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Natural Resources Committee
February 06, 2013

[LB340 LB622]

The Committee on Natural Resources met at 1:30 p.m. on Wednesday, February 6, 2013, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB340 and LB622. Senators present: Tom Carlson, Chairperson; Lydia Brasch, Vice Chairperson; Annette Dubas; Ken Haar; Jerry Johnson; Rick Kolowski; Ken Schilz; and Jim Smith. Senators absent: None.

SENATOR CARLSON: We're getting started seven minutes late and I don't like that and we normally don't do it, but when we had another committee in here ahead of us, we simply had to wait until they cleared out and we could get set, so this is not a habit. The committee members that are with us today, now to my far left is Senator Rick Kolowski from Omaha, he's not there but he will come in and fill that far chair; next to him is Senator Ken Haar from Malcolm, District 21; and then there's Senator Jim Smith from Papillion, District 14; Senator Ken Schilz from Ogallala, District 47; next to me on my left is Laurie Lage, our committee counsel; and then to my far right is Barb Koehlmoos, our committee clerk; and two chairs over from her is Senator Lydia Brasch from Bancroft, District 16, and she is the vice chair of the committee; and then next to her is Senator Jerry Johnson from Wahoo, District 23; and then Senator Annette Dubas from Fullerton, District 34; and Senator Kolowski just joined us. So this is our committee. Our pages are Tobias Grant from Lincoln, who is a student at Doane; and David Postier from York, who is a sophomore at UNL, and they'll be helping us today. Today, we have LB340 and LB622. We'll be discussing those. If you're going to testify, please have one of the green sheets and have it filled out before you come forward to testify. If you don't want to testify, but would like your name to be entered in the official record as being present, there's another form on the table by either door that you can sign and your name will be entered. Again, fill out the sign-in sheet before you testify and make it so that Barb can read it. Print, if you can, and then submit that form before you begin speaking. If you don't want to testify but you want to submit something in writing, you can do that and that will be read into the official record. And if you have handouts, make sure there's 12 of them. If you don't have that many, the pages will help you so that the committee can have those and we've got a few spares. It's not necessary to touch the microphone because it will pick you up whether you sit back in your chair or forward in your chair, so just leave the microphone where it is, and then give us your name and spell it, and if you don't do that, I'll stop you and ask you to spell the name so we can have a greater accuracy for the records. And would ask you to turn off any electronic devices you have, and that's what we do on the committee as well. And I don't see a problem today, but we will have no public displays of support or opposition to keep everything in an orderly manner. Again, I don't think we're going to have enough testifiers to worry about the light system today so we won't use that. Are there any questions before we start? All right, we'll open the hearing on LB340, which is a committee bill, and our committee counsel, Laurie Lage, will present the bill. Welcome.

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LAURIE LAGE: Thank you, Senator Carlson, members of the committee. My name is Laurie Lage, L-a-u-r-i-e, my last name is L-a-g-e, committee counsel for the Natural Resources Committee, here to introduce LB340. LB340 would simply provide the Nebraska Power Review Board with the authority to waive a special generation application hearing if, in its judgment, the required findings can be made without a hearing and the required consents to the waiver are filed by the interested parties. A special generation facility application is one that is owned by public power that uses renewable energy sources for the project. And I know that the committee had some questions, when we thought we would first sponsor this bill, about the types of hearings that the Power Review Board holds, the purposes of those hearings. Tim Texel is here from the Power Review Board and would encourage you to ask any questions you might have about those hearings to him. And I'll leave it up to him then, and if there are any questions, I'd be happy to try to answer them. [LB340]

SENATOR CARLSON: Okay. Any questions of Laurie? Okay, thank you. And how many proponents do we have testifying? All right. Come forward, Tim, and welcome. [LB340]

TIM TEXEL: Thank you, Chairman Carlson and members of the committee. My name is Tim Texel, first name T-i-m, last name T-e-x-e-l, and I am the executive director and general counsel for the Nebraska Power Review Board. LB340 is a bill that the board...and, particularly, I asked my board to be able to do it, we asked the committee to introduce authorizing the board to exercise its discretion to determine whether the hearing for a special generation application should be waived, as Laurie mentioned. The PRB appreciates the committee introducing this bill for the board. Nebraska Revised Statute, Section 70-1013 sets out the requirements for the hearings conducted by the board. The statute says that a hearing will be held on applications for the construction or acquisition of generation or transmission facilities. The statute goes on to explicitly provide the board with the authority to waive the hearing on applications for the construction or acquisition of generation and transmission facilities in the state of Nebraska under 70-1014, and under certain conditions. And those conditions, I think Laurie mentioned that they're...all necessary waivers have been filed and if the required findings can be made without a hearing, which usually means that the applicant has submitted affidavits and such with their application instead of the normal process where they do that at the hearing. To my knowledge, that procedure has been in place since the board was created in 1963, and I think there was an amendment later in '67. I didn't check if that changed that at all, but to my knowledge we've had that since the beginning of the Power Review Board. Then in 2011, the Legislature provided the board with that same authority to determine whether the hearing should be waived for a conditional approval portion of a certified renewable export facility. That bill was LB208. And since the other two application processes are specifically enumerated in the statute, that would exclude the special generation process from allowing...or from the board waiving a hearing on that. And that's why I brought this up and the board is now

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asking for that same discretion for a special generation applications filed pursuant to 70-1014.01. If you list the other two and you don't list this one, legally that means you don't have the authority over this last one, and I don't think that we do. This came to my attention when a legal counsel for a private wind developer submitted a list of questions to me and one of them was whether a hearing would have to be held and I looked into it. We hadn't had that application yet for a private developer and I found that, yes, it would have to be held and it would be mandatory because of what I've explained already. I found this odd because the types of applications and the approval processes, out of all those, the special generation is supposed to be the most streamlined and easy for certain types of projects. And yet, they're the ones where we don't have the ability to waive the hearing. I believe that the approval criteria for a special generation application is much more objective than the criteria for the other types, the traditional approval process in particular, and yet this is the one we don't have that authority for. I believe that was probably an oversight when the utilities introduced the legislation on special generation, and I didn't think of this, frankly, I didn't catch it back when that was done. I think it was 2003 when that was first created. For the...and Laurie mentioned some of the criteria, but it is both for a public power consumer owned entity, as well as private developers now can also use that under certain conditions. For a private developer portion, the criteria include that the facility must use a renewable energy source. Wind and solar are both listed as a short litany of what's included in there in the statute. That the output would be sold to one or more Nebraska utilities. The purchasing utility's governing body conducts a public hearing on the project for the ratepayers to have input on that. The output would be sold exclusively to one or more Nebraska utility's for a term of 20 years or more, and the total production from all such renewable projects does not exceed 10 percent of the purchasing Nebraska utility's total energy sales. So, I think that's a pretty objective list. Did you hold the hearing or not? You know, is it 10 percent or more or not? So there's I don't think much subjectively to most of these criteria. And I think that those could be handled in certificates and affidavits instead of testimony that's live with those costs associated with it. I believe that allowing waiving the hearing would save cost to both the private developers and Nebraska's incumbent public power utilities, probably nominally to the board, but I get paid the same whether I'm doing this or something else. I don't attribute that cost to it, but if a private developer, in fact, we're having a hearing this Friday on a private developer that filed under this special generation application and they're required to have a hearing, so they have an attorney there. They've had to prep their witnesses. They have the travel time, so they're going to have some costs. Admittedly, it's not going to be enormous, I wouldn't think. But to me, if you don't need it, it's a bit of a waste for everybody involved. The special generation process is not used often. This is the first one that we've officially had under it, but I don't see that as a bar, the fact that we don't use it very often. We are having one now and if they do become more common, I think it makes sense to waive that hearing. This change would not prevent any party from participating in a hearing. If the board were to receive an intervention, then a hearing would be held. If we do not receive the necessary consents and waivers, a hearing would be held. So, I think the

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protections for the parties that would want to participate are still there. This is only if the board finds there's no need for it, the board can exercise its discretion. It's not a mandatory waiver or anything like that. So I want to make that clear. To me, I think this could be characterized as a clean-up bill. To my knowledge, it's not opposed by any entities of which I'm aware. I did discuss it with the Nebraska Power Association board of directors. They were supportive of it. At that point, when they met in January, they didn't vote on it because I didn't have a draft yet and they don't meet again until March, so we kind of have that issue there, but their board expressed support for it. I know that the Nebraska Rural Electric Association's board of directors this week voted to support the bill, and I believe you have one or more letters from private developers that are supportive of this. I saw one copy from Edison Mission Energy that had sent me a copy of the letter, so I think there's broad support for this type of issue on creating this waiver. Admittedly, it's not what I would consider a major bill, but I believe it's a good clean-up bill that helps out the parties. And to the extent that I can help do that, I would like to do that, and the board would like to do that, and we respectfully request that the committee advance LB340 to General File. And with that, that's my testimony. Be glad to address any questions. [LB340]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions of Director Texel? Yes, Senator Haar. [LB340]

SENATOR HAAR: Thank you. So just describe again, this doesn't cut out a public hearing if wind turbines are going up or anything like that? This is...or what's the difference between the public hearing and this special generation application hearing? I guess, that's my question. [LB340]

TIM TEXEL: Well, public hearing I usually use the analogy, it's like city council. You can go there and anything on the agenda you can say what you want. We hold an evidentiary hearing which is similar to district court, so when you come in front of us, it's a formal hearing. It's more formal if you request the rules of evidence be applied, but always there's a certain level of formality. We're an administrative tribunal, so we're not operating the way a city council does when they're taking testimony from the general public at their meeting or a village board. We're taking evidentiary...it's an evidentiary proceeding. We're taking evidence, so there's due process rights so we can't have people that come in that don't intervene that just...you know, like going to court and raising your hand and saying, I want to say something. You have to intervene. You have to become a party, file an amicus brief, whatever the process may be. You have to have a formal process for that intervention. So that's the difference between a public hearing like the utilities are required to hold. I mentioned, the governing body, the utilities purchasing output has to hold a public hearing where the ratepayers can come in and say, we love it, we don't like it. Whatever comments they have, they can make those at the...for the public body to...the governing body to take into account. We, however, take specific legal evidence that I have to write an order that has a conclusions of law,

