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Natural Resources Committee  
February 25, 2011

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[LB579 LB580 CONFIRMATION]

The Committee on Natural Resources met at 1:30 p.m. on Friday, February 25, 2011, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on confirmation of Ginger Willson, LB579, and LB580. Senators present: Chris Langemeier, Chairperson; Ken Schilz, Vice Chairperson; Mark Christensen; Annette Dubas; Ken Haar; Beau McCoy; and Jim Smith. Senators absent: Tom Carlson.

SENATOR LANGEMEIER: Good afternoon and welcome to the Natural Resources Committee. My name is Chris Langemeier, I'm the Chairman of the Natural Resources Committee. I'd like to welcome everybody that's in the audience here today to participate in our hearings and those that are watching us on closed-caption TV, as well as those that are watching us on our live video stream on the Internet. I'd like to introduce the committee members for the benefit of the individuals here. Start to my far left, or your far right, we have Senator Jim Smith from Papillion. Then we have Senator Ken Haar from Malcolm. And then we have Senator Ken Schilz is also the Vice Chairman of the Committee from Ogallala. Then we have Laurie Lage who is the legal counsel for the Natural Resources Committee. And then to my right we will soon have Senator Annette Dubas from Fullerton. And then we have Senator Beau McCoy from Elkhorn and west Omaha. At the end of the table we have Barb Koehlmoos who is the committee clerk; as you come to testify, you will give anything you have to hand out to her. And we have one page with us today. We have Katie DeLashmutt who is from Burwell, Nebraska, and she is a senior at UNL. If you care to testify today, you're going to see in the corners of the room, you're going to see these green sheets. We ask that you fill one out in its entirety, then when you come up to testify if you'd give that to Barb. It helps us keep a very accurate record of today's events. There's also in the corners of the room, you'll see kind of a spreadsheet-looking form. If you're here today and you're not going to testify in front of us, but you want to be on the record as being here with an opinion on one of the bills, you can fill that out and we will so note that. At this time we ask that if you have anything you're going to hand out, that you first of all have 12 copies to hand to the committee; and if you don't, raise your hand and Katie will be over to help you with that. Also, if you have something that you want us to see, but you want to keep it, we ask that you just show it to us from the table, because if you do hand it to us, we have to keep it for the record and make it part of the permanent record and you will not get it back. At this time we would ask that everybody look at your cell phone and please turn those off or to vibrate so we don't disrupt those that care to testify ahead of us. And with that said, we will start our day as posted outside with a confirmation hearing starting with Ginger Willson who has been appointed as director of the Nebraska Energy Office. And welcome back to the committee.

GINGER WILLSON: (Exhibits 1 and 2) Good afternoon. Members of the Natural Resources Committee, my name is Ginger Willson, that's G-i-n-g-e-r W-i-l-l-s-o-n and I began as director of the Nebraska Energy Office in July 1, 2010. I am honored that

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

Natural Resources Committee  
February 25, 2011

---

Governor Heineman appointed me to this position and I would appreciate your confirmation of my appointment. Let me start with providing you some brief...a brief background. I was born and raised on a diversified crop and hog farm in Hooper, Nebraska, attended and graduated from Northwest Missouri State University in 1998. Prior to this role with the Nebraska Energy Office, I served for two years as the assistant director of the Nebraska Department of Agriculture. I served for nearly eight years in Washington, D.C. as a senior legislative aide and deputy chief of staff for a Missouri Congressman and for Nebraska Congressman, Jeff Fortenberry. I also was a deputy director of government relations for the National Pork Producers Council. My roles and responsibilities in these capacities were to offer strategic policy advise and draft legislation on agriculture, finance, trade, and energy issues. On a personal note, I live in Lincoln, was married in July to my husband who is also a fellow Nebraskan. I serve as a trustee to the Nebraska 4-H Foundation and very much enjoyed spending my early childhood in 4-H clubs learning responsibility and leadership skills that I value today. In my professional capacity today, I have recently been elected to serve on the National Association of State Energy, Officials Board of Directors. This is our national nonprofit association where membership includes state energy officials from each state and territory. I would like to share with you just a few of the initiatives I am proud of during my eight months in the Energy Office. In 2009, Congress passed the American Recovery and Reinvestment Act providing funding for energy efficiency programs. This funding is contractually obligated to various projects across the state. Construction is underway and we are beginning to see the energy savings results of these investments. Ninety-six communities across the state are improving their energy efficiency by installing lighting technologies, retrofitting existing facilities and installing renewable energy technology. In the summer of 2010, the Energy Office launched the ENERGY STAR Appliance Rebate Program. The program ran for four and a half days releasing a total of \$1.7 million in \$100 and \$250 rebates for qualified energy efficient consumer appliance and heating/cooling equipment rebates to Nebraskans. Eleven million dollars was invested into our Dollar and Energy Saving loan program. I authorized lowering the interest rate from 5 percent to 2.5 percent and the loan limit to be raised above the \$750,000 cap on a case-by-case evaluation. This money has been invested into energy efficient projects including the recently announced \$2.2 million loan to the Metropolitan Utilities District for two compressed natural gas filling stations in Omaha. The loan program became available in 1990 and since then more than 26,000 projects totaling nearly \$230 million have been financed through the Energy Office and its lending partners. The Energy Office partnered with 79 utilities across the state for an energy detective-themed kit given to fifth graders to take home and install the energy devices. Twenty-four thousand elementary fifth grade students in public, private, and home-school classrooms can be involved in the energy education activities. Currently, the Energy Office is also working with the Legislature to pass LB329, which updates Nebraska's Building Codes from 2003 to the 2009 International Energy Conservation Code. My office is providing free training opportunities scheduled February, March and May on critical concepts of the 2009 IECC for all members of Nebraska's construction

