

Nebraska Renewable Energy Association

708 North Davis

Oakland, NE 68508

www.nebraskarea.org

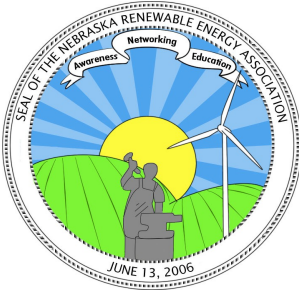
Renewable Energy Bill Summary For the 101st Legislature, 2010

This year we see a very different lineup of bills and overall numbers are about half of what we saw last year. 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. 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 or call 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 and while the bill is in committee where citizen input can make a huge difference. Lobbyist organizations fighting for the status quo also target bills during this period. Get involved, government is led by those that show up and your input is needed at this critical time in our history.

These summaries are very brief and represent one viewpoint, the NeREA encourages interested citizens to draw their own conclusions.

Senator(district)	Description/Comment	Committee
<u>LB 689</u> Langemeier(23)Natural Resources This bill would split and redirect the unused funds from the Ethanol Production Incentive Cash Fund from the Water Resources Cash Fund to the Nebraska Corn and Sorghum Marketing fund and the General Fund. The excise tax on corn or Sorghum scheduled for collection from 2012 to 2019 is removed. The Ethanol Production Cash Fund promoted the second largest ethanol production capacity in the nation and will continue to pay Nebraskans big dividends from that public investment.	



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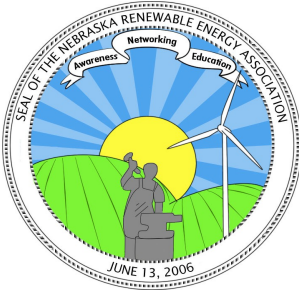
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LB 704 Haar(21), Stuthman(22).....Revenue

This bill attempts to correct language in an existing statute that has allowed the Department of Revenue to cease payments to renewable energy producers using methane digesters. After paying producer Danny Kluthe for years, Revenue decided the specific language in the bill stating the qualifying facility is a ‘zero-emission facility’ exempted digesters from this incentive because of new carbon CO₂ emissions from the combusted methane. A fine technical point to be sure. This bill will replace that language with ‘renewable electric generating facility’. The original language in the bill was flawed because the intention of the original bill to include methane digesters was specifically noted in the bill. This is a **good bill** that will address the language being used to cut methane generators out of this credit. The current credit is \$0.001/KwH generated for facilities operational between now and Jan 2013 and has a term of ten years. Don’t get too excited about this little known credit, for a 10Kw generator, you’d be looking at about \$1-1.50/month.

LB 755 Dierks(40).....Natural Resources

There are numerous pipelines that traverse our state and new ones being installed that contain petroleum and natural gas products, With LB 755, Sen. Dierks is seeking to ensure landowners are protected and that pipeline operators install and maintain the pipe depth and complete topsoil reclamation as required by NRCs standards. This bill also levies a 1/2000% tax on the value of the product to be delivered to the state(20%), counties(20%), schools(20%) and landowners (40%) in the affected areas. It would seem fair that landowners are protected, pipeline standards are



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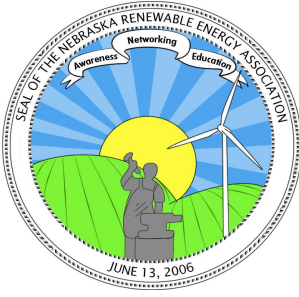
established and operators pay their taxes as well. Thanks to Sen. Dierks for looking out for citizens. **Good bill.**

LB 774 Haar(21), Dierks(40), Hadley(37), Louden(49), Pirsch(4), White(8).....Revenue

This bill would address taxes that are being imposed in the wake of passage of LB 436 net metering. Because taxes are currently assessed on customer power bills, the Dept of Revenue believes it is appropriate to tax the renewable energy produced by such a system which would offset the electrical bill. The fact that there is no sale at the meter, only avoidance of a sale from Public Power for power generated is clarified by saying the tax would be assessed against the net energy use only, or that purchased by the customer generator at the end of the monthly billing period. This is a good bill that clarifies language so that green power generated onsite to offset power is not taxed as though it was being purchased from Public Power. This would be akin to assessing corn check off fees on a person's sweet corn patch! **Good bill.**

