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Natural Resources Committee
March 04, 2015

[LB117 LB407]

The Committee on Natural Resources met at 1:30 p.m. on Wednesday, March 4, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB117 and LB407. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: Jerry Johnson.

SENATOR SCHILZ: Good afternoon, everyone, and welcome to the Natural Resources Committee. My name is Ken Schilz, Chair of the committee. I'm from Ogallala and I represent District 47. And we...what I usually do is allow everyone to introduce themselves. That way I don't mess up their names or where they're from. So we'll start today with Senator...I will say first, we do have a couple of senators that had to be out of town today. I think they're in Kearney at the Governor's ag conference, so they won't be joining us. But I'll go ahead and let Senator Kolowski start.

SENATOR KOLOWSKI: Rick Kolowski from District 31, southwest Omaha. Thank you.

SENATOR SCHNOOR: Dave Schnoor, District 15 which is Dodge County.

SENATOR LINDSTROM: Oh, I'm sorry. (Laughter) Lindstrom, District 18, northwest Omaha.

SENATOR FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance, and part of Hall County.

SENATOR HUGHES: Dan Hughes, District 44, in alphabetical order, Chase, Dundy, Frontier, Furnas, Gosper, Harlan, Hayes, Hitchcock, Perkins, and Red Willow.

SENATOR SCHILZ: And then Senator McCollister is introducing a bill. He will be back to the committee. Senator Johnson is the one that is gone to Kearney today. So...and we thank you all for being here. We also have with us today Barb Koehlmoos who is the committee clerk and Laurie Lage who is the committee legal counsel. And then we have two pages today, one is Jake Kawamoto from Omaha. He's a sophomore at UNL studying political science. And Seth Thompson from Ogallala, and he's from Nebraska Wesleyan and he's a major in political science and a minor in criminal justice. So thank for both of them for being here today. Today we have two bills on the docket. We have LB117 by Senator Haar, and I'll be...and also LB407. And if you're here to testify, please pick up a green sheet that's on the table at the back of the room. And if you do not wish to testify but would like your name entered into the official record as being

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present at the hearing, there's a form on the table that you can sign as well. And this then becomes a part of the official record of the hearing. Please fill out the sign-in sheet before you testify. Please print, and it's important to complete the form in its entirety. And when it's your turn to testify, please give the sign-in sheet to Barb and that will help us make a more accurate public record. If you do not choose to testify, you may also submit comments in writing and have them read in the official record. If you have handouts, please make sure you have 12 copies for the pages to give to the committee, and if not, they'll go ahead and help you get those around so that there's enough for everybody. When you come up to testify, please speak clearly into the microphone, tell us and spell your name, both names, first and last, even it's an easy one. At this time, please turn off or turn to silent or vibrate all your cell phones, pagers, or anything else that might make a noise. And keep your conversations to a minimum or take them in the hallway if you need to talk. We don't allow any displays of support or opposition in the Natural Resources hearing. That's to make sure that the testifiers that are there have the ability to get their point across without being distracted and so the committee members aren't distracted as well. We do use the light system. When the lights are on, the first one will be green. You'll get green for four minutes, then it'll turn yellow for one minute, and then once it turns red we would really like you to wrap up your testimony and be done with it if at all possible. That will make the committee hearing go much smoother and it'll give everybody an opportunity to get their comments in. And with that, I will open it up to Senator Haar to open on LB117. Thank you, Senator Haar, and welcome. [LB117]

SENATOR HAAR: Senator Schilz, members of the committee, I haven't quite gotten used to not sitting up there with you guys yet, but I enjoyed my six years at the table with the Natural Resources. Today, I'm starting with LB117. And the purpose of LB117 is to increase the likelihood of governmental units choosing long-term energy solutions that save money. Currently, governmental units can enter into an energy saving contract with a vendor to pay for energy savings updates that they can pay back over time through the savings realized in using more efficient systems. LB117 both updates and clarifies the existing law to address some concerns brought to me by school districts and other governmental units. LB117 adds geothermal to the list of energy saving systems of which districts can enter into cost-savings contracts. Geothermal is a proven method for energy and cost efficiency across the state. Many schools, by the way, are already using it as many homes are using it. I use it in my house. The bill also expands the use of energy service companies, called ESCOs, to include new construction as well as updating existing construction. The bill adds the requirement that governmental units must utilize the service of a professional engineer not connected to the contract to verify the savings prior to the commencement of any work. The purpose of the change as proposed through LB117 is to increase the likelihood of governmental units choosing long-term energy solutions that prove the greatest savings to the taxpayers and of our natural resources. LB117 will help enable this goal and make the entire process more transparent. LB117 is a commonsense update of existing law to reflect new technologies. It will improve the

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health of buildings, which in the case of schools, for example, will lead to healthier students and teachers, places where kids learn better, and, by the way, it will save money for taxpayers. Thank you. [LB117]

SENATOR SCHILZ: Thank you, Senator Haar. Any questions? Seeing none, thank you, sir. Will you stick...of course you'll stick around to close. [LB117]

SENATOR HAAR: I will. [LB117]

SENATOR SCHILZ: Yeah. [LB117]

SENATOR HAAR: Wouldn't miss it. [LB117]

SENATOR SCHILZ: That's right. First proponent. Proponent, supporters? Good afternoon. Welcome. [LB117]

LARRY CIHAL: (Exhibit 1) Hi. My name is Larry Cihal, L-a-r-r-y C-i-h-a-l. I'm a project manager and project developer for TRANE. I'm here...the person that I normally work with is Dave Raymond. I'm Dave's technical assistant. Dave's kind of the account manager for projects that we do, and I'm kind of the technical assistant or the person that looks at the mechanical systems, the roofs, the electrical systems as we look at buildings. I'm really here today to kind of talk about nuts and bolts of energy savings contracts that we use in implementation of projects that we've done across the state. Some of the counties that were named when everybody was doing their introductions, we've had projects from Chase County to Pawnee City that you're going to hear about a little bit later. Performance contracting I've been in, I worked for two different companies implementing performance contract projects, mainly in K-12 public schools for about the last 15 years or so. And energy performance contracts are good tools for school districts to improve their buildings, and from a standpoint of energy savings, indoor air quality, new technologies, those types of things. Energy service contracts through an energy services company allow a single source of responsibility so that there might be multiple energy conservation projects, but they're kind of handled under a single energy services company. They could include lighting upgrades, electrical upgrades, HVAC upgrades. A lot of times when we do mechanical system upgrades we have to improve the infrastructure of the school building first. So sometimes before you can replace the heating and air conditioning system or add air conditioning to the building, you have to upgrade the electrical system. Part of energy services contracts, again, it's kind of another tool for school districts that allows them the ability to make these improvements, and it's a little bit different than the traditional bid spec process. It allows us to go in and work with the school board and administration as we develop our energy conservation projects. Also then there is a shorter time frame because the majority of our

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projects, I would guess probably in the 80 percent of our projects, are implemented over the summer break. It seems like in the course of the last four or five years that summer break is getting shorter and shorter. It used to be about a May to September time frame. It's more now like a June to August time frame. And I think that all of the projects that are implemented, the benefit of the energy savings I think have been addressed by a lot of studies that have been done by Lincoln Public Schools or other school districts. Just a background in energy services companies, there's multiple companies now operating in the state of Nebraska. Some are very large companies and some are relatively small companies. A majority of our projects are done in smaller schools across the state that don't have the resources that a large Lincoln Public Schools or Elkhorn Public Schools where they have facility managers. They're mostly done in smaller schools where the superintendent is mainly the superintendent, the business manager, and the facility manager. And so energy services contracts again help those smaller school districts have access to the resources that they can look at their facilities over the long term so that they can develop a plan. Again, the majority of the projects that we've been involved with all include fresh air, which again we...fresh air and a majority of them have air conditioning associated with it in the purpose of trying to improve the learning environment. With that, I thank you for the opportunity to present. [LB117]

SENATOR SCHILZ: Thank you very much. Any questions? Senator Lindstrom. [LB117]

SENATOR LINDSTROM: Thank you, Mr. Chairman. Thank you, Mr. Cihal. I see in the new legislation there's some wording here, calculated contract versus guaranteed contract. Could you explain maybe the difference or what those two might be? [LB117]

LARRY CIHAL: Performance contracting started quite a while ago and it started as most things do on the East and West Coast. Part of performance contracting was, was that the energy savings would pay for the project and that the person providing that would guarantee that the energy savings would be met to match the payments of the contract. So that's normally the terms that are used for guaranteed energy savings. With that energy...with that guaranteed energy savings, there becomes requirements for measurement and verification that you can certify that those energy savings are being met. A majority of the applications that we use in Nebraska because we have lower utility costs and because we're working with smaller school districts, they opt out from using the guaranteed energy performance package and to using more of a calculated package which we use computer models to generate what's there before, what's there after. And then we both agree that the energy savings is what's going to be produced out of the project. So it's really a matter of degree of the energy savings. [LB117]

SENATOR LINDSTROM: Okay. Thank you. [LB117]

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SENATOR SCHILZ: Thank you, Senator Lindstrom. Any other questions? Okay. So what you're saying is on these smaller districts that you're working with, that the whole cost savings that you come up with is modeled. It's not...there's no real measurement that you're going to do there to... [LB117]

LARRY CIHAL: Again, I would say in the high 80 percent of all of the projects that have been done in the state of Nebraska, they're modeled. [LB117]

SENATOR SCHILZ: Okay. Very good. Thank you, sir. Appreciate that. [LB117]

LARRY CIHAL: Thank you. [LB117]

SENATOR SCHILZ: Yeah. Any other questions? Seeing none, thank you for your testimony. [LB117]

LARRY CIHAL: Thank you. [LB117]

SENATOR SCHILZ: Next proponent. Good afternoon. [LB117]

STEPHEN GRIZZLE: (Exhibit 2) Good afternoon. Thank you. My name is Stephen Grizzle, and I am...S-t-e-p-h-e-n, Grizzle, G-r-i-z-z-l-e, and I am superintendent of schools for Pawnee City Public Schools. And I just wanted to give you a brief background of what our district size is. We're 292 students, pre-K to 12th grade. Some financial information, our property valuation for our district is \$269,182,149. Our general fund levy is about 97.5 cents. Our special building fund levy is about a penny and a half. And we have QCPUF levy of 4.5 cents. Our total levy is \$1.036. We went through the ESCO process last year to implement a energy upgrade to our campus. We felt that the ESCO process was really the only viable option we had to improve our air quality and some of the energy inefficiencies of our campus. We did work with our school attorneys to help navigate through the statute requirements. And we also did contract with a third-party engineer. And, quite honestly, I thought the third-party engineer was already in statute. But it was a good process and I fully support the idea of having a third-party engineer so you can validate and confirm, ask questions, kind of be as a district representative in the process. So I thought that was a good deal. We also really appreciated the fact that with the ESCO process there was not any up-front costs for the analysis and for the design of the project. We also like the idea of sending out your proposals to the certified ESCO companies that serve the state and then letting them decide whether or not they wanted to make a proposal to our district. So I thought that was a good process as well. I just wanted to give you a quick highlight of what our...scope of our project was. Essentially we replaced all of the old fluorescent lighting to the

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new high energy-efficient lighting. We replaced about 80 percent of the windows in our old 1938 two-story high school building. We replaced 100 percent of the windows in our old 1967 metal building for the elementary, and we replaced 100 percent of the windows and doors in our 1978 gymnasium and cafeteria building also with high energy-efficient windows and doors. In our high school, we utilized window AC units. And I don't know if you have much experience with window units, but they are extremely high. They're high-energy use machines and they also are very, very loud. And so the learning environment in our high school was really hampered when you had the AC units on, so we were happy to get rid of those. We replaced those with a high energy-efficient VRF systems. It essentially acts as a heat pump, and each individual classroom has at least one unit in them, some rooms have two. And we basically scoped down the project to be capped at \$1,040,000, and we utilized the QCPUF levy option in order to finance this project. I just wanted to share a little bit of our energy costs over the last three years. And as you can see, our electric bill average in '12-13 was about, just under \$2,700 a month; in '13-14, the electrical bill was right about \$2,600; and this year we're still right about \$2,600 a month. Our natural gas is the area that we're seeing a pretty good decrease in cost. Our '12-13...our '13-14 natural gas bill averaged about \$2,500 a month, and this year we're seeing it just under \$1,900 a month. So we are seeing some cost savings. We anticipate the cost savings to be even greater next year because we're still trying to learn how to use the system in conjunction with our old boiler system because we still are able to...we still have to use the boiler system some. Again, I just want to say this is a great option for districts to be able to utilize. I think it's great to be able to...the possibility of incorporating geothermal in the future and also the ability to do this in a new construction project as well. I think that's a good change. So you can count me as a supporter of the bill. [LB117]

SENATOR SCHILZ: Very good. Thank you, Mr. Grizzle. Any questions? Have all of your...is your project complete? [LB117]

STEPHEN GRIZZLE: It is complete. [LB117]

SENATOR SCHILZ: And you've really seen the savings there is what I can understand. [LB117]

STEPHEN GRIZZLE: Correct. Yes. [LB117]

SENATOR SCHILZ: Very good. Thank you. Any other questions? Seeing none, thank you for your testimony. [LB117]

STEPHEN GRIZZLE: Thank you. [LB117]

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SENATOR SCHILZ: Further proponents. Good afternoon. [LB117]

VIRGINIA MOON: Good morning, Senator, members of the committee. My name is Virginia Moon, V-i-r-g-i-n-i-a, Moon, M-o-o-n. I'm here representing the Nebraska Council of School Administrators. NCSA was a part of the original legislation and supported that when it was written in its original form in an effort to try to make as many options possible to districts as can be there. I think I was a practicing superintendent for a number of years and I didn't go to any district where the infrastructure and the HVAC systems weren't woefully out of date and didn't need to be updated somewhere along the line. And this gives one more option for a school district to face those. When they fail in an emergency situation, sometimes you don't have time to work them into a bond issue or into a regular budget, and many of the districts that I served were at the \$1.05 and didn't have a building fund anyway so we couldn't have paid for them out of a building fund. I think the things that are important in this update on this bill is that it would apply to new construction. We did a project when I was in Broken Bow where we had some new construction and we used the construction manager-at-risk process which was new to me rather than the design-bid-build, and had we had this option we could have at least looked at performance contracting and geothermal in that project, which we were not able to do the geothermal because it was outside the cost of the project. And we really wanted to take a look at the geothermal. It's been very good for districts that have used it. I think that the addition of a required engineer will help districts feel confident that that performance contract is going to be met and that it's not just a company but you've got a third-party person to do, to help you make the right decision. I don't think that...I think our previous speaker is right. Most of us who serve in that capacity don't know much about HVAC and we need experts to help us make those decisions, especially in smaller schools. With that, I'm open for questions. [LB117]

SENATOR SCHILZ: Thank you very much. Any questions? I guess I was just wondering, you know, you talked a little bit about new construction and all that. And as I looked at the law that's in place now, it doesn't cover that, and we talked about, once again, how would you calculate savings if there's never been anything spent before. And I was just wondering how would you...what...is it something that should go into this part of the law or should it be a new section moving forward, I guess is my question. [LB117]

VIRGINIA MOON: As far as the mechanics of the law, I think that's a little bit farther out than I would know. But I do think that because most of the projects in Nebraska are modeled, that we should be able to model, you know, a more traditional approach to a geothermal perhaps or I think in that case it's a lot more about how do you fund that. In the project that we did in Broken Bow, that was a renovation of an old part of the building and an addition of a new part. So the performance contract would have probably come from changing over from no air conditioning or window units in a few places and a boiler the size of this room, which one of the biggest and

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most interesting things we had to do is try to figure out how to get it out. (Laughter) I think we just buried it and closed it off and left it. (Laughter) [LB117]