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

Natural Resources Committee  
February 25, 2011

---

industry. Currently we have over 400 people signed up for these trainings. There are many more projects the Energy Office is administering. Some of these projects will conclude in 2012 and 2013 and others have been long standing pillars of the Energy Office. The ARRA funded projects have dramatically changed the day-to-day operations of the Energy Office. Strategic discussions will be needed as we move past the ARRA funding to examine the future of the Nebraska Energy Office. One of my highest priorities is ensuring the agency is administering the \$84 million in federal funds directed to programs such as the low-income weatherization, the State Energy Program, the Appliance Rebate Program, the Energy Efficiency and Conservation Block Grant Program, and the Energy Assurance Program. This includes providing the highest degree of transparency, technical assistance, monitoring financial and construction progress, and program reporting to the U.S. Department of Energy on all of our subgrantees. I appreciate this opportunity to share with you some of the priorities I am administering in the Nebraska Energy Office. I look forward to working with members of this committee as we continue to promote efficient, economical, and environmentally responsible use of energy. Thank you. I would be happy to answer any questions.  
[CONFIRMATION]

SENATOR LANGEMEIER: Very good. Are there any questions for Ms. Willson? Seeing none. Oh, Senator Haar. [CONFIRMATION]

SENATOR HAAR: Just make the comment, I've appreciated your willingness to talk and I think it's going to pay off on both of our sides. Thank you very much.  
[CONFIRMATION]

GINGER WILLSON: You're very welcome. [CONFIRMATION]

SENATOR LANGEMEIER: Are there any other questions? For the record, let's talk about our family orientation. I got an e-mail yesterday after our hearing and they said, well, she's related to Chairman Langemeier. So we are what? Second cousins once removed? [CONFIRMATION]

GINGER WILLSON: Third, I believe, yes. [CONFIRMATION]

SENATOR LANGEMEIER: Third cousin once removed. [CONFIRMATION]

GINGER WILLSON: Not to correct the Chair, but yes. [CONFIRMATION]

SENATOR LANGEMEIER: So that's on...actually one of the e-mails said I had another sister and I do have eight of us, but you are not my sister. [CONFIRMATION]

GINGER WILLSON: Well interestingly enough I do have a brother, as you do, that is also named Scott. [CONFIRMATION]

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

Natural Resources Committee  
February 25, 2011

---

SENATOR LANGEMEIER: Yes, we both share two different individuals with the same name. So that's on the record, so. Very good. Seeing no other questions, thank you much for your testimony. [CONFIRMATION]

GINGER WILLSON: Thank you. [CONFIRMATION]

SENATOR LANGEMEIER: Is there anyone that would like to testify in support of Ginger Willson to be director in the Nebraska Energy Office? Is there anyone wishing to testify in opposition? Seeing none, is there anyone wishing to testify in a neutral capacity? Seeing none, that will conclude the hearing on the confirmation for Ginger Willson to director of Nebraska Energy Office. We will now open the hearing on LB579. Senator Haar, welcome. [CONFIRMATION]

SENATOR HAAR: Thank you. Chairman Langemeier and members of the board...or the committee, LB579 basically would require that a report be filed that...by public power that would include identification of all electric generation plants greater than 25kWs; identification of all transmission lines above 230kVs; and identification of additional transmission and generation for the next 20 years. Identification for potential energy efficiency, conservation, and load management programs would also be required to offset or reduce power supply demands otherwise met by planned generation. Just to sort of make this very short, we've had a number of reports from the NPA, the Nebraska Power Association, one of the big report included the kind of information we're looking for; the small report did not. And so in talking yesterday some more with people from the Nebraska Power Association, I really suspect we don't need a bill here, that they recognize that this is something that would be good as they revise their various materials to include on a regular basis. And I have no problem with that. So with that I would conclude my introduction. [LB579]

SENATOR LANGEMEIER: So to clarify, we can IPP this already? Is that what you're telling me? [LB579]

SENATOR HAAR: No, not today, unless you want to stay later. [LB579]