LB 797 Langemeier(23).....Natural Resources

This bill would make annual public hearings by the Nebraska Power Review Board (PRB) regarding retail competition in Nebraska's electricity market optional. Annual PRB reports currently required to be prepared for the Governor would become optional and topics are made 'flexible'. The PRB would not be encouraged to submit interim reports to the Governor or Legislature should conditions in the electricity market destabilize with this bill. Reduced reporting at a time when Nebraska is extremely vulnerable to price fluctuations because of our heavy reliance on imported energy is not in the best interest of



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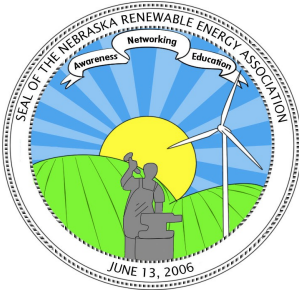
Nebraskans. We have worked diligently over the past several months with the NEO to improve available data on Nebraska electrical markets that are seeing very significant price increases across the state. If anything, improved reporting and transparency should be pursued so that we can be assured that Public Power utilizes all options to keep rates low.

LB 845 Howard(21).....Natural Resources

The NeREA testified in support of this bill and recommends this bill be forwarded to general file. Even the power lobbyists testified in favor of energy conservation (although they spoke against net metering which is essentially the same thing!) This bill would require state agencies to have energy assessments done and implement conservation measures. This type of bill has been introduced before in past years and has not been moved forward. It is a no brainer that the state exercise thrift in the use of public money for their utility bills. The federal examples and goals set for energy reduction and distributed production are numerous. Although the introduced **bill is good**, it should be strengthened and a more holistic approach should be considered instead of requiring power strips alone...

LB 885 Nordquist(43), Mello(5).....Natural Resources

This bill focuses on reorganization of the Nebraska Energy Office(NEO). Like LB 567 last session(Dubas) and LB 921 in 2008(Dubas), this is an attempt to refocus and bring ‘benchmarks and goals for energy production’. First off, it is the duty of the legislature to mandate a Renewable Portfolio Standard (RPS) into law and the last time this was introduced was several years ago with LB 412(McGill). I was there and saw the NPA bring that one



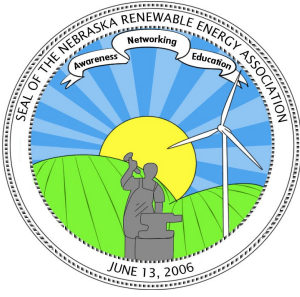
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down in flames. The bill makes several positive recommendations including making the new ‘Nebraska Energy Commission’ independent (badly needed) and led by a board with at least two members having renewable energy and conservation experience. The specific duties of the commission were spelled out and very useful and the idea of forming citizen advisory boards is excellent. The NeREA has been involved with development of NEO legislation over the past several years and feels the bill does not address the primary issues with the NEO. While LB 885 does make the new Energy Commission an independent agency, it doesn’t do anything to drive the interconnection of the NEO throughout state government. The current NEO is seeking to address this need through creation of a ‘Green Portal’ that will connect citizens with their needed resources and information within government and/or industry. The NeREA has worked with the NEO to develop this idea since 2008 to address the need for interconnection. The structure of past LB 921/567 bills have modeled the NEO into an ‘Office of Energy Independence’ as we find in Iowa, Minnesota and numerous other states that have shown positive renewable development, LB 885 takes a different path which does not address the connectivity issue. In my view, the NEO should also be providing energy plans to the legislature for review with specific legislative actions that could be considered to support the Energy Plan, otherwise it is simply a toothless proclamation. I appreciate the opportunity to discuss the NEO, but the LB 921 approach of 2008 was more comprehensive and connected. The Energy Plan should also be approved by the legislature so that it cannot be held up or controlled by the executive branch and citizen input must be on a continuous basis, not just occasional listening sessions.



