

Nebraska Renewable Energy Association

708 North Davis

Oakland, NE 68045

www.nebraskarea.org

Renewable Energy Bill Summary

For the 102nd Legislature, 2011

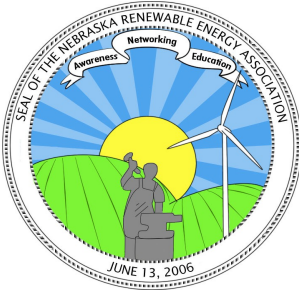
First Session

Despite operating in a very tight fiscal environment, numerous energy related initiatives have been introduced into the 102nd Legislature. 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 involvement with important energy efforts in the State Capitol.

Bills can be tracked through the process at www.nebraskalegislature.gov and can be quickly referenced by the bill number. Any action taken related to the bill will be shown there. Citizens only have one opportunity to weigh in on bills at the scheduled hearings. These committee meetings are important and can be attended in person or sending an e-mail before the hearing date and requesting it be read into the record. After the hearing, calling or e-mailing the committee members discussing the issue and encouraging them to support the bill by moving it out of committee to the floor for discussion. Once voted out of committee, all 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. Opposing, paid lobbyists will be encouraging committee members not to support the issue and take no action. Why does a 100% Public Power system have the largest lobby in the state?

Get involved, government is led by those that show up and your input is needed to help change our patterns of energy use and dependency.

These summaries are very brief and represent one viewpoint. The NeREA encourages interested citizens to draw their own conclusions and read the bills for themselves. But most importantly, weigh in and be heard!



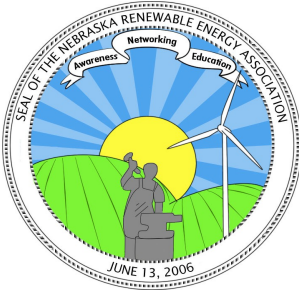
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Senator (district)	Description/Comment	Committee
LB 65 Cornett (45)	<p>Revenue</p> <p>This bill adds classifications to C-BED projects regarding lease payments. This appears to benefit true Nebraska C-BED's, which have lost many of there original incentives due to lack of development and pressure from corporate 'knock-offs'. While we continue to support and have been involved with C-BED since the original passage of LB 629, C-BED will always remain a niche area until it is broadened to include other technologies beside wind that result in the production of clean electricity.</p>	Revenue
LB 155 Utter(33)	<p>Natural Resources</p> <p>This bill would remove the requirements electrical utility has for taking sealed bids regarding radioactive materials, maintenance or repair. Removing these big ticket items from competitive bidding would not likely result in cost savings to Public Power. Is this an opportunity to insert language that provides preferences from Nebraska firms that can supply such services?</p>	Natural Resources
LB 156 Utter(33)	<p>Natural Resources</p> <p>This bill clarifies the identity of mid sized electrical generation facilities. Municipal generators with older equipment will be under tremendous pressure in the face of tightening federal emission restrictions and these infrastructural investments may be lost as a result. Operation of decentralized municipal generating facilities could utilize a renewable energy input to extend life and revenue while providing clean energy inputs to the grid.</p>	Natural Resources



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LB 227 Mello(5), Haar(21), Dubas(34).....Natural Resources

This bill seeks to formalize the responsibility of a State Energy Plan to be created by the NEO every two years which is then presented to the legislature for review in December, just prior to the start of the session. This represents a big step forward for a State Energy Plan that is currently mired in politics and individualization. Most importantly, it clarifies the role of the NEO on this and brings the legislature into the picture. The current ‘process’ involving the NEO and the Policy Research Office has made little progress and is not likely to change on it’s own. Action is way overdue in this critical area.

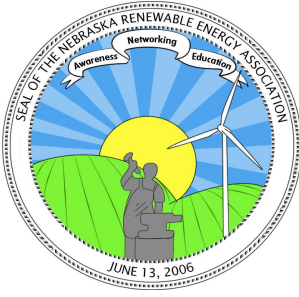
It would seem this is also opportunity to work with the Citizen Advisory Councils called for in the NEO charter legislation to maintain a conduit for citizen input to the State Energy Plan.

LB 228 Mello(5), Haar(21), Dubas(34).....Military and Vet Affairs

Energy audits just make sense, especially now in a challenged economy. The requiring and reporting of energy audits is good. I would like to see them include provisions to use Nebraska firms to do the work, leverage funding from SyNErgy to get these done and have the data publicly available and updated annually. Good Bill!

LB 253 Larson(40).....Revenue

This bill adjusts a wind energy tax credit for those that are paying them. The rate is \$3518/MW nameplate capacity. Public Power and Customer Generators are exempt from these taxes. The changes proposed would seem to apply to a specific case and time period so contacting the sponsoring senators regarding the impacts to commercial wind farms would be recommended.



