

## Nebraska Renewable Energy Association

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# Renewable Energy Bill Summary

## For the 101<sup>st</sup> Legislature, 2009

This year marks a new record for the introduction of renewable energy legislation. This summary has been prepared as a service to citizens trying to stay up to date on these issues. The goal of this summary is to encourage citizen input to the process.

Bills can be tracked through the process at [www.nebraskalegislature.gov](http://www.nebraskalegislature.gov). Bills can be referenced by number and the progress they make are noted there. Citizens have an opportunity to testify at the scheduled hearings in person or by sending an e-mail to the committee discussing the bill. If the bill makes it out of committee, senators can then be encouraged to support it on the floor. The most critical stage is the committee hearing where citizen input can make a huge difference. Get involved, government is led by those that show up and your input is needed at this critical time in our history.

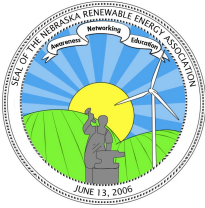
Senator(district)	Description/Comment	Committee
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<b>LB 9</b> Wightman(36).....		Revenue
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Exempt biofuels and biomass used in agriculture from sales and use tax. This adds renewables to the list of old carbon energy sources already exempt. Comment: Good Bill

<b>LB 14</b> White(8).....		Natural Resources
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This bill would require the Nebraska Energy Office(NEO) to set more stringent energy standards for new government buildings and requires select government agencies to reduce energy use by 10% by 2014 and 15% by 2017. Comment: I am a fan of setting goals with a date. Government should lead by example by efficient use of our energy dollars. NEO monitoring is also a good thing, good bill. It could be expanded to include ALL government buildings.



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**LB 246 Dubas(34)**.....Natural Resources

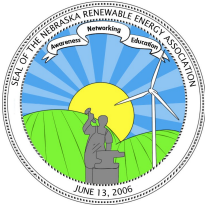
This bill would reauthorize the Bio-power Steering Committee to assess the bio-economy potential in Nebraska. The original committee was focused on electricity only and produced nothing to my knowledge. This bill broadens the scope and would provide for a steering committee to lead the project. The deliverable is a report that would be the basis of a real energy plan that can be used as a road map. The \$200K price tag is a wise investment as a real energy plan cannot be expected out of the NEO. Annual updates being reported to the legislature is a good thing also. The plan should be available on the web for all to see anytime. Good bill.

**LB 421 Nordquist(7)**.....Revenue

This bill would suspend the collection of fuel taxes until 2015 on compressed old carbon gases used for vehicles. I am not sure why natural gas and propane in vehicles should get tax exemption when biodiesel and ethanol do not. No opinion

**LB 436 Haar(21)**.....Natural Resources

The heritage of the net metering struggle in Nebraska is alive in this bill. Largely the same bill as LB 581, this is the basic fair net metering policy that has been stunted by lobbyist maneuvers for over a decade. This year, the discussions will be before a new committee chairman with no utility bill to compete against it(see LB663). System cap is set at 125Kw (error in introduced copy) with no additional fees(other than basic connection fee), 2% system cap for program, no required insurances, inspections, switches, etc that were intended to result in ‘net burdening’. Since ultimate success is determined by installations, utilities would be required to post this data for all to see. This is an excellent bill the state sorely needs. We need to get this done.



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**LB 437** Haar(21), Dubas (34), Nordquist(7).....Natural Resources

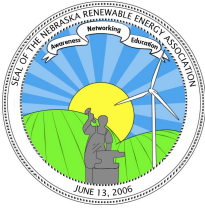
This bill creates a Wind Energy Development Zone Task Force with the goal of identifying a plan to generate 7800MW of electricity from wind in Nebraska by the year 2018. To compare, Iowa and Minnesota each have about 1400MW right now. Initiating such a task force is certainly a good idea, as the voluntary capacity goals NPPD has offered wouldn't even surpass what Iowa has now. I like the idea of numbers and dates, it helps us keep folks accountable. Findings will also support a more complete energy plan. With no funding required to execute this task force, it is a no-brainer to support LB 437. The published map as well as reports and minutes should be available to the public.

