

Appropriations Committee March 20, 2019

HILKEMANN: Let us begin our meeting. Welcome to the Appropriations Committee. My name is Robert Hilkemann, I'm filling in for our Chair and Vice Chair, as having done this a few years earlier. I am from Omaha representing District 4. I'd like to start off today having members of the committee introduce themselves beginning with Senator Clements.

CLEMENTS: Thank you. I'm Rob Clements from Elmwood. I represent District 2 which is Cass County and parts of Sarpy and Otoe.

McDONNELL: Mike McDonnell, LD 5, south Omaha.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

WISHART: Anna Wishart, District 27, west Lincoln.

VARGAS: Tony Vargas, District 7, downtown, south Omaha.

DORN: Myron Dorn, District 30, Gage County and southeast fourth of Lancaster.

BOLZ: Senator Kate Bolz, District 29.

HILKEMANN: And you take over.

BOLZ: Did we read the introduction in?

HILKEMANN: I did. We're ready. Therefore introducing our clerk and--

BOLZ: Sorry, have you read the speech?

HILKEMANN: No, not yet. I'm up to that point.

BOLZ: OK. So, let's see. OK. Assisting committee clerk today is Brittany Bohlmeier, committee clerk. The page today is Cadet Fowler; he is studying film studies at the University of Nebraska- Lincoln. On the cabinet to your right, you will find green testifier sheets. If you are planning on testifying today, please fill out a sign-in sheet and hand it to the page when you come up to testify. If you will not be testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white sign-in sheets on the cabinet where you may leave your name and other pertinent

information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures: please silence or turn off cell phones. The order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from representative of the agency. Then we will hear testimony from anyone who wishes to speak on the agency's budget request. When you testify, please spell your first and last name for the record before you testify. It's our gentle request that you'd be concise; if you would please limit your testimony to five minutes. We will use the light system: red, yellow-- no, green, yellow, red. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Please hand them to the page for distribution to the committee and staff when you come up to testify. We need 12 copies. If you have written testimony but do not have 12 copies, please raise your hand now so that the page can make copies for you. With that we will begin testimony on LB678, the Volkswagen Settlement Cash Fund duties for DEQ. Welcome, Senator Vargas.

VARGAS: Thank you very much, Vice Chairwoman Bolz. Members of the Appropriations Committee, my name is Tony Vargas. T-o-n-y V-a-r-g-a-s. I'm proud to represent District 7, the communities of downtown south Omaha. I'm here today to introduce LB678, a bill that creates the Volkswagen Settlement Cash Fund and requires 15 percent of the funds received to be used to build, fund, and maintain level two and level three electronic vehicle charging stations. Before we start, I will pass out some handouts and then-- for your reference. Now, some of you may remember in 2017 Volkswagen agreed to pay \$14.7 billion to settle allegations of cheating emission standards. Now, as part of the provision of the settlement, \$2.7 billion was used to establish an environmental mitigation trust which was split amongst the states and territories to invest in projects that reduce emissions. In Nebraska, the Department of Environmental Quality was designated by Governor Ricketts as the lead agency to administer \$12.25 million allocation. The Volkswagen mitigation plan outlines several actions that are eligible for funding. Among these is the building, funding, and maintaining of electric vehicle charging stations. The installation of these charging stations polled as the most popular actions in a study conducted by the DEQ. However, despite its popularity, it has only been designated to receive 10 percent of the funds instead of the maximum 15 percent as allowed by the mitigation plan. LB678 would require that the DEQ allocate 15 percent of the

funds towards electronic vehicle infrastructure. The DEQ has made note of a few potential priority projects that could be started with these funds. Among these is the installation of DC fast charging stations along Interstate 80 designated an alternative fuel national corridor by the Federal Highway Administration and community charging stations available to the public. We have an opportunity here to help Nebraska grow and prepare for a cleaner greener infrastructure. These charging stations not only result in more people traveling the I-80 corridor, but it also promotes tourism in the small towns that house chargers. While the vehicle charging, there is time to be spent shopping, eating at local diners, or checking out some of the small town attractions that make Nebraska unique. I also work with the AG's Office to draft a clarifying amendment that you should have. Make sure the clarification is going around. All right, perfect. This language would capture the Volkswagen Mitigation Trust Funds received by DEQ per the Volkswagen settlement. There will be a few testifiers behind me who will focus on some more of the specific benefits of LB678, but I wanted to reiterate that we have an opportunity to bolster our infrastructure and make it a little cleaner and a little greener. I look forward to working with the committee and answering the questions you may have. The only-- the only thing I'll say aside from my written testimony is, you know, we often look at the long-term impacts of infrastructure. And I think one of the benefits of this is we have-- you might see this trend in bills that I propose, we have federal funds, they allow us some authority to do something. I want to make sure that they're being expended as much as they possibly can. I think there is a step in the direction, but if we can allocate up to the 15 percent that we are able to in funds for this and then also make sure that the specific charging stations are the most long-term sustainable options that are the right infrastructure considering where-- what we're seeing across in terms of trends, in terms of use, and in terms of registered electronic vehicles in the state. I think this is a good infrastructure bill that is going to be important for the state of Nebraska. With that I welcome any questions that I may be able to answer, and somebody can't answer them, there might be somebody behind you that should be able to answer them.

BOLZ: Go ahead, Senator Dorn.

DORN: I have a question. So, thank you, Senator Vargas. So has the state already received this money? It looks like by the amendment that we have received it or no?

VARGAS: So my understanding is we received it in two-- so this is specifically identifying it from one of the settlement funds. Yeah.

DORN: Ok. So then is there a-- haven't-- haven't read all the other stuff, so is there a time limit that this has to be used by or is this a revolving fund?

VARGAS: I do not believe-- actually-- let me double-check on the time limit. I don't know if there's a time limit, but I do know that we are prioritizing allocating the funds for some of the projects. And I handed out some of the mitigation plan so that you could see what some of the priority projects are.

DORN: Thank you.

BOLZ: Go ahead, Senator Clements.

CLEMENTS: Thank you, Vice Chair Bolz. Thank you, Senator Vargas. This creates the Volkswagen Settlement Cash Fund, why is that necessary? Is that something-- I guess the question is, was the DEQ trying to create a separate fund or you're doing this separately?

VARGAS: I'm doing it separately. So the fund would then set aside the allowable amount of funds that we can spend currently under the settlement. So I did this separately so that we have the funds to then follow through on what we are able to do.

CLEMENTS: And the 15 percent, is that what's going in; or the entire \$12.25 million?

VARGAS: No, no, no, just the 15 percent.

CLEMENTS: Just the 15 percent. OK. I didn't quite catch that. Thank you. So you said that DEQ had proposed to spend 10 percent on charging stations?

VARGAS: Correct.

CLEMENTS: And this bill would raise that to 15 percent, and that's a federal limit of 15 percent?

VARGAS: That is the, under the settlement, what we can then spend up to for this specific, sort of like, subject area.

CLEMENTS: Thank you.

BOLZ: Seeing no further questions, thank you. Oh, did you have one, Senator? Go ahead, Go ahead, Senator.

ERDMAN: Thank you, Senator Bolz. Senator Vargas, we got a \$12.5 million settlement once, one payment?

VARGAS: I believe we've already received all the settlement funds.

ERDMAN: So that would be the subtotal of it? And how much are you going to spend on charging apparatuses? Fifteen percent of the \$12.25 million?

VARGAS: Um-hum.

ERDMAN: So it's-- when are you going to do that in the levy, this year or two years or do you know what that was?

VARGAS: We're not dictating when that will be. All we're saying is the Department of Environmental Quality would then be charged-- would be charged with fully expending the full amount under the authority of the settlement.