SENATOR SCHILZ: I didn't hear anything. [LB117]

VIRGINIA MOON: You didn't hear anything. Not buried, just closed the door. Restricted use. But, you know, those are some of the things I think I'm not able to answer that question... [LB117]

SENATOR SCHILZ: I understand. [LB117]

VIRGINIA MOON: ...in terms of how you would model the energy savings on new construction. [LB117]

SENATOR SCHILZ: Sure. And I'll throw that out there and see if anybody else can answer it. [LB117]

VIRGINIA MOON: All right. [LB117]

SENATOR SCHILZ: Thank you. Any other questions? Seeing none, thank you very much for your testimony. [LB117]

VIRGINIA MOON: Thank you. [LB117]

SENATOR SCHILZ: Appreciate it. Further proponents. Proponents? Good afternoon. [LB117]

SHELLEY SAHLING-ZART: Good afternoon, Chairman Schilz, members of the Natural Resources Committee. For the record, my name is Shelley Sahling-Zart, S-h-e-l-l-e-y S-a-h-l-i-n-g-Z-a-r-t. I am vice president and general counsel for Lincoln Electric System, the municipal electric utility here in Lincoln. And was debating whether to come in in support or neutral but I'm going to come in in support. And this bill does not directly impact the utilities, but I'm going to encourage you to think philosophically about the underlying reason for the legislation, which is energy efficiency. I think this is just another tool that will help governmental entities, particularly school districts, to finance energy efficiency upgrades and construction that will not only save them money, but in the long run hopefully help lower their demand, which is something we're always looking at. LES and lots of the utilities across the state are always looking to fund programs to incent our customers to use less of our product. Interesting business

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model. But what that does is help us push that next power plant off further into the future, which not only helps the environment, but saves all of our customers money as well. So I encourage you to think of it from an energy-efficiency standpoint as well. And I would take any questions. [LB117]

SENATOR SCHILZ: (Exhibit 3) Very good. Thank you very much. Any questions? Seeing none, thank you for your testimony. Appreciate it. Next proponent. Proponents, anyone? Proponents. Do we have any letters? Okay. Thank you. We have a letter in support from Dr. Dan Endorf, superintendent from North Bend Central Schools. And now we will move to opposition. Is there any opposition to the bill? Going once. Opposition? We do have...no, we don't have a letter on there, no opposition. Any neutral testimony? Any neutral testimony? Seeing none, Senator Haar, you're welcome to come back up and close on LB117. [LB117]

SENATOR HAAR: I just have this funny image of some day in the future they're going to dig up that big tank and wonder what went on there. [LB117]

SENATOR SCHILZ: What was this? [LB117]

SENATOR HAAR: Well, again this is all about energy efficiency. And I've worked with green schools, as some people call them, for a while and it improves air quality when you do this kind of rework. And what I found out is that children breathe more air, which doesn't surprise me now and they know about it, but growing, they breathe more air. So the quality of air in schools is really important. So when you take a really old school and you give them better air quality, the kids are actually healthier, the staff is healthier, kids learn better and that's not just anecdotal. There's evidence to show that. And it saves money, and it saves money. So with that, I would urge you to bring LB117 out of committee and I think it's going to be helpful to not only schools, by the way, but also other governmental entities. [LB117]

SENATOR SCHILZ: Okay. Any questions? Senator Friesen. [LB117]

SENATOR FRIESEN: Thank you, Senator Schilz. Senator Haar, I did notice in here that it was for new or existing construction. So when the question was asked, do they model certain types of heating and cooling against other models to show a savings versus one versus the other or how do you do it in new construction when you can't... [LB117]

SENATOR HAAR: You know, that's a really good question that Senator Schilz asked that one as well. I don't know. I haven't actually been in on that part of it. But the companies that do this are common names like Johnson Controls is one of the biggest ones. And the thing that was

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mentioned earlier, often lighting is one of those kind of energy savings that can pay back in two or three years actually. And so it's a great way to make an investment that you pay for it with the savings, and then from then on your energy bills are lower. [LB117]

SENATOR FRIESEN: Okay. Thank you. [LB117]

SENATOR SCHILZ: Thank you, Senator Friesen. Any other questions? Okay, Senator Haar, before you go and I know I should remember this from our Education Committee days, but what is QCPUF again? What does it stand for? All I can remember is the dark picture you gave us of the... [LB117]

SENATOR HAAR: Quality...Qualified Capital Purchase Undertaking Fund. QCPUF. [LB117]

SENATOR SCHILZ: Good. I almost... [LB117]

SENATOR HAAR: Yeah. QCPUF, by the way, is funding often used for things like ADA upgrades and things like that. [LB117]

SENATOR SCHILZ: Right. All I remember is when you had the hearing in the Education Committee you walked around and handed out eclairs or whatever they were, the pictures of them anyway. [LB117]

SENATOR HAAR: QCPUFs, yeah. [LB117]

SENATOR SCHILZ: Right. [LB117]

SENATOR HAAR: I got... [LB117]

SENATOR SCHILZ: And never mind. That's enough. Anybody else? (Laughter) Seeing none, thank you. And that will close the hearing on LB117 and we will move on and open the hearing on LB407. Senator Haar, you're welcome to open. [LB117]

SENATOR HAAR: (Exhibits 1 and 2) Thank you. Here's some handouts. We're also going to do...we brought some extra handouts for especially some of the people from public power so that they can see what I'm doing. Well, Senator Schilz, you and I got on board in 2009 and one of my first...well, it's not a bill, it was an LR, a resolution LR524 in 2009 and it asked for the study of renewable energy generation. I remember one of the first meetings I had with people from public

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power, and John McClure, that's when I first met you. And John basically said to me, could I take your resolution, take all the words out of it and put mine into it. And they did that. I worked with public power. And then the next year that became LB1048 which is the wind for export bill. And LB1048 is really the starting point for us now. There...and I would say up-front there are some very significant negotiations going on between basically the developers and public power to get words in place, but we're...both sides are going to talk about the green copy and then we're going to talk about the potential compromises. And I want to make it clear today that when we talk about this we're not pointing any fingers, we're looking for solutions. But I need to give you the background. LB407 changes and eliminates barriers relating to certified renewable export facilities called CREFs as prescribed. Wind is a commodity of great value to Nebraska. It provides such things as property tax, land rental, jobs, manufacturing, and so on. And if you look at the second page of this foldout, and it says "Nebraska's Export Opportunity," and these are some of the calculations done by NREL and so on. This one was done by Tradewind Energy. I love their little motto, "Harvesting the power of wind." But this would be for a thousand megawatts, total project investment \$1.7 billion for 1,000 megawatts. If you look at the diagram above and you look at where Iowa is, for example, using those kinds of numbers, the investment because of wind development in Iowa would be six times the \$1.7 billion or about \$10 billion of total investment in wind in Iowa. And then you look at the increase in Nebraska wealth due to landowner royalties, again, in Iowa if you take the \$160 million times six, that's almost a billion dollars in wealth that's been developed in Iowa because of wind development. And so on and so forth. The 20-year Nebraska tax revenue is \$111 million. Again, in terms of Iowa with 6,000 megawatts developed would be six times that or \$700 million in taxes generated by wind development in Iowa. And then you can see where Nebraska is. And you probably already know this, but Nebraska is either number...depending on who you talk to it's either number 3 or number 4 in terms of wind potential. So going back to page 1 again, it's a commodity of great value to Nebraska. We've seen it as it's occurring in the other states. Point 2, Nebraska is resource rich. And I went to my thesaurus for superlatives: It's extremely good; it's some of the best; it's first rate; world class; worth its weight in gold. Really, Nebraska has not only some of the biggest, third or fourth in the nation, but it is some of the best wind in terms of the percent of generation time from any one turbine. Nebraska is resource rich, it's regulation burdensome, and it's incentive light. And then we get to the Brattle report, and many of you were at that meeting the other day. If you don't have a copy, I have some copies with me. I'm not going to hand out one to everybody again. But...or if you'd like some additional copies, I have some. And the Brattle report was in response to LB1115 last year. Senator Schilz was one of the cosponsors as I was. It was introduced by Senator Davis. And here are some of the takeaways as far as I'm concerned. I've read the report three times. Expanding Nebraska's wind export by an additional 2,000 megawatts is feasible with current and in-the-works transmission. Achieving the development of 5,000 to 10,000 megawatts, which is what the report asked for, how would we do that? That generation is a reasonable goal, requiring some extra investments. The broader regional market for additional renewable generation is finite and it's competitive. You can see by

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the...on page 2 from that chart, the states around us, Iowa, Oklahoma, Kansas, Colorado, and so on, very competitive. But, and this comes right from the Brattle report, a new wave of renewable generation will likely occur if and when there are higher wholesale electrical prices, more stringent federal environmental policies and almost a certainty, and some of those are in the works right now with the EPA's clean air rule. Renewable federal tax credits, we would like that to happen but we don't know. Congress has not renewed the federal tax credits which are called PTCs, production tax credits. Coal plant retirements all over the nation. In many places, coal plants are being retired and being replaced by a mix of especially natural gas and also renewables. Better interconnection between regional and national grids. If you read the Brattle report, you'll see that one of the best markets would be states to our east and to the south of the PJM region. But right now those connections are not there or at least they're not very good. And then there's been a bill introduced by Senator Nordquist for Nebraska production tax credits. So, again, a new wave of renewable generation will likely occur if some of these things happen. And my last point is we must position ourselves to be prepared for the new wave. We can't wait for that new demand to happen and then fix some of the problems we have. So if you go to the last page. In LB1048, we built what I have termed hurdles into the process. And these were to protect public power. The chart that you see with all the little check marks comes right out of the Brattle report. The first row where it says "Current" is the Nebraska requirements that are in place, and then they suggest "Option A" or really they're saying the best would be "Option B." And if you look at this in terms of a race in a way, Nebraska has all these hurdles, Kansas has two of them, Oklahoma has two hurdles. And it's part of the explanation for the fact that right now we don't export any wind. All the wind that's produced in Nebraska is consumed by public power. And we're probably soon getting to a place where public power in Nebraska is not going to absorb a lot more Nebraska wind. So, finally then, the little check marks that have gray boxes around them are hurdles that we're working on with public power to see if we can...and that's my wish box at the bottom. LB407 as amended, and we haven't come up with the wording yet for the amendments, but addresses the grayed out issues with a compromise. The compromise is a balancing act which protects public power while enhancing Nebraska's wind for export process. So when the new wave happens, we will be there and open for business. Again, we're fairly close to some compromises. We were kind of hoping we'd have those ready today but we're not and we think they have to be in place before we present them to the committee. So with that, I would just offer you a few more documents. If you want them, just talk to us, we'll get them to you. One of these, and this all fits into it, is the Southwest Power Pool Wind in Service report that was actually handed out a few weeks...whenever the Brattle Group was here. I got in on just the first part of that. I would like to hand out one more piece of paper, by the way. And this is just a map of the SPP wind that's already in service. And SPP, of course, is the Southwest Power Pool. And it shows where all the wind generation facilities are in Nebraska, Kansas, Oklahoma, and so on. There's another document that you might be interested in, and I'll provide if you'd like, Creighton Law Review called "The Winds of Change: How Nebraska Law has Stalled the Development of Wind Energy and What can be Done to Spur Growth." By the way, many of the things in this

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Law Review article work with what we're proposing. If you'd like a copy of that, we'll get that to you. There is another article that's just come out called "Powering up Nebraska," get that to you. Several years ago, there was a study called "Securing Nebraska's Energy and Economic Future," and this was done by the Sierra Club and it goes in-depth into the kind of economic development that could happen in Nebraska in terms of landowner lease, those kinds of things. And then there's a study that was done November, 2013 called the "Impact of Wind Energy on Property Taxes in Nebraska," and this was done by Bluestem and Baird Holm. All those are available. I'm not going to give you all that pile of paper today, but if you'd like to delve more deeply, please talk to us and we'll get that to you. So we're going to be followed by some developers talking about the barriers that they see. Again, not to point fingers but to say what we need to do for the future when this new wave of energy demand occurs. You will be hearing from some of them that have been working on the compromise of the public power. Public power will be talking to the green copy because we don't have the compromises in place. But we're working with them and then I'll be back. And if you want these to work, you got to hold it sideways to blow on it. (Laughter) Thank you very much. [LB407]

SENATOR SCHILZ: Thank you, Senator Haar. Any questions? Senator Schnoor. [LB407]

SENATOR SCHNOOR: You talked about the beginning of your presentation about finding a solution. Now was that solution based on LB1048 or what do you...solution for what? [LB407]

SENATOR HAAR: Yes. The hurdles as I put it come out of LB1048. And so what we're doing is modifying and removing some of those hurdles. [LB407]

SENATOR SCHNOOR: Okay. And then LB1048, when was that? [LB407]

SENATOR HAAR: That was 2010 I believe, and again it sort of started with my resolution to study the problem, and then the...there was a long process and public power and developers and some members from the committee worked together for a number of months to come up with LB1048. So LB1048 was a compromise. And, let's see, Senator Langemeier was Chairman of the committee at that time and worked closely. And then LB1048 I believe was a committee bill in 2010. [LB407]

SENATOR SCHNOOR: Okay. Thank you. [LB407]

SENATOR HAAR: You bet. [LB407]

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SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Senator McCollister. [LB407]

SENATOR McCOLLISTER: Thank you, Mr. Chairman and good to see you, Senator Haar. Just more a comment rather than a question. Changes of these magnitude could cause a great deal of dislocation. I'm concerned about stranded assets, de-bundling of services. So I'm grateful that you're talking to the power industry and trying to resolve those differences and make this a smooth transition. Thank you, sir. [LB407]

SENATOR HAAR: Yeah. And I want to thank people from public power and the developers for working together. In my new office, I have six chairs and we had about 14 or 15 people sitting around that table at least three times. So we're working on that. And a basis for this is still that this is wind for export. This is wind for export. And right now and even if LB407 goes in place you could not sell wind in Nebraska...if you were a private developer, you couldn't sell wind in Nebraska to, let's say, Nucor Steel or something like that. It could be sold to public power but this is still wind for export. [LB407]

SENATOR McCOLLISTER: Great. Well, one of the assumptions in the Brattle report was that demand would be fairly static and probably not likely to increase. So it would have to be for export. But I'd contend that those other areas where they hope to export the power to are probably going to be long on energy too. So it's going to be an interesting proposition. [LB407]

SENATOR HAAR: It is. And I guess the premise for this...and, by the way before I forget it, what we're talking about here not just applies to wind, it would also be solar and others renewables. But, again, on the page 1, the new wave of renewables will likely occur if some of those things happen. And who knows what the future is going to hold, especially things like a carbon tax, EPA regulations, those kinds of things could really spur the need for more renewables. And so the basic premise is even though right at this moment we would have trouble with 5,000 megawatts, for example, we need to prepare ourselves if this new demand appears. [LB407]

SENATOR McCOLLISTER: I think we shouldn't hold our breath if we're waiting for much activity out of Washington. I think that's not likely to occur. So...but thank you very much. Well done. [LB407]

SENATOR HAAR: Yeah. That's a good pun when working with wind energy, by the way. (Laughter) So thank you very much. [LB407]

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SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your opening. [LB407]

SENATOR HAAR: Okay. [LB407]

SENATOR SCHILZ: At this point, we will take proponents for LB407. [LB407]