**LB 439** Fischer (43).....Natural Resources

In this bill, Senator Fischer the Home Energy Alternatives Act so residents would be able to bypass restrictive zoning, easements and other restrictions. This would be a very positive development for enabling renewable technologies that have often been thwarted by these rules. This will be a very controversial bill and overruling private covenants is probably going too far, but this bill does address a very real need out there in the state.

**LB 455** Nordquist(7), Dubas(34), Haar(21), Lathrop(12), Mello(5), Schilz(47).....Revenue

This bill provides incentives for the production of renewable electricity. It includes exclusion of sales and property taxes on any renewable energy facility and provides a production credit of almost 2cents per kilowatt hour for 20 years. Eligible entities for this huge credit include only public power entities. The public is excluded from any of these incentives. This bill is an apparent attempt to make up for the fact that Public Power does not qualify for the federal production tax(PTC) credits for wind production,



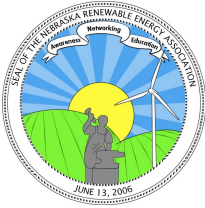
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based on the fact they don't have to pay all of the taxes private companies do. If installed wind capacity falls 5 years short of the LB 437 goal by growing at 500MW/year, 50% Public power ownership would result in this bill providing credits in BILLIONS of dollars to Public Power. I wonder why LB 455 provides a 20 year credit when the federal PTC is 10 while excluding Nebraska citizens producing electricity. These smaller, citizen owned systems are also double the cost with half the capacity factor of the large turbines, yet they have no seat at the table. The fiscal note should be interesting. I am not feeling very good about this one yet and perhaps I am missing something here....

**LB 471** Fulton(29), Haar(21), McCoy(39).....Natural Resources Power Review Board approval would be guaranteed for Public Power applications for renewable energy systems less than 10MW and less than 10% of the system load. C-BED projects also get this pass, but C-BED is only set up for wind power. I like the concept, but what if a Nebraska business wants to erect a 2MW turbine at their facility? What if a landowner wants to put in a 500KW tower? The Public is not granted the same privileges that are granted to the power company, why don't we get a pass? They made Dave Tobias jump through all these hoops for a 10Kw turbine and the Attorney General had to put a stop to that. I would begrudgingly support, but I would hope the bill would be amended to allow Nebraska owned projects to be able to get the same treatment. The first time this happens it will go to the AG, again

**LB 491** Haar(21).....Natural Resources Establishment of the Home Energy Efficiency Fund is created through this bill. This bill seems to be seeking to either decentralize the current energy efficiency program by having power providers administer it or to create a parallel program. In



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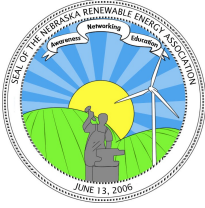
either case it represents an improvement over the current program. This program would provide 0% interest loans to citizens(!) and repayment is based on energy savings. This looks like an excellent program, but no funding source is noted. Only electric power suppliers are eligible to administer these programs and the terms aren't quite as good as what public entities got in LB 624. I appreciate that both the public buildings and private residences were given consideration in these bills. Payback should be capped at 10 years to justify loans. This is a good program, funds should come from the NEO program so they can focus on more important things, like the tasks assigned in LB 567. I like this bill.

### **LB 492 Haar(21)**.....Appropriations

This bill would provide \$3.5million dollars to UNL to establish research and teaching capacity in the wind energy field. First off, the community college system is already moving this way and is much better prepared to offer the degrees needed in this field. As far as wind research, this is much more efficiently done by the private sector and is largely well developed. The establishment of these types of resources at UNL would clearly compete with the budding renewable energy industry in the Nebraska and is counterproductive. Nebraska stands more to gain by growing businesses that create jobs that do this work. If the money has to be spent, then my recommendation would be to give half the money to MPCC and NECC to build two large turbines to train on and complete their curriculum. This is not efficient use of \$ as written.

### **LB 561 Lathrop(12)**.....Natural Resources

This bill seeks to help limit the ability of Public Power to condemn and acquire renewable energy facilities through their use of eminent domain which would make investors more comfortable about getting involved with these projects. The amended sections



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are not totally clear to me if the language applies to wind only.  
Good bill, but could be stronger in limiting these powers.