ERDMAN: Do you know what the rest of the funds can be used for?

VARGAS: There is-- and I've only printed out parts of the plan, so what I can do is send you the full mitigation plan that shows all the other things that can be expended. There are a lot of different other priority projects. I did not touch on any of those other priority projects.

ERDMAN: Is this the lion's share of-- is this the largest?

VARGAS: It's not the largest, but it does represent 15 percent of it.

ERDMAN: So in the picture I see it as a Tesla picture there. Is that because you're associated with Tesla?

VARGAS: No. I think what you're looking at is some definitions of different charging stations.

ERDMAN: Yeah, that's what it is.

VARGAS: And one of the reasons I'm sharing that that you could see that there is a-- there's a difference in the type of charge you get from the different charging stations. And currently, the way that this has been drafted in level two and a level three provide faster charge. They're the first-- in the first three options you'll see level two and level three.

ERDMAN: That's the one you're anticipating to build?

VARGAS: Yep, because they're a more efficient way of building infrastructure; they're more practical and I think that the level ones are going to be considered more obsolete, be at a quicker-- at a quicker pace.

ERDMAN: So level one may be over night at your house or something?

VARGAS: Yeah, but if-- I want you to imagine across the I-80 corridor, if we put a level one--

ERDMAN: Yeah.

VARGAS: Practically keeping your car there for 8 hours may not be the most practical thing to do.

ERDMAN: This may be an irrelevant question, but how do these electric cars pay for use of our highways?

VARGAS: I will get back to you on that, but I believe there is a fee that is associated-- looks like Senator Wishart knows the answer-- a fee that's associated for electronic vehicles that are registered in the state.

ERDMAN: Thank you.

BOLZ: OK. Seeing no further questions, oh, go ahead, Senator Hilkemann.

HILKEMANN: Senator Vargas, why-- I understand, you know, what a little bit what's behind this, but why should-- why should we as a government be spending these dollars for fueling these vehicles. In other words, why wouldn't private individuals be-- in other words, if-- if the electric cars are the future, which some people would like us to believe, why would we not have industry coming forth to provide these charging stations?

VARGAS: That's a big question, Senator Hilkemann. Put aside the fact, I do believe that clean energy and electronic vehicles is going to be one part of our future and one way to be less reliant on a different type of energy and less sustainable. I'm going to put that aside though; I think what we're really dealing with here is we're going to spend funds on charging stations. We have federal funds to spend it on. We have the authority to spend a specific amount of funds up to a specific amount and for specific type of stations. We should be funding the type of charging stations that are going to provide us with the best infrastructure across the state, if we have the authority to use these funds, which we do. So, that's what this is really about.

HILKEMANN: So what you're saying to us, and I have not studied this stuff that you've given us here, but you're saying that we have no choice, we have to put these in?

VARGAS: Not that we have no choice we have to put these in. We are slated to then use 10 percent of these funds. And if we're going to use 10 percent of these funds, and that might change, but right now we're using 10 percent of these funds for level one chargers. I think we should use up to the 15 percent that we can, because we have the funds to be able to do so. And if we're going to use those funds, we should use them for the best charging stations that are provide us, with the best infrastructure for electronic vehicles. If we spend the money on level one chargers across the state and it's-- they're not utilized-- or that's not the most practical, then why do we spend the money on them? That's-- I'm trying to avoid that.

HILKEMANN: So-- so we have to spend-- so what you're saying is we have to spend the money.

VARGAS: We do have to spend the money in a specific way. And the current plan has us spending it on a specific type of charging station-- chargers. And I think we need charges that are quicker. And so I want to spend-- if we're going to spend the money, which we are, I would rather us spend the money on quicker charging stations. That's the inherent trying to sort of get really direct to the question you're asking yourself.

HILKEMANN: Because that-- I mean that's the bottom line of why-- OK, I guess I have to get myself more intelligent, because this is a key-- I wasn't around and I'm an old guy, but I was around when the Model-T came out, I don't know that if the government

went around and set up petroleum stations so that we can get gas in the Model T's.

VARGAS: Yeah, and --

HILKEMANN: They may have, I don't know. I can't-- I don't know.

VARGAS: And we're not saying if we should use general funds or this is a new initiative, we're already going to use federal funds for charging stations. What I'm saying is if we're going to use these federal funds from the settlement for charging stations, let's use them for the highest quality, best charging station, that's what we're saying.

HILKEMANN: OK, thanks.

BOLZ: It may be useful to dialogue and the mike a little bit, Senator Vargas, a settlement fund is different than the other kinds of funding streams that we usually talk about in here. It's not-- it's not a cash fund from fees. It's not state or federal general funds, so it's not from tax dollars. It's from a legal settlement where Volkswagen made a mistake and is paying states back for-- for errors that they made with noncompliance with federal law.

VARGAS: Correct.

BOLZ: So those dollars come to us, and as a state we have some parameters around how we may spend those dollars. And the discussion you're bringing us today is how do we spend those dollars in the most meaningful way, is that--

VARGAS: Yeah, that's correct. So I was referencing federal, it's because this is as a result of a federal lawsuit. And so that's exactly correct. We have to spend these dollars in a specific way, so let's spend them in the most effective and efficient way.

BOLZ: I think Senator Erdman has another question. Go ahead.

ERDMAN: Thank you, Senator Bolz. So after Senator Hilkemann asked his questions, I'm confused than I was before. And that doesn't take much--

HILKEMANN: Sorry about that.

ERDMAN: Are we required by this settlement to put in charging stations?

VARGAS: My understanding is--

ERDMAN: Do we have to spend this for charging stations?

VARGAS: --as one of the components of this is setting it aside for things like charging stations. And part of the plan is to create charging stations. And so, if we're going to create charging stations, let's create the most efficient charging stations.

ERDMAN: Part of what plan?

VARGAS: The plan from the Department of Environmental Quality. We asked--

ERDMAN: So, and we are not required to build charging stations. There's no stipulation from the \$12.25 million that we build charging stations. Is that correct?

VARGAS: We had a stipulation-- and I have to double check on this, we have a stipulation to spend the dollars in a very-- in a specific way according to the settlement. They can't be utilized for other reasons.

ERDMAN: Right. But it doesn't specifically say we have to build charging stations.

VARGAS: There is a percentage that is in electronic vehicle-like infrastructure and that is a-- there is an authority to then spend up to a certain amount in that arena. And they've elected to spend the percentage 10 percent.

ERDMAN: Would you rather I just stop asking rather than answer yes or no. Are we required by the funds that have been sent to us to build charging stations, that's a yes or no question.

VARGAS: Like I said, I'm going to have to check on whether or not we're required. The current plan is to spend money on charging stations. And if we're going to spend money on charging stations, I want to make sure we're spending it on the most effective charging stations possible.

ERDMAN: That's your answer?

VARGAS: Yes. I'm going to find out whether or not we're required to then spend in this arena. But we are required to spend them. I brought this bill because since we are spending the money in this-- in this area, I want to make sure we're spending it in the most efficient way.

ERDMAN: I'm with Senator Hilkemann, I don't know that it's our job to build charging stations for private business. And your answers didn't help answer anything. Sorry about that.

BOLZ: Thanks. Thank you for the dialogue senators. It may be useful for the committee to review the handout entitled State of Nebraska Volkswagen Environmental Trust Beneficiary Mitigation Plan. On page two, there is a brief summary-- summary of the eligible action categories. It just might be a helpful point of reference since we had this dialogue. Did you have a question, Senator Clements?

CLEMENTS: Yes. Thank you. Senator Vargas, on page 7 of this handout, it talks-- that's where it talks about NDEQ proposes to utilize 10 percent. But then second to the last sentence says: NDEQ anticipates reimbursing 50 percent of the cost for charging stations on government-owned or non-government owned property. Do you support the 50 percent rather than-- or are you supporting 100 percent state investment in these stations?

