

Draft Energy Plan Recommendations, 10/30/2006

The following is a list of draft objectives, policies and actions as approved by the Drafting Subcommittee during its meeting on October 30, 2006. Items in blue, underlined text at the end of the document are consultant “strawman” recommendations that have not yet been considered by the committee.

Energy Plan Objectives

1. Ensure a secure, reliable and stable energy system for the citizens and businesses of Idaho
2. Maintain Idaho’s low-cost energy supply and ensure access to affordable energy for all Idahoans
3. Protect Idaho’s public health, safety and natural environment and conserve Idaho’s natural resources
4. Promote sustainable economic growth, job creation and rural economic development
5. Provide the means for Idaho’s energy policy to adapt to changing circumstances

Electricity

Policy Statements

Resource Diversity

1. Idaho utilities shall acquire reliable, diverse, cost-effective and environmentally sound resource portfolios sufficient to meet their customers’ long-term electricity needs.

2. Idaho utilities should have access to a broad variety of resource options consistent with Idaho's policy objectives, including both renewable and conventional resources.
3. Idaho electric utilities shall conduct Integrated Resource Plans that assess the relevant attributes of a diverse set of supply-side and demand-side resource options and provide an opportunity for public input into utility resource decisions.

Resource Priority

4. In order to protect and enhance Idaho's quality of life, it is incumbent on all citizens to use Idaho's precious natural resources, including energy, in a wise and responsible manner.
5. When acquiring resources, Idaho and Idaho utilities should give priority to: (1) Conservation, energy efficiency and demand response; and (2) Renewable resources; recognizing that these alone may not fulfill Idaho's growing energy requirements..
6. The Idaho PUC and Idaho's municipal and cooperative utilities shall ensure that their policies provide ratepayer and shareholder incentives that are consistent with this priority order.
7. It is Idaho policy to encourage the development of customer-owned renewable energy and combined heat and power facilities.

Electricity Transmission

8. Idaho utilities should have the ability and the appropriate incentives to construct transmission facilities that are needed to provide reliable, low-cost energy service to their customers, access to regional markets, and access to a diverse set of resources.
9. The IPUC, Idaho's investor-owned utilities and the Bonneville Power Administration should work together to ensure that Idaho's Consumer-Owned Utilities have access to reliable transmission service for cost-effectively integrating new resources.

Environment

10. Idaho and Idaho utilities should encourage technologies that minimize emissions of harmful pollutants and water consumption.

11. Idaho and Idaho utilities should prepare for the possibility of federal regulation of greenhouse gas emissions.

Action Items

Conservation and Energy Efficiency

- E-1. Idaho should offer an income tax incentive for investments in energy efficient technologies by Idaho businesses and households.
- E-2. Idaho should offer a sales and use tax exemption on the purchase of energy efficient technologies.
- E-3. The Idaho Public Utilities Commission should encourage all Idaho utilities to fully incorporate cost-effective conservation, energy efficiency and demand response as the priority resources in their Integrated Resource Planning.
- E-4. Idaho should adopt international building codes on a three-year cycle as a minimum for building energy efficiency standards and should provide technical and financial assistance to local jurisdictions for implementation and enforcement.
- E-5. The Idaho PUC should support market transformation programs that provide cost-effective energy savings to Idaho citizens.
- E-6. The Idaho PUC and Idaho utilities should consider adopting rate designs that encourage more efficient use of energy.
- E-7. State Government will:
 - i. Demonstrate leadership by promoting energy efficiency, energy efficient products, use of renewable energy and fostering emerging technologies by increasing energy efficiency in all facets of State government.

- ii. Ensure that public facility procurement rules provide appropriate incentives to allow full implementation of cost-effective energy efficiency and small-scale generation at public facilities.
- iii. Collaborate with utilities, regulators, legislators and other impacted stakeholders to advance energy efficiency in all sectors of Idaho's economy.
- iv. Work to identify and address all barriers and disincentives to increased acquisition of energy conservation and efficiency processes and providers.
- v. Educate government agencies, the private sector and the public about the benefits and means to implement energy efficiency.

E-8. The Idaho PUC shall establish annual targets for conservation achievement based on estimates of cost-effective conservation in the service territories of Idaho's investor-owned utilities.

E-9. The Idaho PUC shall establish appropriate shareholder incentives for investor-owned utilities that achieve the conservation targets established by the PUC. Shareholder incentives may include, but are not limited to:

- i. Recovery of revenues lost due to reduced sales resulting from conservation investments;
- ii. Capitalization of conservation expenditures;
- iii. A share of the net societal benefits attributable to the utility's energy efficiency programs;
- iv. An increase in the utility's return on equity for each year in which savings targets are met; or
- v. "Decoupling" of utility revenues from sales.