SENATOR LANGEMEIER: It's not going to be today, but...just clarifying. Okay. [LB579]

SENATOR HAAR: No, I would feel comfortable with that, because following the discussions we had, it is not a matter of pressure, it's just understanding what their intentions are and so forth. And we'll begin to see the demand-side management and energy efficiency in the executive summaries and in the shorter reports, so. [LB579]

SENATOR LANGEMEIER: Okay. So for now you think you are getting your accomplishment of this bill? [LB579]

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

Natural Resources Committee  
February 25, 2011

---

SENATOR HAAR: Yes, I do. Yep. [LB579]

SENATOR LANGEMEIER: Voluntarily? [LB579]

SENATOR HAAR: Yep. [LB579]

SENATOR LANGEMEIER: Okay. Very good. Are there any other questions? Senator Smith. [LB579]

SENATOR SMITH: Thank you, Senator Langemeier. Senator Haar, and maybe this is what you're referring to, but I was looking in this, and these are the responsibilities of the Power Review Board, is that...or what are we looking at here? [LB579]

SENATOR HAAR: Well actually, it's the Nebraska Power Association that puts out the reports. [LB579]

SENATOR SMITH: Okay. [LB579]

SENATOR HAAR: I'm not sure who generates those in the first place, but. [LB579]

SENATOR SMITH: And if you look further down the statutes, in 70-1026, which is not in here, it talks about filing research and conservation reports that includes energy conservation and such, so would that capture what you're looking to do in item D? [LB579]

SENATOR HAAR: Yes. [LB579]

SENATOR SMITH: So that's already in this statute as to responsibilities? [LB579]

SENATOR HAAR: Right. And we'll be going to see it in all of the reports, those issues addressed. And I should have, recognizing, Senator, with your background, I should have probably come with a little more technical introduction. [LB579]

SENATOR SMITH: All right. Thank you. [LB579]

SENATOR HAAR: Thank you very much. [LB579]

SENATOR LANGEMEIER: Seeing no other questions, thank you very much. [LB579]

SENATOR HAAR: Thank you. And, Chairman, if you don't mind, I'm going to sit up here, but I won't ask questions. [LB579]

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

Natural Resources Committee  
February 25, 2011

---

SENATOR LANGEMEIER: Yep. Yep, nope, that's fine. I can handle that. You've heard the opening on LB579. We'll now move to those that would like to testify as proponents. Is there anyone wishing to testify in a proponent? Kind of awkward, isn't it? [LB579]

KEN WINSTON: Well, I got perfectly good pieces of paper all ready for you guys. So I thought I would share them. [LB579]

SENATOR LANGEMEIER: That's good. [LB579]

KEN WINSTON: (Exhibit 3) For the record my name is Ken Winston, K-e-n W-i-n-s-t-o-n, appearing on behalf of the Nebraska Chapter of the Sierra Club in support of LB579. In view of Senator Haar's introduction, I'm going to keep my remarks very simple and short. Basically, we're big supporters of energy efficiency. We believe that there are opportunities for more energy efficiency and the utilities, our public utilities can be some of the best proponents and the best advocates for that. And we're viewing LB579 as an opportunity to make some of that happen. I think it's one of the things I just wanted to mention while we're looking at this is that we believe that it can provide economic development benefits, jobs in construction, renovation, and I know that there may be some expertise in the committee in that area. There's also opportunities for sales of material such as insulation, windows, and lighting fixtures that provide benefits to local businesses and that the more that is spelled out in terms of the energy plans, the more that would provide some stimulus to businesses to engage in that kind of activity. I guess the other thing I wanted to mention, and I was trying to run this down this morning, but I believe that there's a study of the economic benefits of energy efficiency that's being conducted by the University of Nebraska. And I'd be glad to run that information down if you'd like for the verification of that. And I think that might be something that would be very useful to the committee as they look at these kinds of issues. Be glad to answer questions. [LB579]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Winston? Seeing none, thank you very much for your testimony. [LB579]

KEN WINSTON: Thank you. [LB579]

SENATOR LANGEMEIER: Further testimony in support of LB579. Seeing none, is there anyone like to testify in opposition? Seeing none. Is there anyone that would like to testify in a neutral capacity? Oooh, not quite so fast. (Laughter) [LB579]

SHELLEY SAHLING-ZART: (Exhibits 4 and 5) Don't get alarmed, it's a lot of paper, but these are for distribution. Good afternoon, for the record my name is Shelley Sahling-Zart, S-h-e-l-l-e-y S-a-h-l-i-n-g hyphen Z-a-r-t. I'm vice president and assistant counsel for Lincoln Electric System and I'm here testifying today on behalf of the Nebraska Power Association in a neutral capacity on LB579. The NPA represents all of