VARGAS: My bill does not touch that component. We did not provide any legislative language or-- or guidance on that.

CLEMENTS: So that would leave it up to the NDEQ policy to determine--

VARGAS: Um-hum. Now-- correct this is-- this is confined to the percent of the allocation from 10 to 15 and the types of charging stations.

CLEMENTS: Thank you.

BOLZ: OK. I think we really are done this time. Thank you, Senator Vargas.

VARGAS: All right, thank you. I will stick around.

BOLZ: Very good. Do we have proponents? Go ahead.

KEN WINSTON: Good afternoon. Chairman Bolz and members of the Appropriations Committee, my name is Ken Winston, K-e-n W-i-n-s-

t-o-n, appearing on behalf of Nebraska Interfaith Power and Light in support of LB678. I provided you with written testimony. I won't read all of that. I will focus on the first-- first paragraph. Basically this is a commonsense approach, would save taxpayer money, support economic development, and reduce greenhouse gas emissions. We support the state making the maximum investment in electric vehicle infrastructure, the full 15 percent provided by the VW settlements. We also encourage the Legislature to support more investment in electric vehicles consistent with that settlement, which many people in-- which is intended to maximize the reduction in emissions from diesel engines. I was involved, and many other people were involved in providing input to DEQ about the-- the-- about the allocation of funds and is-- and Senator Bolz you-- you provided a very good description of how-- the manner in which these funds are allocated, so I appreciate that. But the majority of folks who are-- who provided input put test-- spoke in support or provided input in support of the full 15 percent investment. One of the things Senator Vargas indicated, this would help tourism. We're going to have more people driving across the state in electric vehicles and they've got apps on their phones and some of the electric vehicles will have apps built into them that tell you where charging stations are located. And if they're driving across the state of Nebraska or they're driving across the country and they see that they can't charge their vehicle in the state of Nebraska, say they're going to the Black Hills, instead of cutting across on Highway 2, they're going to-- they're going to avoid Nebraska. And so this-- this bill would help by providing rapid charging stations. This will help create investments and help create tourism for the state of Nebraska. In addition, one of the other things that I wanted to talk about is just the idea that electric vehicles, if there's more investment-- and that's one of the other provisions of the settlement, it allows investment in electric vehicles, and there are a number of categories. I don't have all those categories in front of me, but electric vehicles have the potential to save money for the state. If the state and political-- or political subdivisions were to invest in electric vehicles, there's a recent study that shows that electric vehicles averaging 12,000 miles per year can save approximately \$1,200 per year in fuel and maintenance costs over internal combustion engine vehicles. So, we think this is-- this would provide a good investment. One of the other things that hasn't been discussed so far is there's the benefit of charging stations-- we're all public power state, so all of our-- all of our public-- all of our electricity is provided to us by-- by public power districts that we're all-- we all own our public power districts. And this would be new

business opportunities for our public power districts by having more electric vehicles and more electric vehicle charging stations. And NPPD, I know, is working on-- on developing charging stations and-- in their area. And so this provides some opportunities for some business for-- for more public power districts. And then finally, the last thing that I wanted to mention is just that I know that there are already are private investments in charging stations. The Tesla charging station-- Tesla has a network of charging stations across-- across the country which they've invested in on their own. The problem is they are proprietary, and I don't want to speak for how they work, but-- but they're proprietary and you can't necessarily charge another vehicle on a Tesla charging station. And so this would-- having charging stations to be available for everyone would be a benefit for all kinds of folks. So with that, I'm going to conclude my testimony and would be glad to answer questions. I guess one other thing I'd-- a couple of years ago in another-- in another lifetime, I worked as a legislative staffer here working for Senator Haar and spent quite a bit of time investigating the VW settlement. I think it provides an opportunity for investment by the state to make use of these settlement funds to benefit the citizens of our state. So, I would encourage you to support LB678. Thank you.

BOLZ: Thank you, Mr. Winston. Are there questions for the testifier? Go ahead, Senator Hilkemann.

HILKEMANN: Tell me about the Nebraska Interfaith Power and Light.

KEN WINSTON: How much time do you have, Senator? And I'm-- sorry, I didn't mean that to sound--

HILKEMANN: Give me a nutshell in what we're look at here.

KEN WINSTON: Sure, and I-- I'm sorry, I apologize if that came across as flip, and I apologize. I guess I just wanted to give you-- I wasn't sure whether you want the long version. If you want a long version, I'd be glad to sit down and talk to you. It's an interfaith organization, nondenominational. Our primary focus, we-- we have people that are Christians and Jews, well I think-- at present time, it's all Christians and Jews in the state of Nebraska, and a number of different Christian denominations. I'm-- I'm a Christian. And-- and-- and so-- and-- but our focus is on taking care of-- we believe that-- we have an obligation to take-- take care of God's creation and to do what we can to speak out on behalf of the wonderful creation

that God has provided us. And to-- to-- and-- and in keeping with that as a Christian, I also feel like I have an obligation to represent-- or to speak out on behalf of those who-- who are most affected by the impacts of environment-- of environmental impacts and the least of these is, as Jesus said. And so-- so that-- that's what our message is about. And-- and I'd be glad to respond further if you-- if you'd like more information.

HILKEMANN: We can visit about that. I doubt the least of these are going to be driving \$120,000 vehicles that they can go to-- that'll be practical for them to commute. Electric vehicles I think are fine, we can-- I think that it's good to develop them-- to have them, as anything is going to be a long term, I think we're a-- we're a long ways from ever getting there.

KEN WINSTON: Well, I certainly agree. I cannot personally afford an electric vehicle myself. So-- so I'm-- but the idea of protecting the least of these is the fact that oftentimes the poorest people are the ones that are most impacted by environmental degradation; they're the ones that are most impacted when floods occur, when-- when fires occur and things like that. So-- so that's what I'm talking about. I'm-- I'm not expecting poor people to be driving Lexuses or Teslas.

BOLZ: Go ahead, Senator Wishart.

WISHART: Following up on that conversation, you know, these charging stations are not just going to be utilized only for personal vehicles. They can be used for public vehicles, for public transportation. They can be used-- as we start to come in to a more shared vehicle experience, as we're seeing around Uber and other kind of apps that are coming online that allow people, like myself, or for many people who can't afford an electric vehicle to-- to have access through shared apps. Is that correct? This isn't just for-- for-- I mean the future of-- which is going to be sooner than-- than we think, and we need to start investing in the infrastructure, the future of electric vehicles, in a way, is going to be a lot of people sharing vehicles as well.

KEN WINSTON: Yes, that's very likely. And-- and one of the other things that-- that right now there's a lot of things that-- that I imagine may be hard to visualize, and I know that you're a visionary, Senator Wishart, but-- but the-- the-- there are a lot of companies that are planning to be switching their production to electric vehicles. General Motors is talking about completely changing their-- their production line to electric

vehicles in the next 10 years. And we have-- we have electric semitrucks that people are developing and things like that, so, and electric transportation vehicles. And if I could indulge you for a moment with a story, I had a conversation with a gentleman at a conference and-- and he came up to me and he said he heard me talking about electric vehicles and things of that nature. And he said, you know, I manage-- a logistics-- a logistics department for a baking company out of Chicago and we're planning to switch our delivery systems to electric vehicles. He said, you know why? Because the next time diesel prices go up, we're going to kick our competitors' you know what. And because it's-- we're going to save money, we're going to beat our competitors. It's going to save us money with our electric vehicles. And so I think there's people that are looking at things like this. And it's, like I said, some of it, it's hard to imagine looking out at the parking lot and seeing all internal combustion vehicles. And I drive an internal combustion vehicle myself. But electric vehicles, there's-- there's going to be a lot of investment in electric vehicles and-- and the driverless vehicle that I know they demonstrated in Lincoln last year, that's a potential-- there are potential-- real-- real money saving opportunities there for communities to invest in things like that. Some of those things like I said they're hard to-- hard to imagine but-- but we-- they're going to come whether we--whether we expect them or not. Did I answer your question?