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findings of fact, or findings of fact, conclusions of law and an order. So it's a much more formal process. [LB340]

SENATOR HAAR: So, if there's a project where somebody is going to put in a whole ridge of wind turbines, at what point, then, is there a public hearing? [LB340]

TIM TEXEL: Well, what I do in any of these processes, the process is the same for any of these whether they're special generation or not. When I get in an application, we put out...we're required to notify any potential alternate power supplier. So we notify, you know, usually with a generation or transmission facility, NPPD, OPPD, LES, MEAN, because a lot of them have statewide interest. We notify the service area provider for that area, depending what type of facility. For this last one, for example, with the...it's a 200 megawatt. I won't go too far into it since it's an open docket, but 200 megawatt facility that has a...about a 25 mile, 230 kV tie line interconnects them to NPPD's grid. And then, they're going to sell the output to OPPD. So what I did is, I put a notice in the paper, I think, in Meadow Grove and Tilden and Elgin, along the whole route that the line would go. We give notice...the board normally does to any generation facility within about 50 miles of a proposed facility. And then we put a notice in the papers in the general area. So that's why I said, Elgin, Tilden, and that tells you what you have to do that you have to file a petition for intervention if you want to say anything. And so, that's the process we use. And then when I receive a petition for intervention, then I have to as the hearing officer act on that. Sometimes I hold a hearing on it, if it's a party that the board didn't specifically have listed in the notice that we've already deemed to be potential interested, so it's a landowner or something like that, then I'll hold a hearing to determine if they have standing and the other parties have a right to be there, the applicant in particular, and whether they support that or oppose it or are neutral on it. So I think that's the overview of our process on that. [LB340]

SENATOR HAAR: Okay. So, thank you, that helps me with that. But let's say that there's some wind turbines going up and I don't like...it's close to my house. I don't like it. It's not on my land. Is there any place...any place in that...is there any process available for me to come and talk about that or...? [LB340]

TIM TEXEL: Before the Power Review Board? The hearing would be the process we'd have. And if you file an intervention and put in there, petition for intervention and the standing is, you know, your reason for participating would be that you have land adjoining the windfarm and that it's, you know, 100 feet from your house and you're going to have a strobe light, or whatever you're saying, you may not like it. That the noise factor is too much, something like that. In that case, you'd probably have standing from the proximity, your adjoining land. The general public normally wouldn't have standing because it's like a taxpayer lawsuit, they...you need some nexus connecting you to that application more than the general public, the population, citizens of Nebraska. But if you can show like, for example, on transmission lines, if the line is

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going to cross your property, there's going to be eminent domain or you're going to grant an easement, you're probably going to have standing because you are definitely effected by the application. And like I said, if your property adjoins the facility, whether it's a windfarm or a coal facility or whatever, I can't say right now whether you would or not, but it would seem pretty likely if you're that close to the new plant, new facility, that your likelihood of having standing is pretty good. I don't want to hamstring myself on future decisions, but anything like that that ties you to the...you know, if you're a bond holder, the statutes that we have give special protections to bond holders because their financial interests, things like that. [LB340]

SENATOR HAAR: Okay. Yeah, that helps me a lot. I don't like the strobe light part, though. (Laughter) [LB340]

TIM TEXEL: Well, those are just some of the things I've read about that people say about wind turbines if they're very close proximity, so. [LB340]

SENATOR HAAR: That's right. Exactly. And then are you the person that determines standing then? [LB340]

TIM TEXEL: Yes, under the statutes, I do. My board has sometimes said that if it's a determinative finding like that where the party would not...would be excluded, that they have reserved the right to make the decision. The difficulty with that is, you kind of have to wait until the hearing until my board convenes, but we have done that where the board reserved the right. And I, in fact, looked this morning up and the board reserved the right in one and they made the determination on whether the standing was met or not. Normally, the hearing officer would. My board just has some concerns that if that party is cut out, they're never allowed to appear before the board and so, my board thinks it's more appropriate sometimes for them to do it. But if they don't say that, then I would make that decision. [LB340]

SENATOR HAAR: Well, this helps me understand the process. Thank you very much. [LB340]

SENATOR CARLSON: Okay. Senator Smith. [LB340]

SENATOR SMITH: Thank you, Mr. Chairman and thank you for your testimony today. Just quick clarification. So, can you tell me what is the condition again under which there would be a waiver of the public hearing? So, normally there would be a public hearing allowed for those interested. [LB340]

TIM TEXEL: The evidentiary hearing that we hold? [LB340]

SENATOR SMITH: Yes. [LB340]

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TIM TEXEL: We would waive it if all of the consents and waivers...well, the board has the discretion, if you pass this bill, the board would have the discretion to decide all the consents and waivers have been submitted that are deemed necessary, the statute says language to that effect. And so, we would have all the parties that we gave notice to, so in a facility, a large facility, it would probably be OPPD, NPPD, LES, they would have to normally give consent and waiver. The service area provider, the retail service area provider for that area would likely have to, things like that. The other thing is that the board would have to find that it could make the necessary findings without a hearing. So, like I said, that normally means our process is pretty short. When you file an application, there's not a ton of information on there because we assume we're going to deal with that at the hearing. If you want to waive a hearing and the applicant wants to say, if there's all the necessary consents and waivers, we'd like to request the board to waive a hearing, then they'd have to submit additional information, usually affidavits from the engineers saying, you know, here's the criteria, why it's met. Under the special generation application they'd probably have to submit something from the purchasing utility, whatever officer, like their secretary, saying we held the public hearing, here was the notice, and it was held on this date at this location. So we'd get the same information we do get at the hearing, but it probably would be in an affidavit instead of in live testimony. [LB340]

SENATOR SMITH: Okay. So if there was an interested party, say an adjacent property owner that wanted to have a public hearing, would...and they did not want to waive their right to a public hearing, would they be granted a public hearing or would you have the latitude to? [LB340]

TIM TEXEL: If they have standing, we wouldn't have the latitude. If they have standing, they can go to the hearing. [LB340]

SENATOR SMITH: All right. [LB340]

TIM TEXEL: There's that caveat if they have standing or not but if they're...and we have on some occasions denied standing because they also have to show a connection but they also have to show in the example I looked at this morning, the hopeful intervenors were arguing about the exact siting of the line and about condemnation. We don't have authority over either of those issues. So you have to deal with the issues that are set out in our criteria, you know, that they really didn't hold a public hearing at the purchasing utility. Something like that. [LB340]

SENATOR SMITH: Okay. Thank you. [LB340]

SENATOR CARLSON: Okay. Any other questions? Senator Johnson. [LB340]

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SENATOR JOHNSON: Thank you, Senator Carlson. Thank you, Mr. Texel. I think most of my questions have been answered but I'll use the hypothetical that all the waivers have been signed and you're going in and reviewing the application and it's the Power Review Board reviewing this and you find something that is a clerical issue, can you correct that with the applicant without a hearing, or do you have to go back and start a procedure over and then create a hearing? [LB340]

TIM TEXEL: It depends what it would be. Normally, my paralegal and I, hopefully, would catch any of those that come up if something is not signed, something like that. And we fix that with the applicant before we ever send out the notice... [LB340]

SENATOR JOHNSON: Okay. [LB340]

TIM TEXEL: ...because it's not officially filed if they did something wrong, something like that, failure to...if they put some information in wrong, they put Boone County and it's actually Antelope County, and we kind of knew that, we normally contact them. We have them put in an amendment or something like that. So we can normally fix it. If it comes up at the hearing, we could probably address it with their witnesses. So, I think we have some flexibility to deal with clerical errors. Unless there's something that affects someone's due process rights, we can normally address those either prior to the hearing or at the hearing. [LB340]

SENATOR JOHNSON: Hopefully, you'd catch all that before, but is there a process that you would or could or should go back to a public hearing? [LB340]

TIM TEXEL: Well, again, we don't... [LB340]

SENATOR JOHNSON: Can you think of an example? [LB340]

TIM TEXEL: ...we don't technically hold a public hearing. I usually use the term evidentiary hearing because it's... [LB340]

SENATOR JOHNSON: Okay. [LB340]

TIM TEXEL: ...the formal hearing, so it's kind of like going to court. [LB340]

SENATOR JOHNSON: Yeah. [LB340]

TIM TEXEL: I mean, hopefully, I would catch any problems prior to that time. If some other party came in and brought it up, I mean, we'd certainly...you know, the board could always say, hey, there's a problem, we want to go to the hearing. [LB340]

SENATOR JOHNSON: Okay. [LB340]

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TIM TEXEL: It's a discretionary decision with my board whether to waive it. So, if the applicant would ask to waive the hearing, I would notify my board members and then they make a decision, do we want to hold the hearing or not? Much like a court does too. Sometimes they could waive oral arguments or something like that. I think they have the authority to do that. My board would have the authority to do it, doesn't mean they have to exercise it. There's sometimes my board says, this is a big project. It involves a lot of dollars, we want to hold a hearing, or we've got questions. It would just give them the option of not holding a hearing if everything is cleared up. So if there was a clerical error that I thought there was a problem, my board or I might say, we're going to hold the hearing because we want to address it at the hearing and fix this. Have somebody testify why it said the wrong county or whatever. So we'd have that option of fixing it at the hearing if we wanted. [LB340]

SENATOR JOHNSON: Okay. Thank you. That's all I have. [LB340]

SENATOR CARLSON: Okay. Thank you. Any other questions? Well, I have one and it...I'm going to phrase it as a layman. If LB340 is advanced and then debated and becomes law, because we certainly have to have a concern about the citizens of Nebraska because it's because of the citizens that we're here, and that we have some say about how tax dollars are spent and so forth and various government agencies operate, but would the passage of LB340 in any way minimize or take away anything in regard to the physical safety of the citizens of Nebraska, or would it in any way increase exposure to financial loss? [LB340]