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

Natural Resources Committee  
February 25, 2011

---

Nebraska's consumer-owned electric utilities including municipalities, public power districts, rural public power districts, and cooperatives. I'm going to start by saying, when I walked over to testify yesterday, the heavy snowflakes started falling and when I walked over today to testify, the heavy snowflakes started falling, so if it's all right with you, I think this might be the last time I'll testify this session. (Laughter) To start out by clarifying a couple things, Senator Smith, you are correct, the statutes provide that the reports are directed by the Nebraska Power Review Board. The statutes also indicate that the Power Review Board can designate a representative organization of the industry to conduct the detailed studies. And the Power Review Board years ago designated the Nebraska Power Association to do that. The NPA was formed in 1980 and we've been conducting those studies ever since. I'm handing out to you the last statewide, long-range, coordinated power supply plan that the industry did. And when we did that, we merged the report. There are actually two reports. There's one required by 70-1025 which is the long-range study you're getting. And then 70-1026 requires a research and conservation report. What we did in the 2003 study that you're getting, is we merged those together. So there is a section in this study that includes the research and conservation piece. In addition, the other piece...the other shorter document that you're getting is an annual load and capability report which looks at current and projected peak demand for the state on a statewide basis including the current and planned resources to meet that load. And then estimating when the state would go deficit, which means when we would no longer have existing capacity to meet the demand. And I think the last report indicated that year is 2027. The first thing I note is on the report you'll see it is dated 2003. It is a rather dated report at this point. The Nebraska Power Association will be meeting in a couple of weeks and we are going to be discussing an update to that report. We've had a lot of things change since 2003. Certainly the future of coal as a generation resource is much different than it was in 2003. And frankly, the whole area that Senator Haar raises in his bill is...has substantially increased since 2003. A number of us have sustainable energy programs in place; we're allocating quite large dollars toward programs to help our consumers conserve energy and use energy more efficiently. So we've had a lot of things change and I would expect while that's a fairly limited section in the 2003 report, I would expect in the next report we do that that will be a much more substantive section. We appreciate Senator Haar's willingness to discuss this with us and that he doesn't necessarily feel a need for the legislation at this point. What we told him and what we would tell all of you is that we will be scoping the update to the study. We will be scoping that in the next couple of months. We're happy to hear from any of you. We'll certainly give Senator Haar an opportunity to look at the scope before we send that to the Power Review Board for approval and they do approve that scope before we start the detailed work. But if there are other areas that any of you think are lacking in any of these studies that you would like to see us address a little more significantly, we are more than open for that discussion. With that, I'm not going to get into the details. It's a lot of paper, but it's interesting reading. If you look through you'll find that as an industry we are coordinating and working together very closely to identify how we're going to

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

Natural Resources Committee  
February 25, 2011

---

meet future electrical demands and certainly energy efficiency is part of that equation moving forward. I'd be happy to answer any questions. [LB579]

SENATOR LANGEMEIER: Very good. Are there any questions? I just have one. [LB579]

SHELLEY SAHLING-ZART: Uh-huh. [LB579]

SENATOR LANGEMEIER: Are we going to put this on-line somewhere so we don't have to actually print all these reports? [LB579]

SHELLEY SAHLING-ZART: It's actually is on-line. It's on-line at the Nebraska Power Association Web site which is [www.nepower.org](http://www.nepower.org) . [LB579]

SENATOR LANGEMEIER: Okay. Because I'm running out of file cabinets to store this kind of stuff. [LB579]

SHELLEY SAHLING-ZART: Yeah. We brought those so you could stick it by your bed and have some light reading at night. But it is on-line. [LB579]

SENATOR LANGEMEIER: Well maybe a snowstorm will...we'll look through it tonight. [LB579]

SHELLEY SAHLING-ZART: I would note there's a couple of maps, there's some transmission maps and everything that we...a couple of those that we redacted from this report. We also have increased sensitivity that we didn't have in 2003, so some of those transmission maps we are no longer publishing. [LB579]

SENATOR LANGEMEIER: Sure. Seeing no other questions, thank you very much for your testimony. [LB579]

SHELLEY SAHLING-ZART: You bet. [LB579]

SENATOR LANGEMEIER: And you can come back again. It is going to warm up. Are there any other neutral testifiers? Seeing none, Senator Haar, do you want to close on LB579? [LB579]

SENATOR HAAR: No. [LB579]

SENATOR LANGEMEIER: Senator Haar waives closing. That concludes the hearing on LB579. We will now open the hearing on LB580, and, Senator Haar, welcome back. [LB579]