WISHART: Yeah. And then just back on to the philosophical question about whether we invest in infrastructure whether that's our responsibility, private responsibility, and maybe, Ken, you can answer this, maybe this is something, you know, another testifier can if you can't, but historically we have invested in a relationship with the petroleum as a country in terms of subsidies and other supports.

KEN WINSTON: Well certainly, well-- well just-- on-- in terms of transportation would-- a major part of our investment year in, year out, day in, day out is-- is-- is in transportation-- transportation infrastructure of various kinds. And while the interstate system was a great-- great benefit to the country and because it allowed people to cross the country at high speeds and it originally was designed as a-- on the net-- because it would benefit our national defense. I mean that was what it was called the National Defense Interstate System, and in our train systems, and all those kinds of transportation systems are vitally important for the-- for the integrity of our country. And the more that we can support modern systems that will help

us move-- move forward in the twenty-first century the better off our country will be.

WISHART: But-- I agree. We've also invested in-- in supports for other forms of fuels.

KEN WINSTON: Oh certainly. And-- and I'd be glad to get you some information specifically on that subject. But yes, yes, there are some subsidies of all different kinds of-- of energy sources.

WISHART: Yes. OK.

BOLZ: OK. Thank you very much.

KEN WINSTON: Thank you. And thank you for having us this afternoon.

BOLZ: Further proponents, please.

JOHN LINDSAY: Thank you, Senator Bolz, members of the Appropriations Committee. For the record my name is John Lindsay, J-o-h-n L-i-n-d-s-a-y, appearing as registered lobbyist on behalf of the Alliance of Automobile Manufacturers. The alliance is a trade association representing 12 of the world's leading car and light truck manufacturers. Together the alliance members account for roughly 70 percent of the cars and light duty trucks sold in the United States. The settlement agreement has been described to you, so I'll just skip over some of this. Automakers have made enormous investments to promote electric vehicle technologies spending tens of billions of dollars on research and development, assembly plant modifications, production and promotion of plug-in hybrid vehicles and battery electric vehicles. Automakers currently offer 29 different electric vehicle models in the United States, and over 70 models are expected by 2021. As an aside, you don't necessarily-- we heard some of the discussion during the last testifier about the cost of electric vehicles. There are-- there are-- when you think of electric vehicles, don't necessarily think about some of those high-priced models, and they are out there, just like there are high-priced gas fueled vehicles as well. But there are also very competitive electric vehicle prices, a number of them below \$30,000; so in the range of gas-powered vehicles. Plug-in vehicles are offered in all different shapes and sizes. Many compacts, two-seaters, subcompact, compact, midsize, and large sedans, station wagons, SUVs, mini vans with both two-wheel drive and six different all-wheel drive options. However,

customer acceptance to date suggests product offerings alone will not suffice to build a self-sustaining, robust, and growing plug-in vehicle-- electric vehicle market. Among other vital complementary policies, adequate infrastructure to fuel the vehicles is absolutely essential for long-term growth of the market. Survey after survey reveals that lack of infrastructure is one of the number one reasons for not considering an electric vehicle purchase. For example, a survey of 2,500 consumers by Altman Vilandrie and Company in the summer of 2016 found the top reasons customers gave for not wanting to purchase a plug-in electric vehicle was a perceived lack of charging stations, 85 percent; and uncertainty over the range, 74 percent. Simply put, consumers fear buying a vehicle that they cannot refuel. Public charging infrastructure for plug-in vehicles not only relieves range anxiety but also raises consumer awareness of the technology. Like all states, Nebraska's infrastructure is currently falling behind the current vehicle offerings and in desperate need of a kick-start. For perspective, Nebraska has 1,269 gasoline stations and vastly more pumps, but only has 55 public electric charging stations. To advance the electric vehicle market, Nebraska must invest in the infrastructure and the funding available through the settlement for this infrastructure-- is available for this infrastructure and does not require the state to commit any funding from the general budget. We are in support of Senator Vargas' bill and would urge the committee to-- to take favorable action on it. I'd be happy to try to answer any questions.

BOLZ: Go ahead, Senator Wishart.

WISHART: So one of my goals in life, and it's a long one, is to own a truck. I've always wanted to ever since I was little. And one thing that's kept me from doing it is just the cost of-- well, the cost of the truck itself, but also just looking financially at how much it would cost because it costs more for gas. So can you talk us through-- I hear that there is a new series that's going to be coming out of trucks that are electric. Can you just walk us through what some of the savings are economically for somebody?

JOHN LINDSAY: The savings, I believe-- and I don't know specifically with respect to trucks, but it will now be my goal in life to find you that truck to purchase. The electric vehicles are less expensive to operate, based on-- on fuel costs. The amount of that savings depends on whether-- what did I pay this morning, \$2.57 a gallon, I think it's been earlier this year it was down around \$2.05 a gallon, so that's going to

vary, but savings typically can be in excess of \$500 a year on fuel savings. So they are more economical.

WISHART: And then on top of that, do you deal with less maintenance issues--

JOHN LINDSAY: Yes.

WISHART: -- because you don't have-- your engine it's very different.

JOHN LINDSAY: Yes. Yeah, it's not an internal combustion, it's an electric motor.

WISHART: OK. Thank you.

BOLZ: Go ahead, Senator Erdman.

ERDMAN: Thank you, Senator Bolz. Following up on the line of questioning is Senator Wishart asking when you said it's \$500 a year less, what are you assuming it's costs a year to drive electric car?

JOHN LINDSAY: It would depend on the model, it would depend on the mileage, depend-- all those variables, but comparing two vehicles, an internal combustion vehicle versus a electric vehicle, the electric vehicle is-- is-- if not in all cases, in almost all cases going to be less expensive. I don't have numbers, but I will find you a chart and get it to you, doing those comparisons.

ERDMAN: Well, when she ask me how much less it was, you answered \$500, so you must have based that on something.

JOHN LINDSAY: Yeah, it's based on some quick reading I did on what-- what an average vehicle is.

ERDMAN: OK, so what does it cost to drive an average vehicle?

JOHN LINDSAY: I was looking at what-- the reading I did was on the difference, how much less. It didn't have, in the reading I did, how much it cost versus how much it costs, it was just specified that the difference was \$540 is the number that was in there.

ERDMAN: So when people hook up to these charging stations, who's going to pay for the electricity?

JOHN LINDSAY: I would assume it's going to be-- at least eventually it's going to be sold like gasoline is now. I don't know who pays for it now. I'm unfamiliar with the pricing on that. Again, information we-- I can get to you very quickly.

WISHART: OK. Thank you very much.

JOHN LINDSAY: Thank you.

WISHART: Further proponents, please?