TIM TEXEL: I can't see how. I mean, the board still has to have enough evidence to make its normal determinations and then we have a mandate from the Legislature to protect the citizens and the ratepayers of Nebraska, so we still have that obligation. We don't deal with the safety code, so we...when you talk about the specific physical safety issues, we don't deal with the compliance with the National Electric Safety Code or anything like that. So we wouldn't be waiving anything dealing with that. That would be electrical inspectors, or that would be the Public Service Commission if it crosses a highway or railroad or something like that. We deal more with the due process rights, the financial type of situation, you know, depending on what type of...In this type, the one with the special generation, as I said, it's a little more a checklist that you held the public hearing at the purchasing utility, things like that. So I don't see in that list where there would be any physical threat or financial threat to the people in Nebraska. Certainly, if I saw that, I wouldn't be here asking for it. [LB340]

SENATOR CARLSON: Yeah. So in your view, no increased risk in either one of those areas. Okay. [LB340]

TIM TEXEL: No. I wouldn't be supportive of this if there were any threat or risk to the

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citizens of Nebraska. [LB340]

SENATOR CARLSON: Okay. Thank you. Any other questions? Seeing none, thank you for your testimony. [LB340]

TIM TEXEL: Thank you. [LB340]

SENATOR CARLSON: (Exhibit 1) Other proponents? We do have a letter to be read into the record from Baird Holm law firm on behalf of Edison Mission Energy in support of LB340. Any other proponents? Any opponents to LB340? Anyone testifying in a neutral position? Welcome, Mr. Winston. [LB340]

KEN WINSTON: Thank you. Good afternoon, Chairman Carlson and members of the Natural Resources Committee. My name is Ken Winston, K-e-n W-i-n-s-t-o-n. I'm appearing here on behalf of the Nebraska Chapter of the Sierra Club in a neutral position on LB340. This is kind of an interesting thing because, basically, we support the rationale behind the bill. I mean, we like to see more renewable energy development. We like the idea of having expedited processes to provide more renewable energy generation. However, and this is just kind of one of these things where I feel like we need to bring some issues to the attention of the committee, and so I guess that's the purpose of testifying in a neutral position. One of the things that we'd like to see is more people involved in the process related to electrical generation and figuring out the policies of our public power districts. And we've been doing a lot of work in the last year to try to encourage more people to get involved in that process. And we also think that there ought to be some more opportunities for reviewing some of the decisions that are made. And there's two particular areas that we have...that we'd like to have more input in the process. And the first is just the issues that are reviewed by the Power Review Board. One is...and Senator Haar has a bill that's going to be heard on March 1 that will deal with part of that, but one of the things that we're interested in is, right now, it's our understanding that basically it's new generation that is subject to review. But there could be major investments in current plants that we think probably also should be subject to review because some of them are as substantial as if there was new generation that was being...that there was...so, if there's an investment in existing generation that exceeds a certain threshold, we think that ought to also be considered. There ought to be a process for reviewing that as well. And to my knowledge it isn't clear whether that would have to go before the Power Review Board or not, and so we think there ought to be some clear authority in that area, and that it should be reviewed by the Power Review Board. And then, secondly, the other aspect is the parties that would be allowed. And as Mr. Texel indicated, right now it's basically...well, it's basically up to him to decide who gets to be a party to have standing in the case or not. And I'm sure that he exercises it appropriately, but we'd like to see it expanded. And we'd like to see more of a ratepayer, a party...a person who is a ratepayer be able to intervene and say, hey, wait a second, this is going to cause my rates to go up, I'd like to be able to intervene,

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and rather than just being somebody who is within 100 yards of the proposed facility or something of that nature. And part of that is just because of the fact that we've been watching rates, as I'm sure everybody has, and we notice that the rates have gone up quite a bit in the last ten years, and we just think that there ought to be more opportunities for people to get involved in the process. So, those are the main things that I wanted to bring to the committee's attention. And actually, I guess, I've heard from a number of people who say that they'd like to see more opportunities for people to be involved in the process and I'm just trying to articulate that message. [LB340]

SENATOR CARLSON: Okay. Thank you. Questions for Mr. Winston? Yes, Senator Smith. [LB340]

SENATOR SMITH: Thank you, Chairman Carlson. Thank you, Mr. Winston, for being here. When you talk about people being able to speak on issues related to upgrades on electric generation or new construction, are you saying that there's no opportunity for public input with their utilities today? [LB340]

KEN WINSTON: No, I'm not saying that. There is an opportunity to be involved at the utility level, but I guess sometimes it's unclear. Like I'm not an NPPD ratepayer for example, but they could make an investment that might have an impact on something that would impact me as a ratepayer in Omaha. And so, perhaps, that would be something that should be heard before the public, the Power... [LB340]

SENATOR SMITH: Specifically, what would be? [LB340]

KEN WINSTON: This is one of those, open your big mouth kind of things and I'm lacking a good example of that right off the top of my head. But say...well, I know they're thinking about some substantial renovations to a couple of their plants. [LB340]

SENATOR SMITH: I think I understand what you're trying to get at in concept, but I also understand that today in our public utilities that they have elected boards that frankly are...they're accountable and subject to the ratepayers in that area. And I think they're quite responsive to public input and they provide venues in which the public can provide input on construction projects and upgrade projects, so. I understand what you're trying to say in concept. I'm not certain how that would be different than what is available today. [LB340]

KEN WINSTON: I think the idea would be to say, okay, if you're going to spend...and probably I should use OPPD as an example because I'm an OPPD ratepayer. If they say, we're going to spend a billion dollars to retrofit this plant, and I've appeared before the OPPD board and I've said, we don't think that's a good idea. Then the idea would be that I could come before the Power Review Board and I could present legal documents or present evidence to the Power Review Board saying, this is no longer the best option

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under your statutory criteria. And that would be the idea of having more opportunities for standing before the Power Review Board. [LB340]

SENATOR SMITH: Okay. Thank you. [LB340]

SENATOR CARLSON: Okay. Any other questions? Ken, I'm going to expand a little bit on what Senator Smith asked. So, if you could be a little more specific, what do you mean by having more people involved in the process? [LB340]

KEN WINSTON: Well, I guess it's one of these things where I'd like to discuss with various people, certainly with the members of the public power districts. For example, I regularly go before our OPPD board and talk to them about things that I'd like to see happen because I live in the OPPD district. But one of the things that...it seems to me that as a ratepayer, I ought to be able to also file something with the Power Review Board and say, if...say they decided to spend a billion dollars on something. And right now, I don't think I've got the option to go before the Power Review Board and say, this billion dollars will increase my rates, I don't think it's the best...the best investment, and I'd like to be able to provide legal documentation to support my reasoning. And we'd like to request that you deny this application because there's a better way that they could spend their money. So that's the idea. [LB340]

SENATOR CARLSON: Okay. You weren't thinking at all in your mind that the Power Review Board ought to be expanded with more people? [LB340]

KEN WINSTON: I wasn't. I believe it's three people. I'm...and, of course, I understand that Mr. Texel and his staff are very small and I'm not necessarily trying to expand his workload, but by the same token it just seems to me there ought to be some opportunities to...for some oversight for some of these decisions. [LB340]

SENATOR CARLSON: But it seems like the example that you've given is more directed at OPPD than it is at the Power Review Board. [LB340]

KEN WINSTON: I'm not saying that I'm...I guess I'm using OPPD because of the fact I'm a ratepayer there. I'm not saying they've been unresponsive. As a matter of fact, I feel like they've been very responsive to the things that I've raised. But that doesn't necessarily mean that they will make the decision that I want them to make. And if I believe that their decision is inaccurate, I don't think I can go to the Power Review Board and say, here are some criteria, here's some information that I believe based upon the criteria, you should require them to make a different decision. [LB340]

SENATOR CARLSON: Okay. All right. Thank you. Any other questions? Thank you for your testimony. [LB340]

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KEN WINSTON: You bet. And thank you for letting me try to explain where I'm coming from. [LB340]

SENATOR CARLSON: Okay. Any other testifiers in a neutral position? Then we'll close the hearing on LB340, and open the hearing on LB622, and welcome, Senator Haar. [LB340]

SENATOR HAAR: Chairman Carlson and members of the committee, LB622 adds a requirement to an existing report by the Nebraska Power Association to the Nebraska Power Review Board that's due every two years. The report will now include areas of the state where renewable energy projects of less than 20 megawatts could be added without major transmissions projects, if this bill were passed. Without major, yeah, transmission upgrades. And then the area really is transparency here. If communities want to invest in renewable energy, they should be able to know if they can without going to some of the expense that's now required to see if transmission is available. And again, we've heard complaints that it's been hard for some communities and groups to get this kind of information. We'll get some of this testimony today. Now, things are always changing, as you know, when you introduce a bill. (Laugh) I understand that there may be some technical problems with the bill, especially in terms of the Southwest Power Pool and their kinds of requirements. And so some legitimate concerns have been raised about technical aspects by public power. So what I would ask at this time, I will not push to get this bill through committee this year, but ask that you listen to testimony and then if the parties would work with me, I would introduce an interim study to look at the issues raised and how other states provide this type of information for small community-based energy projects. So, again, we have the testimony today. I hope you will listen to that carefully. And it seems there ought to be a better way to get transmission information to people who want to develop rather small projects or a community that has a fairly small project. That's what this bill is about. [LB622]

SENATOR CARLSON: Okay. Thank you. Any questions of Senator Haar? Yes, Senator Smith. [LB622]

SENATOR SMITH: Thank you, Mr. Chairman. Senator Haar, thanks for your bill introduction today. You talk about small projects. Are you talking about something like a distributive generation program where you have some type of a generation source that's going to provide power to a smaller community? [LB622]

SENATOR HAAR: Precisely. [LB622]

SENATOR SMITH: And why would you...why do you need the transmission to put that back on to the grid if it was going to be community-based? [LB622]

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SENATOR HAAR: Well, because the transmission in many respects is like a battery and so when you're doing...unless you're talking about totally going off the grid, which communities are not now, but you have to be able to have the capacity to not only generate like, let's say, electricity for a town, but you have to be able to play back and forth with the grid, perhaps to provide energy when you're generating more than you need or if your particular wind turbine, let's say, is not generating enough electricity to draw that power from the grid. [LB622]

