

House Environment, Energy & Technology Committee

Minutes
2006



MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 16, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: None

Chairman Raybould called the meeting or order at 1:30 p.m. He introduced the staff, Secretary Peggy Heady and Page Luke Thomas.

Chairman Raybould appointed Vice Chairman Harwood to Chair Sub Committee #2 -. Committee members are: Representatives Ellsworth, Anderson, Eskridge, Bastian, Mathews, Smith (30) for rules review. (See attached rules Group #2)

Chairman Raybould appointed Representative Rydalch to Chair Sub Committee #1-. Members are: Representatives Barraclough, Edmunson, Snodgrass, Smylie & LeFavour for rules review. (See attached rules Group 1)

Each sub committees will meet at the call of their chairman. Representatives were issued binders from the Department of Environmental Quality with the rules to be considered.

Representative Raybould reported that he and a committee made a trip to Washington D.C. on behalf of the INL. The group met with agencies of the Department of Energy, Representatives and Senators. Their informative trip was helpful in creating a considerable increase in funds to the INL. The committee was pleased with their accomplishments.

A general discussion followed regarding Energy and Technology aspects of this committee.

ADJOURN: It was moved by Representative Rybould and seconded by Representative Smylie to adjourn at 2:10 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 18, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representative Ellsworth, Representative Snodgrass

GUESTS: **Adam Hedayat**, Director of Northern Lights Transmission Group, **Mike Hogan**, Vice President of Development, Northern Lights, Canada.

Representative Raybould called the meeting to order at 1:30 p.m. and requested the secretary take a silent roll call.

Representative Bastian moved to approve the minutes of January 16. Representative Smith requested approval with corrections. (To correct INEL to INL.) Motion passed with a voice vote.

Representative Raybould called upon Representative Eskridge to introduce the representatives of the Canada/Northern Lights Transmission Group, **Mike Hogan, Vice President of Development and Adam Hedayat, Director.**

Mr. Hedayat thanked the committee for welcoming the Group. He stated that he and Mr. Hogan were bringing information regarding the goals of Trans/Canada Northern Lights Transmission Group. He then turned the presentation over to **Mr. Hogan.**

Mr. Hogan addressed the committee explaining the transmission division of TransCanada Corporation. TransCanada is a North America wide transportation and power services Company with \$18 billion (US) in power assets. The company is listed with the NYSE with a large US shareholder base. US operations include the Northern border, the Great Lakes, Iroquois, GTN, Alaska Pipe ROW, with 2000 MW generation. TransCanada has strong expertise in developing interstate linear projects. The Northernlights company vision is to create a multi state HVDC grid; "An Electron freeway". This grid would connect low cost resources in Montana, Idaho and Wyoming to growing markets in Nevada, Arizona and California. This plan is consistent with past regional planning initiatives such as RMATS, NTAC and others.

The issue is the bulk transmission grid is over-stretched. It cannot be economically upgraded for interstate transmission. Without new transmission, new generation will not get developed.

TransCanada, NorthernLights project plans are to create a 1100 plus mile

(depending on how far they can go into Montana and Wyoming) transmission line linking wind and coal resources to the Southwest markets. The plans should create access for Idaho to regional generating resources and market access for new Idaho generation. A 1500-3000 MW first phase line with future expansion to two lines with 6000 MW is planned. The DC technology provides most efficient long distance transmission. It can also provide assistance to AC grids. The project is to be paid for by long term contracts. The consumers only pay for benefits they received. Each state benefits with no taxpayer funding. It is a win-win situation for renewable and coal fired resources. **Mr. Hogan** explained how the “pancaking” problems can be avoided by this plan by having technology that minimizes delivered costs and environmental impacts. State government support will contribute to early success.

Chairman Raybould asked if **Mr. Hogan** would take questions from the committee during his presentation. He agreed to answer questions. Several committee members asked questions which **Mr. Hogan** summed up in the following testimony.

Benefits for Western states resulting from successful completion of these projects are many; low cost, stable prices, renewable, coal-fired generation. Access to broader regions creates competitiveness and it facilitates plants with economies of scale.

NorthernLights is a comprehensive, versus piecemeal, solution to energy generation. It avoids the higher costs and rate-pancaking aspects of piecemeal solutions. It also support AC systems and avoids unintended impacts. Economic development benefits from new generation development & lower, more stable energy costs.

Other large scale Interstate initiatives are Frontier and TransWest Express (APS). Both projects have been very publicly “announced.” That excludes Montana & Idaho. They have yet to undertake initial feasibility analysis and preliminary siting work (1 year) and are probably 1 - 2 years behind NorthernLights. NorthWestern has begun a process to seek market support for a transmission line from Montana to Idaho. FERC approved the process and has a similar route to NorthernLights. Those AC line economics are not as attractive as NorthernLights (subject to volume). The latest market test indicates 970MW of support. We believe NorthernLights will provide a lower cost solution that serves a broader market.

HVDC technology improvements over the past 20 years have created lower costs, higher performance. It is the most economic transfer of power over longer distances. The improvements create better economics for generators and are cheaper to build. There are lower line losses, lower transmission costs which result in lower delivered cost to markets. HVDC technology is environmentally superior, creates a smaller footprint and a narrower right of way. The towers are shorter, there are fewer lines and no EMF issues and ease of integration with underlying AC systems. DC is environmentally superior AC corridors with 3 @ 500KV lines have a total capacity of 3000-4000 MW. A DC Corridor with a 1 @ 500 KV bi-pole line has a total capacity of 3000 MW.