MICHAEL O'HARA: Senator Bolz and other members of the Appropriations Committee, hello, I'm Michael O'Hara, M-i-c-h-a-e-l, middle initial J. last name, O'Hara, O-apostrophe-H-a-r-a. I'm a registered lobbyist with a Cavanaugh Associates representing the Sierra Club, Nebraska Chapter. I'm both a lawyer and an economist, as well as a retired business professor, previously the University of Nebraska at Omaha. Additionally, I'm a former member of the Nebraska Power Review Board and a former member of the Omaha Public Power District board of directors. Senator Vargas, thank you for introducing LB678. And I've been authorized by IBEW Local 1483 to say they also support this bill. They'll be sending a letter. I would read my full set of comments, but that takes 12 minutes. I don't get 12 so I'll cut to the chase. We strongly support limiting the type of charge you can have because of the time it takes to reach full charge. If you gas up your car, how long does it take? Would you be willing to spend eight hours? Four hours? Level three will get it done in less than 30 minutes. And that means people actually will be able to do it. There'll be an EV meeting this week in York by many EV users and they have suggested locations. A UNL professor in engineering has studied, he said with 41 chargers all of the appropriate level you could serve the entire state. We would support increasing the amount of money. With respect to the questionnaire, we required to spend it. The settlement is with Volkswagen for having lied about how they did air testing. So we have to improve the air with the expenditure and the settlement pushes it into certain categories. If you would like to, for example, buy only home chargers, you could improve the infrastructure. But this would be the best way to improve the infrastructure by having level three. One reason we would favor LB678 and limiting which type of chargers is because their-- Nebraska quite traditionally uses a match. If you have a match, everyone is going to go cheap,

which means you're going to get a charger and it takes eight hours to charge a car. If you require that they be level three and you do a match, then you're to spend more per charger, but you'll actually get more cars charged. In terms of should the government be helping with this? I'm an economist. One of the areas I've studied is technological change and how you transition it in. We have supported ethanol in order to encourage its adoption, again, to clean the air relative to diesel. And the question of who's going to pay for fueling, this is the gas station, not the gas. So that the person who pulls up to the charger is going to take out a credit card and they will give the credit card and then pay for the fuel. The fuel is going to be coming from our public power districts and municipalities that have their own utilities. So that what we're doing is setting up the gas stations so that we'll be able to get over range anxiety. And range anxiety is how far can I go with this thing? This used to be a real problem with cars with gasoline engines when there were no gas stations. There was a real trick to do a cross-country trip. You carry your own gas or have it railroaded into you. In terms of what is long term, several manufacturers have already said they will not make any internal combustion engine cars after 2025. It's going to arrive a lot faster than you are thinking. I looked at replacing cars and there were about 30 cars I can pick from in my price range. And I don't have to buy a Roadster by Telstra for \$120,000. The cigarette funds was, last time we had a big settlement come through and it originally just went into the administration, and the Appropriations Committee at that time decided to bring it back in. You're going to have this as a recurring problem. Just this week, Wells Fargo reached settlement where it sends money to the states, as opposed to the customers of Wells Fargo, and I think that's going to pay about another \$5.2 million that's going to come in. So you really should set up a process for how to handle that. But the Sierra Club is in favor of LB678 because it limits to-- to level two and three. We would prefer you amend that and just say level three chargers. And it would be appropriate in some instances to make them 100 percent funded. But once it starts, you will not have to keep putting them in. The market will take over and your Flying J's and everybody else will put in the level threes because the customer will go in and spend the money inside the store. They don't make the money on the gas, they make it on the Twinkies. Do you have any questions? Be glad to answer them.

BOLZ: Go ahead, Senator Dorn.

DORN: Thank you, Senator Bolz. Thank you for coming today. If I'm driving an electric car across country and I pull into one of these charging stations, I pull out my credit card, how much is that going to cost me? I know that my gas tank on my car is going to be \$30, \$40.

MICHAEL O'HARA: If you're in Nebraska, it'll cost a lot less. Our rates are about 20 percent less than the national average. You go out east and it'll be 40 percent above the national average. But you're pulling off a certain number of kilowatt hours of charge. And if you have a big battery, I think it's a hundred kilowatt hour charge, and we charge like six cents a kilowatt hour. So a full charge--

DORN: So help me out, is that \$2 or-- if I'm going across country and there's a charging station--

MICHAEL O'HARA: Sixty bucks for a full charge.

DORN: I may have to have Senator-- or somebody else answer it.

MICHAEL O'HARA: Sixty bucks for a full charge.

DORN: How much?

MICHAEL O'HARA: Sixty bucks.

DORN: Sixty.

MICHAEL O'HARA: Six bucks, sorry.

DORN: Six bucks. Six bucks.

MICHAEL O'HARA: And it will help our districts. But one of the reasons you want to have this type of activity controlled by legislature, they all have to be phase three if they're public-- or three phase power. The level one can be single phase, just plug it into the wall. And that's why they don't charge very fast. Once you go three phase, then you're going to have to have much better-- and that's one reason IBEW likes it is because you're going to have to have an electrician do it for sure. Otherwise, you just run an extension cord like you do in your house.

DORN: Another question I have, and I think part of this was that a lot of it-- or if I understand it right, it's going to be match 50 percent, or whatever.

MICHAEL O'HARA: That's consistent with our [INAUDIBLE].

DORN: Who-- does your organization-- are you looking at helping fund these to get them going or who-- what kind of company is-- or who is the private entities that we need to encourage to match this?

MICHAEL O'HARA: It'll be chambers of commerce, Rotary, city council.

DORN: Chambers of commerce don't have money either, but I mean, I'm looking-- who's going to help with the cost? If we do a \$10,000 project for level three--

MICHAEL O'HARA: Locals would have to raise--

DORN: Somebody is going to have to come up with \$5,000. Who do you see doing that? Or who-- who is out there doing it now?

MICHAEL O'HARA: No one's out there doing it now, because they would have to pay the \$10,000. When you lower the price, they're more willing. It's called first mover advantage. And the first city along Interstate 80, not on I- 80, that puts one in and starts pulling traffic off and they'll stop and get a meal, you'll make all your money back. But, then when you're the 20th one go in, it will pick the most convenient charging station. But some of these guys they love driving their cars, you know the type. They fix up a car and they love to drive it.

DORN: Thank you.

STINNER: Additional questions? Senator Hilkemann.

HILKEMANN: Yeah, I-- I think there's a place for electric cars. My daughter has one of these vehicles, hybrids, mainly electric. She plugs it in every night. She has-- she has a 10-mile commute to her office and a 10-mile commute back. Works well. Her brother-in-law has a Tesla and I was happy to be down there at Christmas time and he was going to go to Chicago. And, you know, that's a 1,200, 1,400 mile trip and he was going to go in his Tesla. And he said he's got an-- and I said, well how far can you go? And he said, well, about 250 to 300 miles is my max range. I said, well, then how long? He said, well, Tesla's got

these little stations that you can go to, it's all marked down, [INAUDIBLE]. And I said, well, how long does it take to charge up? He said, well about 30 minutes each time. Now, I just-- I-- I-- I-- you know, I can really see these as-- as very practical, and one of our testimonies was that-- that-- that when we've got low-priced cars, so I think we've got one electric vehicle that gets 40 miles out of a charge. And that-- that-- that would be reasonably priced for most citizens. I mean, I think we have a long ways to go and before this really becomes a practical source for most Americans. Again, if you live in the city, I can see these can be an extreme advantage. I just-- I just question whether we-- this is the right utilization. And I think that-- part of-- I was talking with a-- with a-- I went to the auto show up in Omaha, I was talking with the salespersons there [INAUDIBLE] and he said, what do you know? We don't have any idea what kind of value they're going to have down the line because we don't know how these batteries, how long they're going to last, what the cost is going to be on the batteries. There's a lot of unknowns that are going on here. But the fact of the matter is is that-- that even with these super-duper charging stations and you have-- how many people are going to-- how many-- how many are going to line up when you have to have everybody-- it takes 30 minutes just to go the next 150 or 200 miles on your trip?