SENATOR SMITH: Okay. I'm not quite certain I understand, but maybe I can visit with you afterwards. It sounds like you're trying to generate power for sale and that's why you're interested in the transmission facility as opposed to creating community-based projects that are more localized. [LB622]

SENATOR HAAR: Well, and I would just say and then we can...and if I...if the testifiers don't answer the questions, I'll be happy to stay and answer some questions. But again, a renewable energy project by itself requires at this point some...either storage or transmission. And if you look, for example, at the net metering bill, there are limits to...there are caps on that, depending on how much transmission capacity a utility has. So, hope I'm not confusing you more, but anyway, any kind of project like this would require not just generating electricity and maybe putting on to the grid, but also getting power from the grid when that renewable resource isn't working, so. Okay. [LB622]

SENATOR SMITH: Thank you. [LB622]

SENATOR HAAR: We'll try and clear up all questions before this is done. Thank you very much for your question. [LB622]

SENATOR CARLSON: Any further questions? Okay. Thank you, Senator Haar. First proponent. Welcome, John. [LB622]

JOHN HANSEN: Mr. Chairman, members of the committee. For the record, my name is John K. Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I am the president of Nebraska Farmers Union and am their lobbyist. I'm also the co-chair of the Nebraska Wind Conference along with Dan McGuire and Adam Herrick. And so, we have been putting on conferences now for, what, four or five years and we bring together all the different kinds of folks interested in wind, big, small, in-between, different kinds of ownership, development kinds of structures. And also our organization has been out across the state of Nebraska meeting with landowners and local chambers of commerce, economic development, education folks, folks of all different kinds of interests. For three years we average about 140 to 150 meetings a year where we put on educational materials across the state. I'll be in Lynch this Sunday at 2 o'clock at the community hall talking with landowners up there. And so, one of the things that as a...as we look at, especially smaller type projects, is that some of the...while the interest is high and lots of folks

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want to be a part of a project or even have the option to be an owner and developer of a project, it's very difficult for smaller scale projects who do not have the inhouse technical expertise, or maybe the financial resources, to figure out where after you've acquired landowner interest, where you've determined that you have good wind resources, that you have the level of interest, you have all the rest of the things, you can spend an awful lot of time and money getting to the point where you find out that that wire that runs by is full. And so, trying to figure out where are appropriate places where projects might fit is, I think, the point of Senator Haar's bill. And I think that there's a lot of opportunity for us to be able to sit down with our friends in public power and try to figure out a more effective process for all wind development of all sizes. In other states, they have done what they call sweet spot studies. And they've done them for projects...or projects of different sizes to find where there's unused capacity in their system so there's appropriate places to shoehorn in development. Senator Schilz, out in your area, Tom Wind, we brought into the wind conference from Iowa several years ago, did the sweet spot study for Colorado to find that unused capacity right across the fence from you out in the Panhandle where a lot of that wind development went across that ridge. And so, you can do different kinds of studies for different sized projects. And the role of Southwest Power Pool in all of this has a dramatic impact on costs in terms of the amount of money you spend on a study and all of those things. Several years ago, one of the presenters at the wind conference from Southwest Power Pool was pretty clear that if it's under 20 megawatts, they weren't interested. And yet, as time has gone forward, it's increasingly clear as we talk to our friends in public power that they are. So whether they're in or whether they're out, whether there's a threshold there or not, we need to have those conversations, I think, as a state with Southwest Power Pool to see how they fit in our public power utilities. And we have an enormous amount of landowner interest who want to either get landowner payments or to have the opportunity to be owners of a project. So, it is particularly efficient when you can shoehorn in wind in existing capacity so that you don't have a big build out, whether you're putting ten or fifteen or twenty megawatts on...and so you're...you know, whether it's just used locally or whether part of it goes to the REA, part of it goes to one of the other utilities, you're still going to have to study the impact. And so, what we don't want to do is to create some kind of an onerous impact on the utilities. And yet, it would be very helpful for smaller wind to develop a more clear process and something that kind of sort of looks like a road map on what the rules of the road are because in the case of the local folks, their financial resources are limited and it's very inefficient when you spend all this time, money, and effort on someplace where there's just simply no capacity. So with that, I would be glad to end my testimony and be glad to answer any questions, if I might be able to do so. [LB622]

SENATOR CARLSON: Okay. Thank you. Any questions of Mr. Hansen? Seeing none. [LB622]

JOHN HANSEN: Thank you. [LB622]

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SENATOR CARLSON: Thank you. [LB622]

JOHN HANSEN: I have a pressing engagement across the hall. (Laughter) [LB622]

SENATOR CARLSON: Next testifier. Welcome. [LB622]

GRAHAM CHRISTENSEN: (Exhibit 2) Thank you, Senator Carlson and members of the Natural Resources Committee. My name is Graham Christensen, G-r-a-h-a-m C-h-r-i-s-t-e-n-s-e-n. Today, I'm here as the president of Burt County Wind and the reason I'm testifying today for this bill is because partially through some of our experiences in dealing and setting up a 12 megawatt windfarm, we've come across some things that we think maybe, you know, potentially could be looked at and cleaned up a little bit. The whole point of this bill is really to try to kind of unlock the entrepreneurial spirit of rural Nebraska by creating a little bit clearer blueprint on how folks in rural areas can plug into existing transmission in a distributed fashion to be able to, you know, create energy locally and maximize rural economic development opportunities. This came out of a meeting in Burt County where several of the members of Burt County Wind, LLC, which consists of 22 farmers, all from Burt County, that have put in private investment dollars to try to kick-start this local project. These dollars have gone to hire a developer, hire attorneys to do some of the legal process that you have to go through, set up a met tower to start measuring wind speeds, do environmental studies and also, of course, do transmission studies to find out how much capacity is on the line. You know, after you go through a bunch of these processes and you spend money on that, and granted, our...it was a clear understanding with our group that we knew that the dollars that we were throwing in were going for risk and that we may not, you know, ever see a wind project come to life, but we felt strongly enough about it that we wanted to try to move forward with it. But when you get to the transmission studies, you put forth the deposit dollars and you move forward and study the transmission and if it comes back that there's no capacity on these transmission lines, well, then, a setback and you're kind of back to square one on all this stuff. So, all the additional work that you could have put in before, you know, all comes to not, if there's not capacity on the lines. In the case of Burt County, knowing that we're willing to take the risk, we were still lucky enough to be able to have open capacity on the lines and continue to engage in conversations with our utilities and Nebraska Public Power to take further steps here. So, so really simply, you know, this is to take the risk off local folks who are also interested in developing community wind and solar across the state of Nebraska. I did want to add that Nebraska Public Power and others in the public power system have been great to work with. They've helped guide us through this process. They've been straightforward through this whole process and that's been very helpful for Burt County Wind and a bunch of farmers in trying to weave their way through this process. But this is a new kind of project. There really hasn't been anything done at this scale before and so we're also working to develop a process. And so this is one of the things, as we're

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trying to clear up and develop a process, so folks locally can be able to do some of this themselves. We'll just greatly take the risk off local folks and like I said, you know, help create innovation and entrepreneurial opportunities in the country. So, so we're definitely proponents of this, this concept. We are supportive of taking a step back and bringing in other stakeholders and getting more clarity on how the Southwest Power Pool process would work with the Nebraska Public Power Districts and rural electrics and other utilities to try to find a clear path. We're open to that, undoubtedly, but like I said, we definitely want to take the risk off local folks and see some of that creativity put to good use and try to find ways to create energy locally and maximize rural economic development opportunities. So one of the...looking ahead, one of the things, you know, opponents, you know, might say and might have questions about as well would be costs, you know, in moving forward and doing this and trying to locate, you know, some of those hot spots, but that's where I just kind of wanted to turn your attention to page 2. This is based off of a pro forma off of a project, we're using conservative wind data that is less than what our met tower has been reading for the last, almost two and a half years now. And this is also based on a power purchase agreement rate that is more expensive than where we're at, so these are actually low numbers. But just 12 megawatts, which is about six large scale turbines spread out over a 20-year period of time would yield net electricity revenues of \$35 million. Out of that \$35 million, between the local investor cash flow, property tax revenues, land leases, administration, accounting, jobs, operations and maintenance fees paid, what...just these six, you know, two megawatt turbines, that brings \$15 million, approximately, into Burt County. And so, if you have the opportunity to plug these things in, you know, across the state, those costs into rural areas in the state of Nebraska to me, you know, definitely...definitely, you know, outweigh any of the costs they've put in to try to figure out, you know, where these spots could be. So with that, I thank you for giving me an opportunity to speak to you about some of our experiences in Burt County and I'd welcome any questions that you may have. [LB622]

SENATOR CARLSON: Okay. Thank you, Graham, for your testimony. Senator Dubas. [LB622]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you very much, Graham, for coming in and letting us know what's going on in Burt County. I would think first and foremost before you did anything else, you'd want to know if you had access to that capacity... [LB622]

GRAHAM CHRISTENSEN: Uh-huh. [LB622]

SENATOR DUBAS: ...because nothing else matters if that isn't there. So what made the process difficult for you to get that information? [LB622]

GRAHAM CHRISTENSEN: Well, it's just strictly all the risk and the, you know, the

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financial liability on the folks that are putting up the money. If these spots were identified ahead of time, that risk would be eliminated. You know, you would know where those spots are. Locally, you know, you for example, could say, a leader in your community could say, oh, look, you know we have some spots here that we could plug into and create...help create a local group that's able to do this without spending dollars and letting those dollars go to waste. [LB622]

SENATOR DUBAS: So you had to put dollars up-front, then, to try...you worked with public power. [LB622]

GRAHAM CHRISTENSEN: Yes. All 22 of our investors have all put in money into the project in which we went through this...you know, a lot of different steps along the way that cost money and so the transmission part is just one of them. And that's really, honestly, a make or break deal. If you don't have capacity, then you can't move forward, you know, in that location and maybe you can readjust and shift over, but then some of the other stuff that you may have done already, you know, may need to be changed and you may need to spend more money. So, this is really just about eliminating the risk and not having the folks in these communities the ones that do this kind of stuff pay dollars and maybe all for naught. [LB622]