Inland Project Route advantages avoid populated areas, tribal lands,

military bases, and other environmentally sensitive areas. It is viewed as very permissible, based on discussions with Federal and State agencies. It provides benefits to every jurisdiction. The project route uses many existing ROW'S and government owned lands. It follows much of the SWIP corridor in Nevada which was previously approved for 500KV AC.

Future NorthernLights expansion is configured to allow expansion. It provides service flexibility for decades. The expansions will be dependent on timing and location of generation additions. NorthernLights submission to Federal energy corridor process is for a new bulk transmission, North to South and East to West. It uses HVDC technology for longer paths, to improve transmission efficiency and expand capacity. It provides geographic separation of major transmission paths. Capital cost for potential intermediate terminals in Idaho Wyoming and Nevada is \$1.3 to \$1.8 billion US dollars.

As of this date over four years of development effort confirms the project makes sense. We have an expenditure of approximately \$5 million to date. Studies include initial tower designs and geotechnical analysis, technical studies, capital cost estimates and economic modeling, etc. Site studies are completed, and routes selected. NorthernLights are involved in regional planning activities (e.g. RMATS). We are ready to begin detailed siting and permitting processes. We are working with key stakeholders to secure support. (See attached report).

Our project time line is fully committed from 2005 through 2011. **Mr. Hogan** indicated that NorthernLights has continued support in Idaho in this endeavor.

Mr. Hedayet rose to thank the committee stating that Idaho is a large supporter especially giving credit to Governor Kempthorne.

There was further discussion from the committee.

Representative Raybould called upon **Ron Williams** to introduce **Mr. Bob Mooney, Chairman of the Idaho Energy Resources Board**. Mr. Mooney described the purpose of the Board is to be instrumentality independent from the state with authority to finance the construction of electric generation and transmission projects. The ERA's purpose is to provide investor-owned, municipal and cooperative electric utilities that serve Idaho customers. Members of the Idaho Energy Resources Board, in addition to Mr. Mooney, are: Darrell Kerby, Charles Hedemark, Larry Crowley, Ralph Williams, Randolph Hill.

Chairman Raybould thanked the participants for their presentations.

ADJOURN:

There being no further business to come before the committee, Chairman Raybould adjourned the meeting at 2:45 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY SUB COMMITTEE #1

DATE: January 24, 2006

TIME: 1:30 p.m.

PLACE: Room Gold Room

MEMBERS: Chairman Representative Rydalch, Representatives Barraclough, Edmunson, Snodgrass, Smylie, Rydalch, LeFavour

**ABSENT/
EXCUSED:** Representative Barraclough

GUESTS: Dennis Stevenson, Department of Administration Rules Coordinator
John Sandoval, Chief of Staff, DEQ
Orville Green, Administrator, Waste & Remediation Division, DEQ
Martin Bauer, Administrator, Air Quality Division, DEQ
Mike Simon, Permits & Enforcement, DEQ
Chris Ramsdell, Emission Coordinator, DEQ
Bruce Schuld, Mine Waste Projects Coordinator, DEQ
Roger Furner, Citizen, Tax Payer
Dick Rush Legislative Advisor, IACI
Jack Lyman, Executive Vice President, Idaho Mining Association
Justin Hayes, Program Director, ICL
Robbin Finch, Boise City Water Quality Management

The meeting was called to order at 1:30 p.m. by **Chairman Rydalch**. Chairman Rydalch announced the agenda order will be presented in a different sequence.

Chairman Rydalch introduced **Dennis Stevenson, Dept. Of Administration Rules Coordinator** who presented rules review. Mr. Stevenson explained that no state agency rule that has gone through the entire rule making process can become effective until it has been submitted to the Legislature for review for one full legislative session. If the Legislature fails to act by concurrent resolution, by the end of the legislative session, the rule will go into effect and become final without legislative action. No rule (except for temporary rules) imposing a fee or charge of any kind can become effective until it has been affirmatively approved by concurrent resolution—unlike non-fee rules. If the Legislature fails to act, then the fee or charge never goes into effect. The Governor, not just a state agency, must approve the adoption of a temporary rule, which then would go into effect without having been submitted to the Legislature for review (this can include a fee change). A temporary rule does not remain in effect beyond the end of the next succeeding legislative session unless approved by concurrent resolution. Pending rules submitted for Legislative Review become effective when the Legislature adjourns sine die – unless otherwise provided in the rule, or by a concurrent resolution approving or modifying the rule. The date when the presiding officers have signed the concurrent resolution becomes the effective date of any rules approved or modified by

concurrent resolution, if no other date is specified.

John Sandoval was introduced. He explained the process of rule making stating that the total rule package is the result of input from State, Federal, industry, DEQ, and attorneys. All interested stake holders were given the opportunity to be a part of the rule making. Public hearings were scheduled for all interested parties.

58-0105-0501 **Orville Green** stated the rule has been adopted by the DEQ (Board) and is now pending review by the 2006 Idaho State Legislature for final approval. It is benign and is a routine annual update. The agency received no public comments, and the rule has been adopted as initially proposed.

