

**MINUTES OF THE
PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**
Wednesday, May 23, 2001 – 9:00 a.m. – Room 129 State Capitol

Members Present:

Rep. John E. Swallow
House Chair
Sen. Mike Dmitrich
Sen. Scott K. Jenkins
Sen. John L. Valentine
Rep. Douglas C. Aagard
Rep. Sheryl L. Allen
Rep. Ralph Becker
Rep. Chad E. Bennion
Rep. Gary F. Cox
Rep. Kevin S. Garn
Rep. Brent H. Goodfellow
Rep. Ty McCartney
Rep. Gordon E. Snow
Rep. Martin R. Stephens
Rep. David Ure
Rep. Stephen H. Urquhart

Members Absent:

Sen. Leonard M. Blackham,
Senate Chair
Rep. Michael R. Styler

Staff Present:

Mr. Richard North,
Research Analyst
Mr. Robert H. Rees,
Associate General Counsel
Ms. Junie G. Anderson,
Legislative Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Call to Order - Chair Swallow called the meeting to order at 9:13 a.m.

MOTION: Rep. Cox moved to approve the minutes of the April 18, 2001 meeting. The motion passed unanimously, with Sen. Jenkins, Sen. Valentine, and Rep. Bennion absent for the vote.

2. Net Metering: What Is The Process For Businesses/Residents To Sell Power To A Local Electrical Grid? What Role Can Net Metering Play In The Current Energy Shortfall?

Mr. North briefed the committee on the net metering issue. He distributed a handout "Net Metering," which included two charts "Summary of Current State Net Metering Programs" and "Summary of Proposed State Net Metering Programs." He discussed questions outlined in the first handout.

Thomas Starrs, JD/Ph.D, Kelso, Starrs, & Associates, LLC, gave a slide presentation "Net Metering and Interconnection" and distributed copies of the presentation for discussion. He also distributed a document "Net Metering: Frequently Asked Questions" and a chart "Summary of State 'Net Metering' Programs.

Dr. Starrs concluded that net metering encourages small-scale, customer-sited generation; technical requirements for interconnections need to be uniform; the costs of interconnection need to be minimized; the interconnection agreements need to be simplified; and fees and charges for interconnection and operation should correspond to the size and complexity of the generating facility. He stressed the importance of tailoring a net metering process to fit consumers' needs.

Mr. Jeff Burks, Utah Office of Energy, briefed the committee on the status of net metering in Utah. He distributed a report of the Energy Efficiency and Renewables Task Force "Net Metering Recommendations" and discussed the recommendations. He suggested that if the committee decides to go forward with legislation for net metering, Mr. Starrs' model legislation, which was used by Oregon and Washington, could be a foundation for developing Utah's net metering legislation.

Mr. Orrin Farnsworth, Intermountain Solar Technologies, discussed the costs to consumers of solar energy systems.

Ms. Christine Watson, Utah Office of Energy, discussed the wind evaluation program currently being conducted by her office. She said several wind developers are interested in serving Utah. She also stated that the Department of Energy is willing to provide \$15,000 for a large-scale wind conference in Utah this fall.

Mr. Dan Tuttle distributed two articles from the May 17, 2001, *The Oregonian*: "Alcoa Oks deal with BPA" and "New natural-gas-fired plants may remedy NW shortage" for the committee to review.

Rep. Garn recommended that a representative from the governor's office be invited to a future meeting to address the governor's energy policy.

Mr. Steve Mecham, Chair - Public Service Commission, said a "green tariff" has been implemented and it is possible that the PSC could establish a tariff that required net metering. However, it has not been addressed because there has not been a demand until now, due to the increasing prices of energy. He also noted it would only effect the companies over which the PSC has jurisdiction; however, the PSC would support the legislature in its decision to set state policy.

Mr. Doug Collins said other sources of renewable energy net metering combined with net metering would be beneficial to Utah's economics.

Mr. North addressed Rep. Ure's question on primary issues and said the safety issues pertaining to the equipment side have been addressed and that the primary issue is now focused on developing simple interconnection agreements that will satisfy homeowners and the utilities.

Mr. Bruce Griswold said his office is responsible for making certain that the system is safe and reliable for consumers. He spoke of what has transpired in other states and what activities are around net metering tariffs.

Mr. Roger Ball, Committee of Consumer Services, expressed concern that some meters can run backwards and some people may be able to hook up their own generators without a contract or any control. He said net metering customers may generate more electricity than they use, but that the issue of network distribution and subsidies needs review.

Mr. Craig Hibberd, Action Consulting, discussed the comparable sizes of some PV systems.

Mr. North said the state of Maryland determined that if no more than 34 kilowatts of energy was supplied by net metering, the cost to the average customer would only be \$.46 a month.

Mr. David Susong favored a net metering policy for Utah. He said the state of Georgia has a favorable net metering policy and suggested that its model be considered for Utah.

Mr. Farnsworth said the tax credit bill (H.B. 334 by Rep. LaMont Tyler, 1999) did not pass the Senate in the General Session, but may be considered again in the 2002 General Session.

Speaker Stephens requested the committee go on record as supporting a net metering policy.

MOTION: Rep. Garn moved that staff draft legislation regarding net metering issue for the June meeting. The motion passed unanimously, with Rep. Bennion absent for the vote.

MOTION: Speaker Stephens moved that staff draft a letter to the Speaker, President, and Governor, requesting that an energy tax credit be included in the Special Session. The motion passed unanimously.

3. Energy Conservation/Efficiency: How Is The State of Utah Promoting Energy Conservation/Efficiency - Residents, Businesses, Government? What Is The Role Of The Public Service Commission? How Are Other States Incenting Energy Conservation/Efficiency?

Chair Swallow suggested that this item be discussed at the June meeting.

4. Adjournment -

MOTION: Rep. McCartney moved to adjourn the meeting at 11:37 a.m. The motion passed unanimously.