SENATOR DUBAS: So who did you go through to finally get your questions answered as to where the capacity was in your area? [LB622]

GRAHAM CHRISTENSEN: Well, we went through the testing process and so we have two different sites that make up this 12 megawatts. And what we would do is, we'd lay down a deposit that NPPD told us, you know, that we have to put forward to initiate these transmission tests. So it was \$10,000 on each site is the amount of money that we put forward. And, of course, if you don't use all the dollars, you do get it back. You know, they're really straightforward about that. But, of course, if you find out there's no capacity after all the tests you do, you still lose those dollars, so. [LB622]

SENATOR DUBAS: Is there any...I'm not thinking that there is, but is there any concerns with this information being proprietary? [LB622]

GRAHAM CHRISTENSEN: I haven't had any...there's always information that's proprietary in these kind of things but, you know, as far as I've gone through the process, you know, a lot of the stuff that we're talking about, obviously, the stuff that we're talking about here is not in that sense. And like I said, I just feel everybody has been working the best they can together to be able to share the information that they can to make this easier. It's just...just hasn't been done before and there is no real process and there are some risks here that could be eliminated that could make this easier for folks to do locally. [LB622]

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SENATOR DUBAS: And this would, in my estimation, probably be most beneficial to projects such...your size. [LB622]

GRAHAM CHRISTENSEN: Yep. [LB622]

SENATOR DUBAS: You know, if they get bigger, it's a little bit easier to spread that risk out. [LB622]

GRAHAM CHRISTENSEN: It is. It's a lot easier. It's a completely different situation. In our situation, it's not the local folks that are putting...in our situation, it is the local folks that are putting up the risk as compared to maybe a bigger company that has deeper pockets. So, you know, our group in every way we can, we try to cut expenses and not spend money where money isn't needed. And this is just one way that a lot of folks, you know, looking at the stuff that we've gone through can move forward in the future and be able to say, you know, save some money privately that they've invested. [LB622]

SENATOR DUBAS: Very good. Thank you, Graham. [LB622]

GRAHAM CHRISTENSEN: Thank you, Senator. [LB622]

SENATOR CARLSON: Okay. Other questions? Senator Brasch. [LB622]

SENATOR BRASCH: Thank you, Chairman, and welcome, Graham. Good to see you here today. [LB622]

GRAHAM CHRISTENSEN: Good to see you too, Senator. [LB622]

SENATOR BRASCH: And I am to commend your group, the entrepreneurs who are pioneering this very valuable renewable energy source. Our office heard progress along the way and was very interested and I'm curious, how much time did it take for your group from start to finish? Are we finished now? Have you...do you have everything you need? [LB622]

GRAHAM CHRISTENSEN: There's still a long ways to go. We've done the basic steps that we needed to put ourselves in a position to be able to talk about bidding, you know, with...on a number of different fronts, but with our utilities. But this goes back now almost four years since we started working on it, starting with the zoning to try to do some basic landowner protections. And then a year later, we started the LLC and since we created that LLC and got it established, you know, there's just one step after another. And, you know, like I say, when there's no process it takes a little bit of time to kind of weave your way through it and work with the utilities to figure out, you know, how you can do this and sift through some laws and stuff like that to make sure that you're doing it right. But we've been...we've been laying the basic foundation here for...coming

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up to four years. And now, yes, we're at the process where we can actually start to talk about, you know, plugging one of these in locally. And so, we are past the step with the transmission on our project. I just, you know, would be thrilled to see other communities, you know, embrace this concept looking at the economic development, trying to stabilize, you know, local rates in the long run. And this is just, I believe, one way that we can share that opportunity with others so they don't have to go through, you know, some of the risks that we did. [LB622]

SENATOR BRASCH: Yeah, very good. And I do understand that you've had a great working relationship with the Public Power Board. And within this time line of four years, was there, I guess, were you breaking new ground on this? Were you comfortable? Was there paperwork? Is there anything that you believe to encourage others? I know that your group was very steadfast in seeing this through, but perhaps other communities may not have as much energy or focus or anything that would be more encouraging. [LB622]

GRAHAM CHRISTENSEN: Two things I would emphasize is, number one, you need to know that you're taking a risk. You know, we're all on the same page about that, you know, up-front in order to be able to make this happen. And another thing is to be very inclusive of all the people, you know, that need to be involved in the process. So we started right away working with Burt County Public Power District, our local wholesale customer, and seeking advice from them and including NPPD in the process as well to help get guidance from folks that understand the system better than 22 farmers would in Burt County, so. So, economic, Burt County Economic Development who has helped us, you know, along the way as well. And I think being inclusive and opening up the lines of communication in this whole process is extremely key to being able to make things work. Yeah, there's been a lot of hours spent, you know, on this project and a lot of steps to go through. And I'm willing to share, you know, with anybody, all these steps that we have gone through but it's a pretty long list, you know, by the time you roll through it. [LB622]

SENATOR BRASCH: And refresh my memory a little bit here, but it was a very informal process. There wasn't really a written contract or anything. It was... [LB622]

GRAHAM CHRISTENSEN: Right. So initially we just kind of privately started talking amongst a few of us that kind of had envisioned, you know, an opportunity to be able to create energy locally. And then we picked out folks in the community that we felt represented a diverse group. We have a lot of youth involved in this project, but we also have people in our community that have been longtime leaders to kind of, you know, help guide us through. And so, yeah. [LB622]

SENATOR BRASCH: It's good to hear that it's come along so well and I wish more continued success in others to follow. Thank you. [LB622]

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GRAHAM CHRISTENSEN: Yeah, it's coming along and I just would also emphasize, you know, opening up discussion to a process here, you know, for these kind of projects. Extremely helpful for people down the road because, you know, there's some things that we're just not all quite sure of and everybody is going out of their way to help us and, you know, we're doing the research that we think needs to be done. But a little bit more of a process established, you know, would just be huge. And then Senator Smith was kind of asking about transmission a little bit earlier. And I think John Hansen might have, kind of, answered some of those questions. And what specifically was your question because I wanted to kind of answer that and I don't recall it? [LB622]

SENATOR CARLSON: I'll refer to him in a minute or two. Okay. [LB622]

GRAHAM CHRISTENSEN: Sorry about that. [LB622]

SENATOR BRASCH: I have no other questions. [LB622]

SENATOR CARLSON: Okay. Senator Smith. [LB622]

SENATOR SMITH: Thank you, Mr. Chairman. Mr. Christensen, thank you for your testimony. So at a 30,000 foot level when you're going in to make an investment of a community-based generation facility, what are you...what is the determining factor for you to go in and do that? [LB622]

GRAHAM CHRISTENSEN: Well, we identified an area in which we thought there was a great wind resource. We identified what we thought was a big economic development opportunity for our county and after...and then also, we believed in the community-based energy development, the C-BED concept, to try to maximize dollars locally. And so, you know, kind of with the combination of those three things and also the feeling that we wanted to be able to create our energy locally is a little bit of an independence thing maybe for some of us rural folks, you know. But that spirit, you know, really kind of drove us to start looking at doing this and we just after...I guess, one of the obstacles that we looked at before regarding transmission lines was...initially we were looking at larger transmission lines, 115 kilovolt or larger. For a group like us, the testing processes and the regulatory processes and the expenses go up dramatically when you're using those larger lines. And so, we started looking at the smaller transmission lines in the Burt County Public Power District instead of the larger OPPD or NPPD lines. A lot less regulatory process that you have to go through and a lot less expensive testing processes. And that also kind of helped modify our size and how we'd actually be able to, you know, put forth the finances to do some of these initial tests. It just wasn't realistic for us to put the risk out to do a bigger type project locally. But yet this model still maximized the economic development...development benefits to the maximum compared to even one of the larger projects would have. [LB622]

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SENATOR SMITH: One of the concerns I heard from that response and I haven't heard in the testimony is making a decision on locating a facility like this based on demand. I hear, you know, there's a wind resource here, we can create a generating unit that can generate power and there's a...we can create revenue for local communities with property taxes and things of this nature, but there's not development of these facilities based on an absolute demand. And that's what the utilities understand is, you know, they're trying to build their transmission facilities, and in their resource planning process create generating units to supply long-term demands for their customers. And I'm hearing a lot of discussion here about economic development based on, you know, there's wind here or there's whatever necessary to create a renewable power source, but we're not connecting this with what is absolutely needed or the demand, the...and a concern I have with this is that I'm...when we're saying that the representative organization is going to provide this along with load management, all this other stuff, they're going to provide the load on a transmission line, to me, you're going to interpret that as what the demand is, and I don't think that that is really what that information is going to tell you. A transmission line may not be fully loaded for a number of reasons. And for organizations to take that information and base their construction and their investment on that alone, I think it's a...I think it puts the representative organization at risk by providing that information knowing that that's how you're going to use it. So that's a...I guess that's more of a statement than a question and that's a concern I have.
[LB622]

GRAHAM CHRISTENSEN: Okay. I would like to comment to that. First of all, that's why...that's part of the reason why we're looking to identify these spots through this kind of a process so we can find out easier where the demand is so we can better find ways for, number two, local folks to be able to provide energies for their local communities where their local communities are demanding it. And then just finally, I would also address that in saying that, there is an increasing energy demand in the state. And while it's been slower now than it has been at other times, as we move into the future, we'll continue to see increased energy demand as we continue to build on our manufacturing of the structure or the next ethanol industry. And so, it just pays to be in a place where we're able to be able to figure out how to meet that way...how to meet that demand in a way that local people, the public, under the public power structure can help that...be a part of that public power structure by creating energy that they create.
[LB622]

SENATOR SMITH: Okay. Thank you. [LB622]

GRAHAM CHRISTENSEN: Thank you. [LB622]

SENATOR CARLSON: Senator Kolowski. [LB622]

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SENATOR KOLOWSKI: Thank you, Mr. Chairman. Graham, on your...you've got a story to tell. And I'm wondering how you're telling it. Could you elaborate on whatever you're doing as far as public relations, be it a newsletter, a Web site, blog, Facebook? I mean, what are you doing to share what you're going through for replication by others who might desire to do such a thing? [LB622]