MICHAEL O'HARA: Tesla stations tend to use proprietary technology and they often have, based upon the load, and they're tracking it, and they will add, in a modular fashion, five, ten more charging stations. Also, they've just come out with a new proprietary charge that's five minutes. And that just makes it like filling your tank with gas. In terms of how quick this is going to happen, my first job was legislative aide to Senator Maurice Kremer from Aurora when he was Chair of the Public Works Committee. And it was because, as we went through the 1979-- '78-79 oil crisis, people started changing their behaviors in extremely fast pattern. And it whipsawed NPPD into technical bankruptcy, because people went from, oh, after the '72-74 energy crisis, everyone got very fuel conscious. And when you got to '76-77, and I think the thing that really tripped it was the song "I Can't Drive 55" and that basically everyone just started consuming energy again. When the second oil crisis came in, people just, on a dime, turned and they changed their behavior and the world started getting very efficient on how they consumed electricity. This is going to happen and it's going to happen faster than you think. One issue I should mention is Sierra Club testified in favor, and I'm trying to remember the bill, I can't remember the bill number, it's in

Transportation, to raise the fee for alternative fuel vehicles in lieu of the gas tax. And that will be coming out of the Transportation Committee, I assume. But, in terms of how you estimate the cost, I've done expert witnessing in doing that. Most of it turns on whether or not you lease or buy new. If you buy new, about 25 percent of your cost is depreciation, that's rolled into the lease, and it depends what size vehicle you get. It can be from \$3,000 a year up to \$30,000 a year.

STINNER: Any additional questions? Seeing none, thank you.

MICHAEL O'HARA: Thank you very much.

STINNER: Good afternoon.

JAMES CAVANAUGH: Good morning, Mr. Chairman-- good afternoon. My name is James Cavanaugh and I'm an attorney and registered lobbyist with Cavanaugh Associates. I'm authorized this afternoon to appear in favor of LB678 on behalf of the International Brotherhood of Electrical Workers Local 1483, representing hundreds of workers at the Omaha Public Power District. Obviously, this is good for public power. And we have a future to look forward to, as you just heard, that's transitioning into electric vehicles, renewable energy, a whole lot of other applications that, you know, frankly, we haven't seen before. Looking forward to that this anticipates that in another generation, virtually everybody is going to be driving electric vehicles. I'm currently teaching my 15-year-old- son to drive and we've had this conversation that he may be the last generation to learn how to drive an internal combustion vehicle. He may be the last generation to learn how to drive a non-autonomous vehicle. And this is just the way of it, it's happening. IBEW recognize that because this is the future of jobs, jobs, jobs. We're going to have public power here for, hopefully, a long time to come; it served us very well. And the people who work there recognize the transmission-- or the generation of that public power is changing. It's changing all over the world. So we're going to go from the model that we grew up with, which was coal-fired plants and nuke plants to a new model which is different. We are going to go to consumption areas that we haven't been in before, and a big part of that is going to be electric vehicles. So in order to facilitate that, we want to have the best trained workers possible installing these charging stations. Those are the International Brotherhood of Electrical Workers and they're already here on the job. So I'd be happy to answer any questions you might have. Thank you.

STINNER: Questions? Seeing none, thank you.

JAMES CAVANAUGH: Thank you.

STINNER: Any additional proponents? Is there any opponents? Good afternoon.

JIM MACY: Good afternoon. Senator Stinner and members of the Appropriations Committee, my name is Jim Macy spelled J-i-m M-a-c-y. I'm the director of the Department of Environmental Quality, or DEQ, and I'm here today testifying in opposition to LB678. LB678 does two things. First, it creates a Volkswagen Settlement Cash Fund to be administered by the Department of Environmental Quality. All money received from the VW settlement is to be deposited in the fund and expended by the department in accordance with a departmental use plan. We have no objection to this provision. Second, the bill mandates that the department's use plan is required to set aside 15 percent of the fund to be used to build, fund, and maintain level two and level three electric vehicle charging stations. This mandates the maximum allowable funding for electric vehicle charging stations and does not allow the state flexibility to respond to projects where demand is greatest to achieve the best air quality for Nebraskans. In 2017, Governor Ricketts designated DEQ as the lead agency to administer the approximately \$12.25 million dollars in funds allocated to the state from the VW Environmental Mitigation Trust for state beneficiaries as a partial settlement for legal actions taken by the Environmental Protection Agency and states. As a beneficiary of the trust, Nebraska is required to spend the VW trust funds on tangible actions that result in the direct reduction of nitrogen oxide, or NOx, emissions statewide subject to limitations in the consent decree and the trust agreement. In 2018, the agency developed a state mitigation plan with input from the public describing the initial mitigation actions Nebraska intends to pursue. The expected emission reduction benefits and how these benefits will affect areas in the state that are disproportionately affected by air pollution. Mitigation actions were chosen from a list of eligible mitigation actions identified in the Volkswagen Environmental Mitigation Trust Agreement approved by the court. Unlike state law, the plan can be modified in the future with notice to the trustee if we see a higher demand in certain areas of allowed use. I've handed out a copy of the current breakdown of the mitigation actions Nebraska has identified and the funding percentages assigned to each category of the plan. Nebraska's plan prioritizes actions to replace older diesel vehicles with new cleaner vehicles which

results in more immediate reductions in NOx emissions for those areas in the state that are close to exceeding the federal air quality standard for ozone. NOx emissions are precursors to ozone. The department's objection to LB678 rests with the statutory requirement to obligate the full 15 percent of the trust funds allowed for a zero emission vehicle charging infrastructure. The state's plan proposes to utilize 10 percent of the funds, or approximately \$1.2 million, for grants or rebates to cover 50 percent of the costs of the purchase installation, operation, and maintenance of light-duty electric vehicle charging stations in Nebraska. The plan also contemplates funding projects to install level two and level three community charging stations available for public use. Starting the EV charging category at a 10 percent level-- funding level allows the state to gauge the interest and the demand expressed by communities to-- to install the EV chargers. Communities and other eligible entities have to carefully consider the match costs necessary to purchase and install the chargers. It is a significant cost difference between level two and level three chargers. If there turns out to be a great demand from communities, the current state plan allows the flexibility to tap an additional 5 percent from the category of funds reserved for eligible actions based on demand. However, if LB678 is passed and the interest to provide EV charging stations is not realized, the fund statutorily required to be spent in this area in this category will go unused. As Nebraska's designated agency to administer the funds, we need the flexibilities provided by the plan already developed to ensure the most beneficial use of the funds to protect our air quality. Setting the maximum percentage level in statute for this category is potentially too limiting to achieve the greatest amount of NOx emissions reductions. This concludes my testimony on LB678. I'd be happy to answer any questions you have.

STINNER: [BUZZING NOISE] Any questions? Senator Bolz.

BOLZ: Can you tell me what your estimated cost per station is?

JIM MACY: I'm glad you asked. So for a level one charging station, and we would determine those would be mostly home use, and-- and we wouldn't use those for this--

BOLZ: Sorry, let me cut to the chase. What's your estimated cost for a level three charging station?

JIM MACY: Sixty-- well, there's three different types of level three charging stations. The 50 kilowatt ranged from \$60,000 to

\$100,000. And with the amount of money, we could do about twelve of those. The 150 kilowatt are \$100,000 to \$150,000; we could do about eight of those. And the 350 kilowatt are \$150,000 and up, and four of those, as opposed to 171 of the level two, 240AC.

BOLZ: Does any of your plan include noise mitigation strategies for the State Capitol? [LAUGHTER]

JIM MACY: I'm sorry.

BOLZ: So, I ask Jeanne and-- and-- this is my understanding, so clarify if I'm not on the right track, but it's my understanding that the settlement agreement doesn't come out all at once, it comes out-- that we'll get about \$2.5 million a year over five years. Is that right?

JIM MACY: Repeat the question, I'm sorry.