DAVID LEVY: Good afternoon, Chairman Schilz and members of the committee. David Levy, D-a-v-i-d L-e-v-y, Baird Holm Law Firm, here today as a registered lobbyist for Sandhills Wind Energy. Sandhills is a renewable energy developer focused in the Cherry County area of the state and interested in both domestic and export projects. I represented many of the wind development interests in negotiating and drafting the statute that came out of LB1048 and which LB407 seeks to amend. LB407 essentially attempts to bring that statute in line with changes in the regional marketplace and new economic development opportunities that have risen in the five years since the original statute while maintaining the essential framework of the statute, including its protections for ratepayers and Nebraska's public utilities. And I will say it's a little bit interesting for me at this point in this process. There's a little bit of a pride of authorship thing. You know, we worked very hard on that statute and Laurie remembers many meetings and many compromises and fine tuning of language. But, frankly, it has not worked quite as we had hoped, and the marketplace and the environment in which that statute operates has changed. And so as you've heard from Senator Haar, the Brattle Group report recommended actually quite a long list of changes, and LB407 does not include all of those. LB407 even as introduced was kind of a compromise to try and address the hurdles that it seemed like could be and should be addressed again while maintaining that essential framework and protection for ratepayers and for our public utilities. We have met a number of times with the utilities and, as Senator Haar said, we do not have final language but I think we're very close in concept and I think those negotiations are proceeding in good faith and I hope we'll have an amendment for the committee very soon. I just want to talk a little bit about LB1115 report, also the Brattle Group report, really confirmed that renewable energy can be a once-in-a-lifetime opportunity for Nebraska. The report estimated, you know, Nebraska has potential to export between 5,000 and 10,000 megawatts of wind. Just 5,000 megawatts, the lower end of that range, would result in approximately \$33 million in brand new property tax revenues every year, mainly to rural Nebraska. In some counties, those projects, one project could add 20 or 30 or even 40 percent to the county's property tax revenues, and 60-70 percent of that goes to the local schools. Projects also result in a similar amount of landowner payments. Landowners pay income tax, Nebraska income tax on those payments and spend that money in the community and pay sales tax as well. And if the project is a C-BED project, which you've heard about a little bit, those instate economic development benefits are even greater. Renewable energy export is extremely competitive. We have not competed well against our neighbors so far. It's a finite opportunity and LB407 gives us a better chance to take advantage of the opportunity in the current marketplace. So with that, I

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respectfully urge the committee to advance LB407 as it will be amended and I'd be happy to answer any questions. [LB407]

SENATOR SCHILZ: Thank you, Mr. Levy. Any questions? Mr. Levy, you talked a little bit about some of the changes that have occurred since the passage of LB1048. Could you just list a few of them? [LB407]

DAVID LEVY: Sure. [LB407]

SENATOR SCHILZ: You don't have to go on the record, but... [LB407]

DAVID LEVY: Sure. Well, the biggest change is the Southwest Power Pool and the openness and...the openness of that market I guess is the way I'll put it. The opportunities to sell electricity in a much more fluid and flexible way out of state have grown and have changed pretty significantly. Some of the opportunities to get electricity outside of the Southwest Power Pool are probably better today or more available today than they were. So, Senator McCollister, you raised the point that there's a lot of wind for export out there from different states and it's not easy and I agree with that. But the opportunities are also more if we can get to them. And I know we have had clients and I know of projects in the state where our regulatory hurdles have been enough as compared to another state where a developer will say, you know, on balance I like Nebraska, I like doing business there, I like their wind, but the regulatory hurdles make it so that it's enough harder to do a project there that I'll go do one in Kansas or Oklahoma. So, Senator Schilz, the market has gotten more open I would say is the biggest change, but we haven't yet taken advantage of that. [LB407]

SENATOR SCHILZ: Okay. Very good. Any other questions? Senator McCollister. [LB407]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. Your comment gave me...gave rise to a question. When you do a marginal cost analysis, as the utilities will do, how well does wind compete with that extra marginal or that extra kilowatt of energy provided in a low-cost coal-fired plant? [LB407]

DAVID LEVY: You know, it depends on the exact situation, but a wind energy facility in Nebraska, even without the federal production tax credit, can be very competitive with the retail price of electricity. [LB407]

SENATOR McCOLLISTER: How about the wholesale price of electricity? [LB407]

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DAVID LEVY: And with the wholesale price for electricity as well. I mean, you factor in transmission and all of those things, you know, it all starts to truly depend on where these things are located where the load is. But it is competitive at this point. [LB407]

SENATOR McCOLLISTER: That's great. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your testimony. [LB407]

DAVID LEVY: All right. Thank you. [LB407]

SENATOR SCHILZ: Next proponent. Good afternoon and welcome. [LB407]

JAMES WILLIAMS: (Exhibit 3) Good afternoon. Chairman Schilz and members of the committee, my name is James Williams, that's J-a-m-e-s W-i-l-l-i-a-m-s, and I'm here representing Invenergy, and actually passing around some additional information. I won't be going through in detail, but, about the company and the work that we've done in Nebraska. Appreciate you allowing me to be here today to testify in support of LB407. I want to provide, first, some information about Invenergy, as I've said, and what we've done in Nebraska. Invenergy is a clean energy company. We develop and own and operate wind, solar, and natural gas power plants across the country. We've been working in Nebraska since 2008. And in 2014, we're very excited to bring on-line the first plant that Invenergy will own and operate in Nebraska. It is the largest wind project in the state that is operating. And there's a one-page fact sheet in there with some additional information. But just at a high level, it's a 200 megawatt project. We worked with Omaha Public Power District to enter into a long-term contract to sell the output from that wind farm. On the economic development side of things, in Antelope County and Boone County where the project is located, it created more than 200 jobs during construction of the project, and currently we have 14 full-time employees that reside at the operations and maintenance building in Elgin, Nebraska. At a high level, there's more than \$3 million going to the local community on an annual basis, whether it's through taxes or salaries paid to employees, you know, that are now moving to the area and working there and payments to landowners that are participating in the project. Additionally, we've been successful in contracting with Lincoln Electric System here in the end of 2014 to expand this project by an additional 75 megawatts which would add, you know, another 100 jobs during the construction process and then four more full-time employees that will work at our operations and maintenance building, another million dollars into the local economy on an annual basis. We've been very excited to complete one and begin another project here in Nebraska. We really appreciate doing business in the state and it's...you know, as I said, we started in 2008, so it's been a long time to get here but it's certainly been worth the fight and we have been part of the

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process that Senator Haar outlined from, you know, LB1048 and then now, you now, working to try to continue to reduce barriers in the state to allow for additional development. We have additional developments across the state and are excited about continuing to advance those forward. In terms of LB407, I think I would just probably highlight on some of the comments that were made previously. You know, since LB1048 was passed, there's been changes to the Southwest Power Pool. It is a more integrated marketplace and has become a consolidated balancing authority, so energy that is produced in Nebraska can be coordinated with energy that's produced in Oklahoma, as an example. Invenenergy, we have been through the Power Review Board regulatory process in the state I believe three different times now. We were conditionally approved under the export process. It ended up not being able to...not be successful in that at that particular permit, but then we were able to work with OPPD and LES, as I mentioned, to bring these projects on-line. We think that reducing barriers in the future would be beneficial to additional development in the state. I think, finally, you know, again, we're happy to be doing business in Nebraska. We think additional opportunities will be available if LB407 or, you know, similar legislation is passed. It will allow to take advantage of the very good, first-rate wind resource here in the state. With that, I'd urge you to pass LB407 and would be happy to answer any questions you may have. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Mr. Williams. Any questions? I guess I'd like to...do you have one? Senator Friesen, go ahead. [LB407]

SENATOR FRIESEN: Thank you, Chairman Schilz. Just a...I saw the solar panel on the front, and how's the solar generation working out everywhere? Is that something that's with more technology is going to get better than it is right now or how is that looking? [LB407]

JAMES WILLIAMS: Yeah. It's going to be very location dependent. The southwest part of the U.S. has a world-class solar resource like Nebraska has a world-class wind resource. Prices have been coming down and because of wind, solar energy is produced during the, you know, typically the peak time of the day of energy usage, it's been a good match for utilities. [LB407]

SENATOR FRIESEN: Okay. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Friesen. Senator McCollister. [LB407]

SENATOR MCCOLLISTER: Yeah, thank you, Mr. Chairman. Do you see the development of residential solar panels, particularly in the western part of the state, as being a viable thing? [LB407]

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JAMES WILLIAMS: We are not in the residential business, but I do know that the wind resource in the western part of the state is, you know, going to be a little bit better than the resources here. I think you, you know, as an individual depending on your energy usage, you have to look at, you know, what the payback would be on installation of those panels. But I think that folks are doing it and as, you know, energy prices increase and potentially the ability to install solar panels, that price decreases, then certainly I think that that's a viable opportunity. [LB407]

SENATOR McCOLLISTER: Are you aware of the economics now? [LB407]

JAMES WILLIAMS: I am not. [LB407]

SENATOR McCOLLISTER: Okay. Thank you. Thank you, Mr. Chairman. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing...and I know that Invenegy was the first one to try to implement and use a LB1048 process that was out there. Can you...just for the committee, can you kind of go through what happened and where there were some sticking points if you can? [LB407]

JAMES WILLIAMS: Yeah, sure. Thank you for remembering that. [LB407]

SENATOR SCHILZ: Sure. [LB407]

JAMES WILLIAMS: So we were the first applicant for LB1048. We submitted the application as part of the process, and I, of course, don't have this exactly memorized, but there was a, you know, laundry list of items that we needed to provide as part of the application to then receive conditional approval. At the time, we were trying to work with utilities outside of the state of Nebraska, and I believe they were outside SPP at the time, to deliver power from Nebraska to those utilities. We ended up not being able to reach an agreement there for the sale of that power, but I guess we looked at it as a good opportunity to work through the process. I think, you know, we would say that the barriers outlined by Senator Haar as part of that regulatory process are ones that, if removed, would allow for more flexibility and opportunities in the future. [LB407]

SENATOR SCHILZ: Do you believe that if those things that are being addressed in LB407 were there in the first place, would that project have gone forward? [LB407]

JAMES WILLIAMS: It's hard to say. The project ended up being built and sold to OPPD, so it went forward in the state. If those barriers were not in place, there's a chance that it could have been... [LB407]

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SENATOR SCHILZ: An export. [LB407]

JAMES WILLIAMS: Yeah, it could have been an export. [LB407]

SENATOR SCHILZ: Sure. [LB407]

JAMES WILLIAMS: A CREF. [LB407]

SENATOR SCHILZ: Okay. Thank you very much. Any other questions? Senator Schnoor.
[LB407]

SENATOR SCHNOOR: The legislation currently says that, oh what is it, 90 percent of the...if I'm reading this right, 90 percent of the power has to be sold prior to this entity's projects being started. I don't know if you can hear me okay. [LB407]

JAMES WILLIAMS: Now I can. Sure, absolutely. [LB407]

SENATOR SCHNOOR: You can probably hear me. Everybody else probably couldn't. [LB407]

JAMES WILLIAMS: Just trying to see where you're looking at. [LB407]

SENATOR SCHNOOR: On the inside page, page 2. I don't know...yeah, you have that there.
[LB407]

JAMES WILLIAMS: Sure. [LB407]

SENATOR SCHNOOR: It says 90 percent of the output of the facility, they must have a purchase agreement for that power already before the construction even begins. Is that right? Am I reading that correct? [LB407]

JAMES WILLIAMS: Yes, I believe that's correct. [LB407]

SENATOR SCHNOOR: Okay. So...and obviously this has all been lined through, so that's going to go away. So what happens if this construction goes...gets underway and this power isn't sold?
[LB407]

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JAMES WILLIAMS: For Invenergy, we're not going to invest our dollars and put that money at risk if we aren't comfortable that we're going to be able to sell the output from a generating plant. [LB407]

SENATOR SCHNOOR: Okay. But obviously this is...that's an issue because that's been struck from the... [LB407]

JAMES WILLIAMS: Yes, I believe that...my understanding of this legislation is that was struck because there's a 90 percent threshold and then a 10 percent threshold that would be offered to public power. I think that with the removal of that language it allows more flexibility on the part of developers to move forward with a project. [LB407]

SENATOR SCHNOOR: But as far as the company you're representing, Invenergy... [LB407]

JAMES WILLIAMS: Yes, sir. [LB407]

SENATOR SCHNOOR: ...they plan on having a majority of that sold before. [LB407]

JAMES WILLIAMS: We would need items to be put in place to get lenders to finance the project that would ensure our ability to sell the output from the wind farm in this situation. [LB407]

SENATOR SCHNOOR: Okay. Thank you. [LB407]

JAMES WILLIAMS: Yes, sir. [LB407]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you for your testimony. Appreciate it. [LB407]

JAMES WILLIAMS: Thank you very much. [LB407]

SENATOR SCHILZ: Next proponent. [LB407]

MIKE DEGAN: Good afternoon. [LB407]

SENATOR SCHILZ: Good afternoon. [LB407]

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MIKE DEGAN: Mr. Chairman, members of the committee my name is Mike Degan, D-e-g-a-n. I'm an attorney with the firm of Husch Blackwell in Omaha and I'm here to testify in support of LB407 also from the developer's perspective. My firm has represented...or represented or worked with about a half dozen wind developers over the last five years. So I do think we have some perspective as to some of the regulatory issues at least that we've heard feedback from the folks that we've worked with on the development side. And I wanted to testify and follow up on a couple of the questions and comments up here. And, Mr. Chairman, one of your comments was to ask what are some of the changes that have undergone the wind development market up here in Nebraska over the last five years and certainly the entry of the public power utilities into the Southwest Power Pool is probably the most significant. But I think the other most significant change has been the significant development of wind energy in Nebraska just over the last three years. And I think just sitting here this afternoon, I think in the last two, two-and-a-half years, the Power Review Board has approved over 750 megawatts of wind energy. So that is a significant step forward that Nebraska has made into wind and renewable energy. The problem is, is that all of those projects were sold to Nebraska public power utilities. And we thank them for both their support in the changes in the law in Nebraska to allow that to happen. We certainly thank them for being great customers and purchasers of wind. But as things currently stand, the demand for further wind development projects by the Nebraska public power utilities is essentially tapped out. There's just not going to be really any meaningful further demand in the foreseeable future because they have frankly bought up so much wind that it's not feasible for there to be significant future development if we stick only with selling wind to Nebraska consumers. And that's the problem. I've heard it said that it would be akin to the state of Nebraska only growing corn, enough corn to consume here domestically by Nebraska residents. We have this fantastic resource but we are going to significantly limit our ability to tap that resource if we're only going to use it to serve domestic load. So the solution is export. But the problem is LB1048 has been on the books in five years and you've heard testimony already that there's not a single wind project that has been built for export for a variety of reasons, one of which is the perception if not the reality that the regulatory path is too complicated, too risky, too difficult. The private developers that want to come to Nebraska and build these facilities are doing so a hundred percent at their own risk. It's their financing. It's their operational risk. If they can't convince the lenders to lend, these projects won't get built. And lenders hate uncertainty. They don't want to see a statute that's got ambiguity and it's got hurdles that cannot clearly be read in black and white as being able to be met before these projects come up for approval. And the problem is you have to spend a lot of money to even get to the application point. You have to have your interconnection studies in place. You have to do your groundwork. And our experience has been you've spent well over a million dollars before you're before the Power Review Board. And the developers are not going to put even that development money at risk, the front end money at risk, in order to get these projects approved without having a clear path to approval. Now we've been working with the public power utilities and we appreciate their willingness to engage in a discussion. And I think even the public power utilities agree that there are problems

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with LB1048 and there are things that can be corrected and improved in order to remove those roadblocks. And hopefully we're going to be able to continue to work with them to get to an agreement that is workable for both sides. But ultimately, you know, certainly representing developers, it certainly would be good for the developers who want to be here. And the reason they want to be here, and, Senator McCollister, you did point out that currently the energy market is saturated, and that is true. But that's going to change. And the markets that are going to benefit the most and the quickest as demand comes back on-line are going to be those areas that have the absolute best resource. And in the wind energy space it comes down to capacity factors, and Nebraska is about as good as it gets when it comes to capacity factors. So when you're talking about private developers, finding lenders, and putting their own money at risk, they're going to build here first if we open those doors to allow them to built it here. So with that, thank you. [LB407]

