

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Monday, February 06, 2017
TIME: 8:00 A.M.
PLACE: Room WW55
MEMBERS PRESENT: Vice Chairman Hagedorn, Senators Davis, Hill, Winder, Lodge, Lakey, Stennett, and Buckner-Webb
ABSENT/ EXCUSED: Chairman Siddoway
NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.
CONVENED: **Vice Chairman Hagedorn** called the Senate State Affairs Committee (Committee) to order at 8:03 a.m.
GUBERNATORIAL APPOINTMENT: The Reappointment of John Chatburn to the Office of Energy and Mineral Resources (OEMR).

John Chatburn, Administrator of the Governor's Office of Energy and Mineral Resources, explained that in October, 2016, the Governor issued an Executive Order to add Energy under their purview so they are now the Office of Energy and Mineral Resources. **Mr. Chatburn** talked about the different transmission lines OEMR is working on: Gateway West and Boardman to Hemingway, the two large transmission lines. A Record of Decision has been issued on Gateway West and they are working on the administrative process because the outgoing Bureau of Land Management Director signed a Record of Decision that was contrary to the consensus reached by most of the citizens of the State that were involved in the process. A Record of Decision is expected for the Boardman to Hemingway line before April, 2017.

Mr. Chatburn said that Bonneville Power has been working in Caribou County, on the Hooper Springs transmission line and has issued a Record of Decision. They have worked with the private land owners and it appears that will be moving forward this spring.

Mr. Chatburn said they have received a number of federal grants over the years. A federal grant that is nearing completion is for exploring options, opportunities, and barriers to regional cooperation regarding electrical transmission. It began as part of an exploration related to the Obama administration's Clean Power Plan which was ultimately put on hold. The focus shifted to exploring individual states and the western interconnections, and the renewable portfolio, and/or carbon policies. This focus is important for the State because State utilities, whether investor utilities, cooperatives, or municipalities, also transmitted electricity into and outside of the State.

Mr. Chatburn gave a brief overview of the State Energy Loan Program, detailing the loan terms, purposes, and uses for Idahoans. In FY 2016, they issued 28 loans for \$301,000 and in FY 2017 so far, they have issued 13 loans for \$195,000. The outstanding loans total \$616,000 at four percent with a term of five years. They are made to individuals for energy efficient upgrades for residences or to commercial entities for the same purposes.

Mr. Chatburn talked about discussions with the states in the Western Interconnection, Pacific Core Electric Group, and the California Independent System Operator on the potential for expanding to a multi-state, independent system operator for the bulk electricity transmission system but those discussions have receded into the background because of legislation in California; OEMR is monitoring that legislation. He said the primary federal regulations OEMR is working on are the Clean Power Plan; Environmental Protection Agency's (EPA) financial assurance requirements for hard rock mining; the Bureau of Land Management (BLM) 2.0 planning regulations; Sage Grouse, including the infrastructure issues; and BLM's mineral withdrawal effort.

On the energy side, OEMR has coordinated the development of the State's comments on the same issues listed above and if OEMR is not the lead, they provide the energy and infrastructure input to the other State agencies that are the lead.

Senator Davis asked which executive order was amended. **Mr. Chatburn** answered Executive Order No. 2016-03. **Senator Davis** asked if Executive Order No. 2012-08 has changed to 2016-03; if the difference between the 2012 and the 2016 Executive Order is just the mineral aspect; if the change in the Executive Order name is why Mr. Chatburn is being reappointed; and if he would continue to serve at the pleasure of the Governor as before. **Mr. Chatburn** answered in the affirmative to all inquiries. **Senator Davis** asked about Mr. Chatburn's appointment to the Racing Commission. **Mr. Chatburn** confirmed that he served on the Racing Commission from 2007 until he resigned in the spring of 2009.

Senator Stennett asked how Mr. Chatburn projects the State energy portfolio will look with the combination of alternative energies. **Mr. Chatburn** replied that the electricity mix serving Idaho citizens will continue to expand towards alternative forms of energy, and away from the carbon intensive forms of electricity generation. The utilities in Idaho are multi-state utilities, and other states are increasing renewable portfolio standards, carbon restrictions, carbon taxes, and other forms of carbon regulation. In order for Idaho's utilities to continue to serve its customers, there will need to be a continuing evolution into less carbon intensive electricity generation. **Senator Stennett** asked if there would be any more or better storage for energy. **Mr. Chatburn** replied that there is no assurance that the grid scale electricity storage has reached the point where it is cost effective to use in Idaho when the usage in Idaho is lower compared to other states; however, the Idaho National Laboratory is working on the storage issue. As the technology becomes more cost effective and acceptable for energy storage, the potential for storage is going to increase.

Senator Davis asked how OEMR works with Idaho Energy Resources Authority (IERA). **Mr. Chatburn** answered that the establishment of the IERA by the Legislature was to assist with the funding of transmission and generation projects for co-ops and municipalities. The OEMR stays in close contact with IERA, and if an entity asks for financing, they are sent to the IERA. **Senator Davis** asked if Idaho could be better served if the OEMR and IERA were combined or are the missions of the two offices so incongruent that combining them would not be an efficient way to go. **Mr. Chatburn** said the IERA is a bonding/financing entity and OEMR works on policy issues.

Senator Davis referred to I.C. § 67-8902(f) which includes a partial responsibility for the IERA in development of facilities which could be a partial overlap. However, from your explanations, the OEMR is neither financing or development but to serve as a liaison for the Governor to work with IERA and identify barriers to the development and financing portion. **Mr. Chatburn** replied that the amending of the IERA statues allows for bonding and financing to the Bonneville Power Administration for programs. The OEMR is not involved in bonding or financing. However, if one of those efforts involved a transmission line or energy generation resource, then OEMR would be the entity within the State to review/gather the different agencies and entities who have responsibilities dealing with the project and coordinate those comments as part of the National Environmental Policy Act process, which would be completely separate from the financing component.

Vice Chairman Hagedorn asked Mr. Chatburn to clarify his responsibility, with regards to the newly added "mineral resources" into the title of his position.

Mr. Chatburn answered OEMR is working with other State agencies on the to coordinate the State's comments on the CERCLA § 108(b) regulations that EPA is promulgating. OEMR is coordinating information from all the State agencies to develop the State's position on the mineral withdrawal effort from the Sage Grouse land use plans that BLM announced several months ago. Some say the oil and gas issues are energy issues but they are also mineral issues so they become the responsibility of the OEMR. Not the administration of the regulation, but to serve as a point of contact for the administrating agency. Also, they will be participating in any federal regulations regarding oil and gas issues to coordinate the various sectors of the State agencies so the State speaks with one voice on those issues.

Vice Chairman Hagedorn asked how OEMR coordinates the oil and gas sectors with the Department of Land Management (DLM). **Mr. Chatsurn** replied, the Oil and Gas Conservation Commission (OGCC) is staffed by the DLM, and regulates the oil and gas development in the State. OEMR does not regulate or step into the regulation issues.

Vice Chairman Hagerdorn explained that voting will be at the next meeting.

Senator Buckner-Webb commented that the Women in Leadership group is attending a leadership conference that is in progress at the Capitol and at Key Bank.

GUBERNATORIAL APPOINTMENT: The reappointment of Jim Hammond to the State Building Authority, will be rescheduled.

ADJOURNED: There being no further business, **Vice Chairman Hagedorn** adjourned the meeting at 8:30 a.m.

Senator Siddoway
Chair

Twyla Melton, Secretary

Amber Highburger, Assistant
Secretary