BOLZ: I whispered in our friend Jeanne Glenn's ear, our fiscal analyst, I asked the question whether this came out all at once or whether it came out over time. And it was her-- her-- my understanding from her was that this-- we would expect about \$2.5 million a year over about five years. Is that correct or do you have a more detailed [INAUDIBLE]?

JIM MACY: Well yeah, the sheet that I handed out is-- is a detailed version of where categorically we expect to spend the funds. We, in this first year, year and a half, have spent about \$3.5 million already on this. We-- we have a time slope of about five years of-- of ten years that we would have to-- to fully utilize these funds. And it's a rebate program too, I want to interject that we don't have the \$12.25 million sitting in a fund someplace. We get a request from a participant and we give that request to the trust and they approve that. And then after the-- after the applicant spends that money, then we rebate the money.

BOLZ: I think what-- what I'm trying to get at is just-- just for ease of numbers, if you have \$2.5 million a year for five years, that equals 12. If you have \$2.5 million a year, 10 percent of that is \$250,000; 15 percent of that is \$375,000. Really, it's the difference between about five charging stations and about eight charging stations.

JIM MACY: Depending on the kind of charging station you put in.

BOLZ: And I am not going to hold you to it, I'm just trying to kind of get to some round numbers. So it's your perspective that we wouldn't have demand per year of eight charging station?

JIM MACY: It's my perspective at this point in time, I don't know what that full demand is. And with a law that constricts me to the full 15 percent, I don't have the flexibility to change that I already have built into the existing plan that we have with the-- with the trustee.

BOLZ: OK, one last question here. The 50 percent matching requirement, is that DEQ policy or is that related to the requirements of the settlement?

JIM MACY: That-- that's the base that's outlined in the settlement.

BOLZ: That's required by the settlement.

JIM MACY: That is required by the settlement.

BOLZ: OK. OK. Thank you.

STINNER: Senator Dorn.

DORN: Thank you, Chairman. Thank you for coming. Follow up on her question a little bit. What did you say the cost of a level three charging station was?

JIM MACY: From-- from the information that we have, it varies from a 50 kilowatt that would charge in about 35 minutes would range from \$60,000 to \$100,000. And with the amount of money that we have available that would equate to about 12 stations. The 150 kilowatt is about a 12 minute charge from \$100,000 to \$150,000 in cost for eight stations. And the 350 kilowatt, \$150,000 and up, my math is about four stations.

DORN: And you're-- and that's a total cost of the charging station, so [INAUDIBLE] 50 percent match you're probably going to have the ability to do twice that many.

JIM MACY: Yes.

DORN: And the reason I had to ask was because I thought hearing all this testimony we heard something from somebody and I think it was the-- at least the handout I have, people from the Sierra

Club had a level three charging station at \$10,000. Somewhere there's a big difference. And I have no idea. I don't even begin to know, not good enough. But \$10,000 versus-- I'll use your \$60,000 figure and a 50 percent match.

JIM MACY: Right.

DORN: Yeah, there's quite a difference.

JIM MACY: We have the-- the-- the 240 volt AC level two would be from \$2,000 to \$7,000; and we could do about 171 of those.

DORN: Why is the level three so much higher?

JIM MACY: The amount of-- it's a DC versus AC and that's a fast charge.

DORN: Thank you.

STINNER: Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you for coming today, Director Macy. So what happens-- tell me the difference between-- this bill doesn't pass, what's the difference between this passing and not passing, what happens?

JIM MACY: We already have a plan that has been approved by the-- by the trustee by which we have to get approval for all of our actions. In that plan, we have already designated 10 percent of the money to go to EV charging. And we have an option, 25 percent, that could go for any of the funding category that we have approved by the trustee. So we could up the 10 percent to 15 percent based on eligible demand. We have the flexibility now.

ERDMAN: So the point is that if we don't pass this bill, you're still going to build charging stations?

JIM MACY: Yes, sir.

ERDMAN: OK.

STINNER: Additional questions? Senator Wishart.

WISHART: When you are reviewing-- what-- what is the level of charging stations you are planning on building?

JIM MACY: We're focused on level two and level three.

WISHART: OK. And if-- is there something-- what is guiding you if by the time, since this is-- this going to be a longer project than a year, what is guiding you to ensure that that the investment we're making will have-- is the highest grade technology?

JIM MACY: Well, that's exactly where we're at right now. We're in the evaluation phase to-- to determine who else is already out there putting stations in, where those stations are located. This coming Monday, we're having a conference to get the parties together to help make those determinations. And so-- so our next phase is-- is building these where it makes sense and where they will be used.

BOLZ: OK.

STINNER: Additional questions? Senator Clements, speak up so they can pick it up on the phone.

CLEMENTS: Thank you, Director Macy. I-- regarding the 50 percent share, I wasn't again clear, 50 percent was the planned contribution for light duty level two and level three, is that your plan to just have share 50 percent?

JIM MACY: Currently, yes. Our plan is-- is to do what the mitigation agreement says, and that's the minimum that we could rebate.

CLEMENTS: And the state won't be building any of these, right? We'll just be helping to fund somebody who wants to build one somewhere is that right?

JIM MACY: If the state wanted to build some of-- we could fund that through this mitigation fund, but this is basically for outside entities that would provide a public charging station.

CLEMENTS: Thank you.

STINNER: Senator Bolz.

BOLZ: Just-- just one quick clarification. When I ask you on the mike if the 50 percent was required by the settlement, I thought-- I-- what I was intending to ask is is that prescribed by the settlement? Is 50 percent prescribed? But you just said that that is the minimum. So is 50 percent required? Is that a

minimum? Is it a maximum? Can you just provide a more precise answer?

JIM MACY: Yes. You cannot do less than 50 percent.

BOLZ: Thank you.

STINNER: Any additional questions? Seeing none, thank you.

JIM MACY: Thank you.

STINNER: Any additional opponents? Seeing none, anyone in the neutral-- oh, I've got an opponent, excuse me. Neutral? OK.

ANNE McCOLLISTER: Good afternoon.

STINNER: Good afternoon.

ANNE McCOLLISTER: Chairman Stinner, members of the Appropriations Committee, I'm Anne McCollister, A-n-n-e M-c-C-o-l-l-i-s-t-e-r. I direct the Nebraska Community Energy Alliance, which is a 36-member interlocal co-operative agency primarily of municipalities, LES, OPPD, NPPD, small municipal public works departments, University of Nebraska system, Metro Community College, Central Community College. Total membership is found on page five of the report that I had handed out beforehand. It looks like this. My main reason for being here today is that we collect data that is Nebraska specific on all of the charging stations and electric vehicles that we put out in Nebraska and have since 2014. So my job is to get that kind of data into your hands to answer some of the questions I have heard here today. The purpose of NCEA is to build and promote advanced technologies in buildings and transportation. Buildings and transportation are the two largest users of energy representing the biggest promise for economic and environmental savings. NCEA members have selected utility scale solar and electrified transportation as two advanced technologies with the biggest bang for the buck in the two sectors respectively. We define and advanced technology as one that reduces energy use, reduces greenhouse gas emissions, and cuts costs to communities. The definition and the conditions of our funding from the Nebraska Environmental Trust, which is our primary funder, require NCEA to prove economic and environmental reductions and savings in each funded project. We do this by collecting, analyzing, and publishing or disseminating, as I'm doing today, the data from each project. For purposes of LB678, it's from each charging station and electric vehicle in our projects. So if you open the

report, just to-- just to give you a few sections, get you acquainted with the few sections, pages 19 and 20 show you the savings per mile and per 11,000 miles annually by comparing vehicle types. And it uses the conventional vehicle, the diesel, the CMG, and the electric. On page 21, another table indicates that regardless of the price of gasoline, electric vehicles compare favorably when compared with other vehicle types. If you go back to page 32, that's the environmental section. We separate that out by utilities because it depends on their rates, it depends on their composition, their energy mix. Again, favorable environmental outcomes for electric vehicles vis-a-vis other vehicle types. Basically, NCEA sees electricity as a transportation fuel as another sign of the modernization of U.S. transport. Our members don't want to be left behind in that development. Moreover, electricity is a transportation fuel, has the effect of keeping our transportation dollars at home, working in our communities for the benefit of our people. That concludes my testimony. I'm happy to answer any questions.