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

Natural Resources Committee  
February 25, 2011

---

SENATOR HAAR: (Exhibit 6) Thank you very much. Chairman Langemeier and members of the committee, I'm Ken Haar, H-a-a-r, two "a"s, District 21. I could start this by saying those dreaded words, death by fiscal note. However, I think some very good things are going to come out of this. According to the original intent of the bill was to create a board of energy auditors consisting of five members: director of the Energy Office; a contractor in an industry representative; somebody from public power; somebody from organized labor; and an actual energy auditor. And then they were to basically get together and serve as an advisory panel to the State Energy Office; develop a Web site, I'll talk a little bit more about that in a minute; to publish energy auditors with their self-reported certifications; apply and accept grants; and so on. The way I got into this is through the green energy...or the green school summit that we presented last October and one of our session, we decided, was to be on energy auditing. And as we got into this field, it got more and more complicated. Who is an energy auditor and where do you find them, and what are their qualifications and certifications? And I started looking through Yellow Pages to see if I could find them. On Yellow Pages, they weren't there. And the Energy Office did have a listing of some of these people with certifications. But the energy auditing part of any renewable energy project like I hope will be happening in some schools is really very, very important because you identify where energy savings could occur and then it allows people, if it's a complete audit, to decide what they're going to prioritize and what they're going to put in place. So then I began talking with Director Willson with the idea, let's put this stuff in one place, and maybe even at some day when there are enough energy auditors and there are going to be a lot more soon, to actually develop some kind of Nebraska certification. And just to give you an example, there's some LEED, which, you know, LEED is the building standard now. Some LEED energy auditor certifications held by engineers and architects. There is something called BPI, Building Performance Institute, building analysts, in fact, they just finished a one-week training at Southeast Community College and that's going to be going on there on a regular basis. Then there's an association called ASHRAE, the American Society of Heating, Refrigerating and Air-conditioning Engineers, and they have building energy assessment professionals, building energy modeling professionals, and then they also have ENERGY STAR Hz rating, house...home energy rating system raters. So right now, their audit...and for example, one of the people I've gotten to know quite well actually worked for the Energy Office back in the 1980s. He's a licensed engineer and at that time the Energy Office was giving free audits to people and he would go out and do auditing. So I'm trying to look at this from two standpoints. One, is to give customers, to give ordinary people a place to go if they want to find an auditor. And that's very difficult right now. The other thing is to make sure that people who list...who put out the shingle as an auditor really have some kind of certification. So here's another bill that I think we can IPP when we talk because of the large fiscal note that came out, it's not going to be possible to get this going right away. But talking to Director Willson, she will put the ENERGY STAR people out there on a Web site and also the BPI analyst so there will...on the Energy Office's Web site so there will be a place where people can begin to go to find auditors

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

Natural Resources Committee  
February 25, 2011

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and to identify these auditors. And then we've agreed that beginning in early summer we will get together a group of people and meet over the summer to figure out how we could make this energy auditors' board work and how we could finance it and so on. So I think we're just going to take a little more time to do this, but I think it's a very worthwhile project because if you do the energy auditing correctly up front, the results are much better and much more predictable and much more satisfactory. I do have a letter here. We were going to have some testimony from Jon Traudt who is a certified home energy rater; an indoor air quality specialist; Health and Energy Company in Omaha. He is ENERGY STAR trained and rated. I even went out and spent half a day working with him when he audited a house. So I'll pass these out, please. And other than that, I would say let's...we can kick this out of committee...or, you know, kill it in committee, knowing that we're going to go forward with it this summer and develop the framework to make this board of energy auditors actually happen. So, with that. [LB580]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Smith. [LB580]

SENATOR SMITH: Thank you, Senator Langemeier. Senator Haar, so this board would provide, for lack of a better term, the licensing and the certification for energy auditors? Would you see that? [LB580]

SENATOR HAAR: Eventually I would like to have a Nebraska certification for auditors, much like there's a Nebraska board of engineers and architects and that sort of thing. But the place we can start, there are the national groups like ASHRAE and RESNET and so on, ENERGY STAR, that actually do already certify people and I think that's where we're going to start right now. And all we will do is say, okay these people have this certification, it will be a link to where they can go to see what that certification means. But, yeah, eventually I'd like to see a Nebraska certification. [LB580]

SENATOR SMITH: And then potentially these auditors may be in the same business for providing remedy to inefficiencies. So they go into a building, they go into a home and they detect...they have heat loss, maybe you need more insulation, maybe they actually have the company that comes and provides the insulation and such as that. Now, concern I have there, and this is the same concern I raised when the outfitters came in, they wanted...and there was some discussion about the Game and Parks putting the listings of the outfitters on the Web site, I think that was Avery's bill, Senator Avery's bill, but here's a case where we're going to take people in the private sector and we're going to have to...what it sounds like in this Web site is make some judgment as to who gets primary listing as an energy auditor and now we're kind of heading down a little bit of a slippery slope. I'm concerned with using public dollars to promote private enterprise and create some type of uneven competition potentially. So there's concern there. And then also further down in your Section 3, you talk about setting rates to where the board would set what a private sector employer would be able to charge in an energy audit.