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LB 283 Haar(21).....Education

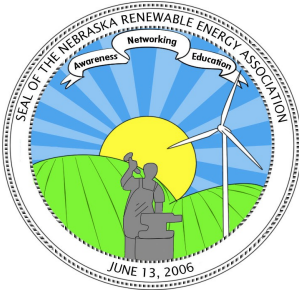
This bill would provide schools with bonding authority for energy efficiency projects. The NeREA applauds Sen Haar for his efforts with green education and this is another great example. Let's hope this bill gets through the process.

LB 358 Haar(21).....Revenue

This bill would address a tax interpretation that arose in the wake of passage of LB 436 net metering (70-2002). Because taxes are currently assessed on customer power bills, the Dept of Revenue believes it is appropriate to tax the renewable energy produced by a renewable 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 bill was also introduced last session.

LB 359 Haar(21).....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



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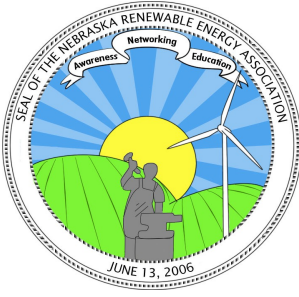
‘renewable electric generating facility’. The original language in the bill was flawed because the intention of the original bill to include methane digesters was specifically noted in the bill. This is a good bill that will address the language being used to cut methane generators out of this credit. The current credit is 0.075cents per 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 as a customer generator, for a 10Kw wind generator, you’d be looking at about \$1-1.50/month, for Danny at 80Kw, this would be several thousand per month. This bill was also introduced last session and was not enacted.

LB 360 Cornett(45).....Revenue

This bill changes requirements relating to wind generating equipment and personal property tax definition for wind. This proposal removes wind equipment from personal property tax. A question that arises in my mind is what about solar or other renewable energy equipment that can make green electricity or biofuels, they should likewise be exempt.

LB 362 Cornett(45).....Revenue

The Nebraska Advantage Act has been a positive economic development factor for the industries it includes. This bill adds a tier 7 for green electricity generators that qualify for Nebraska Advantage Act benefits. The good news is the sources include all forms of renewable electricity. While the bill allows these benefits for green electricity producers, biofuels, biogas and bioheat businesses are not included. An Advantage Act aimed at attracting second generation biomass based energy sources to the state can make a much greater economic impact than wind generation in the



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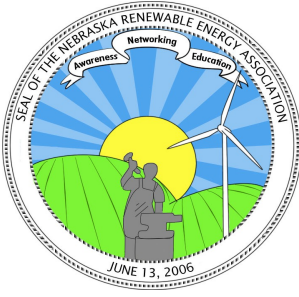
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short term based on current supply and demand parameters for each. Biomass and geothermal energy sources for green electricity and bio energy products are a pair of 800lb gorillas in the room...

LB 369 Howard(9), Haar(21).....Natural Resources
State agencies would be required by LB 369 to compile energy reduction strategies to include the setting of a percentage goal with regards to electric use reduction. This bill was introduced last session as LB 845 and was not acted upon. Particularly in these lean times, agencies of State Government must demonstrate and document thrift (efficiency) when it comes to the resources they require from the People to operate to ensure faith and confidence.

I would recommend that similar percentage goals be set for ALL energy uses including heat and transportation fuels. The first step is to baseline followed by a commitment to take action. This bill should go through with flying colors, one would think...

LB 393 Schilz(47), Haar(21).....Natural Resources
This bill would require state agencies to baseline diesel usage and to offset with a minimum of 2% Nebraska made biodiesel instead of petroleum diesel. The bill provides flexibility to agencies to accomplish this modest goal and would be of tremendous support to our idle biodiesel capacity in the state. This is a simple and straightforward 'next step' to years of exhortation by the Governor to include this fuel in state vehicles and should see broad support.



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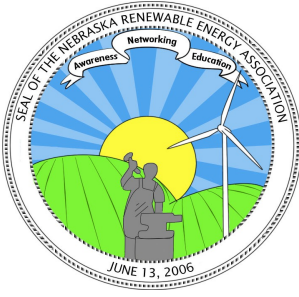
LB 432 Hadley (37).....Revenue

This bill provides for a renewable energy tax credit for renewable energy export facilities. The credit is 40% of the value of the project, which well over 160 million dollars for an 80Mw farm at \$2MM/MW (conservatively). While this might be a way to entice energy export, I am lukewarm on the whole concept of sitting here consuming, polluting, imported energy and exporting the locally produced clean stuff. Why don't we export the nasty power and keep the clean stuff for ourselves? Energy exporters could be imminent domain free Chinese owned wind farms, are we ready for that? What happens to our great coal based system when the diesel required to get it here goes to \$5 or more? I am not comforted when I think about such an impact on rates.

