renewable energy technology can be deployed to enable Nebraska to maximize its potential as a leader in renewable energy generation and utilization of advanced technologies. Just a...if I may here, one of the reasons we promoted this demonstration project is a \$5 million pot. As a matter of fact, I had anticipated in discussing with the Governor, we thought, well, probably every state will do something like this because one of the issues with this stimulus package itself, it's easy for me or for Nebraska Energy Office to give money to other state entities, government entities, counties, schools, whatnot, but to give it to...to put this money in the hands of private individuals or private entrepreneurs, much more difficult. So Governor Heineman and I decided, hey, let's put \$5 million into this pot of money and let's go out and solicit ideas. Let's find maybe if there's somebody...someone in a garage, somebody is tinkering, somebody has a new great idea in terms of renewable energy production and obviously, we think there's...at least there's 110 people out there, 112, who have ideas they want us to consider. Let's look into that and let's see if we can actually put the hands of somebody in terms of private entrepreneurs and create some jobs and save some energy in that regard because that's at least our view, one of the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

missions here of the renewable energy...of the stimulus package. Another program, the Energy Efficiency and Conservation Block Grant Program provides grants to local governments, states, territories and Indian tribes to fund projects that reduce energy use and fossil fuel emissions. It's patterned after the Community Development Block Grants and the state of Nebraska received \$18.8 million for that effort, or I should say, is receiving \$18.8 million for that. In addition, the Low Income Weatherization program, federal program, because of income eligibility guidelines, the guidelines were raised from 150 percent of poverty to 200 percent and this program is going to receive roughly \$42 million over the next three years. Historically, the state of Nebraska would receive about \$2 million per year. So roughly tenfold increase and just for your...put in relative terms, poverty level for a family of four in Nebraska is roughly \$21,000, \$22,000 so this 200 percent now, a family of four making \$44,000 or less will qualify for this low income weatherization program and it is a grant program. It provides free home weatherization services to folks that qualify. And most of these services are provided at the local level by community action agencies. That concludes my testimony. There is an attachment, which I believe you have, which walks through in some detail about our energy savings loan program and the rebate program, block grants, weatherization, and happy to answer any questions you may have. [LR221]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Haar. [LR221]

SENATOR HAAR: Thank you. Are there any requirements if someone gets a low energy weatherization loan as to who the contractor will be? Or could I just show up with a hammer and a screwdriver and do it? [LR221]

NEIL MOSEMAN: No requirements. Actually...this...you apply through the bank, through our banking partners in terms of the loan, but no, are you required to have any sort of certification in terms of, for this...I take it, are you speaking to the commercial building program? [LR221]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR HAAR: No, I'm...the low energy...for low income folks, the energy weatherization. [LR221]

NEIL MOSEMAN: Oh, the weatherization program. [LR221]

SENATOR HAAR: Yeah, I'm sorry. Yeah. [LR221]

NEIL MOSEMAN: Yes, that actually there are federal standards that contractors have to meet and we scrutinize that pretty heavily. The community action agencies who are a part of that program...oh, roughly, half of our agencies have their own crews and then roughly half will contract with contractors as you're saying. But they have to meet some very stiff federal guidelines, and of all the work that's done in these programs here at the state, we, by law, are required to inspect 5 percent of these homes or 5 percent of the work. We hit 20 percent of them, just to be safe and make sure that everything is up to speed. [LR221]

SENATOR HAAR: Have you been satisfied with those results generally? [LR221]

NEIL MOSEMAN: We have been. As a...and generally you read about these sort of things in the press, we've been slowed here this year in terms of actually moving forward with the weatherization. Using stimulus dollars through 2009, we've been able to use our annual appropriation money. That \$2 million a year I mentioned. But in May when we made application and received word from the federal government that we could utilize, move ahead with the weatherization program, there was a caveat. And the U.S. Department of Labor and U.S. Department of Energy said you have to, we have to work through the Davis Bacon requirements that are part of the stimulus package, prevailing wages. So over the... or close to five months we waited for official guidance from the U.S. Department of Labor and the U. S. Department of Energy as to when we can move forward in weatherizing homes using stimulus money, and at the end of September we got word, after five months, that we can move forward and that there