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

Natural Resources Committee  
February 25, 2011

---

So a couple of concerns I have there. [LB580]

SENATOR HAAR: Your first concern is really a good one and that's a big concern not only...well, two things would address that. One is as we get more auditors, eventually it would be like with the Board of Engineers and Architects where it's paid for by those people who get certified or licensed. And then a big concern again is, well, if it's on a government Web site, are we actually saying these are competent people? So that's why we're going to start with those national certifications that are widely recognized like ENERGY STAR auditing and those and the BPI. The second one, the rates we're talking about would be just setting the rate for being certified, not for the actual work. [LB580]

SENATOR SMITH: Oh, I see. [LB580]

SENATOR HAAR: And to address another thing you did bring up, one of the things we're trying to work out with Green School Project is to get schools to finance through what's called an ESCO, an Energy Service Company where you pay for those retrofits or whatever with the savings in energy. And in that kind of process, because they're guaranteeing a certain energy savings, they come to the table with auditors and they do a very thorough auditing job. So since it's the first step, it's really complex, though, as I've tried to figure out what's the simple way so that we can give people a list of auditors, because right now it is very hard for a layman to find who to go to for auditing. Now, if you go to OPPD or NPPD or LES, they can make suggestions at this point, but that's also a little bit shaky, I think, because we don't have a Nebraska certification. [LB580]

SENATOR SMITH: Yeah. And I just want to applaud you for your hard work on the topic of energy efficiency. I know you've put in a lot of energy, pardon the pun, and countless hours on this effort, so I really appreciate that. [LB580]

SENATOR HAAR: Yeah. Thank you very much. We heard today about a school; where was that again? [LB580]

TOM GREEN: Broken Bow. [LB580]

SENATOR HAAR: A school that came to the Green School Summit in October, went back and as a result of the information they gathered, they've been doing green energy updates at Broken Bow and they're very happy with the schools. And for example, I learned that a school in my own district, that Malcolm is having trouble with Co2 levels. They're to the point where they're affecting children's health and so they're going to have to do those. So there's a lot of room, especially I'm interested in schools right now because if you have a good environment and good lighting for children they perform better, they're happier, and they're healthier. So thank you very much, appreciate it. [LB580]

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

Natural Resources Committee  
February 25, 2011

---

SENATOR LANGEMEIER: Very good. Seeing no other questions, thank you very much. [LB580]

SENATOR HAAR: Um-hum. [LB580]

SENATOR LANGEMEIER: You've heard the opening on LB580. Now the floor is open, is there anyone that would like to testify in support of LB580? Seeing...just about missed you. [LB580]

KEN WINSTON: Well I figured there would be more people wanting to speak on this issue, so I didn't want to be the only person, but maybe I am. [LB580]

SENATOR LANGEMEIER: Welcome. [LB580]

KEN WINSTON: Thank you. Once again my name is Ken Winston, K-e-n W-i-n-s-t-o-n appearing on behalf of the Nebraska Chapter of the Sierra Club in support of LB580. The Sierra Club strongly supports the efforts at creating more energy efficient homes and businesses. We think there's lots of benefits to doing that and I've described that on a number of occasions so I'm not going to go into that right now. But one of the things we do have some concern about and understand that was the motivation for this bill is we have concern that people not be taken advantage of in the process of trying to become more energy efficient. That they don't have somebody who comes and says, okay, well, here, you know, we've got some sort of magic formula and we're going to sell you on a bunch of things that are going to make your home a lot more energy efficient. And so they end up borrowing a bunch of money and they spend a bunch of money on that and lo and behold they don't get the kinds of benefits that they could have if they had somebody who knew what they were doing. And so we think that standards are important in having a person who evaluates the energy usage of their home, actually know what they're doing and have intelligent responses to the issues that they have. That if their home is a leaking building, that they've got some things that they can...some responses that they can make to that to address those things. And sometimes those things can be fairly expensive, but sometimes the best things are not the most expensive things. Sometimes the last thing that you should do is put in a new furnace. Sometimes the first thing you should do is a little bit of caulking around the windows. And there's a big difference in the cost. And so we think that there's a great benefit of having people who have...who know what their doing in the process of making these evaluations. And I wanted to mention a program that...I know there are some people from the city of Lincoln here, I don't know if they intend to testify, but there's a program that's being done between Lincoln and Omaha in which they have...they receive \$10 million from the federal government to do a program to do energy retrofits on homes and businesses. And it's my understanding they have leveraged that money with private funds and other funds to where they're looking at doing \$50 million worth of

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Natural Resources Committee  
February 25, 2011

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energy efficiency retrofits. But there's some...I don't know exactly how the program works, but if the people are going to have energy audits as part of that, it seems that the people who are doing the energy audits should have to meet some sort of minimal standards. Otherwise that would be expenditure of public funds that would not be wisely used. And so I think that's...that's an example of how we need to make sure that we have the right people, that standards are met in this process of thinking about how this...how we become more energy efficient so that we do the right things. So with that I'd be glad to respond to questions. [LB580]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, thank you very much for your testimony. [LB580]

KEN WINSTON: Thanks. [LB580]

SENATOR LANGEMEIER: Further testimony in support of LB580. Welcome. Good afternoon. [LB580]