STINNER: Thank you. Any questions? Seeing none, thank you very much.

ANNE McCOLLISTER: You're welcome.

STINNER: Anyone else in a neutral capacity? Seeing none, would you like to close, Senator Vargas?

VARGAS: Couple of-- couple of points I want to try to make. Like this to be less of a discussion about whether or not electronic vehicles is something that-- that this is a bill trying to appropriate more funds for electronic vehicles and more that there is a plan and there is money that's going to be expend-- that's going to be spent for charging stations. And at the language of this bill there's two very simple things: the Department of Environmental Quality shall set aside 15 percent to be used to build, fund, and maintain level two and three electric vehicles-- 15 percent and level two and three electric vehicles. I think we heard from the proponents that level one is an obsolete-- and will become obsolete and that infrastructure is not really creating the infrastructure for electronic vehicles. So, why would we consider even looking at level one. And the second thing we heard specifically from the department is that we're focused on level two and three, which is exactly what we wrote in here. So if they're focused on level two and three and this bill says that we'll only focus on level two and three, the question now is, are we OK with them potentially using level funding on level one? I think one of the arguments

against this that we heard is that they need the flexibility to then be able to adapt if some more needs come up. If the only flexibility that we need to adapt is if level ones are not meeting the needs of electronic vehicle owners. So why wouldn't we just be OK with just setting aside for just level two and three. I think we're hearing, even though the focus is on level two and three, there's a-- there's a chance that there could be some level one. So let's-- let's say we need 5 percent of this to potentially make modifications. I want you to imagine we spent the 10 percent for this year and we put them in level ones and then we realized, because it is infrastructure, because we're hearing from electronic vehicle owners, it's not really meeting their demands. We have 5 percent to then utilize on level twos and threes. We've already spent the money on level one chargers-- on some level one chargers. Was that the best investment possible or could we have gone straight away on just the level twos and threes? All I'm saying in this bill, it's very, very confined specific language, is that we're going to use more of the money that we are able to use, that the money that we use will be used for a specific type of charging station. We heard from the department, they're already intending to use it for the level twos and threes. So again, the only reason I can think of that they would necessarily be against this, which I don't fault them, is if they might invest in level ones. And if they do invest in some level ones, we heard from all the people that are proponents that are electronic vehicle owners and advocates that that is going to be a poor investment and not a very cost efficient infrastructure if we're going to investment in this. So colleagues, I ask you, and I know Senator Erdman, you asked a good question which is, what will be different if we don't do this? If we don't do this, there could be some level ones, twos, and threes as part of the infrastructure for electronic vehicles and we might have spent-- we, or invested money into level ones which we've already heard are not a good investment. If we do do this, we're not going to invest in level one. And we've given the flexibility and the authority for the Department of Environmental Quality to then invest in level twos and threes. I don't want to see it caught up in the costs, although the numbers that we receive from Sierra Club are far, far lower in terms of the costs for the charging stations. We're not talking about mandating level threes. This specifically states level two and level three vehicles. There is a wide range of flexibility for the Department of Environmental Quality. With that I want to thank you. I think this is-- some-- some guardrails-- prudent guardrails and clear legislative language intent. Just saying, let's make the best use of these settlement dollars. I want to

thank the committee for having this conversation. Welcome any additional questions.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Senator Vargas, you made a comment that level two and level three is all we need because the proponents testified in that regard. Would you-- maybe not, would you consider the fact that there may be some needs for level ones out there? Can you see an instance when that may be possible?

VARGAS: I can't see many instances if I didn't-- I can't see them right now. But if I'm trusting a lot of the proponent language that level ones are more likely to become obsolete and are more efficient, I'm trusting people that are speaking on behalf of electronic vehicle owners. And if we're trying to invest, incentivize infrastructure, level two and three seem like they're the best options. So the answer to your question, I can't think of an instance where I'd prefer a level one over a level two or three. I think I'd always prefer a level two or three. And electronic vehicle owners seem to have supported that as well.

ERDMAN: Just because you and I think-- I don't have an opinion that level ones would be applicable, there could be an instance when it could be, wouldn't it?

VARGAS: I think there could be an instance where you can use a level one, but I want you to think of the scenarios on whether or not a level one you're going to leave your car and charge it for eight hours versus a level two or three which can have a range of anywhere from 30 minutes to, you know, three to four hours.

ERDMAN: I'm that one person arrived at work at 8:00 in the morning is going to be there till 5:00.

VARGAS: That's true. But I think if we were all given the choice between a level two or three or a level one I think we'd prefer the quicker charge.

ERDMAN: Not if I'm going to be there for eight hours, it doesn't make any difference.

VARGAS: If you had the choice between a level two and three and a level one, you would choose an eight hour wait versus a four-hour wait.

ERDMAN: I'm going to be there all day, doesn't make a difference.

VARGAS: OK.

ERDMAN: The other issue is, does your bill allow for a match?

VARGAS: It doesn't dictate or change anything with the match. The match was set. I think we heard this from the director. They set a minimum of what you can-- you can set for the match is 50 percent. And they went with the minimum 50 percent. We don't-- we didn't touch anything with the match. We didn't say you can't have a match, or there's a minimum. It is just confined to the levels of the charging stations and then the percent allocation in this category.

ERDMAN: So the basic difference between passing your bill and what the department is going to do is 5 percent difference in funding. Right?

VARGAS: Um-hum.

ERDMAN: And no level one chargers. Right?

VARGAS: Yeah, you got it.

ERDMAN: So you're mandating to the agency how they're going to run their business?

VARGAS: I am mandating, or we are mandating, like we mandate in any legislation, that we pass a parameter. The way that they-- what charging-- there's many different types of charging types within level three, I think we heard of them. The department has say over what kind of specific charging stations they do within level two and three. What kind of investments they-- they-- they set the 50 percent match. That was not something we set. All we're saying is they need to spend the full amount and then the specific type, two or three.

ERDMAN: Can you answer this question yes or no; if your bill passes, the department can install any charger ones, right? Level ones.

VARGAS: Yes.

ERDMAN: Fine. Thank you.

STINNER: Additional questions? Senator Hilkemann.

HILKEMANN: Just a quick question. Are you familiar with-- I know what my daughter has in her garage that they've had. I'm assuming that what you have in your garage is a level one, is that correct?

VARGAS: Some people have level one, some people have other charging-- faster charging stations.

HILKEMANN: She's got to charge her car overnight. OK. So I think it's a-- there's a- in the garage over here by Cornhusker, there's a-- there's one, there's a setup. Is that a-- would that be considered a level one or is that a level two over there, do you know?

VARGAS: I'd have to go check with them.

HILKEMANN: OK.

VARGAS: So, I don't know. But again, it depends. What we're saying is, this is not-- these are funds to then invest in infrastructure, that is the category, infrastructure for the state. So what is the best strategy for investing in infrastructure for electronic vehicles? I would say a higher charge in level two or three and not an 8- hour charge in level one.

STINNER: Any additional questions? Seeing none, thank you, Senator. I do have a letter of support for LB678 from Timothy Burke, Omaha Public Power District. That concludes our hearing on LB678.