58-0101-0501 **Mike Simon** presented the next rule. In May 2005 the Board of DEQ adopted a temporary rule allowing DEQ to exempt deferred sources from the requirement to obtain a Tier I operating permit unless EPA decides differently. DEQ published the temporary/proposed rule, inviting public comment. None was received. DEQ found a sentence in Subsection 794.03 was not deleted. The pending rule adopted by the Board contains the necessary revision and the temporary rule has been amended accordingly. The remaining sections have been adopted as initially proposed.

58-0101-0503 **Martin Bauer** explained the change in the rule. The definition of Modification at Subsection 006.56 has been revised. The sponsors of House Bill 230 and Senate Bill 1228, acknowledge and agree that legislation did not alter the state's existing state-only toxic air pollutant program. Subsection 006.56 clarifies the intent of H230 and S1228 and ensures the state-only toxic air pollutant program continues to operate as it has since inception. The remainder of the rule has been adopted as initially proposed.

Dick Rush rose in support of the rules encouraging the committee to approve the rules as shown.

58-101-0504 **Chris Ramsdale** presented a review of this proposal. DEQ proposes to revise the section of the Rules that pertain to emission registration requirements for Title V sources of air pollution in IDAPA 58.01.389.04. This eliminates a redundancy in Title V facility report of emissions. This rule change will ensure that the one data type required is sufficient to cover both projects in one request. The rule change will consolidate emissions registration and inventories and may maximize industry and DEQ efficiency for the two required projects.

58-0101-0505 **Martin Bauer** stated this rule updates federal regulations incorporated by reference. EPA filed a notice of reconsideration regarding the final rule for Standards of Performance for New and Existing Stationary Sources: Electric Utility Steam Generating Units, (Clean Air Mercury Rule (CAMR)). The CAMR will be addressed under a new docket pursuant to a public negotiated rule making. The remainder of the rule has been adopted as initially proposed.

- 58-0101-0506** **Mr. Bauer** continued with rule 58-0101-0506. Last year the DEQ revised its major permitting program due to changes in federal law. This docket revises a number of definitions to provide consistency between the major and minor air quality permitting programs. Also proposed are two new subsections allowing for the transfer of permit to construct and Tier II operating permits. The text of the rule has been developed by DEQ in conjunction with a negotiating committee. Special interest groups, public officials, or members of the public having an interest in this regulation may wish to submit comments on this proposed rule.
- 58-0101-507** **Mr. Bauer** described the revisions to the Rules for the Control of Air Pollution in Idaho for certain currently listed sources that are exempt from obtaining an air quality permit to construct. This pending rule deletes the director's discretion exemption, which is not approved by the federal government as part of the state implementation plan (SIP), and replaces it with three specific exemptions. Two of these source exemptions are currently exempt under the Director's discretion. If approved by the Legislature, DEQ intends to submit the final rule as a SIP revision. Facility types affected are certain size crematoriums, certain petroleum remediation sources and dry cleaning facilities that are not major sources. Also, this rule increases the number of operating hours allowed for stationary internal combustion engines used for emergency purposes.
- 58-0101-508** **Mike Simon** explained this proposed rule addresses the process for permitting air quality minor sources (i.e., sources that are not major for Prevention of Significant Deterioration or New Source Review) that wish to obtain a facility-wide emission cap. This will be a voluntary option that will provide facilities increased operational flexibility while maintaining air quality. Special interest groups may wish to present comments on this proposed rule.
- 58-0113-0501** **Bruce Schuld** was asked to present a review of rule 58-0113-0501. Mr. Schuld explained in depth a detailed summary of the reasons for adopting the rule as set forth in the initial proposal published in the Idaho Administrative Bulletin. After consideration of public comments, the proposed rule has been revised. During legislative review of the proposed rule, the Legislative Services Office noted that the proposed definition of Best Management Practices was inconsistent with the definition used in IDAPA 58.01.02, "Water Quality Standards and Wastewater Treatment Requirements". The rule has been revised to correct that inconsistency. The remainder of the rule has been adopted as initially proposed. To summarize the existing rule requirements, applicants are required to submit a \$100 fee at the time the permit application is submitted to DEQ. This pending rule includes a new fee schedule which increases the permit application fee. Section 39-118A(2)©, Idaho Code authorizes the Director of DEQ to require a reasonable fee for processing permit applications.

With each presentation of rules, Chairman Rydalch asked for questions from the committee and audience. Questions from committee members were answered and discussed with the presenters.

Chairman Rydalch recognized **Justin Hayes** to appear before the committee. **Mr. Hayes** spoke to the sub committee in support of the rules and encouraged the adoption of the rules with a do pass recommendation to the full committee.

Jack Lyman, commended the department on the way they approached the rules and the sub committee for being very specific in dealing with the cyanidation rules. He recommended the sub committee send approval of the rules to the full committee.

Robin Finch spoke to the sub committee conveying the City of Boise water quality management's support of the rules and encouraged the adoption of the rules.

Chairman Rydalch announced that there will be a continuation of the rules hearing and rule **58-113-0502** will be heard by the sub committee at a later date to be announced.

Meeting was adjourned at 4:05 p.m.

Representative Ann Rydalch
Chairman

Peggy Heady
Secretary

MINUTES
Subcommittee #2
HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 24, 2006

TIME: 1:35 p.m.