E-10. The Idaho PUC shall establish and periodically update an avoided-cost benchmark for each utility to be used in evaluating the cost-

effectiveness of conservation and renewable resource investments and in calculating payments to Qualifying Facilities under the Public Utility Regulatory Policy Act (PURPA).

- E-11. Idaho’s municipally- and cooperatively-owned utilities shall annually report to the Energy Division their estimates of cost-effective conservation in their service territories, their plans for acquiring this resource, their conservation and energy efficiency expenditures, and their estimated savings in MWh and peak kW during the lifetime of the measures implemented.

Renewable Generation Resources

- E-12. Idaho should offer an income tax incentive for investment in customer-owned renewable generation and combined heat and power facilities by Idaho businesses and households.
- E-13. Idaho should provide a credit backstop to enable the Idaho Energy Resources Authority to provide low-cost financing for customer-owned renewable generation and combined heat and power facilities.
- E-14. Idaho utilities shall offer voluntary “green pricing” programs that allow customers to support environmentally preferred and renewable energy resources.
- E-15. The Idaho PUC should establish appropriate shareholder incentives for investments in Idaho renewable resources by investor-owned utilities. Shareholder incentives may include, but are not limited to:
- i. Increased ROE for investments in renewable resources located in Idaho;
 - ii. A share of the net societal benefits attributable to a renewable energy purchase.
- E-16. The Idaho PUC shall administer its responsibilities under the Public Utility Regulatory Policy Act in a way that encourages the

development of customer-owned renewable generation and combined heat and power facilities.

- E-17. The Idaho PUC shall establish uniform policies for interconnection and net metering that promote investment in customer-owned renewable energy facilities. Idaho’s municipals and cooperatives should work together to develop a uniform policy for municipal utilities and rural electric cooperatives.
- E-18. Idaho utilities shall report annually to their retail customers their sources of electricity (their “fuel mix”).

Conventional Generation Resources

- E-19. *[E3 to draft language directing the PUC and Energy Division to study incentives for clean coal technologies.]*
- E-20. Idaho and Idaho utilities should work with the INL to investigate the feasibility of bringing a “next-generation” nuclear facility to Idaho.
- E-21. Idaho should encourage the use of “dry cooling” technology or “gray water” cooling for new thermal facilities.

Transmission

- E-22. Idaho should participate in regional efforts aimed at increasing the capability of the western transmission grid and bringing to Idaho the benefits of cost-effective remote resources.
- E-23. Idaho should provide a credit backstop to enhance the Idaho Energy Resources Authority’s ability to provide low-cost financing for transmission projects that benefit Idaho citizens.
- E-24. Idaho should support efforts to amend the Internal Revenue Code to provide additional ability for municipal and cooperative utilities to use tax-exempt financing to construct needed transmission facilities.

Natural Gas

Policy Statements

14. It is Idaho policy to employ the highest and best use of natural gas and ensure that Idaho consumers have access to an abundant and reliable supply from diverse and varied resources.
15. It is Idaho policy to support responsible exploration and production of natural gas supplies and the expansion of the transmission, storage and distribution infrastructure.

Action Items

- NG-1. The Idaho PUC shall ensure that its line extension policies, electric and natural gas tariffs, and other policies encourage the direct use of natural gas in applications for which natural gas is the most efficient energy source.
- NG-2. Idaho should provide incentives for investments in non-traditional natural gas supply resources, including landfill methane, anaerobic digesters, and biomass methane.
- NG-3. Idaho should support the siting of liquefied natural gas terminals and other infrastructure in the United States to provide delivery capability to Idaho.

Petroleum and Transportation Fuels

Policy Statements

15. It is Idaho policy to promote the production and use of cost-effective and environmentally-sound alternative fuels.
16. It is Idaho policy to promote conservation and efficiency as a means of reducing the burden of transportation fuel expenditures on Idaho households and businesses,

improving the reliability and cost of Idaho's transportation fuel supply, and reducing transportation-related emissions.

17. It is Idaho policy to support responsible exploration and production of petroleum supplies and the expansion of transmission, storage and distribution infrastructure benefiting Idaho.