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LB 916 Heideman(1).....Natural Resources

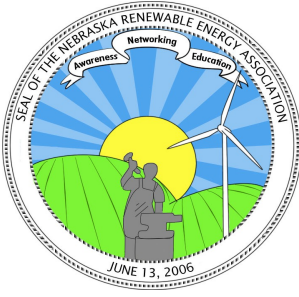
This bill would authorize lease on school lands for wind and solar energy production. This bill seems similar to LB 235 introduced last session, but without the carbon sequestration language. This would be a good bill as long as taxpayers are ensured their interests are protected in negotiations with developers. This would be a **good bill** to benefit public schools, but without a commitment toward development, projects will not be developed.

LB 960 Stuthman (22).....Natural Resources

The NeREA is pleased that Sen. Stuthman stepped up to address one of the major shortcomings of the LB 436 Net Metering Policy adopted last year, the crippling system cap required by power lobbyists. This is a **great bill** as it only addresses this one aspect of LB 436 by creating a industrial, commercial, agricultural class of customer generator that would be allowed to tie onto the grid with systems up to 125Kw. The NeREA testified in support of this bill and hopes LB 960 is forwarded out of committee. It also has no fiscal note and that is a critical feature during this budget conscious session.

LB 997 Mello(5).....Natural Resources

This bill would require comprehensive plans to include and energy element that assess energy infrastructure and use by sector. It is a clear testimony to the fact we have not been ‘very concerned about energy’ that such information is not already part of such plans. LB 997 is a **good bill** that would require these energy related considerations in future comprehensive planning documents. It is almost outrageous that something as critical as assessing energy use and options has to be legislated to get done. Thanks Senator!



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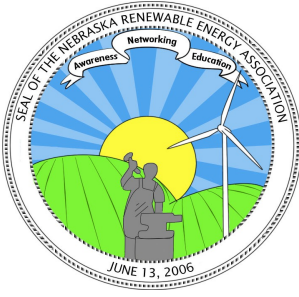
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LB 1048 Natural Resources CommitteeNatural Resources

This bill attempts to get a path forward for the export of energy from Nebraska. This bill is complex and attempts to address a big issue for Nebraska. The bill exempts exporting facilities (90% or more of the power leaves the state, 10MW and above) from property taxes and eminent domain, though transmission can be erected through personal property through the use of eminent domain, if required as a 'public use'. The application process to the Power Review Board is defined, but 'reasonably identifiable and quantifiable public benefits' sounds kind of loose to me. I would suggest they consider inclusion of language from LB 591(Dierks) last session in this area. It is good PRB approvals have a 6 month shelf life and the Committee may consider ensuring they are not transferable as was seen with ethanol incentive approvals. Fees are established for this review. A Wind Energy Generation Tax is outlined (though no discreet numbers) and the distribution process described. Seems strange that any green technology can qualify but only wind would be taxed, otherwise this is a case where if passed, the implementation of this bill must be watched very closely for instances of abuse. I am also unclear who ends up paying the bill for the transmission assets that Public Power may need to bring to the exporting facility. I don't think this bill can do too much damage anyway, with only 80MW/year planned for Nebraska until we are told otherwise by Public Power, not much will be popping. If these exporting facilities are allowed to develop outside of the RFP framework, we would be giving an open field to privately and potentially foreign owned companies the ability to export our resources while our C-BED projects wait in the RFP line for years. I think this could be a good first step for Nebraska.



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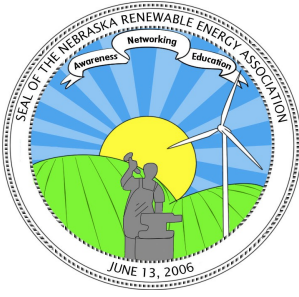
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LB 1049 Langemeier(23).....Revenue

This bill requires C-BED wind projects to include 33% of the total cost be made up of Nebraska based inputs to build the project. This includes everything from consulting to wire to the blades. An exception should be made to allow exemption where Nebraska based components are not available or cost effective as in the Buy American Act. I applaud the concept, but we are not exactly a mecca for things renewable at this point and that should not stand in the way of projects, either. All Public Power and governmental projects should also be required to ‘Buy Nebraskan’ where options exist. NPPD proudly displays three small wind turbines at their new Norfolk facility that were installed by out of state contractors, though in state bids were supplied that were competitive.