PLACE: Room 406

MEMBERS: Chairman Harwood, Representatives Ellsworth, Eskridge, Anderson, Bastian, Mathews, and Smith(30)

**ABSENT/
EXCUSED:** None

GUESTS: See Attachment 1

Introductions: **Chairman Harwood** introduced **Barry Burnell, Water Quality Manager, Department of Environmental Quality (DEQ).**

Barry Burnell opened by explaining to the Committee members where some of the rules came from. He said that some of these rules were heard in another committee, four of these rules are a direct result of federal changes, seven are at the request of other agencies, and four of these rules are initiated at the request of the DEQ. He said that one of the rules is for clarification in language, and another rule gives more flexibility for the water system. He talked about reduction in reporting by combing two reports into one. He said the Department is making a big effort to incorporate rule making authority by holding public hearings for comments that will assist them in decision making. He informed the Committee that Chairman Harwood, Lynne Sedacek, Office Manager, Eagle Sewer District, and Don Munkers, Executive Director, Idaho Rural Water Association, also attended some these public meetings.

58-0112-0501 **Mr. Burnell** introduced **Bill Jerrel, Loan Program Manager, DEQ.** **Mr. Jerrel** discussed the State Revolving Funds (SRF). He said this fund was matched dollars with the EPA (Environmental Protection Agency). He informed the Committee that these federal funds are declining, and if this rule isn't made into legislation there will not be any funds for FTE by 2007 to administratively support the SRF program, and fund the wastewater treatment facilities. He informed the Committee the SRF funds are loaned to municipalities for the restructuring and development of projects and applications. He said the administration part of the SRF is supported by four to five FTE (full time employee). **Mr. Jerral** said the EPA is requiring that a fee be associated with each individual fund, because the EPA feels this rule conflicts with the Clean Water Act, and the reason the DEQ is before the legislature to request state general funds or adopt a loan balance fee to maintain the SRF program. The state cannot use the interest earned on EPA loans for administrative purposes. He discussed the one percent allowed on the unpaid balance of the loan for administrative use by the agency. **Mr. Jerrel** talked about meeting with bonding companies back in October 2005. He said they were all in support of this rule.

**Questions from
Committee
Members:**

Rep. Mathews asked if the one percent fee is per annum. **Mr. Jerrel** replied it is one percent of the unpaid balance amortized over 20 years on a semi-annual basis.

Rep. Eskridge asked if the interest on the loan is federal dollars. **Mr. Jarrel** informed the Committee it is a mix of federal and state dollars. **Rep. Eskridge** asked if it is illegal to use the interest. **Mr. Jerrel** replied yes. He said the agency could drop the fee and charge interest.

Rep. Bastian asked if the one percent fee charged for a loan will take care of the four to five FTE that was discussed. **Mr. Jerrel** said it wouldn't the first year. He talked about the one percent of \$1 million is \$250,000 that could be collecting interest, and will support the FTE once the fee started generating dollars for the program.

Chairman Harwood discussed the rules on page 19, and asked if the city and counties will have input on the fee amount charged. **Mr. Jerrel** said that the municipalities that participate will have input. He said it is optional, and they are not required to participate.

The Committee asked **Lynne Sedlacek, Eagle Sewer District**, questions who commented that the Eagle Sewer District have used these loans for three subdivisions. When they changed from septic system to central water system, they used this loan for financing during the interim until a bond had gone through. She stated that the net result of the loan doesn't impact the communities. She said that DEQ has done an excellent job, and they need the one percent for administrative fee to keep the program going.

Rep. Anderson asked Mr. Jarrel if they had any outstanding requests for projects. **Mr. Jerrel** said they have received approximately 43 projects requesting funds. He said they only have funding for approximately 12 projects per year.

The Committee members and Director Toni Hadesty, Department of Environmental Quality (DEQ), discussed the one percent administrative fee, and how it is used. **Ms. Hardesty** said the Department has asked for dollars from the Joint Finance Appropriation Committee (JFAC), until the SRF program is up and running, because the funds in the program will be down to \$100,000 by 2007. She informed the Committee when the one percent starts working, they expect to bring in approximately \$300,000 above the fund that is currently in the program.

Rep. Eskridge and **Ms. Hardesty** discussed the request for funds from JFAC. **Rep. Eskridge** asked Ms. Hadesty to attend a JFAC hearing to answer questions such as, how will the fee be implemented.

Chairman Harwood wanted to know what the cost is to the state. **Ms. Hardesty** replied that it will be \$250,000 to \$300,000 until the one percent fee starts generating more dollars. **Chairman Harwood** commented that this legislation should be a one time per year funding for the Department to come back every year before JFAC to report on the generated fees until the funds can generate enough to support the program.

Rep. Ellsworth. Indicated the fiscal impact of the rule did not reflect it would require an appropriation from JFAC in order to go into effect. In other words, it would have a fiscal impact on the General Fund of the State. **Ms. Hardesty** responded that funds appropriated by JFAC are different than the funds requested in this rule. She said that one rule doesn't affect the other rule.