Action Items

Alternative Fuels

- T-1. Idaho shall ensure that its state vehicle procurement rules promote purchases of high-efficiency, flex-fuel, natural gas and alternative-fuel vehicles where cost-effective.
- T-2. Idaho should provide incentives for the purchase of efficient, flex-fuel and alternative fuel vehicles.
- T-3. Idaho should provide incentives for investments in retail and wholesale alternative fuel supply infrastructure.
- T-4. Idaho should establish an incentive for the production of ethanol and biodiesel that reflects the cost of alternative fuel production relative to the price of gasoline and diesel fuel.
- T-5. Idaho should promote research and development and business-university partnerships to speed the commercialization of alternative fuel technologies, with particular emphasis on cellulosic ethanol.
- T-6. Idaho should prohibit "exclusivity" requirements in future contracts between fuel suppliers and retail service stations that prevent the stations from offering alternative fuels.

Transportation Fuel Conservation

- T-7. Idaho should work with other states to promote an increase in Federal CAFE standards.

- T-8. Idaho should permit communities to authorize local option taxes for the purpose of promoting the use and expansion of public transportation.
- T-9. Idaho should provide incentives for the installation and operation of equipment that reduces truck and tour bus idling.
- T-10. Idaho should encourage regional land use planning and policies that minimize vehicle miles traveled.

“Strawman” Recommendations Not Yet Considered by the Drafting Committee, 10/30/2006

Energy Facility Siting

Policies

18. Idaho’s energy facility siting processes should provide for a comprehensive evaluation of the costs and benefits to Idaho citizens of large energy facilities prior to construction.
19. Idaho state agencies should play a role in providing technical information to support local energy facility siting decisions.
20. Idaho’s energy facility siting processes should encourage the use of advanced technologies such as clean coal and dry cooling that minimize the environmental impact of energy facilities.

Actions

- S-1. The Idaho PUC should be vested with the authority to site transmission facilities within areas that have been designated by the US Department of Energy as National Interest Transmission Corridors.
- S-2. For thermal generating facilities 50 MW or larger, an “Energy Facility Site Advisory Team” shall be established consisting of members appointed by the Department of Environmental Quality, Department of Water Resources, Department of Commerce, Department of Health and Welfare, Department of Agriculture, Department of Fish and Game, and Public Utilities Commission. The Energy Facility Site Advisory Team shall examine cross-jurisdictional impacts of the facility, provide

technical information as requested by the local jurisdiction, and make an advisory finding as to whether the costs of the facility to Idaho citizens exceed the benefits.

- S-3. ALT VERSION OF S-2 – Thermal generating facilities 150 MW or larger shall apply for and obtain a Certificate of Convenience and Necessity from the Idaho PUC before commencing construction. The PUC shall grant a CCN unless it determines that the costs of the facility to Idaho citizens exceed the benefits.
- S-4. When permitting large thermal generating facilities, local jurisdictions should be required to hear testimony about the impact of the facilities from citizens and businesses in neighboring jurisdictions.
- S-5. Thermal generating facilities 150 MW or larger shall be centrally assessed and taxed.

Affordability

Policies

- 21. Idaho and Idaho utilities should ensure that a baseline level of affordable energy service is available to all Idaho households.

Actions

- A-1. Idaho and Idaho utilities should provide funding for Low-Income Home Energy Assistance (LIHEAP) and other programs to reach 50% of eligible Idaho households.
- A-2. Item related to low-income weatherization [*still working with experts to develop an appropriate action item*]
- A-3. The Idaho PUC and Idaho utilities should consider adopting tiered rate designs that offer small quantities of energy at a reduced “lifeline” rate.

- A-4. Idaho should allow utilities to offer reduced rates to low-income customers.

Implementation

Policies

22. Idaho should raise the profile of energy within state government and provide additional resources to oversee and promote implementation of the recommendations of this Energy Plan.
23. Idaho should provide the means for Idaho's energy policy to adapt to changing circumstances.

Actions

- I-1. The Department of Water Resources should become the Department of Energy and Water Resources (IDEWR), and Idaho should establish a statutory framework that prescribes the duties of the Energy Division within the IDEWR.
- I-2. The Energy Division should engage in public outreach and education and work with Idaho energy stakeholders to promote a reliable, diverse, cost-effective and environmentally-sound energy system for the benefit of Idaho citizens and businesses.
- I-3. The Energy Division should report to the Legislature every two years on the progress of Idaho state agencies, energy providers and energy consumers in implementing the recommendations in this Energy Plan.
- I-4. It is the recommendation of the Interim Committee that this Energy Plan be given the force of law through legislative approval.
- I-5. It is the recommendation of the Interim Committee that this Energy Plan be revisited and new recommendations be developed on a five-year cycle.