LB 492 Mello(5).....Appropriations

This bill would take \$5million out of the \$11 million ARRA funds that were put into the NEO Dollar and Energy Loan Program. Because of red tape and complexity, less than 12.5% of those funds were distributed. Sen. Mello seeks to require a conservation grant program along the lines of the Advanced Renewable Energy Grant Program. This is an excellent suggestion and the results could be tremendous if properly reported and presented.

There is no doubt there is likely to be resistance from the NEO who had major problems getting the highly complex ARRA grants out for the renewable program. They could see this as more unfunded work and try to kill it by fiscal note, but practice makes perfect and I think they will do a fine job with such a program and expend ARRA funds quickly as they were intended.



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LB 504 Campbell(25).....Revenue

This bill would increase the motor fuel tax by \$0.04/gallon until 2012 then raise another after that date. Nebraska already has the 7th highest road tax in the nation and this increase would move us up to second or third position. This is an even greater burden to already escalating fuel prices. I noted Wyoming, that has similar low density population and dispersed highways was 49th...oh that's right, our imported coal habit is paving their streets as Nebraskans strain under increasingly high tax rates and neglect our own resources that could be supporting our infrastructural needs. This is another example of the real cost of 'cheap' power. Old carbon rich states are paving the roads with their 'black gold', We are blessed with plentiful new carbon energy sources in Nebraska that could do a better job than simply ring the bell with gas tax increases.

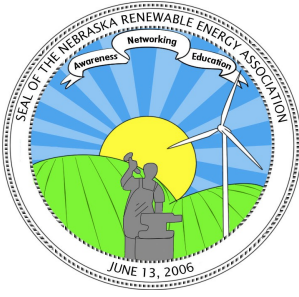
Small fuel producers should have the right for self-exemption when producing less than 5000 gallons a year for personal use.

LB 522 Haar(21), Mello(5).....Education

The High Performance Green Schools Initiative being introduced here will increase school efficiency, reducing costs and hopefully get students involved in this educational opportunity. Much can be done with this, including prizes, recognition and regional competitions and other events could be organized to make the project fun and educational while taking a bite out of energy consumption. This is a great initiative that needs to get going.

LB 579 Haar(21), Mello(5).....Natural Resources

Public Power tells us they get their marching orders from Lincoln, well this bill goes to core policy where Public Power can be



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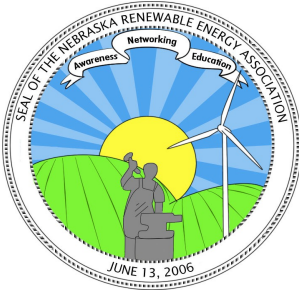
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changed from the inside. This bill would require energy conservation considerations to be included as part of the 20 year supply plan. I am surprised that what would seem such an obvious component of a long term electric supply plan would already include conservation and efficiency opportunities, especially after Public Power spokespeople talk so much about conservation. It is a strange feeling when we need to legislate that common sense and vision be applied to an energy planning process. Let's hope this modification and others will be successful in changing the way Public Power operates from the inside, instead of tired citizens having to storm the gates time and time again to move ahead!

LB 580 Haar(21).....Natural Resources
The Energy Auditor Advisory Board would be created by this bill to serve the energy efficiency industry and advise the NEO on issues related to energy efficiency. I have three thoughts on this bill, firstly, this seems like a good idea, secondly, it would seem the Citizen Advisory Councils called for by the NEO charter would accomplish this function as well, but I have never heard of these councils having ever met, thirdly, the NEO will likely object to Section 3 para 4 where it says the NEO will list Nebraska businesses that perform these functions. Renewable energy suppliers and installers have tried for years to be acknowledged and listed by the NEO and this has always been resisted. Why would the NEO only list efficiency folks? ALL Nebraska energy businesses should be listed on the NEO website without recommendation or liability to the NEO, as we have done with DED. Why the NEO has always resisted listing of state vendors I'll never know...state certifications for qualified folks would also help, but that is another discussion.