**LB 565 Louden(49), Haar(21), Schilz(47), Wallman(30)**

.....Natural Resources

The Woody Biomass Act creates a \$2.5million dollar revolving fund that makes loans with interest to fund projects that convert buildings from old carbon(existing) to new carbon(wood). The fund would be administered by the NEO. This is a great idea and is well written, but why citizens are excluded is my concern. Only public buildings can apply for these funds. So the government takes tax money and loans it to other parts of government with interest. If the technical data and rates of return were published by NEO on the projects I could see public value and support this.

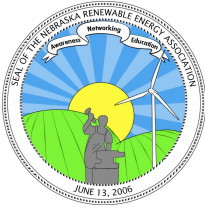
**LB 566 Dubas(34), Haar(21), Mello(5)**.....Revenue

LB 566 adds two tiers to the Nebraska Advantage Act. This bill would provide incentives to manufacturers who produce ‘windmills’. Incentives of this type are needed to attract manufacturers of wind energy equipment. \$1million dollars and 10 new jobs is the minimum investment to qualify for the lowest tier, which is obviously targeting big companies. Great idea, hopefully it will grow to include all renewables, not just wind. Good Bill.

**LB 567 Dubas(34), Haar(21), Mello(5), Schilz(47)**

.....  
...Natural Resources

This is an excellent bill that seeks to tighten up existing and add new responsibilities to the Nebraska Energy Office, including transmission studies and RPS development. This bill adds reporting to the legislature and increased public inspection of documents and meeting minutes. This is an excellent bill that is



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sorely needed. Even after LB 921 last session, the NEO has performed poorly and this bill should help improve their performance and accountability to the people of Nebraska.

### **LB 568** Dubas(34), Haar(21), Mello(5).....Natural Resources

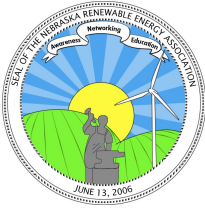
This bill seeks to address many grey areas that have developed in Nebraska regarding wind leases for large turbines. These easements must be filed with the registrar of deeds and terminate if not development has taken place in 5 years. The bill also requires these leases to cover specific areas like decommissioning and worksite reclamation. A good bill that would protect landowners.

### **LB 569** Dubas(34), Haar(21).....Appropriations

This bill provides additional state funds (\$25,000) to help fund the already federally funded Wind for Schools Program(WFS). These small wind turbines do little to offset electrical consumption, but provide learning opportunities for students. If the WFS program is going to ask for public funding, then Nebraska based renewable businesses within the geographic area of the school should have the opportunity to be involved with the project at no additional cost to the project, if they choose. UNL is being funded by NREL to provide the technical consulting on these projects, clearly competing with Nebraska business. If state money is appropriated, Nebraska based businesses should be involved. A real wind for schools program would provide transferable tax credits for 35% of the cost of the installation of a more significant wind turbine that would offset the schools power consumption and save the schools a bundle. Great intention, but this bill needs some work in committee before I could support.

### **LB 584** Dierks(40).....Agriculture

The Agricultural Commodities Protection Act is designed to



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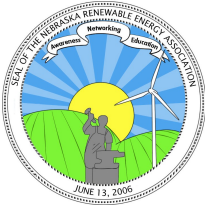
require ethanol plants to make fuel available to local markets. While some plants do sell to local blenders, others do not and require huge quantities to be purchased or quote highly inflated prices. Unfortunately for the industry, there have been a number of plants that have no interest in providing ethanol to the communities which provide them the corn for their facility. Many of the ethanol plants have entered into 100% production contracts that do not allow for local consumption and pricing abuses have been found. Local markets should be able to access locally produced ethanol. While LB 584 is controversial, I believe it is needed. Amounts provided to local markets could be capped at 5-10% of production.

### **LB 591 Dierks(40)**.....Natural Resources

This bill would provide the Power Review Board with the opportunity to examine the 'non-tangible' benefits of using renewable resources. This bill seeks to address a core issue, namely that the big picture can be considered instead of price only. By examining the full spectrum of advantages and disadvantages present in a renewable application, a better decision can be made by the Board. Of course, lobbyists will howl about how these criteria can be misleading, unfair and even discriminatory. You can usually tell a good bill by how loud they howl anyway. Good bill.