GRAHAM CHRISTENSEN: I'm talking to you folks in hopes that we can identify all those open spots and bring in other leaders across the state that can help plug in those spots. Our belief in something that we've been firm on also in the beginning is that we don't want to toot our horn before there's a reason to be tooting it because it doesn't make any sense to boast about a project that hasn't signed a power purchase agreement. So we're not planning on, you know, going to the Omaha World-Herald and say we have a good idea when this idea has never come to fruition. And we'll continue to follow along those lines until there's a real reason to celebrate this project. But we're still learning a lot from this whole process and that's why, you know, we're here engaging with you so we can try to find some of the answers and make this easier in the future. And then, hopefully, you know, within the near future we'll be able to actually, you know, say, hey, you know, let's put out a press release. We have something to celebrate. [LB622]

SENATOR KOLOWSKI: Okay. You're attempting to go on a journey of A to Z and you're down the alphabet so far because you've done a lot of background work, but you're not sharing that right now, you're waiting for the contacts and the contracts to be signed before you start tooting your horn, so to speak. [LB622]

GRAHAM CHRISTENSEN: Yeah, publicly and I will point out that I willingly share, like the economic development numbers with you folks, and I do go to meetings and share the economic development potential through presentations and stuff like that. We want to be as open as possible so we can have more people starting to think about this kind of a process. But yet, you know, as far as going too public with it, you know, we'll answer questions but like I said, we don't want to be...we don't want to have all focus on us when there's really, you know, not a lot to talk about as far as the end result yet. [LB622]

SENATOR KOLOWSKI: Do you think your process is being fostered in this state entrepreneurially? Are we touching the right issues and helping to bring this about or are there feelings of, I can't penetrate the system? [LB622]

GRAHAM CHRISTENSEN: Yeah, well, sometimes there's definitely frustrations and challenges along the way but, you know, in a way you kind of got to look forward to them and you have to kind of go forward. And as far as the utilities go, they've been there right...I mean, they've been completely accessible, completely straightforward and honest... [LB622]

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SENATOR KOLOWSKI: Sure. Good. [LB622]

GRAHAM CHRISTENSEN: ...to the best of their abilities and they're going through this for the first time too. And so all we can continue to ask for is them to continue to be open with us and us to be open with them and try to figure out how we can make, you know, this work on a...not only in our community, but on a statewide scale because there's enormous potential here across the state. [LB622]

SENATOR KOLOWSKI: So you feel an openness and... [LB622]

GRAHAM CHRISTENSEN: Yes. [LB622]

SENATOR KOLOWSKI: ...and attempts to try to make the communication and the connectivity happen, but it's just... [LB622]

GRAHAM CHRISTENSEN: Yeah. [LB622]

SENATOR KOLOWSKI: ...you're both working it out from both ends trying to come to a middle. [LB622]

GRAHAM CHRISTENSEN: Exactly. We're trying to kind of figure out how this most makes sense, you know, together I feel, and that's greatly appreciated. Like I said, there's always bumps along the way, but we've been able to kind of get through them, you know. But once again, you know, identifying those kind of spots and making it easier for folks would be enormous for distributed wind and solar generation produced by local communities looking into the future. [LB622]

SENATOR KOLOWSKI: Thank you. Appreciate it. Good luck with your work. [LB622]

GRAHAM CHRISTENSEN: Thank you. [LB622]

SENATOR CARLSON: Okay. Senator Johnson. [LB622]

SENATOR JOHNSON: Thank you, Senator Carlson. Thank you, Mr. Christensen. You commented that you were lucky and found the open capacity. Let's tie in a little bit what Senator Smith has talked about on the demand side. So, let's say you've got the capacity in your area and the demand is there, that's based on a 12 megawatt. What's...from a, economy size of scaling and that, how...what's the next step larger or let's say you've got one of the factors there but not the other and you have to downsize to something, what's the next steps? [LB622]

GRAHAM CHRISTENSEN: I'm really glad you asked that because that was actually a

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pretty interesting, you know, a process part that we had to go through as well. And so we started out looking at these larger transmission lines and we figured, you know, there's too much risk for us to build it, to do that locally. So then we started looking at these local lines and well, the first thing you ask, you know, how much Burt County Public Power can you take and they have a 20 megawatt peak. And so, initially, when we moved to the smaller lines, 20 megawatts is what we had this planned at. Well, if they're peaking at 20 megawatts, then we're guaranteed that we're going to be putting excessive energy on to the larger lines under the Southwest Power Pool area. Due to the regulatory process, we wanted to try to minimize that if possible. So we hired a consultant to come in and help and work with Nebraska Public Power engineers to determine, you know, maybe what would be something that might make a little bit more sense so we're not overloading these lines on a frequent basis. And so, that's how we ended up scaling back to 12 megawatts because with people that are a lot smarter with this kind of stuff than myself, we're able to say, well, that looks like that's probably a pretty safe bet. And so, then we moved forward with the transmission studies and continued to move forward in the next transmission stage, which is the system impact study, to try to find out how to divert electricity so it doesn't overload one town or another, for instance. [LB622]

SENATOR JOHNSON: So you kind of right sized it and then looked at the economics of going ahead. [LB622]

GRAHAM CHRISTENSEN: Yep, yep. We kind of picked a size to start forward and then once you find out a little bit more, it didn't make...you probably could have done it, but it would have been more costly and time consuming probably. And so we ran back to try to, you know, kind of fit more the model and more the transmission lines that we were doing. And so, it's a little bit trial and error. [LB622]

SENATOR JOHNSON: Thank you. [LB622]

SENATOR CARLSON: Okay. Senator Brasch. [LB622]

SENATOR BRASCH: Thank you, Chairman. I just have one more question here. I know you're entrepreneurs, you're pioneers, trendsetters, but it's happening across the state and from...I represent Burt County, of my three counties. From speaking with people there, weren't you on hold for a while there, that it wasn't you...that you were anxiously waiting to take your next step? Is that correct? [LB622]

GRAHAM CHRISTENSEN: Sure. [LB622]

SENATOR BRASCH: How long was that hold? [LB622]

GRAHAM CHRISTENSEN: Well, since we started doing...put forth this transmission test

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last February to get to really doing a system impact study, this has been the biggest hold of our project here and one that we just can't wait to be able to move forward so we can lock some more things down and continue to have the pertinent information, you know, to be able to supply any potential purchaser. So, there's a lot of things going on in Nebraska today and sometimes the utilities definitely have their hands tied and...but, and we just want to keep moving forward the best we can. We know that they're doing the best they can too, but that would be one of the frustrations, you know, for our project is this transmission testing process has gone fairly slow of recently, so. [LB622]

SENATOR BRASCH: And what's the time...and I'm not being critical, just... [LB622]

GRAHAM CHRISTENSEN: Sure. [LB622]

SENATOR BRASCH: ...maybe there's something we need to...that we...to facilitate. What is the time line of waiting time or...? [LB622]

GRAHAM CHRISTENSEN: Yeah, I don't know. I just in conversations with other folks that have developed, I know they've had a less time consuming process, but this is where we are at in the order right now and so, you know, we'll wait our turn fairly, as anybody should. You know, one suggestion that I may have is that we actually have, like the Southwest Power Pool does when they're waiting in the queue, there would be some kind a little public queue that I could actually see where we are as far as this process for the system impact study goes. That would be, you know, helpful and create transparency, I think, as well. But, you know, like I said, there's no reason for us to believe that everybody is not doing the best they can on both sides of the fence because time after time we're proven that's the case. [LB622]

SENATOR BRASCH: And again, not critical, just curious, you've been in the queue for months, days, or...? [LB622]

GRAHAM CHRISTENSEN: Well, this trans...the first interconnection test started in February last year, pretty much I think. January or February is when we turned in our initial application and so we moved forward and I think in June or about June that we had a final analysis come back to us that gave us the ability to move forward with the system impact study and we've really kind of been waiting around for that system impact study since then. [LB622]

SENATOR BRASCH: So, from February until...or is it from June until now or February until now? [LB622]

GRAHAM CHRISTENSEN: Well, I would say more accurately this study from June until now, approximately June, off the top of my mind. [LB622]

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SENATOR BRASCH: Okay. Very good. Thank you. [LB622]

GRAHAM CHRISTENSEN: Thank you. [LB622]

SENATOR CARLSON: Okay. Any other questions? Now, in...you're not generating power now, are you? [LB622]

GRAHAM CHRISTENSEN: That's correct. [LB622]

SENATOR CARLSON: Okay. And I think you mentioned you have 22 investors? [LB622]

GRAHAM CHRISTENSEN: This is true as well, yes. [LB622]

SENATOR CARLSON: Now, I did a little figuring and if I'm close, on the Broken Bow farm that was 50 towers. They invested nearly \$600 million, which is \$12 million a tower. Is that in the ballpark of what you're going to have? [LB622]

GRAHAM CHRISTENSEN: This is approximately a \$30 million project. In using the C-BED concept, our folks will...you know, and we've talked about this in year's past with you, but we'll approximately put up 1 percent of that cost. Just to be completely open and transparent, our folks have put in about \$132,000, which has been able to put us in the position to do all the kind of tests that we've needed to get to this point. Now, there will be more investment required to meet that 1 percent and, you know, our folks have known what...about what that number is from the start and have been willing to do that. We look to an equity partner to be able to help access those production tax credits, and we team up with them and they utilize the production tax credit and take into account the depreciation factor and get their rate of return. And our folks are able to be able to work side by side with them, you know, to make this all feasible, so. [LB622]

SENATOR CARLSON: Well, and I'm not trying to be discouraging, I'm just looking at the figures. I appreciate you giving those to us, but the \$35 million and, of course, you've got your 22 investors, they didn't all invest the same amount of money, but assuming they did, and so they each had an equal part in that and that's a projection of revenues over 20 years, correct? [LB622]

GRAHAM CHRISTENSEN: This is true. [LB622]

SENATOR CARLSON: And so if I figure right, that would be about...and if we have 22 shares, that would be about \$80,000 a year per share. That's not going to finance very much of those towers, is it? [LB622]