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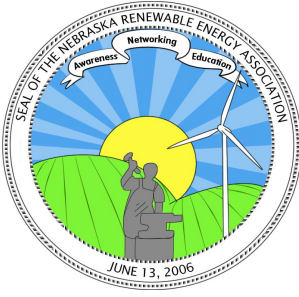
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LB 587 Nordquist(7).....Natural Resources

This bill outlines a new program that would provide grants for innovative uses of compressed natural gas. Some issues here include the call for new revenue and funding, good luck with that. Another begs the question of why we would fund innovative uses of finite, old carbon, imported natural gas? I think the bill would become more productive if it was a ‘gaseous fuel innovation grant program’, instead of just natural gas. An ‘even more’ natural gas is all around us in the form of methane gas that can be harvested from manures, garbage and ag waste. Old carbon natural gas is 90+ % methane anyway. Compressing methane would be a very valuable undertaking as it would address critical needs to help our non-starter methane industry get a toe hold. Just a thought, I’m thinking a taxpayer funded grant program that focuses only on imported, old carbon natural gas is going to have a tough go of it.

LB 698 Christensen(44).....Agriculture

Eliminating the requirement for alcohol blend labeling at the pump is the focus of this bill. While the need for it can certainly be seen, I also live in an area where the public was deceived by a petroleum retailer that was using ethanol in blends without the customers’ knowledge. This resulted in lower fuel economy without the associated savings of using alcohol. Alternatively, labeling gasoline requirements would also show the toxic nature of the materials used. If uniform labeling requirements are desired, they should be supplied with a BTU/gal value as well as octane that related directly to expected fuel economy at a given motor conversion efficiency. With that, consumers can quickly see the true value of the product given the pump price.



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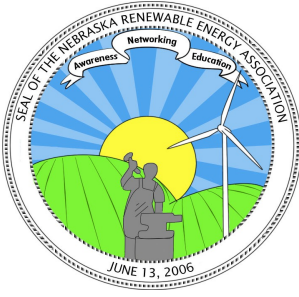
Overall, we have some very good stuff here. I am very impressed with our 'regulars' Sen. Haar, Mello and Dubas while Sen. Cornett seems to have 'gone green' over the Summer! Great to see.

I am encouraged by the increasing discussion base renewable energy topics cover. Energy issues permeate almost everything we do, having a broad discussion in the Capitol across many committees is of value to the legislature. It is also inefficient for the Natural Resource Committee to have so many green bills piled high and only a fraction of the introduced bills see discussion and a vote. This year only 9 of the 21 bills I list here are before the NRC. Revenue is close behind with 8 bills. I see the broadening of the discussion a positive thing.

The time is right to at least make a plan and make some moderate commitments. Stars are LB 227, 369, 393 and 492. LB 228, 283, 358, 359, 522, 579 are also 'no-brainers'.

Some will revile the idea of commitments or 'mandates' and I can already hear the violins bemoaning our loss of liberty if such things were required. The fact is, the 'loosy goosy' approach of the recent past has shown no tangible results and the time for firmer commitments is upon us. Creating new markets require stability and commitment over the long term, making clear and concise commitments to action will result in economic activity without having to finance direct subsidies and tax credits.

If impacting the energy status quo is important to you, or if you just want to keep abreast of changes that could affect your business or children, the NeREA encourages you to get involved.



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102nd Legislature Renewable Energy Legislation Summary Sheet

- LB 65 Change provisions relating to C-BED projects (NRC)**
- LB 155 Change radioactive materials sealed bid requirements (NRC)**
- LB 156 Clarify municipal electric generating emissions definitions (NRC)**
- LB 227 Require Energy Plan by NEO and presentation to legislature (NRC)**
- LB 228 Require energy audits under Deferred Building Renewal (Government Affairs)**
- LB 253 Change a taxable wind energy facility (MW) tax credit (Revenue)**
- LB 283 Provide for school bonding for energy efficiency projects (Education)**
- LB 358 Remove tax on customer generator(net metered) produced power (Revenue)**
- LB 359 Correct language on a renewable energy tax credit (Revenue)**
- LB 360 Eliminate personal property tax on wind turbines (Revenue)**
- LB 362 Provide for 'Green Electric' Tier in Nebraska Advantage Act (Revenue)**
- LB 369 Implement state agency energy conservation and reduction plans (NRC)**
- LB 393 Implement state agency use of 'Nebraska Made Biodiesel' (NRC)**
- LB 432 Create 'Energy Export' tax credit (Revenue)**
- LB 492 Create energy conservation grant from unused ARRA funds (Appropriations)**
- LB 504 Increase motor fuel taxes (Revenue)**
- LB 522 Adopt the High Performance Green Schools Transparency Act (Education)**
- LB 579 Include energy conservation considerations in power supply plans (NRC)**
- LB 580 Create Energy Auditor Advisory Board (NRC)**
- LB 587 Create compressed natural gas innovation grant program (NRC)**
- LB 698 Eliminate alcohol labeling requirement (Agriculture)**