### **LB 624 Haar(21)**.....Natural Resources

Energy efficiency loans for public buildings are the goal of LB 624. The goal of improving energy efficiency of government buildings is a good one. A couple points are to be noted here, LB 624 should provide for a study and baseline of the current energy data before a loan is made to accurately assess improvements, this could be provided for in the application to the NEO. Secondly, the repayment terms are set as  $\frac{1}{4}$  to  $\frac{1}{2}$  of the energy savings in biannual payments without interest. I believe these repayment



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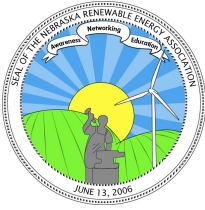
terms need to be capped at a ten year repayment to justify public investment. Currently, this same ten year term(with 5% interest) is applied to citizens who apply for energy efficiency loans through the NEO. Good bill if we get a better handle on repayment terms.

**LB 632** Mello(5), Dierks(40), Dubas(34), Giese(17), Haar(21), McGill(26), Nordquist(7), Rogert(16).....Revenue

The proposed Green Building Advantage Act would provide a refund for a portion of taxes paid on commercial buildings that are built or retrofitted to meet energy efficient LEED standards. Such refunds would defray the higher costs involved with building to these higher standards. Building efficient buildings make good sense and so does this bill, fiscal impact would be limited.

**LB 641** Schilz(47).....Revenue

Ethanol and biodiesel have stagnated now that the first generation feedstocks of corn and soybean oil have been consumed. Second generation research is needed to move this industry forward to meet national goals. While no cellulose research incentives were offered this year, LB 641 seeks to provide limited incentives to those that would create biodiesel using 1, novel technologies and/or 2, non food feedstocks. This is a very creative incentive that focuses on rewarding small, high risk research facilities in undertaking such projects here in Nebraska. This legislation has been refined over two years and the time is now to move on this. Due to objections from the soybean board last session, the term renewable diesel was substituted for biodiesel to broaden fuel applicability. University oversight is provided for in approving projects. This is an excellent bill worthy of support. Transferable tax credits may be a better way to fund the \$600,000 per year price tag for this program instead of cash payments. Good bill.



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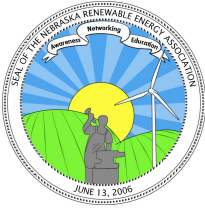
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### **LB 663 Janssen(15)**.....Natural Resources

LB 663 seeks to develop the net metering act to interconnect renewable electricity generators to the grid. This bill introduces a number of new and comparatively complex ideas. Of the 35 page bill, the first six pages are definitions! I didn't even want to print it because it was so large. I did manage to read through it and noted some good points, but this concept is new and nobody in the renewable energy community has seen this. Most were not even aware of its existence until introduction. Given the fast paced environment in the running session, I would have to say this bill is far too complex to try and wade through this session. The bill basically provides true net metering for 40Kw and below and a 'net metering lite' program for 40-100Kw. There are several options generators have as well regarding rate programs. Present in this bill are insurance requirements, disconnect switches and utility inspections on demand typically associated with net metering. Because the two net metering bills are so different, direct comparison is hardly possible but may need to be attempted. There are reporting requirements that are very detailed and informative. There are components within the bill that are very good, but the various rate calculations read like a calculus book. I prefer LB 436 to this new and complicated program despite its' apparent good intent.

OVERALL I have provided a brief summary of the bills' intent and my personal views on the bill. My intent is to provide Nebraskans a summarized list so they can look up the bill, read it for themselves and form their own conclusions. I understand not all will agree with my views and that's fine. The key is to provide feedback to the system and get involved.



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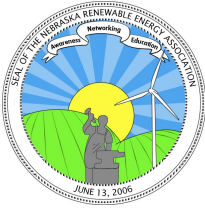
With that said, of the 22 bills introduced, 14 I would outright support (some with noted tweaks), several I am lukewarm on and 4 I would not support. The important thing is to not just blindly support just any renewable bill.

TRENDS are apparent here. A new batch of senators are stepping up into this arena and this is a welcome sight. Sen Haar, Schilz, Nordquist and Mello are among newcomers joining the ranks of the more senior 'renewable' senators like Sen Dubas, Lathrop, White and Dierks. This is encouraging

Technological bias toward big wind energy is also evident, while understandable, it should be recognized that Nebraska is awash in biomass, solar and geothermal potentials. It will be important to develop a diverse balance in our renewable energy portfolio.