GRAHAM CHRISTENSEN: Like I said, we deal...we have partners that will come in and

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be able to pick up a larger part of the financing. This is the true C-BED structure that we've talked about and these numbers are all based on conservative numbers. This 42 percent, it only has to exceed 33 percent to make loss. There's a lot of extra money in there, but we've run these numbers and it works. [LB622]

SENATOR CARLSON: When I first got in the Legislature and we listened to similar bills and we listened to net metering and so forth, the...has the efficiency...well, let's say lifetime. Lifetime of a turbine, I think, that back when I first started listening, we were talking about hoping there would be 20 years. What do you see is the lifetime of a turbine today? [LB622]

GRAHAM CHRISTENSEN: I think 20 to 25 years is a realistic expectation that the equipment is getting...the towers and the turbines are getting better. There's a couple windfarms in Nebraska that I believe actually are looking at 25-year contracts as we speak. So that's kind of cool and encouraging. [LB622]

SENATOR CARLSON: Okay. Okay. Well, thank you, Graham. Any other questions? Okay. Thank you for your testimony. [LB622]

GRAHAM CHRISTENSEN: Thank you, Chairman. Thank you, everybody. And then I also had some other letters that were sent to me that I didn't know if everybody received and so I just thought I would leave them up there to distribute to everybody later. Thank you again. [LB622]

SENATOR CARLSON: Okay. That will be fine. Good. All right, thank you. Next testifier. Welcome back, Ken. [LB622]

KEN WINSTON: Thank you. Once again, my name is Ken Winston, K-e-n W-i-n-s-t-o-n appearing for the Nebraska Sierra Club. I'm going to have very short testimony in support of LB622. Basically, we support efforts to assist renewable energy development, and we understand that the lack of knowledge about the availability of transmission can be a major stumbling block for people that are trying to develop small wind or solar projects. We believe that LB622 helps address this information gap and, therefore, we support LB622. In view of Senator Haar's comments, we'd be glad to participate in discussions, any conversations related to redrafting the bill, or what have you, since it sounds like he's not intending to push the bill this session. [LB622]

SENATOR CARLSON: Okay. All right, thank you. Any questions of Ken? Thank you for your testimony. [LB622]

KEN WINSTON: Thank you. [LB622]

SENATOR CARLSON: Next proponent. Welcome. [LB622]

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JOHN ATKEISON: (Exhibits 3 and 4) Thank you. Good afternoon, my name is John Atkeison, A-t-k-e-i-s-o-n. I represent Nebraska Wildlife Federation. Appreciate you having us in today to give comments. I have a few copies that will summarize what I'm going to say, but my printer decided it knew better than I how many copies I needed, so. [LB622]

SENATOR CARLSON: I think we can help with that. [LB622]

JOHN ATKEISON: Thank you very much. Basically, it's a simple proposition from us. We're very much in favor of renewable energy. We think it's good for wildlife and not so wildlife as well. We think Nebraska is moving into an era where clean renewable energy is going to become more common and more heavily relied on. This is how Nebraskans from all walks of life, and from many different points of view and outlook, come together. It seems to be extremely strong support in this state for renewable energy, particularly wind, which is well-known. And one of the things I want to bring to you is to broaden the discussion a little bit beyond just wind. Wind is the star in renewable energy in Nebraska and rightly so. We're in the top tier of resource and that's something we can be proud of as we take advantage of it. What most people are not as aware of is the precipitous decline in the cost for solar electric or photovoltaic hardware and installations even in Nebraska. We recently did a study. I was the principal author on a report called "Harness the Sun," and I'll leave you copies if you'd like. The bottom line here is that even on a very small scale, on your house or your commercial property, if you take the costs and the value of the output of a photovoltaic system today, spread it out over the 25 years of the power production guarantee, then you will be at or probably below the retail cost of electricity from our power districts. You couldn't have said that just a few years ago. And it's new news. There was a story on the radio a few months ago that repeated that electricity from photovoltaics costs at least 20 cents per kilowatt hour. And what I'm here to tell you is, that's no longer true and hasn't been for a little while now. So that opens the door to not only small windfarms, but to homegrown solar gardens, which is another issue that will come before the Legislature this year. We think that it would be a good thing to enable Nebraska citizens to participate in this way and we think that this bill helps to put the pieces together. The power districts are in charge of the power and managing the hardware and software and infrastructure and everything that makes it all work and that's a non-trivial job they do well. I think that this bill will help us move to the new stage of integrating more and more renewable energy closer to the place at which it is used, and we very much, very much support that. [LB622]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions from the committee? Yes, Senator Smith. [LB622]

SENATOR SMITH: Thank you, Mr. Chairman. And it's Atkison? [LB622]

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JOHN ATKEISON: Atkeison, thank you. [LB622]

SENATOR SMITH: Okay. Mr. Atkeison, thank you for being here today and for testifying. And I agree with you, I mean all the research I've seen as well on the renewables, particularly wind in this state, the pricing has come down if you look at it on a kilowatt hour basis. I do want to caution, though, whenever people hear that, if you look at your typical bill for a residential customer, it says kilowatt hours and you figure out how much you're paying. There's a capacity component in there and what that means, capacity is that, is the reliability piece of it. It's whenever you turn on the switch, it's there, no matter what time of the day, it's there. And with renewables, renewables typically lack the reliability. They are not guaranteed to be there any time of the day. And I know the wind is always blowing, but, you know, it's not perfectly reliable. And then there's also the reliability factor, there's a...if you take that into consideration to have, to maintain that reliability that we become accustomed to, become accustomed to as energy users, you have to have backup. You have to have something there that's ready to go. When you flip the switch, it's guaranteed to be there. And so, whenever you have that backup connected on top, or behind, or on top of where you want to say, with the renewable piece of it, now you've necessarily increased the cost of that kilowatt hour. So, it's not really competitive any longer. It's still going to be much higher because you have to have that redundancy in order to ensure the reliability. So, yeah, I agree with something, you know, we need to move forward in the development of this technology and to have...to further develop this into our portfolio of resources, but I want to be careful whenever the comment is made that it's comparable. It's comparable if we don't factor in the capacity component of it. And we still need to make certain, public power, electric power in our state remains competitive, affordable, reliable for our citizens and for business development. So, just a caution there as we talk about this. [LB622]

JOHN ATKEISON: Thank you for that. You've opened a lot of things I wanted to talk about. (Laughter) [LB622]

SENATOR SMITH: All right. [LB622]

JOHN ATKEISON: In terms of the variety of generation capacity, the sources of power on the grid today, our districts, as well as other utilities across the country, have made a point of diversifying their sources. There's the coal-fired power plants, there's the gas plants, there's the nuclear power plants. Now, there's more and more of the large windfarms in our neighboring states. In other places in the country, we see larger solar developments. We see developments in some parts of the country that focus on a different aspect of it where the source is distributed out closer to where it's used. And, you know, it takes a mix. I think that because technology does not stand still, we're much closer today to addressing the conventional view of, to solving the conventionally phrased problem of storage more than just the winds not blowing here, so it's blowing

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over there, so you run the wires and you balance it out. That's part of it, but it's not certainly not the whole story. From relatively proven technologies like fuel cells to unproven technologies like grid-integrated vehicles, there's many things happening, but that's in the future. I think what we're looking at today is what we can do today. And what we can do today is a lot more than we're doing, both in wind and in photovoltaic generation, and we can do it in a way that benefits the whole system. For instance, in other places like Austin Energy, which is a little farther south, they have a little more sun. Nonetheless, it's pretty well established that we have a good solar resource here, more in the western part of the state, significantly more. Some of the best in the country, solar resource, and we're not doing too shabby here either. In that situation, there are benefits and in Austin they decided to look at what was the real benefit to the system overall. And amongst those benefits were transmission and distribution, so forth and so on. Essentially of 11 or 12 cents of value for a kilowatt hour, only 7 of that in their analysis was the electricity itself. Most of it, obviously, but there are other benefits to distributed generation. And that comes in all sizes and I think we're going to be sort of feeling our way a little bit. I mean, this is not a black box. It's not a big mystery, but I think these kinds of bills will help us see what our capacity is, where we may need to change, regulations, hardware, whatever, but I think what I'm hearing from people is that right now there's a lot we just don't know. And that this is one of the steps we can take to move it into the light. [LB622]

SENATOR SMITH: Okay, thank you. [LB622]

SENATOR CARLSON: Okay. Any other questions? Okay, thank you for your testimony. [LB622]

JOHN ATKEISON: Thank you very much. [LB622]

SENATOR CARLSON: (Exhibit 5) Any more proponents? We do have a letter of support for LB622 from Patty Plugge, executive director of the Burt County Economic Development Corporation. That will be read into the records. Now, we're ready for those who want to testify as opponents. Welcome. [LB622]

JASON FORTIK: (Exhibit 6) Thank you. Good afternoon, Chairman Carlson and members of the Natural Resources Committee. My name is Jason Fortik, J-a-s-o-n F-o-r-t-i-k, and I'm the power supply vice president for Lincoln Electric System. I'm speaking here today in my capacity as the chairman of the Joint Planning Subcommittee for the Nebraska Power Association, in opposition to LB622. The modifications to state statute 70-1026 proposed by LB622 would create an incomplete product for the audience of the research and conservation report. Generation interconnections to the Federal Energy Regulatory Commission jurisdictional transmission system are now managed by several transmission system study processes implemented by the Southwest Power Pool regional transmission

organization. The Southwest Power Pool regional transmission organization is mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale electricity prices. Among other roles, Southwest Power Pool acts as the regional transmission planner and transmission service provider for the majority of the transmission facilities in Nebraska. In these capacities, Southwest Power Pool utilizes a generation interconnection study process and a transmission service request study process to determine if the existing transmission system can adequately absorb and deliver the electrical energy from new generating resources. These study processes also determine what, if any, infrastructure must be added to the transmission system to enable it to adequately absorb and deliver the electrical energy from new generating resources. In its role as a transmission service provider, the Southwest Power Pool obtains actual transmission usage and requested usage information to manage the dynamic nature of the transmission system. The dynamic nature of the use and configuration of the system and Southwest Power Pool's access to that information puts Southwest Power Pool in a unique position to more accurately evaluate the transmission system's ability to incorporate new generating resources. As a result, the information the Nebraska Power Association would add to the research and conservation report, due to LB622, could not be used by a potential renewable energy project developer as a firm or a final representation of the transmission system's ability to incorporate new renewable generating resources. Thank you. [LB622]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions of Mr. Fortik? Yes, Senator Brasch. [LB622]