SENATOR SCHILZ: Thank you, sir. Any questions? Seeing none, thank you for your testimony. Appreciate it. [LB407]

MIKE DEGAN: Thank you. [LB407]

SENATOR SCHILZ: Further proponents? Good afternoon. [LB407]

JOHN HANSEN: (Exhibit 4) Mr. Chairman, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union, also their lobbyist. I thought, first, since we haven't really had a chance to talk about these issues before this committee this session, I would give you guys a bit of a care package of those kinds of handouts that I use generally for public officials and the public at large and other folks who are considering wind issues or just helpful. The first map is the map which explains why it is we're talking about this topic, is if you look at where the wind resources are in the country, it is that corridor from North Dakota to Texas. And Nebraska, as states go, we have the third best wind resources in the country, so we obviously have a vested interest in trying to figure out how we harvest this renewable energy value-added opportunity. The next handout is the U.S. wind power capacity installations by state. So for me, this is...I enjoy this map. Just several years ago, we were at 459 and we're going to be at about 1,280 before long. So...but it tells you how we're stacking up in the neighborhood, so you kind of compare that map to the wind resource map. And as states go that have enormous wind resources, we are, as my former guidance instructor in high school used to indicate that I was somewhat of an underachiever and that I have an enormous amount of upside potential but wasn't exactly hitting the mark. So you look at how we stack up relative to our potential, which is a good way to look at it frankly, we're not quite there. On the back of that sheet is the wind development in Nebraska, which I have stole from the Nebraska Public Power District as we update this data every year for our wind

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conference and as we do an update at that conference. So you can see kind of the history going all the way back to '98 and where we're at. We have made enormous strides the last three years. Well, all told and a little over a three-year period, developed 821 megawatts of wind. So that kind of is a good status report on where we're at. The next is the AWEA handout relative to Nebraska wind energy in Nebraska, which is very handy also. It has some statistics and some data in there that is helpful to put things into perspective. And the last is just my cheat sheet that I developed for me as I was talking about this whole area of policy is that I am not an electrician and so you're constantly looking at all of these technical terms and getting asked these questions. I just find it's a helpful guide. So I hope that that information is helpful to you. As I looked at LB407, depending on what we do with the green copy, I can make a compelling case for being either for, against, or neutral on this bill. And so I'm going to bet on the come as a part of the group that's been sitting at the table trying to work out compromises. Whether it was LB629 in the beginning in 2007 or whether it was LB1048 in 2010, there's always been a good working group of stakeholders and public power and the private sector trying to come together in order to be able to compromise and make things work in a good fashion. And I see the potential in LB407. There's the right of first refusal for us has to go in that bill for us to stay on the bill. But the other areas that are in contention I believe are coming together and I think that they are workable. There's been a lot of work done already. There's been a lot of progress made. I hope that that progress continues because I think based on the track record, when you look at how much wind we've exported, I think it was a compelling case to be made that we are a underachiever inasmuch that we haven't exported any wind yet and yet we have world-class wind. So I want to make sure that the process is clear to the developers and I also want to make sure that it absolutely, positively, without question protects the integrity of the public power system. And so those are our goals and I think that we're getting there. And so based on my expectations of continued progress in the negotiations, we're going to testify in favor of LB407 today. And I'll be glad to end my testimony and answer any questions if I could. [LB407]

SENATOR SCHILZ: Thank you, Mr. Hansen. Any questions? Senator McCollister. [LB407]

SENATOR MCCOLLISTER: Thank you, Mr. Chairman. John, can...Mr. Hansen, can you expand on your objection to that right of first refusal, that issue? [LB407]

JOHN HANSEN: It's tempered by my experience of having served as president of the Nebraska Farmers Union for 25 years. And so as you know, if you think about it, there's an awful lot of landowners that would like to have a wind turbine on their property to get the additional revenue. There's not very many landowners who volunteer or think it's a good idea to have transmission going through their property. So we're long on the hope for transmission, short on the hope for power transmission poles. So as states go, when I compare our experience in Nebraska to my counterparts' experience in National Farmers Union from around the country and the issues that they have with private sector utilities and landowners, for the most part I would say in Nebraska

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we have lived a charmed life, that the amount of unhappiness with landowners has been relatively small and I think it's one of the things that our public-owned public power system does well. They've got a good process down. They're sensitive to landowners. And the inherent conflicts that go on between the use I think are minimized and I think they do such a good job that I think that if you want wind, you have to at least like transmission and I think that they're the best way to do transmission, in my opinion, over the long haul. [LB407]

SENATOR McCOLLISTER: The public utilities? [LB407]

JOHN HANSEN: Yes. [LB407]

SENATOR McCOLLISTER: I see. [LB407]

JOHN HANSEN: I prefer them as the preferred builder because I think they do an excellent job of working with the public as a whole. [LB407]

SENATOR McCOLLISTER: Okay. Thank you, Mr. Hansen. Thanks, Mr. Chairman. [LB407]

SENATOR SCHILZ: Thanks, Senator McCollister. Senator Schnoor. [LB407]

SENATOR SCHNOOR: John, you talked about the farmer that will...you know, he likes that income off the...I guess renting his property out to put that turbine up. You know, farmers generally overall, we're pretty conservative but yet we know we have to take a lot of risk to...every time we plant a crop or every time you buy a load of cattle, it's a huge amount of risk. So I guess my question to you and I don't know if you can answer this or not, but why...if this is always such a great deal, how come no farmers have ever invested in wind energy itself? [LB407]

JOHN HANSEN: Well, Senator, we've got the C-BED structure which allows folks to do that, and we've got two or three smaller projects that are at various stages of completion right now with a certain amount of local ownership. And we have...I've been a part of a project that was 100 percent landowner owned where we went together, hired a developer, and went forth with a project. [LB407]

SENATOR SCHNOOR: Okay. Because I never...I always hear about how wind energy is so great, but I never hear of people investing in it. I never hear of landowners investing in it. That is never something that is publicized. [LB407]

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JOHN HANSEN: There's also a project east of you over in Burt County that is trying to find a buyer that is all landowner driven. So it is a...one of the development models. You know, you can have private sector development. You can have public power ownership. You can have C-BED in Nebraska. So you've got different kinds of models to pick from as long as you play by the rules. And so, personally, that's the model that I prefer, but I think in a lot of cases because of the risk and because of all of the rest of the work and effort that goes into doing a project, it's just easier for a landowner to take an easement payment than it is to go through the whole process of having to round up a whole bunch of your neighbors and getting everybody in the same page going the same direction doing the same general things and putting your money up. I mean, that's a...it's a cooperative...it's a kind of cooperative model if you look at the C-BED model that harnesses a lot of the cooperative principles. And so my organization is a little more familiar with that and comfortable with that. [LB407]

SENATOR SCHNOOR: Okay. [LB407]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you for your testimony. Appreciate it. [LB407]

JOHN HANSEN: Thank you very much. [LB407]

SENATOR SCHILZ: Further proponents. Good afternoon. [LB407]

DEREK SUNDERMAN: (Exhibits 5 and 6) Good afternoon. Good afternoon, Chairman Schilz and members of the committee. Thank you for this opportunity to speak this afternoon regarding LB407. My name is Derek Sunderman, that's D-e-r-e-k S-u-n-d-e-r-m-a-n. I am director of business development at Tradewind Energy. Tradewind is a utility-scale wind development company out of Kansas City. We are developing projects in approximately 18 states and we have fully constructed and contracted a thousand megawatts of wind projects in those states and we have contracted another 1,200 megawatts just in the past year that are about to commence construction or have started construction. Tradewind has invested significant resources in Nebraska since 2008 as part of our 300 megawatt Rattlesnake Creek project in Dixon County. We've expended thousands of man hours to perform the Greenfield development and acquire access to the transmission grid and to market the project to utilities both in and out of the state. Two issues have proven to be impediments towards the construction of our project, and those have competitive price relative to neighboring states and regulatory process. The issue of competitive price was partially addressed as part of the Nebraska Advantage Act. It's made to that in 2013. But the regulatory burdens are still an issue and still a reality. Nebraska's wind-for-export certification process was established in 2010 under LB1048. Unfortunately, that process also created some challenges for development that are not used or employed in any other

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neighboring state. As a representative of the company that has contracted over 1,500 megawatts of resources since Nebraska passed its wind-for-export legislation, we find that there are portions of the legislation that need to be eliminated and as are proposed in LB407. We're pleased that LB407 eliminates one of the largest impediments for the wind-for-export certification process, and that is the stranded asset test. This test as its core has fostered a barrier for wind exports within Nebraska. The test originally sought to protect public power from unfavorable economic results resulting from legislative action and changes in the market. However, Nebraska's public power districts now belong to the Southwest Power Pool regional transmission organization, which as of March 1, 2014, implemented a fully-integrated marketplace. This means that all the generation resources throughout SPP's footprint are now dispatched using SPP's regional-based market algorithm. Public power no longer dispatches their own facilities to meet their own load obligations, rather SPP does that through this dispatch signal. Essentially, public power has placed their entire generation fleet into a resource mix that includes about 9,000 megawatts of wind resources now that exist in Kansas, Texas, and Oklahoma. That is expected to expand to 12,000 megawatts by the end of next year and with the joining of WAPA and Basin Electric, it will also include wind resources in North Dakota, South Dakota, and Iowa. Essentially, there's no reason to believe that public power will now experience additional economic risks based upon in-state wind farm development when you're in the resource stack with 12,000 megawatts of additional wind resources that are in there. LB407 appropriately recognizes that retaining the stranded asset provision is no longer necessary. We support LB407 because it also eliminates other impediments, such as the 10 percent requirement to sell in-state, the 90 percent requirement to move the power out of state, and the ten-year PPA minimum term requirement. I know that my time is running short here and I really had one additional example, a specific example to give, and maybe I can provide that during questioning. I do want to say that I understand that these are complex issues. We would welcome the opportunity to meet with...to meet and discuss these issues in greater detail. We're not suggesting that oversight is inappropriate. What we are suggesting is that there are other ways for the state to oversee wind development process that will yield the same results with least cost...less cost and time expended by all the parties involved. And we believe that these changes can lead to greater wind development and investment in the state. Thank you. [LB407]

SENATOR SCHILZ: Thank you, sir. Any questions? Okay. I'll bite. What's the other one? (Laughter) [LB407]

DEREK SUNDERMAN: Yes, sir. One of the items that we have seen as a major roadblock within the past two years is that the current statute requires that we enter into both a generation interconnection agreement and a joint transmission development agreement with the transmission owner. However, because of that, public power has started the recent practice of inserting a Power Review Board approval inside the milestone requirements of that interconnection agreement. What that means for us to connect to the transmission system, we

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have to meet each of these specific milestones. Usually they're multimillion dollar payments and the ordering of special equipment and stuff like that so that you can meet timelines. But in the case of Nebraska, we now have a specific line item that says PRB approval and it's not conditional approval. It is final approval that is required. Therefore, we are in a chicken-and-egg situation where we have to have a PPA in place in order to get final approval in order that we can progress through our interconnection agreement. If we don't progress through our interconnection agreement, we have an 18-month window with the Southwest Power Pool under their suspension provisions. When that 18 months is up, everything we have goes away. If we don't have a PPA, every dollar we have invested in our interconnection agreement is wasted and we have to start over, and that's usually in the millions. It's also a two-year lag which means we have to get back in the queue behind everybody else who has an interconnection request until we are studied. So that now creates a time lag as well. We do not have that situation in any other state, and as long as that situation exists, I can tell you there won't be...once the developers realize this is in their agreements, their interconnection agreements, they won't spend another dollar here in this state until there is a way to get around that provision. [LB407]

SENATOR SCHILZ: Thank you. Any questions? Senator McCollister. [LB407]

SENATOR MCCOLLISTER: Thank you, Mr. Chairman. I presume you don't have those obstacles in other states? [LB407]

DEREK SUNDERMAN: No, sir. There are no line items in any of our other interconnection agreements. So that means that we have a much longer time frame after we've acquired our interconnection to now go out and market the project to utilities, whether in-state or out of state. And so we can then bring that PPA to the process and get through it without having that pinch point in the middle of the development process. [LB407]

SENATOR MCCOLLISTER: Senator Haar talked about current negotiations with the power companies. Is that particular provision currently being negotiated with those parties? [LB407]

DEREK SUNDERMAN: I do not know. I was not part of that meeting this morning, so I apologize. I was in another meeting. [LB407]

SENATOR MCCOLLISTER: Okay. Thank you, sir. Thanks, Mr. Chairman. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Any further questions? Seeing none I guess, thank you very much for your testimony. [LB407]

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DEREK SUNDERMAN: Thank you. [LB407]

SENATOR SCHILZ: Appreciate it. Further proponents? Good afternoon. [LB407]

JOHNATHAN HLADIK: (Exhibit 7) Good afternoon to you, Commissioner Schilz and the rest of the Natural Resources Committee. My name is Johnathan Hladik, that's J-o-h-n-a-t-h-a-n, Hladik, H-l-a-d-i-k, on behalf of the Center for Rural Affairs. And I wanted to quickly respond to Senator Schnoor's comments with regard to C-BED developments. In a lot of other states, this goes fairly well. Minnesota, for example, has between 25 and 30 C-BED developments, the vast majority of which include a lot of farmer capital and a lot of farmer investment. And it's good for the small business owners and communities, etcetera. Iowa has some great examples. Kansas has some good examples. I think Wisconsin has some examples on the book. In other states it goes well. I think at the end of the day, a lot of it comes back to state-based incentives and recognizing what the barriers are and making sure here in Nebraska we have a C-BED bill that helps us overcome those. In last session we talked about that a little bit and in other cases we have too. As any farmer would recognize, you included...there's a lot of big capital costs associated with C-BED projects and wind energy projects, and maybe they face some barriers that our wind energy developers do not necessarily face to get to that point. To the issue on the table here, we believe that streamlining the Power Review Board's process for approving certified renewable energy facilities is a positive step toward removing regulatory barriers and encouraging future renewable energy development in Nebraska. Right now we are the only state in the region that requires wind developers to acquire special regulatory approval to sell power on the wholesale market or to export the energy they generate. And this unique requirements, along with the lack of incentives we have relative to other states, make the climate for future renewable energy developments less favorable obviously here than in neighboring states in the region. And for the Center for Rural Affairs, our primary interest in a lot of ways is the economic development potential wind energy brings to the rural communities that we work closely with. To remind you of some statistics, it'll echo what some have said earlier today, but this development has an important role to play in bringing new opportunities to these small towns. Approximately 1,000 megawatts of additional wind development provides over 7,000 full-time equivalent years of employment, plus an additional 3,000 for potential build out of associated transmission infrastructure. And, additionally, each 1,000 megawatts of wind development generates a nameplate capacity tax of up to \$3.5 million in property taxes, of \$1.4 million for the rural region in which it's built, which is important to us of course too. Including up to \$8,000 paid to each participating landowner, this development can stimulate up to \$1.1 billion of economic activity in the state. And to some of Senator McCollister's questions from earlier today, numbers provided by the Southwest Power Pool show that similar investment in wind energy throughout the eight-state region actually saved consumers in Nebraska and surrounding states more than \$1.2 billion in 2013 alone. To some specific comments with respect to the legislation--and I know there is some work done being on those and some of what we'll say here today recognizes