58-0102-0501

Barry Burnell, Water Quality Manager, DEQ, opened stating that the next three rules deal with water quality. He introduced **Don Essig, Water Quality Standards Manager, DEQ.**

Mr. Essig opened by informing the Committee this rule clarifies language for Soda Creek, a tributary to the Bear River. He said this rule will remove the word NONE in the designation part of the rule for aquatic life in Soda Creek. The current language leaves Soda Creek as undesignated and protected for the use of cold water aquatic life, and this rule will make the language consistent with other small streams, and bring the state in line with federal regulations. He informed the Committee there wasn't any substantial concerns with the rulemaking. They had a 30-day period for any one to comment, but no one responded, and no request for a public hearing was made. He reported that the Department was uncomfortable with Soda Creek being undesignated and not protected under regulatory criteria. **Mr. Essig** said by adopting this rule the state will also be adopting the EPA standards.

58-01022-0502

Don Essig, Water Quality Standards Manager, DEQ, informed the Committee this rule consolidates three separate sections by capturing and revising current language in regard to E. coli criteria. He discussed the city of Boise undertaking the E. coli criteria to determine what triggers the samples. He discussed how this rule will protect the recreational use of Idaho waters. There isn't any change in criteria, because it will still trigger for samples. The rule gives the Department the opportunity to revise samples from three to five days.

**Questions from
Committee
Members:**

Chairman Harwood commented that this rule is less stringent than the EPA standards, which requires only three days of samples.

58-0102-0503

Don Essig said this rule updates Idaho's human health criteria for drinking water and fish consumption. The rule also adds newer information on the Integrated Risk Information System (IRIS) database on health effects. The rule adopts Idaho specific cadmium aquatic life criterion based on recalculation using more recent toxicity data that has become available since EPA's 2001 cadmium criteria recommendation. He talked about a document called, Cadmium Risks to Freshwater Life, that support studies done specifically for Idaho.

**Questions from
Committee
Members:**

Rep. Mathews asked if these guidelines are in line with the EPA standards. **Mr. Essig** replied yes. The criteria was developed from the Clear Water Act that EPA adopted in 1992. He said that EPA screens the studies extensively before any of the information is posted to the database.

Rep. Bastian referred to the chart on pages 129 through 133 of the rule, showing water and water organisms, and the release of compounds allowed in the water. He wanted to know if this new standard will affect the dosage of cadmium in the water. **Mr. Essig** said yes. It is based on water tested in Idaho related to drinking water and fish consumption.

The Committee members discussed the impact on water discharge from plants, and the affect of chlorine and pesticides used for noxious weeds on page 108 of the rule.

Mr. Burnell explained to the Committee members the different chemicals used in herbicides, and the application of the herbicide used in the mixing zones during irrigation.

Chairman Harwood talked about the cost to meet regulation, and be put in to place. He told the Committee members about a friend that took his drinking water to a laboratory for testing, and was informed there were too many chemicals in the water to even dump it back into a river.

Chairman Harwood stated his concern that the drinking water for Idaho citizens is going that way. **Mr. Essig** didn't agree with the analogy.

Chairman Harwood said it is the duty of the legislature to protect the Idaho citizens. He noted that due to samples taken on the water criteria of the town of Pinehurst, they have to come up with \$13 million in the next couple of years to replace their drinking water and sewer system.

Chairman Harwood said he would like to see a better way to figure out and meet the water criteria. **Mr. Brunell** referred to page four of the rule to show the Committee members that cadmium standards can go up in one community area, while going down in another community area.

Chairman Harwood commented that northern Idaho does have water issues.

MOTION:

Rep. Mathews made the motion that the subcommittee send all of the rules to the full committee. **Chairman Harwood** informed the Committee he wanted a motion made on each docket.

Rep. Bastian made the motion to adopt and send **Docket 58-0112-0501** to the full committee. **The motion passed by voice vote.**

Rep. Smith made the motion to adopt and send **Docket 58-0102-0501** to the full committee. **The motion passed by voice vote.**

Rep. Bastian made the motion to adopt and send **Docket 58-0102-0502** to the full committee. **The motion passed by voice vote.**

Rep. Bastian made the motion to adopt and send **Docket 58-0102-0503** to the full committee.

Chairman Harwood made a **substitute motion** to send the docket to the full committee without recommendation. **The motion passed by voice vote.**

58-0108-0601

Barry Burnell introduced Jarri Henry, Drinking Water Program, DEQ,

Ms. Henry informed the committee this docket allows the DEQ to initiate

rulemaking to allow public drinking water systems the flexibility to use the POU (point of use) for the treatment of drinking water. She talked about the Drinking Water Act of 1996, that placed a ban on the use of devices to treat arsenic levels in drinking water.

She talked about this rule now states if a water unit serves 200 or less population, the small community will not be required to hire an engineer to perform rural water support, and the language is not codified in the federal guidelines that demonstrates management. She said there wasn't any controversy or stringent issues from public hearings. She said this clarifies the language needed by the communities giving them the option to make application with the state for a waiver if they cannot support an engineer.

**Questions from
Committee
Members:**

Rep. Eskridge asked about the ban on devices used for testing arsenic. **Ms. Henry** said the ban has been lifted. She discussed acute contaminants that can cause "blue baby syndrome". She said it isn't okay to reduce contaminants and nitrate standards in the smaller communities.

Ms. Henry discussed the POU, and informed the Committee the cost to a small community can run \$300 for a POU, and \$20 to \$30 for water sampling.

Rep. Bastian asked if a restaurant owner who serves 25 or more people are subject to the transient non-water community system. **Ms. Henry** said it is optional.