SENATOR BRASCH: Thank you, Chairman, and I'm interested if you can talk me through this instead of reading it to me. [LB622]

JASON FORTIK: Sure. [LB622]

SENATOR BRASCH: What is the bottom line? What's the problem here? [LB622]

JASON FORTIK: I don't know that there's a problem. It's just that the process is probably longer than many developers would like to see it. Making an addition to the transmission system or adding generation to the transmission system can be a significant impact to how it operates. And organizations like Southwest Power Pool, which is a RTO, a regional transmission organization, they have been organized with the intent of trying to make that determination on a regional basis. So instead of individual utilities looking at how this addition would impact them, it takes into account how this addition impacts the larger transmission system. And when they bring in all that data from all those other resources, by nature of the volume of data, it just takes longer for the study to occur. And so, when they do that, it can take months and in some of the projects that we have under consideration right now, years for that determination to be

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made. I think that is what maybe some of the concern has been, that it takes too long for a final determination to be made. [LB622]

SENATOR BRASCH: Do you propose a solution to that? Is there...is that...can that be improved on or what is the...what would an option be here? [LB622]

JASON FORTIK: Sure. One thing that Southwest Power Pool has in place is an expedited review. They call it a screening study and the applicant knows up-front that that screening study result is not a final determination, but it can help point to areas that may or may not be suitable for generation additions. But you would know up-front that that result of that study is not a final determination. I think that process, according to the SPP tariff, can be completed in 90 days. But all that is, is like it says, a screening study. The generation interconnection and the transmission study process, I think everyone that's aware of them and uses them knows that it's a long, drawn-out process. And I've been attending meetings at Southwest Power Pool to address that very issue. They know it's a problem, their customers know it's a problem, utilities like us know it's a problem, they're working on solutions. The trouble is, they don't have one to present today. One of the things that they did at the last board meeting that I attended was reported on an Internet-based idea generation tool that they used where they went out to all the best minds that were willing to submit something on the Internet to give them ideas. How do we clean up this process and make it faster? And so they're, right now, in the middle of analyzing all those ideas that were generated through that process, sifting through them. They have it whittled down to a list of about two that they would like to incorporate, and now they're working on the legal rights to obtain those ideas and put them into practice. So it's a known issue. It's just a very complicated one and one that we can't...we can't say today, we have a solution for. [LB622]

SENATOR BRASCH: And how many other energy or power companies do you have in your queue waiting for your testing or your...what is your...I guess, what is the waiting list here? Is this unique? Is this one of many companies, as we've just heard Mr. Christensen tell us about? [LB622]

JASON FORTIK: I'm very hesitant to speak for Mr. Christensen's project, although I have visited with him before. If I'm wrong, then I'll take said responsibilities for being wrong. I don't believe his project is in the Southwest Power Pool queues yet. I think he's been working with Nebraska Public Power District, but I don't know that it's been introduced into the Southwest Power Pool. From my perspective with Lincoln Electric System, we have...we have three projects right now that are going through those transmission service requests and generation interconnection study requests. Two of them are wind projects. One is the Broken Bow wind project. One is the Crofton Bluffs wind project. And then locally, we have a landfill gas generation project that's being installed north of Lincoln here. One of those...two of those, the two wind projects have been in study now for over eighteen months. So it's an issue for us, too, because we

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would like to see, you know, a little bit more timely results on that. But we knew going into it that that was the process that we needed to follow and so we're going through the process, as mandated by the terms of their tariff. [LB622]

SENATOR BRASCH: I see. Thank you for your explanation and thank for your testimony today. Thank you. [LB622]

JASON FORTIK: Sure. Thank you. [LB622]

SENATOR CARLSON: Okay. Any other questions? Senator Smith. [LB622]

SENATOR SMITH: Thank you, Mr. Chairman. And, Mr. Fortik, thank you for being here and testifying. [LB622]

JASON FORTIK: Yes. [LB622]

SENATOR SMITH: Early in your testimony, and you might want to refer back, you said something about that it was an incorrect or the information that would be provided through this legislation, what...how did you word it in your testimony early on? [LB622]

JASON FORTIK: In the beginning I said it would be an incomplete product. [LB622]

SENATOR SMITH: Okay. When you say that, are you saying that if the transmission capacity ratings were provided, it could give a false reading as to what that meant? Or what did you mean by that exactly? [LB622]

JASON FORTIK: Correct. The utilities, again I'll just speak for ours because that's the one I have direct knowledge of, but the utilities have generally a good idea of what flows are occurring on their system for their own load and their own generation. But it's an interconnected system and so there can be flows across the system coming from a variety of sources to a variety of loads. Southwest Power Pool with their capacity and their rule has access to all of that data. So they can look at a much bigger picture and a much more in-depth picture than we can individually. So if we were to put information like this in the research and conservation report, I think it, like you suggested, might create expectations that may not come to fruition or create.. .create the idea that there is some capacity on a portion of the system that there might not be. And so, I would hate to see a developer, you know, commit a lot of dollars to a site based on that information that we've put in the report, only to find out when they go through the full-blown study process that that capacity isn't there. [LB622]

SENATOR SMITH: Okay. Thank you. [LB622]

SENATOR CARLSON: All right. Any other questions? Seeing none, thank you for your

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testimony. [LB622]

JASON FORTIK: Okay. [LB622]

SENATOR CARLSON: Anyone else in opposition? Anyone testifying in a neutral capacity? Welcome back, Director Texel. [LB622]

TIM TEXEL: Thank you, Chairman Carlson, members of the committee. My name is Tim Texel, T-i-m, last name T-e-x-e-l, and I'm the executive director and general counsel for the Power Review Board. My testimony will be brief in this, in neutral capacity. The board doesn't take any position on the bill, whether the new criteria should be included or not in their research and conservation report. My purpose for testifying today pertains to the phrase "major additional transmission improvements." There's nothing wrong with that phrase but when I look at that, it's just rather subjective. And the report is...the board's report, the designated representative organization is the Nebraska Power Association that prepares that report for the board. My concern is that if the NPA as the representative organization asks my board or I for what does "major" mean for major transmission...additional transmission improvements, we don't have a lot of guidance and we want to make sure that what we answer complies with or comports with what the Legislature wants and sees as that. So I know I appreciate what Senator Haar said earlier that he may not push for this bill to move forward this year, but when we look at this, or if there's an LR on it, it would be helpful to me and my board if we just knew what the Legislature's thinking was in what would be considered major so that we aren't different from what the introducer or the committee or the Legislature as a whole would expect from us. So that's the point I wanted to make today. If you have any questions, I would be more than happy to try to answer them. [LB622]

SENATOR CARLSON: Okay. Thank you. Any questions of Director Texel? Okay, seeing none, thank you. [LB622]

TIM TEXEL: Thank you. [LB622]

SENATOR CARLSON: Anyone else in a neutral position? Okay, Senator Haar, you're recognized to close. [LB622]

SENATOR HAAR: Well, thank you very much for your close attention. I guess to summarize in a sentence, we talk about facilitate the sizing of renewables based on transmission sweet spots, to use the technical terms. But I want to talk for just a minute. Graham Christensen is a ray of hope. (Laugh) A young man who is interested in the issues, actually has been one of my mentors. And also his father now serves on the NPPD board as a result of Graham's involvement. So I'm very encouraged about our future with young men like Graham and others involved in the process. As I said earlier, we recognize...and that's one of the purposes of these hearings and the things that

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happens before us is that people become aware of issues. We see that there's some issues here that need to be discussed. We're not asking certainly for a firm and final kinds of numbers, but I think what we are...what this legislation is and what we would hope to do a study and then improve on it next session, is to give some initial indications to entrepreneurs like the Burt County people whether they should move forward or not. And I think anybody involved in this kind of process is going to know that up-front they're not going to have any firm and final answers. But as Graham said, this will help reduce the risk even of consideration of these things. So, again I would...I want to thank you. I want to thank the testifiers that came today. And as we move into the future and I have no doubt that 20 years from now things are going to look a lot different. But as we move into the future, we are going to take some risks and I think this kind of bill talking about looking what entrepreneurs are attempting, how we could improve their efforts, is going to be part of this moving forward into the future. We're going to make some mistakes along the way, but we're going to make a lot of progress too. So, thank you again. [LB622]

SENATOR CARLSON: All right. Thank you, Senator Haar. Any questions of the committee? Senator Smith. [LB622]

SENATOR SMITH: Thank you, Mr. Chairman. Senator Haar, thank you for, you know, for bringing the bill forward and I do believe that you're a very innovative thinker and you really do strive to help us to look at things differently. And I appreciate that. Truly, I sincerely mean that. My line of questioning, I kind of...I want you to understand that, you know, there's a meeting going on across the hall in the Revenue Committee about income taxes on individuals. And our families are paying more and more out of their pocket every day. And we have an advantage in our state in public power and I want to maintain that advantage of public power. So when we look at the full spectrum of energy and energy costs, my concern is that we make prudent decisions based on low cost. And there are some of these things that we do want to pursue over time, but I just ask that we do it cautiously. And that we keep...that we're mindful of our families and our businesses, that we make certain that we maintain that public power advantage, and not just reliability and accountability, but also affordability. So thank you. [LB622]

SENATOR HAAR: Yeah. I appreciate that and, you know, I sort of see myself as one of the older men thinking about the future for these younger men and women and I agree that the decisions we make have to make sense, dollars and cents as well. So thank you very much. [LB622]

SENATOR CARLSON: Okay. Any other questions? All right. Thank you, Senator Haar. And with that, we close the hearing on LB622. Thank you for coming. [LB622]