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that work--we're in agreement with the proposed changes to Section 1(2). We think recent changes in the way electricity is produced and bought and sold make it difficult for any nonutility energy developer to commit to these terms. Removing these requirements heightens the possibility of more opportunistic renewable energy developments and this allows developers to better respond to current and real time market trends, opening up opportunities for facilities that may seek to retain the option of selling power for use on the Southwest Power Pool integrated marketplace that we've talked about a lot today. Likewise, we would welcome amendments to Section 2(2)(a) which would remove language requiring developers seeking CREF status to have evidence of intent to negotiate a power purchase agreement with customers outside the state. We feel this changes removes an unnecessary layer of regulation that gains little for Nebraska while giving the appearance that CREF approval is overly difficult. One more note. Although the proposed bill does succeed in removing problematic language, there's still potential I think to go further. The requirement in Section 2(c)(i), that applicant show facilities would have no materially detrimental effect on the rates of any Nebraskan we feel should be refined or removed. Obviously, low rates are very important to us but demanding that applicants demonstrate no direct or indirect effect on ratepayers or on the market value of other energy-generating facilities in the state is a very cumbersome exercise that ignores the economic benefits of renewable energy development in Nebraska and the benefits of cheap renewable energy development entering the wholesale market. We feel like making changes to this provision would help to further limit the burden placed on developers of export facilities in Nebraska. And with that, I'd be happy to answer any questions. [LB407]

SENATOR SCHILZ: Thank you, sir. Any questions? Seeing none, thank you for your testimony. Appreciate it. Further proponents. Any other proponents? Seeing none, any opponents? Mr. McClure, welcome. [LB407]

JOHN McCLURE: Thank you, Chairman Schilz, members of the committee. My name is John McClure, J-o-h-n M-c-C-l-u-r-e. I'm vice president and general counsel for Nebraska Public Power District. I'm here today testifying on behalf of the Nebraska Power Association in opposition to LB407. The Nebraska Power Association is a voluntary association of Nebraska's consumer-owned utilities comprised of municipal electric systems, public power districts, and electric cooperatives. As has been indicated by previous witnesses, LB1048 was an initiative five years ago, worked on by the public power community, worked on by private wind developers and others to come up with a statutory regime facilitating wind for export. Unfortunately for the wind developers, it has not resulted in any projects being...coming to fruition in the state, however, whether it's that legislation or something else I think remains to be seen. The four major aspects of LB407 that are being proposed would include removal of the PPA requirement and I find it a bit ironic. We've heard from some developers they want certainty and their lenders need to know that this is a viable project and yet we're told that having someone who's saying they're going to purchase it is not something that adds to that certainty or viability. There are provisions that

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would remove, as drafted, concerns about the stranded asset impacts in Nebraska, and we have trouble with removing those which are put in place to protect Nebraska's electric consumers. There was an option in the current law to purchase up to 10 percent for Nebraska ratepayers. They want that removed and they also want the right of first refusal for transmission development to be repealed. Again, that is in the bill. Now let me move to where we are today. As Senator Haar indicated, he has been facilitating discussions with the parties and we appreciate his initiative. We've had three good meetings and we've had...in his office as he indicated, and conceptually we seem to be coming together. We have had very good discussions. Now we're at the point of writing language. And there are several things I've heard today that I do want to respond to in the testimony. With the Brattle report, it's an excellent study and I know this committee has spent a lot of time looking at that report. There's some key things I want to point out, however. The RFP that went out assumed what would it take if we had 5,000 to 10,000 megawatts. It didn't say that's a good number. It just said let's assume that and that's fine. That's a lot different than saying that's what we need to do. But based on those assumptions, the report moved forward. One of the things the report found was that if you look at the SPP footprint, wholesale prices are lower in Nebraska than they are at the south end of the footprint by \$5 to \$10 a megawatt hour. That probably has been a significant factor in where people want to build wind and wind-for-export projects. What are the changes since LB1048, because there have been changes? And there may be some improvements we can make in this that benefit everybody. But at the end of the day, we have to think about the electric consumers in Nebraska, making sure they are properly protected and it is the Legislature, this committee, and the Legislature that will decide what's the right balance between the benefits and the risks for the electric consumers in the state and for the private developers. And I've heard some things today that just don't sound quite right to me. For example, risk hasn't gone away because we have an open market. It's actually increased because today there are price points at every generational point in the market. And if you add more wind, you create congestion on the transmission. That is the real challenge for wind development. Is there adequate transmission? And one of the things that we want to make sure in a compromise bill is that it's clear there's the capacity to, in fact, export this out of the state. It will still have a price impact in Nebraska, but we don't want it further congesting and impacting the ability of us, as Nebraska utilities, to sell our surpluses. With that, I'd be happy to answer questions. [LB407]

SENATOR SCHILZ: Thank you, sir. And if you've got a couple more points that you'd like to point out, you can go ahead and do that. Just don't... [LB407]

JOHN McCLURE: That's fine. I'm not sure where I was going next, (laughter) so I'll let you guide me. [LB407]

SENATOR SCHILZ: Thank you, sir. Senator McCollister. [LB407]

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SENATOR McCOLLISTER: Thank you, Mr. Chairman. What obligation to our public utilities have to provide transmission capacity to these folks when they want to provide...when they want to put some of the wind energy on-line? [LB407]

JOHN McCLURE: There is an obligation to help connect these to the system. It's incumbent upon...when someone's developing a project, they have to pay to connect that wind project to the transmission network. That's their obligation. Then the next question becomes, and, again, that's one of the issues. I can decide as a wind project to simply tie to the network wherever I can tie in and just dump my energy. I mean, that would be a...you couldn't do that in Nebraska today. You'd have to export it. But theoretically you're still impacting the price. If you want to deliver it to a customer somewhere else, then a transmission has to...transmission study has to be done and a determination what upgrades are required, if any, to deliver that energy from this generator to that load somewhere else in another state if it is, and then there's a process for how those costs are addressed for that transmission upgrade. I would like to respond to one point that was made earlier I believe by the gentleman from TradeWinds. He made it sound like public power and the Nebraska utilities were somehow imposing requirements that were onerous and needed to be taken out. The requirements he's talking about are requirements of the Southwest Power Pool, not Nebraska's public power utilities, not of LB1048. [LB407]

SENATOR McCOLLISTER: Yeah. Back to these transmission issues. I can understand why the utility has to be a party of that agreement. It's not just having capacity, is it? Don't you have to somehow figure out the routing and figure out capacity down through your load system? [LB407]

JOHN McCLURE: Well, there's a network out there and it's a dynamic system. It depends on what lines are in and out of service. Where are the loads? We can have very low load periods where we have significant congestion because, let's say, it's a low load period, it's fairly mild temperatures, but it's very windy. All that wind generation in the region will come on. And what do we have to do then? We have to back down our thermal units, which are...might be base loaded in those conditions. So you're constantly adjusting your system to make sure that there's a perfect match between the amount of electricity being generated and the amount of demand for that electricity plus some reserves that are in there for reliability purposes. [LB407]

SENATOR McCOLLISTER: Wow. [LB407]

JOHN McCLURE: And that is all...in the past, LES had its own balancing area, OPPD had its own balancing area, NPPD had its own balancing area. And within our control areas, we were deciding how to constantly balance our generation with the load. One of the big changes in this integrated market that started almost a year ago is now the SPP is doing that for the region, and

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that has some advantages. It gets some of the most efficient generation out but we still have congestion and it results in local challenges many times. [LB407]

SENATOR McCOLLISTER: Thank you, Mr. McClure. Thank you, Mr. Chairman. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Friesen. [LB407]

SENATOR FRIESEN: Thank you, Senator Schilz. When we're talking about, we keep mentioning that this is going to be for export market, but when I look at we're already a surplus power state so we're going to export more power out into that area because obviously we've been selling power into the market and that's where sometimes NPPD, I think, makes some money in order to hold down rates whenever they find that high-rate market. So by pouring more power into there, we're obviously going to lower that market. So it impacts our rates no matter how we deal with it, wouldn't you say? [LB407]

JOHN McCLURE: Absolutely. All the generators in Nebraska are surplus right now, and as someone pointed out, the SPP footprint has about a 46,000 megawatt peak and it has about 77,000 megawatts of generation. And as the Brattle report said, it's saturated in the region now. I think one of the opportunities, long term, is not so much in the SPP footprint but beyond SPP where we may be exporting power if the right transmission could be put in place. [LB407]

SENATOR FRIESEN: So do you export power now outside of the SPP? [LB407]

JOHN McCLURE: Very little because there's...you just can't get across the system. To the west, we're in a completely separate interconnect and there's very limited transfer capability to move from the eastern grid to the western grid. To move further east through MISO, again, very challenging. The amount of transmission ties between SPP and MISO, which is to the west of us, are extremely limited. [LB407]

SENATOR FRIESEN: Okay. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Friesen. Any other questions? Senator Schnoor. [LB407]

SENATOR SCHNOOR: Senator Friesen brought up, in the state of Nebraska we produce more power than we consume. And I don't know if this was asked or if it's ever been brought up in other discussions, but within the entire Southwest Power Pool, is there more power produced...I

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mean, obviously there would have to be I would think, more power produced than consumed? So then where's...I'll let you answer that question first. [LB407]

JOHN McCLURE: Again, the Southwest Power Pool is long on generation. So we have more...we can produce more energy than we need in most conditions. And so, yes, some is moving out of the Southwest Power Pool, and then power is moving around in the Southwest Power Pool. Last year when they had the polar vortex and the east was incredibly cold, it was the Southwest Power Pool was helping move electricity into the east to help support the electric grid. [LB407]

SENATOR SCHNOOR: So then if more power is currently being produced than consumed within our power pool and it is extremely difficult to sell energy through the interconnect, then what are we...what happens with all this excess energy that's supposedly going to get produced? [LB407]

JOHN McCLURE: Well, again, there has to be the physics of the electric grid require you to always have a balance. You have to...it's the ultimate just-in-time industry. We have to produce the amount of generation that matches up with what the load is, plus we carry some reserves. So there always has to be that balance. And so what happens is let's say at night when loads come down, and let's say the wind comes up, the wind gets dispatched first because it's low-energy cost. So we'll back down thermal units and it really makes them less efficient when we do that. We have to back them down to keep things balanced. [LB407]

SENATOR SCHNOOR: Because them coal plants, they still have to stay...I guess let's say running at an idle speed. You just can't turn them off. Is that right? [LB407]

JOHN McCLURE: Well, you can take it off or you may end up with a negative price because the market is sending you a signal to back that off and they'll send you a negative price and you'll get paid negative out of this market for part of your generation. Price can actually go negative. And that's a strong incentive to back down or go off line if you have to. It's not a good experience if you're the generator. It's great if you're buying some from that unit. [LB407]

SENATOR SCHNOOR: Okay. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you for your testimony. Appreciate it. [LB407]

JOHN McCLURE: Thank you. [LB407]

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SENATOR SCHILZ: Further opposition. Welcome back. [LB407]

SHELLEY SAHLING-ZART: Thank you. Good afternoon, again. For the record, my name is Shelley Sahling-Zart, S-h-e-l-l-e-y S-a-h-l-i-n-g-Z-a-r-t, vice president and general counsel for Lincoln Electric System, the municipal electric utility still here in the city of Lincoln. And we are here today to also testify in opposition to LB407. But I'm going to start by saying that we greatly appreciate the effort of Senator Haar to pull the developers and public power and other interests together over the last couple of weeks. We have had several long meetings and we are pretty close conceptually. It's a matter of putting some words together and I appreciate his efforts to try to reach a compromise on that. What I wanted to address was the green copy of the bill and simply explain a little bit why we're looking at compromise, why there's things in there that we're concerned about. You've heard from the developers. You know, the big one for Lincoln Electric System I would tell you is their repeal of the right of first refusal, which is a tricky part you don't readily notice in the bill. It is Section 4 of the bill which simply says there's a section of statute that's outright repealed. That's the right of first refusal. It's language that we put in place just two years ago, and we didn't hear a lot of the concerns about the right of first refusal then. So I don't...it was not addressed in the Brattle Group report. To me, it's completely unrelated to wind for export and we'd like to see the repeal of that come out of the bill at a minimum. And we're talking about that. The other thing I'd like to note is when, you know, John was on the working group for LB1048, so was I. We spent a long time working with Laurie. There are others that have testified today that were part of that process, and we never put that bill together intending to put hurdles or barriers in place. I just want everybody to be clear about that. That wasn't the intention. We were trying to facilitate wind for export. And if we have discovered that that hasn't quite worked out the way that we intended, then, yeah, that's why we're at the table trying to figure out how we tweak that to make that work better. By the same token, public power is here to protect our public customers, and we have assets across the state that our customers have invested in and are still paying for that we want to make sure are not stranded in this process and that our customers don't end up paying more for those assets or having those costs stranded. So that's really where our interest is and that's what we're trying to protect from our standpoint. At the same time, we're trying to help facilitate the developers' need and desire to export the wind and increase wind development in Nebraska. We recognize that there are good wind resources in Nebraska, but we want to get those developed in the right way that accomplishes the objectives of both entities. So that's why we're working on a compromise. So I'm not sure that SPP alone means that stranded assets won't exist. I think that's still a concern and we're simply trying to work out some language to make sure that we protect that moving forward. There's been discussion that this applies to other resources as well. You know, solar was mentioned. It's my opportunity to also note that we made an...LES made an announcement in December we're going to be implementing a 5 megawatt solar project just on the west side of town. It will be right along the interstate. It will be very visible. Five megawatts of solar is a lot of solar. It will be a great number of solar panels, and we're very excited about that. It'll be the

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largest implementation in the state to date and we're anxious to get some experience with that and see how that works. The other thing I'd note to you that some of the concepts you've heard about today, you had the briefing on SPP a couple of weeks ago. I hope that was helpful. Senator Haar, if he hasn't already, I think is going to be inviting you to another workshop we're going to do on March 23rd, which is an LES workshop designed...I'll wrap that up real quick, which is designed to walk you through the wind RFP analysis that we did this last fall. We had 15 responses, 15 vendors responded representing 105 different proposals, unique proposals. And the workshop is intended to walk you through the various criteria that we evaluate to get down to that final selection because it is not a price-only determination. So hopefully you'll be able to attend that. It's going to be over the noon hour across the street. But I think that will help you also understand some of the concepts that have been discussed here as well. With that, I'm going to wrap it up and I would take any questions. [LB407]

SENATOR SCHILZ: Thank you, ma'am. Any questions? You know, Shelley, I was just sitting here thinking and, you know, you talk about the development and the stranded asset question. And, yes, we can protect what's going on here in Nebraska, but do you not run into the same problem? And here's what I'm trying to say, if there's still development going on outside of Nebraska, doesn't that potentially, because of the way Southwest Power Pool is set up now and the marketing, doesn't it potentially do the same thing? [LB407]

SHELLEY SAHLING-ZART: The answer is yes. I mean, does development in Kansas and Oklahoma compete with our generation here? Yeah. Does it compete more when it's being dropped into the pricing nodes, those...if you remember the SPP briefing, the locational marginal pricing nodes in Nebraska, when you enter that wind into those pricing nodes, it impacts the price here which is also where the other generation in Nebraska is trying to sell into the market. So while it all competes, it does have an impact when it's competing directly at the same pricing node. Does that make sense? [LB407]

SENATOR SCHILZ: It does. I understand that, yeah. Okay. And then the other side of that is as we sit here and that's going on everywhere else, is it better...and I have no idea on this analysis, is it better to not have the development going on and keeping our rates as low as we can while still having to compete with that or do we take the development, take the tax dollars, take the investment that's going on, and say, okay, what does that do overall even if we consider our rates? And that's more of a...I'm just asking because I don't know how to... [LB407]

SHELLEY SAHLING-ZART: Yeah, I don't think it's better or worse. I think what we're really trying to find is what's the right balance. [LB407]

SENATOR SCHILZ: Okay. [LB407]

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SHELLEY SAHLING-ZART: And, you know, so some of the thinking is, is that the PPA sort of provides that balance, the power purchase agreement, because you know it's being delivered somewhere as opposed to, I'll be honest, our concern is if you develop a thousand megawatts of wind and simply just dump it into the market without a customer, that's a different kind of competitive force I guess. So...and, frankly, the power purchase agreement might provide that certainty the developers want. Those are some of the concepts that we're talking about. And it's probably what's a balance because we greatly appreciate the need to develop the good wind resource that we have here. So what's the balance that we do that without overly impacting the rates that we currently have? [LB407]