Rep. Anderson asked if there was any opposition to this rule. She replied no.

Motion:

Rep. Anderson made the motion to send **Docket 58-0108-0601** to the full committee. The **motion passed by voice vote**.

ADJOURN:

3:30 p.m.

Representative Dick Harwood
Chairman

Cj Johnson
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 26, 2006

TIME: 1:30

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representatives Edmunson, Snodgrass, Smylie, LeFavour

GUESTS: **Ken Tueller**, Deputy Director of Commerce and Labor and Executive Director of Science and Technology.

Representative Raybould called the meeting to order at 1:30. Representative Smith (30) moved to accept the minutes of the meeting held on January 18, 2005. Motion passed on a voice vote.

Ken Tueller was introduced by Chairman Raybould and was asked to present his program. Mr. Tueller introduced his staff, Karen Lewis, Bryan Dickens, Julie Howard and began a slide presentation giving an update of the office of Science and Technology showing how important the importance of the Council is to Idaho economy. A slide showing the list of Advisory Council Member was first on the agenda. (See attached). from 1991-2004. The vision of the Advisory Council was described by Mr. Tueller. He discussed the average annual wage for top five industry groups and explained the gross state product by Industry Agriculture (plus food product manufacturing).

The strategic plan implementation of the Science & Technology Council showed 6 strategies - 26 action items. The Idaho research foundation matching grant program of #1 million was recommended by the Governor. Also the governor recommend further study for the Angel Investment Tax Credit which could involve approximately a 30% total for investments of at least \$25,000 in qualified Idaho businesses. Small business Innovation Research Grant sum of \$100,000 is recommended by the Governor. Mr. Tueller explained what the SBIR represents. He discussed the TechConnect Statewide Organization funding and development of which \$300,000 a year is recommended by the Governor. HB406 establishes the Council in state law and gives it permanency and highlights its important role in Idaho. It also ensure continuity and consistency of the Council and its directives.

Discussion followed with questions from the committee.

ADJOURN: There being no further business to come before the Committee, Chairman Raybould adjourned the meeting at 2:10 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES
Sub Committee #2
HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 26, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Harwood, Representatives, Eskridge, Anderson, Bastian, Mathews, Smith(30)

**ABSENT/
EXCUSED:** Representative Ellsworth

GUESTS: See Attachment 1

58-0108-0501: Administration of the loan program is currently paid for by a four percent set-aside from the federal capitalization grants that DEQ receives from the U.S. Environmental Protection Agency (EPA). Federal capitalization grants have decreased substantially over the last few years thereby reducing the funding available from the set-aside to administer the loan program. The amount available from the set-aside each year is no longer sufficient to fund DEQ's administrative costs for the year. This creates a dilemma for DEQ because, while the EPA grant funds available for administering the State Revolving Fund (SRF) are diminishing, the amount of funds available for loans is growing due to the increasing dollar amount of loan repayments each year. The work load to issue new loans is increasing the SRF funds increase.

Barry Burnell, Water Quality Manager, DEQ, said this rule is a result of SB1220. A panel of Engineers separated the drinking water criteria into three areas. He introduced Tom John, Analyst, DEQ, who is in charge of the Drinking Water Program.

Mr. John gave an overview on the structured key points for drinking water facilities. He talked about the requirements to develop a facility and the design standards required to be incorporated in to the rules. The engineering standards for design, construction, and operation of public drinking water systems regulate activities when certain requirements formulate and recommend rules which are broader in scope or more stringent than federal law or regulations. He informed the Committee they were not asked by the EPA to re-do the design and construction of drinking water facilities. He said there is no fiscal impact to the state. The DEQ will work with professional engineers in compliance with the National Water Works Association. He stated that the rule modifies language, and provides definition for review of plan specifications and standards for drinking water facilities. He informed the Committee of the people involved with rulemaking, which included the city council, private citizens, the Dept. of Health, EPA, the water utility, and drinking water system owners. Based on the National Water Works Association this rule is good engineering practice. The rule provides definition for review, and modifies language change such as; must, may, shall, and etc., be moved or removed from the rule.

MOTION: **Rep. Bastian** made the motion to adopt and send **Docket 58-0108-0501** to the full committee. **The motion passed by voice vote.**

58-0116-0501 The proposed rule was revised for consistency with Senate Bill 1220, to clarify the applicability of these rules with respect to municipal and nonmunicipal wastewater treatment or disposal facilities, to incorporate by reference sections of the Idaho Standards for Public Works Construction, and to improve the clarity of the rules. The remaining sections have been adopted as initially proposed.

Barry Burnell, Water Quality Manager, DEQ, said this rule was revised to be consistent with SB 1220 in clarifying municipal and nonmunicipal wastewater treatment facilities, and incorporate into the Idaho Standards for Public Works Construction, and allow engineering companies to review extensions. He discussed Waste Water rules from SB 1220 that is adopted to make this new rule. The rule is an extension of SB 1220 and standards adopted by 10-states', and formed this new rule for wastewater. He discussed the panel appointed by the DEQ Director, stating after the panel met for rulemaking authority, they held public hearings for comments. Significant changes came about from these comments, and moving and copying language from water quality into this wastewater rule. He discussed the two phases they had gone through to implement SB1220. He said this is a new rule, and a new format that will give clarification on operator license for large soil absorption systems with multiple owners and the requirements for Class A discharge for individual distribution systems.

