

**MINUTES OF THE
PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**
Wednesday, July 18, 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. Kevin S. Garn
Rep. Brent H. Goodfellow
Rep. Ty McCartney
Rep. Gordon E. Snow
Speaker Martin R. Stephens
Rep. Stephen H. Urquhart

Members Absent:

Rep. Michael R. Styler
Rep. David Ure

Members Excused:

Sen. Leonard M. Blackham,
Senate Chair
Rep. Gary F. Cox

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 9:06 a.m.

MOTION: Rep. Allen moved to approve the minutes of the June 20, 2001 meeting. The motion passed unanimously. Rep. Bennion and Rep. Garn were absent for the vote.

2. Net Metering: Draft Legislation

Mr. Richard North, OLRGC (Office of Legislative Research and General Counsel) said that a meeting was held between staff and interested parties to discuss the proposed draft legislation regarding the net metering issue and a consensus was reached on all issues discussed. However, some new proposed issues still need discussion.

Mr. Robert Rees, OLRGC, distributed draft legislation "Net Metering of Electricity." He explained that a more finalized version of the draft will be presented at the September meeting. He and Mr. North answered questions from committee members.

Mr. Mike Peterson, Utah Rural Electric Association, agreed that the overall consensus was met but that more time would be needed for further study of the legislation.

Mr. Mike Avant, Garkane Energy, expressed concern that "surplus electricity" is power that is energy only, with no capacity associated with it; therefore, it could not be counted on as a valuable resource for generation.

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 Inciting Energy Conservation/Efficiency?

Prior to the meeting commencement, Mr. Orrin Farnsworth, Intermountain Solar Technologies, distributed a handout "Worried about your electricity supply?"

Mr. Rees gave an electronic presentation and explained what is meant by energy conservation/efficiency. He showed several ways that consumers could conserve energy and spoke of methods and incentives used to encourage energy conservation.

Mr. Jeff Burks, Office of Energy Services, distributed a handout "Energy Conservation and Efficiency" and discussed its contents. He gave results of the "Tellus Study," which is an economic analysis of achievable new demand-side opportunities in Utah.

Chair Swallow asked that staff send a copy of the Tellus Study to committee members for review.

Ms. Sarah Wright, Utahns For An Energy Efficient Economy, gave an electronic presentation "Utah's Energy Future – What is our Vision?" and provided copies for the committee. Her presentation defined the role of efficiency and clean renewable energy sources.

Rep. Aagard asked that Ms. Wright provide the committee with examples of market failures at a future meeting.

Mr. Burks spoke about efficiency and renewable energy portfolio standards. He said there is a lack of knowledge and information about the economic benefits of saving energy. He also said that money for the initial cost of the investment is a barrier that keeps high energy efficient equipment from being purchased.

Mr. Bob Lively, PacifiCorp, distributed a handout "Do the Bright Thing," which included information regarding new energy programs.

Chair Swallow asked Rep. Allen to resume the chair as he was needed at another meeting.

Mr. Kim Christy, Utah Farm Bureau, reported on energy conservation in the area of agriculture, with an emphasis on irrigation. He spoke about the volatility of the market and the "curtailment offer" to no irrigating. He distributed a brochure "Electric Cooperatives: The customer's choice from day one."

Mr. Mike Peterson, Utah Rural Electric Association, spoke about energy conservation initiatives and their effect on the electric cooperatives.

4. Magnesium Corps of America - Conservation Model & Issues

Mr. Dan Tuttle, MagCorp (Magnesium Corps of America), opened discussion on MagCorp issues and said that MagCorp is one of the most energy efficient and "environmentally friendly" companies in the state.

Mr. Roger Swenson, Power & Energy Contracts, gave an electronic slide presentation "Magnesium Corporation of America -- A Perspective on Energy in a Volatile Market." He said MagCorp is the last surviving magnesium producer in the U.S. He reported on MagCorp's energy issues and noted that it is one of the most efficient power plants in the country. He also discussed the needs of MagCorp.

Mr. Brian White, Tas-Coal, distributed a handout "A New Dimension in Energy Out-Put" and said Tas-Coal has developed a way to micronize coal milling.

5. Tax Credit for Energy Efficient Geothermal Systems and Adjustments for Inflation.

Mr. North distributed and discussed "H.B. 1005 - Individual Income Tax and Corporate Franchise and Income Tax - Renewable Energy Systems Tax Credits."

Mr. Mike Peterson asked the committee to consider adding geo-thermal exchange systems as an energy system eligible for the income tax credit defined in H.B. 1005.

Mr. Mark Eckels, Sound Geothermal, explained how the geothermal system works and said that it is a renewable energy system.

Mr. La Del Laub, Dixie Escalante Electric, discussed the energy demand-side and encouraged the tax credit allowance for the geothermal system.

Ms. Christine Watson, Utah Energy Office, said some geothermal systems are not considered renewable energy systems and, therefore, may not be eligible for the income tax credit. However, because they conserve energy, some tax credit may be appropriate.

MOTION: Rep. Snow moved that staff draft legislation authorizing geothermal systems be allowed the same income tax credit after consideration of the adjustments for inflation. The motion failed in the Senate, with Sen. Dmitrich, Sen. Jenkins, and Sen. Valentine voting in opposition to the motion. Rep. Bennion, Rep. Goodfellow, Speaker Stephens, and Rep. Swallow were absent for the vote.

6. Adjournment

MOTION: Sen. Valentine moved to adjourn the meeting at 12:02 p.m. The motion passed unanimously. Rep. Bennion, Rep. Goodfellow, Speaker Stephens, and Rep. Swallow were absent for the vote.