SENATOR SCHILZ: Very good. Very helpful. Thank you very much. Any other questions? Seeing none, thank you for your testimony. [LB407]

SHELLEY SAHLING-ZART: Thank you. [LB407]

SENATOR SCHILZ: Further opposition? Good afternoon. [LB407]

SARA MACKLIN: Hi. My name is Sara Macklin, S-a-r-a M-a-c-k-l-i-n, and I appreciate the opportunity to testify in opposition of LB407. I'm here today because I'm fundamentally opposed to any legislation that would deregulate or incentivize wind development in Nebraska. I see the hurdles that Senator Haar, Mr. Levy, and others, and proponents saw as hurdles, I see them as safeguards for Nebraskans. And I hope that this committee will see fit to keep them in current legislation. Seven months ago, we found out that an out-of-state developer was planning to build a massive wind farm around our home. In those past seven months, I've learned more about the wind industry than I have ever wanted to. Through countless hours of research I have committed to this subject matter, I've come to know that more wind development in Nebraska does not necessarily make more sense. As we've heard from other opponents, economically, environmentally, and socially just may not make sense for Nebraska. I'm here to represent my neighbors and other Nebraskans who do not wish to live within the shadows of wind turbines. My husband and I choose to live in rural Webster County where my family has called home for six generations. We met, were married, and lived in Lincoln before starting a family and deciding to relocate to Blue Hill so that we could raise our children in the country near family. Ten years ago, we were fortunate to be able to select a piece of ground contained in my family's farm on which to build a home. It boasts an amazing view and features some of the most beautiful sunsets in the world. Our picture window looks onto the very same divide that Willa Cather wrote about in My Antonia and O Pioneers!. We have been blessed with five daughters. We are proud to be raising them in rural Nebraska which affords them unique opportunities that our family values. Those values are being threatened by bills such as LB407 that would make it easier for a developer to build the Cottonwood wind project. NextEra Energy Resources

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proposes to build 14 wind turbines within one mile of our home, 8 turbines within one-half mile, the closest being 1,420 feet from our front door. Obviously, we have great concern about how this would impact our life. If built, we would be sad about our ruined view shed, but most importantly genuinely concerned about our family's safety and well-being. NextEra estimates that our home would be subjected to nearly 50 decibels of noise which would undoubtedly impact our quality of life. The shadow flicker that our home would incur would be annoying to say the least. The health effects that I have spent a great deal of time researching concern me tremendously. Being a mom to young children that include one-year twins, the sleep disturbance that proximity to wind turbines causes is especially troubling. We are troubled about the potential for the decrease in property value that my husband and I have worked so hard in building. We wonder about the geese and cranes that routinely stop at the pond behind our house, if they will continue to do so with rotating blades that will take up several hundred acres of the sky. We pray that by ignoring recommendations to not build a wind farm within 11 miles of NEXRAD that the negative impacts that these turbines would have on weather radar won't put our family in harm's way due to the National Weather Service's decreased ability to predict severe weather. One cannot fully appreciate the full impact that wind development has on our state unless you understand and appreciate the effect that wind turbines have on the people who live around them. Please know that I am not alone in my concerns. I represent a group of neighbors who are like minded in my sentiments. This proposed wind farm would negatively affect the way of life for disproportionately more nonparticipant residents than those who actually signed up for the turbines. On behalf of those citizens, I urge you to not advance this bill out of committee. Please help protect Nebraskans from the ill effects of wind energy. [LB407]

SENATOR SCHILZ: Thank you, ma'am. Any questions? Senator Kolowski. [LB407]

SENATOR KOLOWSKI: Thank you, sir. Ms. Macklin, thank you for your testimony today. It's good to have you here and to hear your story as well. You mention that you and your husband built on an extension of your family land. You have those turbines that are close to you. Are those on your family land as well or additional neighbor's lands? [LB407]

SARA MACKLIN: Both. There are two turbines on the half section in which we reside that my 86-year-old grandmother deeply regrets signing up into this program eight years ago. So I would say a little bit of both because two of them are directly, you know, with my family but the vast majority of them are not. [LB407]

SENATOR KOLOWSKI: But there was family choice in that? [LB407]

SARA MACKLIN: Correct. [LB407]

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SENATOR KOLOWSKI: Thank you so much. [LB407]

SENATOR SCHILZ: Thank you, Senator Kolowski. Senator Schnoor. [LB407]

SENATOR SCHNOOR: Thank you. Thank you, Sara. Thanks for coming and taking the time. You said something and I'm not sure if I heard this correct, you said shadow flicker. What is that? [LB407]

SARA MACKLIN: Shadow flicker is the result of the turbine blade that is between our home and the sun. If the angle of the earth and the sun is correct, you know, just at the right point, then those shadows would be basically projected into our home through any window that would be in line of that shadow. [LB407]

SENATOR SCHNOOR: Okay. All right. That's...I had never heard of that before, so thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Schnoor. Senator McCollister. [LB407]

SENATOR MCCOLLISTER: Thank you, Mr. Chairman, and thank you for appearing. So the turbines are already built that you... [LB407]

SARA MACKLIN: No. This is a proposed project that NextEra Energy Resources is in the process of trying to get through the county, Nebraska Power Review Board. We suspect that they would benefit from the decreased regulatory burden that this bill would create so that they would be able to export that wind because obviously as we've heard today, there is really no further need for that wind within the state of Nebraska. [LB407]

SENATOR MCCOLLISTER: But you do have two turbines that are within eyesight now? [LB407]

SARA MACKLIN: There are no turbines built at this point. At this point, this is a proposed project that we learned about in September. Right now, it's...all...you know, they're trying to, you know, get through all these regulations and find a buyer to build this. So this has not been built, but we've seen the maps of where the turbines would be around our home. [LB407]

SENATOR MCCOLLISTER: Okay. But your mother signed an agreement, what, eight years ago but those have not been... [LB407]

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SARA MACKLIN: Those have not been built. [LB407]

SENATOR McCOLLISTER: I see. [LB407]

SARA MACKLIN: They're part of this proposed project. [LB407]

SENATOR McCOLLISTER: Thank you very much. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Schnoor. [LB407]

SENATOR SCHNOOR: Another question that led me to ask. If your grandmother, is that right? [LB407]

SARA MACKLIN: Um-hum. [LB407]

SENATOR SCHNOOR: She signed that agreement, is there any way for her to get out of that agreement? [LB407]

SARA MACKLIN: That I do not know. I don't...it's a precarious situation because, you know, at the time, you know, she thought it was an okay thing to do. And so it's not something that we as people...you know, that would be directly impacted on it want to impress upon her to change her mind. So it's a...you know, as you can imagine, it's a difficult situation in our family. [LB407]

SENATOR SCHNOOR: Understand. Okay. Thank you, Sara. [LB407]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you very much for your testimony. [LB407]

SARA MACKLIN: Thank you. [LB407]

SENATOR SCHILZ: Appreciate it. Further opposition. Good afternoon. [LB407]

JUDY DAUGHERTY: Good afternoon. My name is Judy Daugherty, J-u-d-y, Daugherty is D-a-u-g-h-e-r-t-y. My story is very similar to Sara's that you just heard. I am testifying against LB407. I am a property owner in the middle of a proposed wind farm in the Hallam area. This wind farm covers Lancaster and Gage County. I have three acres and, like Sara, within a mile

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from my home are 12 proposed 500-foot wind turbines. Now when you hear something like that, you know, you go to the Internet and you start researching. And there are endless stories on the Internet and a lot of information. Unfortunately, there is a lot of disinformation on both sides of the track, so you have to kind of weed through that and try to get to the facts, hard-core facts, and that does take a lot of time. One of these turbines is 800 feet from my home proposal. Now when you read about these turbines, they are industrial machines. They are very dangerous. They can throw blades. They can throw ice. They're prone to being struck by lightning. We live in a rural area where we have a volunteer fire department. They cannot fight fires that are 500 feet in the air, you know, so these fires when they happen tend to be very destructive. The problem with a lot of these wind farms is that they don't have to report a lot of these failures. There are Web sites out there. There are insurance companies that insure these wind farms and they document what they've paid on. They have not...you know, they're not going to pay on a case that did not happen. And when you go to this, you can read what actually happened on the claim. And a lot of times with the fire issues you'll read where they actually burn up like 200 to 300 acres in that fire. So I'm like Sara, I'm very concerned about our safety in our home. You know, is it going to be safe for us to live there within this area of these turbines? I am not against wind power, but we need to place these wind turbines properly. When you get on the Internet and you read where they cluster them together and they put them in a field miles away from people's homes, there are no complaints. They're doing what they're supposed to be doing. When they start plopping them in around people's homes you start seeing lawsuits and complaints, even from people who signed on to be land hosts. There are all kinds of warnings out there they're trying to put out to help other people and it's like why can't we learn from all these other cases and not make the same mistakes here? This bill has that deal in there where they have to have a buyer. Well, if it's a profitable farm, then they should be able to sell that power, in my mind. The only reason that we have been able to start fighting this particular wind farm is because they haven't been able to find a buyer which has given us time to gain, you know, knowledge and try to educate ourselves and to try to fight this and get laws in place to protect homeowners like us. There's just not enough laws in place. And everybody thinks that these wind farms are good and not every wind farm is a good farm and not every developer is a trust...honest developer. This particular developer that we are dealing with has not built a single wind farm in the United States. They get the land leases, and then they get the permits in place, and then they get a buyer, and then they sell it and they're gone. They're almost like brokers. These things change hands all the time, these companies do. And you have to be really careful. What they're promising or what they're telling you with these wind farms is not always the truth. They're like used car salesmen. You know, they'll tell you whatever you want to hear to get you in that car is what I'm coming to the conclusion. We, as people, don't...you know, you don't expect them to lie to you. You know, you expect them to be honest and trustworthy but they're not. There are some apparently that are good but there are some that are not. And the one that we're dealing with doesn't appear to be very honest. There are some cases showing up where these wind farms are being called fraud. [LB407]

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SENATOR SCHILZ: Ma'am, your red light is on. If you could please wrap it up. [LB407]

JUDY DAUGHERTY: Okay. In California, there's a wind farm that a federal judge has ordered to be torn down and returned to its original state because they felt like it was put up in a...to gain the government grants that are given, you know, for them to take. And it wasn't a profitable farm. So...and you get on the Internet and there's a lot of these starting to show up now where these fraud cases are. So we really do need some protection. And I do not want to see that clause taken out where they, you know, don't have to have a buyer because I feel like that's protection for us. One little step that we have. We need more. [LB407]

SENATOR SCHILZ: Thank you, ma'am. Any questions? Senator McCollister. [LB407]

SENATOR McCOLLISTER: Well, thank you for appearing. Thank you, Mr. Chairman. So what I hear you saying if I'm hearing correctly is you like to see some consumer protections embodied in LB407. [LB407]

JUDY DAUGHERTY: Yes. [LB407]

SENATOR McCOLLISTER: And maybe even some ability to make certain that those people don't...the statements they make are accurate. [LB407]

JUDY DAUGHERTY: Yes, yes. [LB407]

SENATOR McCOLLISTER: That might be something that the working committee could work on then. Thank you very much for appearing. [LB407]

JUDY DAUGHERTY: Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Kolowski. [LB407]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Ms. Daugherty, thank you for coming today and for your testimony. I had a couple of questions. I'm assuming that the three acres that you own, nothing is being built on those three acres. But... [LB407]

JUDY DAUGHERTY: No. [LB407]

SENATOR KOLOWSKI: ...it's all around you. [LB407]

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JUDY DAUGHERTY: Right. [LB407]

SENATOR KOLOWSKI: Did your neighbors come to you, whoever the landowner or owners are? Had you had any previous discussion that this might be happening or coming in? [LB407]

JUDY DAUGHERTY: The neighbor north of us that is putting the one that is 800 feet from our home is friends with us. And when he came over, my husband did ask him about the wind turbine, and he refused to talk about it. He actually left. And I have discovered in some of my readings that they do have them sign some gag orders sometimes. And that's the other thing, you know, it's just like if they can't talk about it, then what's so wrong? You know, to me that would be a red flag. If you're not allowed to talk about your turbine that's going up, then what's the problem? You know, there should be... [LB407]

SENATOR KOLOWSKI: So all this is proposed. Nothing has been built yet? [LB407]

JUDY DAUGHERTY: No. It's in the proposal phase. [LB407]

SENATOR KOLOWSKI: Okay. You also mentioned that the developer has not built in the United States. Have they built in foreign countries? [LB407]

JUDY DAUGHERTY: Yes. This builder is from Germany. [LB407]

SENATOR KOLOWSKI: Thank you. And they're fairly well advanced. They've done that much earlier than ourselves. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Kolowski. Any other questions? Senator McCollister. [LB407]

SENATOR MCCOLLISTER: Yeah. You've heard the term green space. Well, what kind of distance should be...you know, if we would require the...any proposed installation to be...to get approval from neighbors in a certain distance, what kind of distance would you like to see? [LB407]

JUDY DAUGHERTY: You know, personally I would...you know, in our areas there's almost a house every acre, I mean, at least a mile, you know, I would think, and then that is a problem because the turbines that have been here before were 300 foot tall. Now we're looking at 500 foot tall ones. They can throw farther and they're bigger, they're noisier. And so these are...they're

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always changing the size and they're...this is a, I don't know, it's a 2 point megawatt turbine. I read where they're working on a 60 megawatt turbine. Well, what is that going to look like? How big is that going to be? You know, so they are constantly advancing the technology on them. But, you know, so you're going to have to...what you put in place now may not work for what's coming in the future, whatever size of turbine they'll be. You know, because once you sign that lease, you know, they can come in and take that down and put in a bigger turbine. [LB407]

SENATOR MCCOLLISTER: Thank you very much. Thank you, Mr. Chairman. [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Schnoor. [LB407]

SENATOR SCHNOOR: Thank you. Judy, you had mentioned about the proposal isn't moving because they can't get the energy sold, which I had asked earlier I think it...I believe it was the gentleman from Invenegy about that, you know, that that clause, so to speak, is proposed to be removed. And do you have any idea why they're unable to sell their energy? [LB407]

JUDY DAUGHERTY: Well, you know, they tried to sell it to LES. I know they were on their list, and LES went with a wind farm in Broken Bow. The one in Broken Bow is in the best wind zone. It's in a...you know, the number one wind zone. This farm, from what we're told, is like on the third down of the list. It's not good wind. It's close to transmission lines, but it's not good wind. And if it's...even though you're close to the transmission lines, it's not going to be a profitable farm if there's no wind. So that really makes you think was this one of those fraud deals? You know, why are they trying to develop in our area if it's not good wind? And that...you know, and these companies aren't going to buy the power from that farm if it's not going to be profitable. To me, that was why LES went with Broken Bow. They're in the number one wind zone. That farm is going to be a lot more profitable than the one in our zone. So, see, in a way that kind of does protect you. If they can't sell the power, why? Maybe because it's not a good farm. [LB407]

SENATOR SCHNOOR: Okay. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Ma'am, just one thing. I want to make sure that I understand this completely because this is something real. If you have knowledge that someone is out there being forced to sign certain agreements or nondisclosures or anything like that and you don't...I don't want you to say anything on the microphone here today. [LB407]

JUDY DAUGHERTY: Right. [LB407]

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SENATOR SCHILZ: But what I would ask you to do is bring that to my office... [LB407]

JUDY DAUGHERTY: Okay. [LB407]

SENATOR SCHILZ: ...and we will look into that as well. Because in the past, we have implemented, we've put in place certain protections for landowners, including what they need to look for in contracts, what they need to be doing and things like that. So we've got some of that stuff there. So if that's going on, I would like to know about that. [LB407]