Dick Rush, Legislative Advisor, Idaho Commerce Companies, informed the Committee that the Department and the Board corrected any problems where there was any concerns. SB 1220 was a result of municipalities and city engineers asking for relief, because of the amount of time it took the Department to review the paperwork, and let the permits back to the municipalities. He said that the language in SB 1220 tried to change the industry, but that wasn't the intent of the Department. There are 15 sections in SB 1220 that need to be revised, and he thanked the Board for their hard work. He told the Committee that the rulemaking process does work.

MOTION: **Rep. Smith** made the motion to adopt and send **Docket 58-0116-0501** to the full committee. **The motion passed by voice vote.**

58-0102-0504 Under proposed rule Docket 58-0116-0501, certain wastewater rule sections and definitions have been copied from IDAPA 58.01.02, "Water Quality Standards and Wastewater Treatment Requirements," revised as necessary, and inserted into a new proposed rule chapter, IDAPA 58.01.16, "Wastewater Rules". This proposed rule has been initiated from the purpose of deleting those sections and definitions that are either unnecessary to remain in rule or have been copied and moved to the proposed rule to prevent inconsistency and/or redundancy between DEQ rule chapters. As a result of these changes, DEQ proposes to change the Title of this rule chapter to "Water Quality Standards".

Barry Burnell, Water Quality Manager, DEQ, informed the Committee this rule combines water quality standards and wastewater. The rule is

mostly deletions from comments made at the public hearing that took place. This rule will address water quality and wastewater in one place. He informed the Committee there is no fiscal impact from this rule, and it wasn't controversial. This new rule renames the chapter title "Water Quality Standards".

**Questions from
Committee
Members:**

Rep. Mathews wanted to know why all the deletions in the rule. **Mr. Burnell** informed him that it is old language, and not used any longer.

MOTION:

Rep. Bastian moved to adopt and sent **Docket 58-0102-0501** to the full Committee. The motion passed by voice vote.

58-0117-0501

The DEQ initiated this rulemaking to modify and clarify existing water quality limits and other requirements for the various classes of municipal reclaimed wastewater, to add and clarify various definitions, to change the name of the rules from "Wastewater Land Application Rules" to "Rules for the Reclamation and Reuse of Municipal and Industrial Wastewater."

Barry Burnell, Water Quality Manager, DEQ, informed the Committee that the Board directed the DEQ to determine how rulemaking should be done for this rule. A public hearing was provided, and attended by municipalities and industries. He said that the requirements for Class A and Class B reclaimed wastewater was too strict. The rule does not impact the state general fund. He informed the Committee the rule does change the name from "Wastewater Land Application Rule" to Rules for Reclamation and Reuse of Municipal and Industrial Wastewater". The new language also adds policy and definition, such as; homeowners don't need to be licensed for wastewater discharge to go onto private residential land.

Mr. Burnell discussed each definition of the rule. He talked about disinfecting wastewater; and nitrate contamination on ground water discharge systems.

Chairman Harwood asked about the change from 2000' to 1000' from a ground water well, wanted information on new forms of "re-use" on page 282, item 3. **Mr. Burnell** explained the Class A definition, and the discharge points for re-use. **Chairman Harwood** commented about cleaning waste water, and putting it back for land use, and wanted to know if this exceeds agronomics. They discussed the discharge water and if its re-use can be relied on in the different soil areas to counter act the chemicals. **Chairman Harwood** asked about cleaning water for re-use for toilets. **Mr. Burnell** said that is existing Class B type of water that requires plumbers and other agencies to be involved.

MOTION:

Rep. Bastian made the motion to send **Docket 58-0117-0501** to the full committee. **Chairman Harwood** talked about Class B water used on a golf course. He said the golf course contacted bacteria (re-growth). **Mr. Burnell** said when Class A water is applied to the soils, the bacteria is filtered out back through sunlight. He said that ultra violet rays kill bacteria. Regrowth occurs under right condition. **The motion passed by voice vote.**

58-0117-0502

The Wastewater-Land Application Permit Rules currently do not require the DEQ to provide public notice or an opportunity for public comment during the wastewater land application permitting process although DEQ has been providing for this. This rulemaking will provide for public comment during the wastewater land application permitting process and revise the permitting schedule to allow the director 60-days after issuance of a draft permit to issue the final permit. The rules currently allow the director 30-days to issue the final permit. This 180-day permitting schedule, the number of days allowed for the director to make an application completeness determination would decrease from 60 to 30-days.

Barry Burnell, Water Quality Manager, DEQ, informed the committee that DEQ requested this rulemaking. He discussed how rulemaking is a result from public comment and interest, and the approach of the rulemaking process is put into rule. He said that no one attended the meeting on the rule process. One industry did come forward for re-permitting. He said this process works for industry that is already in place, while new application for permits are put on a list. He said there is no fiscal impact to the state general fund. He discussed the state following federal guidelines in the length of time a permit is issued, and this draft will give the DEQ 60-days from issuance of draft rule instead of the current 30-days. The DEQ still maintains 180-days from application to permit. He informed the Committee the reason that no one attended the public hearing is the agency has kept up front with the public, and keeping them informed.

MOTION:

Rep. Eskridge made the motion to send **Docket 58-0117-0502** to the full committee. **The motion passed by voice vote.**

ADJOURN:

3:15 p.m.