RANDY SCHANTELL: My name is Randy Schantell, S-c-h-a-n-t-e-l-l. I own an energy company called SWT Energy here in Lincoln. Its primary focus is more alternative energy, but we're branching out into energy auditing and lighting conversions and things like this as well. I was one of these people that was an energy auditor for the state of Nebraska 30 years ago and for the Energy Office. Actually as a Department of Energy program at that time called the Institutional Building Grants Program and the Department of Energy provided funds. There was about eight of our energy auditors, at that time going around doing energy audits on schools, hospitals, government building. And we did all this as a free service and the DOE paid for it. Our main scope was to try to completely study the ups and downs of a building and how it uses consumption. And it started out with a heat-loss analysis; complete measuring of the whole building; taking the building plans; finding out what the heat loss was per hour and finding out if the equipment that they had was in need of repair or upgrading, maybe conversions were a better fit for this type of building, whatever; look at their hot water needs. In the end game, it boiled down to making several recommendations. Some of them were categorized as low-cost/no-cost, where the school could easily take on those projects. And just that alone more than paid for that program and our...our...you know, all the time that we spent out in the field preparing these audits. The other part of this was major projects where the Department of Energy would actually have matching funds for the schools. There was a 50 percent match. We would make a recommendation to the school and they would take that recommendation and find their engineer or architect and they would verify our findings. They've come back, submit for a grant application. We would review that application, send it up to DOE for their approval and the matching funds were...if it was a viable project based on the priority and the amount of funds they had available, those in that priority would be funded. And it turned out to be a real energy savings, but it was also a great sideline for many of our architects and engineers

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Transcriber's Office

Natural Resources Committee  
February 25, 2011

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who were slow at that time. This was the late '70s or early '80s where we had kind of a similar slowdown in the economy. But my concern, and I reflect what Ken Winston said about certain...this energy auditor program, these people need to be...have minimum standards. I mean, I was in the housing inspection business for a while, for about ten years actually, and that was never regulated. And it still tends to be a fiasco, because if you're a good energy auditor, or I mean, a good house inspector, you'd probably kill some realtor's deal. And that's the last thing they wanted. So right now, most of the home inspection businesses are actually owned by the real estate companies because typically, they're pretty much in bed with the realtors. Anybody that wanted to get or explore for a home inspection that was really worth the money, they really didn't know who to go to, there was nobody in government to go to. You ask a realtor, the realtor is supposed to be your friend in all of this transaction, but it doesn't seem to be the case. Now the same thing with the energy auditing. I'd hate to see that become a deal where all you need is a cell phone and a clip board and you can go out and do energy audits. It just wouldn't be right. When we went through...my degree is in architecture from UNL. Everybody else had at least a college degree that was in the...doing the energy auditing, and then we went through extensive training through UNL. They put a special program together for us to actually do energy audits. It was something new for the whole country. And it wound up being the model energy auditing program for the whole country. And it was pretty short-lived because in about 1982 it started a real slowdown. That's when I quit because it got down to a point where it didn't look like energy was going to be an issue anymore. And by '84 when Reagan got in, we could just see the writing on the wall that the energy issues just weren't predominant anymore. So now that it's coming around again and things are going along in the Middle East, I think that's the number one priority for our schools is to get an energy audit mainly so they got a baseline to start with. You know, I'm helping Ken with his green summit, Green School Summits, and there was a considerable amount of interest for the little bit of time he had to get that first one through. But I think he's going to probably double or triple the amount of schools he has coming into this next one. And I think we need to be prepared for it, because energy is going to be a big issue in these schools, particularly when you start taking money away from them, the way you hear things are kind of in the mix. They're going to have limited resources the way it is and cutting into that energy bill would definitely help their bottom line. So that's pretty much what I got. [LB580]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, thank you very much. [LB580]

RANDY SCHANTELL: Thank you. [LB580]

SENATOR LANGEMEIER: Well done. Further testimony in support of LB580. Seeing none. Is there any testimony in opposition? Seeing none. Is there any testimony in a neutral capacity? Welcome back. [LB580]