JUDY DAUGHERTY: That's the only thing we could think of. I mean, why wouldn't he have been willing to talk to us? [LB407]

SENATOR SCHILZ: Okay. I appreciate that. And then the second thing, and this is just for clarification, when you talk about the fraud cases and things like that, you're talking about them getting the production tax credit and things like that, correct? [LB407]

JUDY DAUGHERTY: Right. There's grant...like for 30 percent of the production cost. [LB407]

SENATOR SCHILZ: Yeah. Well, in the state of Nebraska because we have the public power system, folks cannot qualify for those tax credits. [LB407]

JUDY DAUGHERTY: For that. [LB407]

SENATOR SCHILZ: So if there's something else going on out there that we don't understand... [LB407]

JUDY DAUGHERTY: I thought that...what I understood is it'd be a grant, not a tax credit. [LB407]

SENATOR SCHILZ: Yeah, it don't...and we can look into that as well. But thank you very much for your testimony. Very much appreciate it. [LB407]

JUDY DAUGHERTY: Okay. [LB407]

SENATOR SCHILZ: Further opposition? Further opposition? Okay. Trickster. (Laughter) Good afternoon and welcome. [LB407]

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JOEL MACKLIN: Good afternoon and thanks. My name is Joel Macklin. First name Joel, J-o-e-l, last name is Macklin, M-a-c-k-l-i-n. Thank you for your time and for serving on the committee. I'll try to keep this brief and to the point. I'm married to Sara. You heard from her earlier, so you can probably imagine where I'm at on this matter. I'd like to oppose LB407. I'm a lifelong resident of the state of Nebraska. I grew up in rural Cuming County on my family's farm. Now I live in rural Webster County. I work as an engineer and a program manager for an aerospace company in south-central Nebraska. I really enjoy and am proud to be a lifelong resident of Nebraska. But, you know, in looking at LB407, in the simplest terms, I oppose making the changes to help encourage and foster unregulated development of wind. Whether we call them hurdles or safeguards, whatever the term is, but the current safeguards that have been already enacted were intended to help protect the citizens and the residents and the public power, the integrity of the public power system in Nebraska. And from the reading I've done in preparation of this hearing and from what I heard earlier, that meshes pretty well. The intent was there. Now it appears that there's changes to help show that Nebraska is open for business, and that's a term that was used in that Brattle report, relative...open to business relative to wind development from out-of-state entities exporting wind out of the state. But, unfortunately, these changes appear to introduce significant risk to the citizens of Nebraska. If one could simply trust that these corporations that are more frequent than not large, out-of-state corporations developing these wind farms would just do the right thing, respect basic fundamental, you know, boundaries, and develop the wind resource in a responsible manner, these safeguards wouldn't be necessary. Unfortunately from what we've seen, this isn't always the case. Like we had heard earlier, the risk assessment, it's something most of us do on a regular basis whether or not we call it cost benefit or risk assessment, but in looking at the changes, the potential benefit doesn't seem to outweigh the risk. It just doesn't make sense to me I guess. Why are we considering opening the door to the potential for stranded assets? Specifically, it allows...it appears this would allow wind development on the speculation a buyer would be found after it's built. And, you know, my business, you know, I look at products and I say, you know, gosh, it's a great idea. Is there a market for it? And if there's no market for it, don't do it. Spend your time where there is, you know, benefit to be gained. It's not good payback. So the out-of-state developers and operators stand to profit in a significant way while the citizens stand to absorb a lot of the downside risk, and it just doesn't seem to pan out. Just a few of the risks that I've seen, unfortunately experienced firsthand is it doesn't appear that there's much respect for historical landmarks, respecting wildlife in the state of Nebraska, respecting federal government assets, the rights of citizens. And oftentimes what I've seen, and if you ask questions, you'll find a lot of the counties across the state of Nebraska have no or poorly-written wind ordinances. And, unfortunately, what happened in our county, the wind companies helped write the ordinances. So it's no questions, you know, how those are written. So if you think this is an exaggeration, I'd love to talk to you later. I don't have time to go into all the details, but we need to think about the messages LB407 sends. Are we wanting to let the development occur at any cost? Do we need to carefully consider this? I think we do because this wind development is spurred by the PTC and,

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you know, if we're long on generation already, do we really need this? As the next subsidy expiration dates approaches, I think we're going to see more pressure to develop at any cost. And in conclusion, I think we need to ponder also why Nebraska enjoys one of the lowest utility rates in the nation while we're long on generation and hitting renewable energy targets, and I think the answer lies in the fact that we are a public power utility state and we have regulations that have been effective so far in controlling the development of wind power and making sure it's done in a responsible, safe manner that has minimal impact on the citizens of Nebraska. So that's all I've got. But I thank you for your time. [LB407]

SENATOR SCHILZ: Okay. Thank you, Mr. Macklin. Any questions? Seeing none, thank you for your testimony. Appreciate it. [LB407]

JOEL MACKLIN: Thank you. [LB407]

SENATOR SCHILZ: Further opposition? Good afternoon. [LB407]

CURTIS SCHWANINGER: Good afternoon. Thank you for having me here. My name is Curtis Schwaninger, C-u-r-t-i-s S-c-h-w-a-n-i-n-g-e-r, and I'm a retired farmer and I live near Hallam. And there's a wind farm going up right...or a proposed wind farm going up right east of Hallam, near Hallam there. And I have real concerns about that. I agree with everything that these two ladies said about these wind farms that there are a lot of health hazards and a lot of setbacks that need to be accomplished before a wind farm can be placed anywhere. I think a wind farm, if it would have complete agreement with a community, which hasn't happened with that one east of Hallam. Nobody knew about it except the ones that signed up. And I think that was mentioned a little while ago that it was really a private kind of a deal that everybody didn't know about it until all of a sudden it popped on the screen, you know, when they tried to get the ways to put these towers up. And so...and I agree with everything they said, but on something like this, I think...and on page 2, and it's already been brought up by Senator Schnoor about this not having an outlet for your power before you build a system. Now an unscrupulous developer could come in and build a tower and then disappear and then the towers set there and rust for a long time. And I...if it's not a problem, like was mentioned here today where you got to have an outlet for your power before you build your wind farm, then this thing is...won't make any difference. But I think it needs to be in there to continue to keep the developers on the up and up. And also on page 9, the first six lines there say that they can get eminent domain for...or a utility could get eminent domain to back up to a wind tower farm or something like that. That's back-door eminent domain for a private organization to me. That's going through the back door by saying the utility company can come and put eminent domain where instead if...I think if the wind farm was up and up and had everything in line, eminent domain would not be a problem to get to the companies because if they have an agreement with all the community, it's much easier to get

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eminent domain. I've gone through eminent domain a number of times. I have a number of farms by Hallam, and it's not pretty. I mean, eventually it'll go to condemnation if you can't agree, and that's not something that I would want anybody to have. And that's just two of my concerns there of if this legislation does go through, but I'm really in favor of a lot stronger restrictions on where a wind farm can be built and what the setbacks should be and what the noise level should be and the health effects. There's a lot of things about the health effects that are not known yet, but if you go through to like Wisconsin's planning commission of siting a wind farm, it's a lot of necessary things that's put in there that's really helpful to understand what a wind farm is all about. Thank you. [LB407]

SENATOR SCHILZ: Thank you very much, sir. Any questions? Seeing none, thank you very much for your testimony. Appreciate it. [LB407]

CURTIS SCHWANINGER: Thank you. [LB407]

SENATOR SCHILZ: Further opposition? Good afternoon. [LB407]

STEPHANIE HAMEL: Good afternoon. Thanks for allowing me to be here today. My name is Stephanie Hamel, that's S-t-e-p-h-a-n-i-e, Hamel, H-a-m-e-l, and I am here in regards to the proposed changes in LB407 regarding eliminating the power purchase agreements. I am just wondering why this would allow to be...to happen. Why would we let a wind company build a plant without having a purchase power agreement with a buyer for the electricity which will be produced? To me, this is just one more way to make it easier for these big out-of-state companies to come into Nebraska and, pardon my language here but I couldn't think of a better way to say it, plopping these monstrosities down wherever they please. We need more regulations, not less. Currently, there are no federal regulations on these large wind companies, so it is up to the states and the counties to look out for its residents. And unfortunately, my county officials only saw the dollar signs in their eyes and didn't care about the welfare of the residents, as they even allowed the wind company to help write the zoning laws. In an article written by James Taylor in October 2014, the U.S. Energy Information Administration data shows that electricity prices are soaring in the states that are generating the most wind power. He states, although U.S. electricity prices rose less than 3 percent from 2008 to 2013, the ten states with the highest percentage of wind power generation experienced average electricity price increases of more than 20 percent. This is sevenfold higher than the national electricity price increase of 2.8 percent. He also states that higher electricity prices in the states producing the most wind power are taking a devastating toll on disposable incomes and the overall economy. In Nebraska, we are fortunate to have some of the nation's cheapest electricity. Let's not do anything to change that. And I live in Webster County which is in District 38, and the Cottonwood wind project is proposed to be built within the next year near Blue Hill and the surrounding area. I am one of the nonparticipants who will

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be living within this project, and there will be at least eight turbines within a mile of my home, and I have the second-highest proposed decibel level in the project. And as a nonparticipant, I had no say in the siting of the turbines, I will receive no benefits from the project, but yet I will have to put up with the noise they create, see the flashing red lights at night from my living room windows, and put up with all the traffic and dust during the construction process. I am just wondering why do I have no rights as to something that will impact my life for the next 30 years. This is why I feel that we need more regulations and it is up to all of you to look out for and protect the residents of this state. I believe that wind energy isn't the best possible alternative to fossil fuels but it is a step in the path to the ultimate renewable resource. We have to look out for the well-being of the people of Nebraska as we work towards that goal. Thank you for your time. [LB407]

SENATOR SCHILZ: Thank you very much. Any questions? Seeing none, thank you very much for your testimony. Further opposition? Any more...here we go. Good afternoon. [LB407]

AUDREY BERNS: Good afternoon. Thank you, Chairman Schilz and the rest of you for your time. I know the afternoon is getting long. My name is Audrey Berns, A-u-d-r-e-y B-e-r-n-s, and I am here on behalf of my husband and myself because we are concerned about LB407. Early in the onset of green energy, we remember being somewhat skeptical yet optimistic. The amount of funding that the federal government was pouring into green energy projects concerned us a little bit, especially wind, but it is wise to try to look at all the angles and not make quick determinations. But as wind energy has pervaded Nebraska and in particular our home county--we've been there about 17 years since we returned back to my husband's family farm--we've dived into many layers of this information and many angles, if you will. And we have determined that the original bill is designed to protect Nebraska and Nebraskans and it's a good idea, and the changes recorded in LB407 are not. Personally speaking, we are a farm family and we question how a wind farm may affect our business, our contribution to the economy. There are some issues that are pertinent to livestock owners and crop producers who utilize aerial spraying, as aerial sprayers will no longer be able to work among the turbines. And that buffer zone that goes along with that, each individual spraying business will determine that for them. The ones that we talked to we've heard a half mile to a mile to not going near them at all. Any of these ripple effects on agriculture in Nebraska is a big deal, in our opinion. We read about the effects that some people suffer from wind turbines and their sound waves and low frequency modulation. Evidence is confusing and there is disagreement about the reality of these effects, but it is cause for concern for those who live with or near the wind energy project. People and businesses are resilient, however, so these things that I've talked about in and of themselves are not necessarily the reason to oppose unprotected wind development. Mitigation strategies can be put in place to minimize these greater risks. But as we continue to think about a proposed wind farm development in our own backyard, some of our neighbors and I are concerned about the Sandhills whooping crane migration route. For years, my children and I have been out looking

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and we stand out, we hear their calls, we see them flying overhead. And I'm wondering how the wind turbines will affect the birds' route and safety. We still have children in our home, eight, five, and three, and will they be able to enjoy those same wonderful views of the Sandhills cranes that their older siblings got to enjoy? Now the Sandhills cranes are important to a great many people, but that's still not a reason to oppose the legislation before you because, once again, there are mitigation strategies to alleviate that. The real reason, though, to oppose LB407 is that Nebraska chose a wiser way than its neighbors who welcomed unharnessed wind energy development without looking at all the angles for their state's economy and the issues that are important to their residents. Nebraska put in place legislation that safeguards our electricity production as it responds to supply and demand. By not procuring a buyer for the power, a wind farm can develop and be built on speculation only, and what purpose does that have? We have a free market system which needs to be allowed to flourish. Let the market determine the proper amount of production from Nebraska. Let us not suffer as our neighbors to the north, south, east, and west of us have as they see a great percentage hike in their electricity rates. When and if the need for more power arises, I would suggest any company to please gather support from the entire community in an open fashion; seek an area where there are no people to suffer any economic or health risks unless they do it by choice; be sure that Nebraskans are at the heart of this legislation and not an out-of-state or out-of-country, billion-dollar company. Keith and I have studied the variety of angles and we are glad that Nebraska protected itself and its residents with the current legislation. This is Nebraska's mitigation that protects us against greater risk. Please vote no on LB407. Thank you. [LB407]

SENATOR SCHILZ: Thank you very much. Any questions? Seeing none, thank you for your testimony. Appreciate it. Any further opposition testimony? Opposition? Seeing none, any neutral testimony? Good afternoon. [LB407]

TIM TEXEL: Senator Schilz, members of the committee, my name is Tim Texel, first name is T-i-m, last name, T-e-x-e-l, and I'm the executive director and general counsel for the Nebraska Power Review Board. The board is the agency that administers the CREF, the certified renewable export facility, process. And I have been involved in the discussions, negotiations, whatever you will call them, with the developers and the utilities and Senator Haar. I wasn't at the first meeting but I have been involved since then. So I'm hopeful that...I think there's been very good discussions and negotiations about this bill. Since the language is not decided for sure, I won't go into any specifics. And I will continue to provide whatever technical help that I can to all those involved. The board is an agency that implements policy rather than establishes policy, and the board takes that role very seriously. So the board's comments are usually technical in nature. For those of you who have seen me before that's no surprise. So in keeping with that theme, the board is officially neutral on this bill. I did have a couple of comments, though, based on my board's original interactions with the LB1048 bill that created the CREF process and conversations with my board members since then. The board...so I would like to say that the

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board has some concerns with the green copy which I don't know if the green copy is all that valid anymore with the negotiations, but to the extent that it is, my board did have concerns about removing all the language about...in the CREF process regarding the protections for stranded assets and the PPA, the power purchase agreement. I don't know that you necessarily need both of them, but my board has concerns about removing both of the language about stranded assets and the PPA. My board I know back in the LB1048 creation days thought that the PPA was necessary to protect Nebraska's ratepayers. However we word that or might change it, I think something along those lines needs to be in there, maybe not a PPA but...and I think the negotiations are moving along nicely along those lines, but I wanted to point out my board's position on the green copy. The board also had concerns about the repeal of 70-1028 in the bill as introduced with the green copy, and that's the right of first refusal. The board believes that that would probably prefer that not be removed. We think it's better for Nebraska to have that in there. Again, I think with the negotiations, that may not be an issue anymore but I wanted to bring up based on the green copy my board's concerns. As I said, the board is, though, officially neutral on the bill. The rest of it we're happy to help and provide advice. This was certainly...the LB1048 process was certainly created to provide a mechanism for private developers to have approval process specific to them for export facilities. The problem had always been that we had a process designed in Nebraska for our public power systems to build generation facilities to serve their native load, and we didn't really have a process structured for private developers. And that's what LB1048 was designed to do, at least on the export side, because that wouldn't harm ratepayers if it's being exported. So that was why my board was concerned about the PPA or stranded assets. If you dumped it in the market in Nebraska, it would have more direct effect. So with that, I'd be happy to answer any questions and that concludes my testimony. [LB407]