The NEO has not stepped up to the plate and this is clearly addressed by legislation aimed at improving the deliverables that the NEO provides. A true rehabilitation of this office will be a key component to a successful energy future for Nebraska.

The public component of public power is not represented in LB 455. I am very surprised that a state subsidy of the magnitude of almost 2 cents per kilowatt would only be available to big wind while more expensive, citizen owned small wind gets nothing. While I understand LB 455 attempts to 'close the gap' for Public Power which does not get federal PTC credits, the fiscal impact of billions in subsidies and once again leaving out the little guy (as we saw in the ethanol production incentive) is troubling. LB 565 echoes this formula, public agencies can use public money, but the public need not apply. LB 624 would allow public buildings to get



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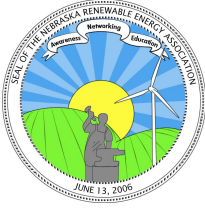
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better energy efficiency loan terms than citizens can get, LB 471 allows Public Power to skate through power review board applications, but citizens can plan on being grilled. LB 569 leaves Nebraska businesses out of the loop. I think citizens are getting thrown into the pile with the ‘privates’(private developers), which are loosely defined as out of state interests and bad. Unfortunately, this generalization catches Nebraska businesses and citizens in its’ net. This theme of putting the average citizen at the end of the line to clean up scraps or getting nothing is getting old. The old adage that Public Power doesn’t approve of the public making power seems truer then ever, however there are signs of change.

Other than a very limited renewable biodiesel incentive in LB 641, nothing has been introduced to address the current ethanol situation or to promote second generation feedstocks for ethanol. The ‘ethanol recession’ has had a massive impact on Nebraska that nobody seems to want to talk about. Biodiesel is in a similar situation. We need to stay in the game here with biofuels.

Funding renewables in a responsible manner will continue to be a challenge, but federal grants, transferable tax credits and other creative financing can get it done. We simply need to make it a priority and find a way. Simply saying there is no money for these things is just taking the easy way out.

While C-BED offers a good strategy to allow citizen ownership of renewable projects, the model only allows for wind energy projects. This needs to be broadened to include all renewable technologies. Except for the Woody Biomass Act, all of the renewable legislation introduced include all forms of renewable energy, only C-BED remains aloof by allowing wind technology only into this citizen based model.



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# 101<sup>st</sup> Legislature Renewable Energy Legislation Summary Sheet

- LB 9 Exempt biofuels and biomass used in farming from certain taxes (Revenue)**
- LB 14 Create conservation standards for certain state buildings (Natural Resources)**
- LB 235 Allow state owned educational (BELF) lands to enter into leases for wind(Education)**
- LB 246 Reestablish the Biopower Steering Committee (Natural Resources)**
- LB 436 Provide for net metering of electricity (Natural Resources)**
- LB 439 Home Energy Alternatives Act (Natural Resources)**
- LB 437 Create the Wind Energy Development Zone Task Force (Natural Resources)**
- LB 455 Provides renewable energy tax credit for Public Power entities (Revenue)**
- LB 471 Provides approval by PRB of projects under 10MW (Natural Resources)**
- LB 491 Provides for residential home energy loans (Natural Resources)**
- LB 492 Provides funding for wind energy positions at UNL (Appropriations)**
- LB 561 Restricts eminent domain on wind energy projects (Natural Resources)**
- LB 565 Adopt the Woody Biomass Energy Act (Natural Resources)**
- LB 566 Provides tax incentives for wind turbine manufacturing (Revenue)**
- LB 567 Clarify and increase responsibilities of the State Energy Office (Natural Resources)**
- LB 568 Provides requirements for wind leases and easements (Natural Resources)**
- LB 569 Provides funding for Wind for Schools Program (Appropriations)**
- LB 584 Adopt the Agricultural Commodities Protection Act (ethanol access) (Agriculture)**
- LB 591 Increase PRB renewable project consideration criteria (Natural Resources)**
- LB 624 Provides for energy efficiency loans for public buildings (Natural Resources)**
- LB 632 Adopt the Nebraska Green Building Advantage Act (Revenue)**
- LB 641 Create a production incentive for renewable diesel (Revenue)**
- LB 663 Adopt the Net Metering Act (Natural Resources)**