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

would be no change in our prevailing wages from 2008 and 2007. So we waited five months, really for no change. And we lost a great period over the summer here to be able to weatherize homes. We were able to weather our community action agencies. We were able to continue working with our regular appropriations but, yeah, there was this big pot of money out there that was really held up as a result of these Davis Bacon regulations. So we're moving forward now, now that we have that behind us. One other issue I just raise and when you talk to federal legislative colleagues, you may want to be aware of as well, the National Environmental Planning Act, NEPA. NEPA regulations are creating quite a problem for us. It will impact...thus far, it has not impacted the weatherization program, but our grant program or demonstration program if we have a large project, some of our loans that folks are making through the commercial building program, if it has to go through a NEPA review which may require an environmental assessment or an environmental impact statement in EIS, it could delay the expenditures of the stimulus funds...well, if you have to do environmental impact statement for years and here's the problem we're at. Sorry, you didn't ask, but you should be aware, the problem that we're facing with the demonstration program, we have to grant an award, you have to be a recipient, you will have to be producing energy by May 30, 2012. That's required by the stimulus, by law. If you're required to perform an environmental impact statement, it very well could put you past 2000...March, 2012, and these are all issues, I guess. The good news is, every state is struggling with this. And the Department of Energy is trying to help us work through this, EPA, Department of Labor, because it's a major issue. But it's just...it's one of those things you really don't...I haven't seen talked about in the press but it is, it's certainly been inhibiting the expenditure of stimulus funds across the country. [LR221]

SENATOR HAAR: So can low income weatherization loans be used to help legislative salaries or not? (Laughter) Damn, I'm looking. [LR221]

NEIL MOSEMAN: It's all very transparent, very...a great degree of accountability here, so. No, I cannot do that. (Laughter) [LR221]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

SENATOR HAAR: I had to ask. [LR221]

SENATOR LANGEMEIER: Senator Fischer. [LR221]

SENATOR FISCHER: Thank you, Senator Langemeier. Thank you, director, for being here. What percentage of the applications do you think will require an environmental impact statement and be affected by that? I think they're like three to five years sometimes before you get that back from the feds. [LR221]

NEIL MOSEMAN: Of the applications we have now, I'd say at least half because they are large enough in terms of... [LR221]

SENATOR FISCHER: Does that mean you won't consider those applications then? Are you just going to look at ones that are shovel ready? You know, are you...how's that going to play into your decision if you realize that they can't meet all of the requirements set out by the federal government then? [LR221]

NEIL MOSEMAN: Well, that's a very good question. We have a little time, not much, a little time to work with here. We're going to set up a peer review panel similar to what the federal government does, USDA, U.S. Department of Energy, because again, these are all federal dollars and these need to match the federal regulations. When the peer review panel looks at this, I'm really hoping upon hope that the Department of Energy has given us some either waivers or some very direct guidance as to what projects and what type of projects will require an environmental impact statement. If it's something that's EIS is required, we would really have no choice but to kick them out of the consideration because, just again, they won't match up to that March 30, 2012 deadline. [LR221]

SENATOR FISCHER: When was the last time the federal government changed any of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

the requirements under an environmental impact statement as they effect your office?
[LR221]

NEIL MOSEMAN: Boy, I...well, NEPA implemented in 1975... [LR221]

SENATOR FISCHER: Did they do something last year like December, 2008, or not?
[LR221]

NEIL MOSEMAN: I don't believe so. Every administration, you know, interprets it a little differently and I see, you know, the Obama administration now is struggling with this as well and I think they're...ultimately have to come back. And as a matter of fact, the U.S. Department of Agriculture currently, energy is not doing this, but the USDA is issuing guidelines. And I won't say how to (inaudible), but really how to work around the edges and giving guidance in terms of folks...USDA world element programs, for example, how to work around this. Because it's a...obviously the goal, the stimulus money is get it out as quickly as possible and NEPA certainly puts everyone at odds with that. [LR221]

SENATOR FISCHER: Thank you. [LR221]

SENATOR LANGEMEIER: Any other questions? Seeing none, director, thank you very much for your testimony again. [LR221]

NEIL MOSEMAN: Thank you. [LR221]

SENATOR LANGEMEIER: Further testimony on LR221. Seeing none. Senator Pirsch, did you want to do a closing? [LR221]

SENATOR PIRSCH: No, I'm going to waive. [LR221]

SENATOR LANGEMEIER: He's going to waive his right to closing. Do we have any

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Natural Resources Committee
October 16, 2009

letters for the record? Not that we received. If we get some, we will add them. With that, we'll conclude the hearing on LR221. I want to thank everyone that came and testified today. I want to thank OPPD for the opportunity to use this room and their hospitality as we've taken this on. And everybody drive home safely. Thank you. [LR221]