SENATOR SCHILZ: Thank you, Mr. Texel. Any questions? Senator Kolowski. [LB407]

SENATOR KOLOWSKI: Thank you, sir. Mr. Texel, how many members are on your board? [LB407]

TIM TEXEL: Five. [LB407]

SENATOR KOLOWSKI: Five. Appointed or elected? [LB407]

TIM TEXEL: They are appointed by the Governor and then confirmed by the Legislature, by...one of them was before your committee here recently for reappointment. [LB407]

SENATOR KOLOWSKI: Thank you so much. [LB407]

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SENATOR SCHILZ: Senator McCollister. [LB407]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. Would your board, and perhaps you can't answer, have any objection to including some consumer protections in this agreement or in this bill? [LB407]

TIM TEXEL: Well, we'll do whatever the Legislature tells us to do and that's the...I guess the easy answer I can give. I don't know for sure what my board's view would be. We're a very small agency with three people. I guess it would depend how much involved it was. With three people at the agency, we don't have a large staff to take on a lot of consumer protection roles that a very large agency would. I'd be happy to do that if the Legislature believes it necessary. You know, my board is willing to do whatever the Legislature tells us to do. We don't have much of a consumer protection role currently. I know people call my office all the time with complaints and I always tell them, particularly on operational matters, we can't really help them on billing, on collections, disconnections, a whole host of things. We're more of a big picture agency that deals with the generation, transmission, service areas, the petitions for creations, and charters for the public power districts. We really don't get down to the sort of the nuts and bolts for the consumer protection right now. So certainly if the Legislature wanted to give us some role, we have very, very limited role in that respect right now. So I wouldn't have a problem with it. [LB407]

SENATOR McCOLLISTER: So it is beyond your current mandate. [LB407]

TIM TEXEL: Yes. [LB407]

SENATOR McCOLLISTER: Okay. [LB407]

TIM TEXEL: It's beyond. The only role we really have is if a utility won't hook somebody up in their service area with electricity. You know, one of those type of roles that's very limited. I've never really had it where they won't provide service to somebody. So as far as consumer protection, most of that's goes to the governing body of the utilities. [LB407]

SENATOR McCOLLISTER: Yeah. We talked about this last time you testified. Would that be a role for the PSC? [LB407]

TIM TEXEL: Well, in electricity I think it'd be for the Power Review Board since we deal with electric utilities. To be honest, it wouldn't make sense to put that under the PSC because they don't really have...they have a very limited role with electricity. Just a safety code compliance is all they do right now. So personally I would think it would make sense to put it with Power

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Review Board if we were to do that in Nebraska since we're the entity that acts as a regulatory body and sort of referee for disputes between the utilities. I think it makes sense for us to do that role, too, if it was to be done. [LB407]

SENATOR McCOLLISTER: Well, I contend there's a void there somewhere and it's...should be proper for somebody to take that responsibility. So thank you. [LB407]

TIM TEXEL: Well, and there's a lot of members of the public that would agree with that that call me, and my answer really is to them usually that that's the role currently that the governing body for the utilities has to fill. So if they're not filling it, then to that extent I would agree that there's a void. I think that's the entity that right now has that role. Because they're elected officials, they have to fulfill that role of consumer protection, but it is a little bit of self-policing. [LB407]

SENATOR McCOLLISTER: Yeah. Thank you. Thank you, Mr.... [LB407]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Friesen. [LB407]

SENATOR FRIESEN: Thank you, Senator Schilz. My question mainly is to do with the requirement for a power purchase agreement. If that was removed from the requirements and this wind farm was allowed to be built, at some point in time in order to qualify for production credits they would want to be in operation, and so they would just dump the power into the grid, so to speak, at whatever cost they could get. So they would be running or... [LB407]

TIM TEXEL: Well, that would be my board's concern is there might be an incentive to do that. If they qualified for the Production Tax Credit and whether that continues, I think there's some ability to qualify for it yet or if it was renewed, I don't know the chances of that currently but if it were in the future to, my board's concerned that they might have an incentive to dump it in the market. When I spoke to the Brattle Group, that was something they mentioned that you could have an entity that because they were getting the federal PTC, anyway, they could have an incentive to dump it in the market at a negative cost, which no matter how good OPPD and NPPD are, LES, they can't produce it at a negative and compete. So if they're getting a PTC on the private side and can sell it negative because they're selling at less of a negative than they're getting for a PTC, then, you know, that has a direct effect on our...the current utilities' ability to sell in the off market. And that would, in fact, then impact our ratepayers. And that's my board's concern is dumping it in the local market. If you're moving it outside the local market, outside the node that I think Shelley Sahling-Zart talked about, then that's reduced very much. So whether that's PPA or a stranded asset or a delivery out of state or some kind of language like that, that affords some protection that minimizes the impact on Nebraska ratepayers. [LB407]

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SENATOR FRIESEN: Okay. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Friesen. Any other questions? Senator Schnoor. [LB407]

SENATOR SCHNOOR: In the bill that's proposed here, it appears that there's a lot of...well, in the testimony here there's a lot of the big companies are here testifying in favor and we heard a lot of citizens that are against this. Because the appearance is that this takes out all the risk for the big companies, and there's no protection for the citizens. That's the message I'm getting from everybody. But there is some things in here like a stranded asset. You know, so my assumption is you have an asset sitting there that isn't producing enough power or that they aren't making an economical return on it. So, you know, I guess then what happens to that? What happens if...I mean, does this just allow these people just to walk away from it and leave this wind tower sitting there on somebody's farm? [LB407]

TIM TEXEL: Well, there is a decommissioning provision in the current law. So there's a decommissioning position...or requirement that either the Power Review Board can require a decommissioning plan. I think it kicks in after ten years. They have to provide a decommissioning plan to the Power Review Board unless the local authority, I would imagine usually a county commission, has jurisdiction over that and has a plan, then we're preempted. So there is a decommissioning plan. Now we don't have any control of what the county puts in their plan, but if they have a plan, then my board doesn't have any authority over the decommissioning. But there is a decommissioning...that was one of the concerns in LB1048 I remember that I expressed, too, was we have to protect ranchers, farmers, anybody that has these turbines because they're very expensive to take down. And if a company would go bankrupt, there has to be some kind of surety or bond or something that somebody has the financial resources to take them down. Because a farmer or rancher I think with the costs involved, if they had ten of these on their property, it could be a devastating cost to them to have to take it down later years. [LB407]

SENATOR SCHNOOR: Is that plan in place before it even gets put up? [LB407]

TIM TEXEL: Under the current law, and I can...the current section that deals with that is on page, and it's not being amended here in this bill, but the decommissioning plan...if you'll give me just a moment and I looked it up just...on page 7, starting on line 8, submit a decommissioning...about a decommissioning plan. So that's the section that deals with that. It talks about that they have to give the plan to us within ten years. And the reason for that is the first ten years there's a lot of value in these, and I know the negotiations originally was there's so much value in them that the first ten years you could probably make more taking them down,

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things like that, selling the parts and the metal. And after ten years, it starts to be more of a decommissioning where it costs more to take them down. [LB407]

SENATOR SCHNOOR: So they can put this tower up and they don't have to have a plan to take it down for ten years? So can you understand why the citizens are pretty concerned? [LB407]

TIM TEXEL: Yes. But that's the current statute, yes. [LB407]

SENATOR SCHNOOR: Well, I understand that. But that's why I feel there's probably a lot of these citizens are here, you know, fighting this because, you know, even the plans in place are extremely risky to the citizens of the state. But now I guess it's my fear is that they're going to get worse. [LB407]

TIM TEXEL: Well, some of them, like the decommissioning plan or the flicker effect that I usually call a strobe effect, some things like that, those really aren't...weren't part of the current process for CREFs anyway. So some of those are very valid concerns but they're really not in Senator Haar's bill and they're not part of the amendments. They're not being taken out. They simply weren't a part of the original process at all, and so they weren't part of the Brattle Group's review or part of my board's oversight. So some of those issues are certainly valid and how close they are with the noise and decommissioning and the flicker effect/strobe light, but they really weren't part of this statute to start with. And it's not being amended in this bill. [LB407]

SENATOR SCHNOOR: I understand, but it just kind of...for me it, it just adds to the validity of the opposition against this because I think it just makes...in my view, it makes things that much worse for the landowner that doesn't want it there to begin with. So I'm just pointing that out. [LB407]

SENATOR SCHILZ: Okay. Thank you, Senator Schnoor. Any other questions? Seeing none, thank you very much for your testimony. Appreciate it. [LB407]

TIM TEXEL: Thank you. [LB407]

SENATOR SCHILZ: Any further neutral testimony? Good afternoon. [LB407]

KEN WINSTON: (Exhibit 8) Good afternoon. Senator Schilz and members of the Natural Resources Committee, my name is Ken Winston, K-e-n W-i-n-s-t-o-n, appearing on behalf of the Nebraska Sierra Club in a neutral position on LB407. I already provided written testimony to the committee. Well, there's been a lot of discussion about lots of different things. Basically we're

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positive-neutral on this bill. We strongly support renewable energy development and I know I've come and talked to the committee about this on several occasions, so I won't talk about all the issues. I guess one of the things I always like to remind people about is that renewable energy doesn't use water unlike fossil fuel development does. So...and there was quite a bit of discussion about the economic benefits, so won't go through that. The primary reason that we're neutral as opposed to being supportive is that we'd like to see some siting guidelines put into statute dealing in particular with the potential impact on wildlife, wildlife habitat, or the impact on native grasslands. So those are the things that we'd like to see included in the bill. And just one other thing. I was also part of the LB1048 committee or the task force that worked on LB1048, and I would agree with the earlier statements that that legislation was not intended to be an impediment to wind development in the state. And so we think that Senator Haar's bill is intended to...or his efforts are intended to actually facilitate the original intent of LB1048. So with that, I would be glad to answer questions. [LB407]

SENATOR SCHILZ: Great. Thank you, Mr. Winston. Any questions? Seeing none, thank you very much for your testimony. [LB407]

KEN WINSTON: Thank you. [LB407]

SENATOR SCHILZ: Any further neutral testimony? Going once. Neutral testimony? Seeing none, Senator Haar, you're welcome to close. [LB407]

SENATOR HAAR: Thank you. Well, you've gained some pens up here. Okay. A few points. The meetings we've had with all those lawyers in the room is a good thing because whatever we work out of here the words are really important. And some of the problems of the bill have been, at least in my opinion in talking to developers, some vague terms around issues of stranded assets and so on. And so one of the things I've asked of Tim Texel that he go back to his group that would have to prove these kinds of things. And we need to bring clarity to whatever we have. I find it kind of interesting that people will say, well, why can't a business do it this way or this way. I mean, we can tell them what to do, but the more you start to dictate to a business what their model, what the their business model is going to be, the less you're willing to get someone that's interested in it. And so I think at least in my opinion, the hurdles that we're talking about need to be clarified, some of them need to be removed. We already talked about the thing that LES brought up, the right of first refusal. We've all agreed that needs to come out of the green copy and so on. Bringing clarity is really important. Some of the issues that were brought, for example, private developers will not have the right of eminent domain. Public power does. And that's even been an issue for public power that public power in constructing transmission or generation facilities does have the right of eminent domain. There's nothing in this bill that would give the right of eminent domain to private companies. There is a lot of misinformation

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out there. Actually, you look at...and I suppose we could go back and forth on he said, she said, but the point is that prices in places that have used renewable energy have not gone way up compared to other prices. Probably the opposite is true. Again, we're talking about wind for export. There's nothing about this bill that's going to say that people...that private developers could sell locally. They can certainly sell the public power but they can't sell locally. There's just no question that this bill would remove...whatever we finally come up with would remove...this is an export bill. This is wind for export. The Brattle Group report has a lot of good stuff in it. I mean, we've touched on it in this bill but, Senator Schilz, your energy plan proposal I think has a lot of issues addressed already in that Brattle Group report. So I hope we'll really take some time and look at that report for what they suggest. I might just say quickly, the future of public power or any power is...well, we don't know what it's going to be in 20 years. For example, the question was asked about solar development in Nebraska. If...and there's a lot of people working right now on storage, mass storage, but you can imagine that it probably a really great combination for irrigation would be solar and some kind of storage system. There could be a time in the future we will have very little transmission because of the way things are going in the electric industry with wind and solar and so on. Right now as far as I'm concerned, siting is really crucial. It requires the Game and Parks get involved in terms of wildlife patterns. And it's primarily a county zoning issue. I know that, for example, Lincoln, you can't just put up a wind turbine in Lincoln. There are zoning restrictions. But you can if you follow those zoning requirements. So that's pretty much up to the county. I guess, finally, because we could talk about this for hours and hours, but I talked to OPPD and they're willing to let anyone who'd like to, with state senators, climb up in one of those towers if...so if you'd like to join me this spring sometime. (Laugh) We had arranged it for the fall but then my son that was going to along wasn't feeling well. But I intend to do that yet. So I'll open that invitation to anyone who'd like to talk to me about it. With that, though, we'll stop with saying that there is...we're going to continue out negotiation and hopefully we'll come back to you very soon with a common agreement between developers and public power and it's again on page 3, the thing way at the bottom. We hope that we can address issues in a compromise that's a balancing act which protects public power while enhancing Nebraska's wind for export. Because as we've seen, that the potential for economic development, especially for rural Nebraska, is tremendous. Thank you. [LB407]

SENATOR SCHILZ: Thank you, Senator Haar. Any final questions? Senator Schnoor. [LB407]

SENATOR SCHNOOR: One last question, Senator Haar. [LB407]

SENATOR HAAR: Sure. [LB407]

SENATOR SCHNOOR: You made a comment in your...beginning of your closing statement, you said prices haven't gone up but in fact the opposite is probably true. Prices of what? [LB407]

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SENATOR HAAR: Of renewable...I think of the...the statement was made that in states that have a lot of renewable energy prices have gone up. And that's... [LB407]

SENATOR SCHNOOR: Their energy prices, is that what you're referring to? [LB407]

SENATOR HAAR: Yeah. Compared to states that don't use renewable energy, and that's not my reading of the facts. [LB407]

SENATOR SCHNOOR: Okay. Thank you. [LB407]

SENATOR SCHILZ: Senator McCollister. [LB407]

SENATOR McCOLLISTER: Yeah, thank you, Mr. Chairman. There's been some fleeting comments about environmental stuff related to these turbines. Does an applicant or a wind company have to file an environmental study or a 404 when they negotiate one of these contracts with a landowner? [LB407]

SENATOR HAAR: Yes. Well, with the landowner I'm not sure, but, for example, with Parks and Rec... [LB407]

SENATOR McCOLLISTER: Okay. [LB407]

SENATOR HAAR: ...get involved in the process. So there's a consideration of environmental impacts. [LB407]

SENATOR McCOLLISTER: Okay. Thank you, Senator. [LB407]

SENATOR HAAR: You can't build a turbine right by the...where the cranes are going to land in Kearney, for example. I'm sure of that one. [LB407]

SENATOR McCOLLISTER: Thank you very much, Senator. [LB407]

SENATOR HAAR: And that's a good thing, that's a good thing. [LB407]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. [LB407]

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SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you very much for your closing. [LB407]

SENATOR HAAR: Yeah. I want to appreciate your time, and in four years or five years that we've been working on this, we've come a long way. And, again, I want to thank Senator Schilz for all of his work as well as Laurie. I mean, somebody told me the other day that you are probably the one that held the group together during LB1048 at some time, so. [LB407]

SENATOR SCHILZ: Thank you, Senator Haar. [LB407]

SENATOR HAAR: Thank you very much. [LB407]

SENATOR SCHILZ: Appreciate it. And with that, we will close our hearing for this afternoon. Thank you very much for everyone. We really appreciate your time and have a good evening. [LB407]