LB 1080 Cornett(45).....Revenue

This bill adds a tier to the Nebraska Advantage act for businesses that generate electricity through wind energy and have an investment of XXX million dollars or more. Personal property shall be tax free as long as the levels of investment and employment were being maintained, as outlined in the specific tier in the Nebraska Advantage Act. This is another innovative approach to the address the need to stimulate wind energy investment. My first question is why only wind? Can we extend some of these tax benefits to smaller producers or just the big guys? Perhaps the Nebraska advantage Act is not the framework for such an incentive as the jobs produced per dollar invested is very low compared to may industries. It would take about \$30 million dollars(10MW) to create 1 job with big wind, while it would take \$1 million dollars to create 5 jobs with small wind.



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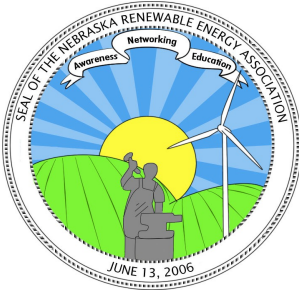
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LB 1098 Mello(5), Ashford(20), Cook(13), Haar(21), Harms(48), Lathrop(12), McGill(26), Nordquist(7).....Urban Affairs

There is certainly value in this bill for a couple of reasons. Firstly, it is good to see that the legislature recognizes the challenges in financing energy projects and that these projects serve the public good. It is good to have a renewable energy conversation outside of the Natural Resources Committee as well, seeing that so many bills are already in there. While I see the intent of the bill being good, I don't see the applications for it. There are already numerous programs for energy conservation funds services and low interest loans from the NEO. While the bill can be viewed as good, it is not likely to see much utilization. What is needed is an incentive to do such things, like tax credits or cash incentives, not an additional source of interest bearing financing. The **bill is good**, but does not address the core issue surrounding widespread implementation. These can only be confronted when Public Power turns from antagonist to protagonist in all this.

LB 1099 Mello(5), Haar(21).....Urban Affairs

Resource re-use is certainly one of the best ways to conserve energy. This bill allows cities of the metropolitan class to enact 'fee for service' recycling programs. This is a **good bill** that would be even better if cities were mandated to have such programs in place. The fact that we do not recycle in our population centers sends a clear statement that we really don't care about waste. At State Fair people who work at such events can assess a state's energy policy by the presence (or lack of) recycling. These folks travel all over and see the comparisons. It is no coincidence that Nebraska ranks poorly in both areas, Energy is not considered important by Nebraskans and that attitude needs to be changed.



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101st Legislature Renewable Energy Legislation Summary Sheet

LB 689 Change Water Resources Cash Fund, Ethanol Production Cash Fund and ethanol excise tax provisions (Natural Resources)

LB 704 Change A Renewable Energy Tax Credit (Revenue)

LB 755 Provide requirements and fees for certain oil and natural gas pipelines (Natural Resources)

LB 774 Change Provisions relating to sales tax treatment of net metering (Revenue)

LB 797 Change Duties of the Nebraska Power Review Board (Natural Resources)

LB 845 Require Energy Conservation by State Agencies (Natural Resources)

LB 885 Transfer the responsibilities of the Nebraska Oil and Gas Commission and the State Energy Office to the newly created Nebraska Energy Commission. (Natural Resources)

LB 960 Change Provisions Related to Net Metering (Natural Resources)

LB 997 Require Cities' Comprehensive Plan to Include an Energy Element (Urban Affairs)

LB 1048 Provide for Approval and Taxation of Certain Power Generating Facilities Using Wind as a Fuel Source (Natural Resource)

LB 1049 Change Provisions Relating to Community Based Energy Projects (Revenue)

LB 1080 Provide Tax Incentives for Wind Energy Projects (Revenue)

LB 1098 Authorize Creation of Sustainable Energy Financing Districts by Municipalities (Urban Affairs)

LB 1099 Authorize the Establishment of a Recycling Program in Cities of the Metropolitan Class (Urban Affairs)