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Transcriber's Office

Natural Resources Committee  
February 25, 2011

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GINGER WILLSON: (Exhibit 7) Thank you. Good afternoon again, Chairman Langemeier, members of the Natural Resources Committee, my name is Ginger Willson, G-i-n-g-e-r W-i-l-l-s-o-n and I am the director of the Nebraska Energy Office. I appear before you today to testify in a neutral position on LB580. The mission of the Nebraska Energy Office is to promote the efficient, economical, and economic responsible use of energy. The Energy Office supports efforts to improve energy efficiency in homes through home-energy audits. But the agency has some technical concerns with LB580. The bill assigns the Nebraska Energy Office with the task of hosting a Web site that will list certified energy auditors. There are two nationally recognized certification programs for home-energy audits: Residential Energy Service Network, also known as RESNET, and Building Performance Institute, known as BPI. RESNET was founded in April, 1995, by the National Association of State Energy Officials and Energy Rated Homes of America to develop a national market for home energy rating systems and energy efficient mortgages. RESNET's standards are officially recognized by the federal government for verification of building energy performance for such programs as federal tax incentives, the Environmental Protection Agency's ENERGY STAR program, and the U.S. Department of Energy's Building America program. RESNET standards are also recognized by the U.S. mortgage industry for capitalizing a building's energy performance in the mortgage loan and certification of "White Tags" for private financial investors. BPI is an independent, not-for-profit organization that has developed essential industry standards to enable quality and consistency by ensuring the entire home performance and weatherization workforce is following the same strict protocols in every city and town across the country throughout each state and across the nation. BPI standards, or equivalent, are cited by the Home Performance with the ENERGY STAR program from the Department of Energy and the Environmental Protection Agency, as well as the state Weatherization Assistance programs. Currently, three BPI certified professionals and eight RESNET certified home energy raters are listed for the state of Nebraska. Of the 11 total, two individuals hold both certifications, and six of the auditors are listed on OPPD's Web site. OPPD requires the auditors to be current on their certifications and to carry insurance. The auditors are required to sign a contract with OPPD that relieves OPPD of any liability. The Nebraska Energy Office Web site lists a link to RESNET and BPI so that consumers can go directly to that Web site and find the most current information on certifications and home energy audits. The Energy Office Web site currently provides general information related to home energy ratings. To be clear though, the Energy Office does not endorse these certifications and is not liable for their actions. LB580 also directs the Energy Office to provide administrative support to the Energy Auditor Advisory Board, but does not provide any funding for these duties. The Energy Office will need to hire a part-time administrative assistant to perform the following duties: publish public meeting notices; maintain books and records which will clearly reflect all the acts and transactions of the board as stated in the bill language; represent the director at meetings should the director need a designee; keep minutes of the board; check certifications of auditors; maintaining proper records on current certification; draft

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Natural Resources Committee  
February 25, 2011

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rules and regulations for the board; collect fees from certified raters to remit the state treasurer; provide accounting services for such fees; process reimbursements for travel, mileage, and lodging for board members; and maintain correspondence with board members. Current staff members in the agency would be able to develop and track grant proposals, but funds would be needed for their salaries to code appropriately for these functions. The Energy Office has no general funds and is not authorized to use cash funds for this purpose. Therefore, the Legislature would need to assign funding for this board. Federal dollars, currently funding the agency and many staff members, cannot be used for these activities related to LB580. Specific federal grants received by the agency allowed for the establishment of advisory boards specific to the grant purposes. Although this bill does authorize the board to establish reasonable fees and charge energy auditors who appear on the Web site, it is unclear how many auditors will take advantage of this opportunity and also unclear if these fees collected could be used to support administrative functions associated with the establishment of this board. Currently, with only nine certified auditors in the state, it is unlikely reasonable fees collected would support the establishment of the board and the administrative functions of the NEO provided in LB580. Home energy audits are a useful tool for home energy efficiency improvements. The Energy Office currently works very closely with consumers who are seeking more information on energy professionals that are trained to pinpoint areas in a home where energy is being wasted and used inefficiently. The Nebraska Energy Office has shared these concerns with Senator Haar, has appreciated working with him and will continue to work with his office to find a more conducive way to promote home energy audits. Ideas include the formation of a nonprofit trade association independently run of state government to market and promote energy raters or a licensing board such as the Board of Architects and Engineers to develop definitions on energy raters and standards for certification. This concludes my testimony and I will answer any questions. [LB580]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none, thank you very much for your testimony. Is there anyone else that wishes to testify in a neutral capacity? Seeing none. Senator Haar, would you like to close? [LB580]

SENATOR HAAR: Again, death by fiscal note, happens to us all. As I stated the training, the BPI training started last week...or two weeks ago at Southeast Community College. My wife took the training. And the instructor made an interesting observation. He said that in the near future, probably more people would die of things like carbon dioxide, carbon monoxide, and so on, because people are just going to seal up their houses and suffocate. Now we're not talking about great numbers, but the point here is that...we're not just talking about energy, but first of all it's safety, and then health, and then finally energy if you have a good job of energy auditing. And so I think that what we've started can eventually evolve, hopefully, into some kind of Nebraska certification so that, number one, consumers know where to go to get somebody who they can rely on, who is qualified, and to make sure that people who are hanging out their shingle as

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Transcriber's Office

Natural Resources Committee  
February 25, 2011

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an auditor actually knows what they're doing and is aware of safety, health, and energy. So, thank you very much. [LB580]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, that concludes the hearing on LB580. [LB580]

SENATOR HAAR: Great. [LB580]

SENATOR LANGEMEIER: And the hearings for the day. We'd like to thank everyone for coming in and testifying and being a part of the process. Have a great day. (See also Exhibit 8.) [LB580]