Representative Dick Harwood
Subcommittee Chairman

Cj Johnson
Subcommittee Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: January 30, 2006

TIME: 1:55 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Senator Pro Tem Geddes, Lou Ripel, Manager, Boise Office, INL**

Chairman Raybould called the meeting to order and requested a silent roll call. Representative Smith moved to accept the minutes of the meeting held on January 26, 2006 as written. Motion passed on a voice vote.

BILL #: SJM 114 Chairman Raybould introduced **Senate Pro Tem Geddes** who presented Senate Joint Memorial 114. Senator Geddes reported a Legislative committee traveled to Washington D.C. the summer of 2005 and received positive responses from the Federal Department of Energy, Senators and Representatives in Washington D.C. regarding the INL facilities. They were very interested in the reports regarding the valuable INL facility in Idaho. This memorial makes clear that the Idaho Legislature supports the United States becoming as energy independent and diversified as possible.

Senator Geddes introduced **Lou Ripel, Manager INL Boise Office** who gave a brief overview of how important it is for the Federal Department of Energy to know how Idaho feels about INL. Idaho has the oldest nuclear research facility in the nation and is an energy secure super store. Nuclear energy supplies twenty percent of energy for our nation. As INL drives forward with nuclear generation of safe, clean, state of the art, and advanced modular nuclear energy systems, funds are needed to continue this vital source of energy for the entire United States and the world. INL is in the process of developing many valuable programs so critical to our national security such as bio energy, hydro power, fuel reforming and related alternative and renewable energy research in Idaho. Commercial development of nuclear energy time line should be approximately in the 2018 to 2025 year range. Following his presentation, **Mr. Ripel** accepted questions from the committee.

Representative Raybould thanked **Mr. Ripel** and called for a motion on **SJM 114**.

MOTION: Representative Rydalch moved to send **SJM 114** to the floor with a do pass. Motion carried by a voice vote.

ADJOURN: There being no further business to come before the Committee, Chairman Raybould adjourned the meeting at 3:15

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

**HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY
SUB COMMITTEE #1**

DATE: January 30, 2006

TIME: 3:15 p.m.

PLACE: Room 408

MEMBERS: Chairman Rydalch, Representatives Barraclough,, Edmunson, Snodgrass, Smylie, LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Bruce Schuld, Mine Waste Project Coordinator,DEQ, Orville Green, Administrator, DEQ,, Jack Lyman, Executive Vice President, Idaho Mining, Justin Hayes, Idaho Conservation League.**

Chairman Rydalch called the meeting to order and requested a silent roll call. Rules presented at the January 24, 2006 sub committee meeting were reviewed by Chairman Rydalch. **Mr. Orville Green** was called up to introduce **Mr. Bruce Schuld** as presenter of rule **58-0113-0502**.

58-0113-0502

Mr. Schuld submitted a letter from **Mr. Fred Brackebusch**, President of the New Jersey Mining Company to the committee. The purpose of the letter was to present comments before the Legislative Committee. Mr. Brackebusch stated that in general, he thought the proposed changes are reasonable and necessary and will allow both small and large ore cyanidation plants in Idaho to be built and operated safely in the future. (See attached letter).

Mr. Schuld continued, noting the existing fee rule requires applicants to submit a \$100 fee at the time the permit application is submitted to DEQ. This pending rule includes a new fee schedule which increases the permit application fee to, \$5000 for a pilot study, \$10,000 for a small cyanidation processing facility and \$20,000 for a cyanidation facility that is neither a pilot facility nor a small cyanidation processing facility. In lieu of paying a fee at the time the application is submitted, an applicant may enter into an agreement with the Department for actual costs incurred to process an application and issue a final permit. The applicant shall not commence operations at the cyanidation facility until the terms of the agreement have been met, including that the Department has been reimbursed for all actual costs incurred for the permitting process. Idaho code, authorizes the Director of DEQ to require a reasonable fee for processing permit applications. Mr. Schuld explained, in depth, how the fees are used for costs incurred while the staff investigates all necessary avenues which will allow a permit to be issued. He indicated some correction in language in the rule would be helpful in making the fee criteria clearer to the public requesting permits because the fees are separate and not cumulative. .

Chairman Rydalch called upon **Jack Lyman**, Mr. Lyman indicated support for the rule and the need for Legislators to have an enhanced right to ask for definitive statutory rules.

Mr. Justin Hayes was asked to testify. Mr. Hayes stated he participated in the rule making process and is happy with it. There were many compromises by all participants in order to make the task at hand successful. It is a step in the right direction toward clean air, water and a good economy.

Representative Rydalch encouraged participants to extend that message of support to other special interest groups.

Representative Smylie addressed the attending participants of the rule making committee and complimented the group for successfully completing the difficult task. He thanked all involved for their good work.

MOTION: Representative LeFavour moved to accept the rule as listed and to send them to the full committee with a do pass.

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 3:15 p.m.

Representative Rydalch
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 2, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representatives Smylie and Mathews

GUESTS: **Barry Burnell, Water Quality Administrator, DEQ, Toni Hardesty, Director, DEQ, Jack Lyman, Executive Vice President, Idaho Mining Association**

Representative Raybould called the meeting to order at 1:35 p.m. and asked the secretary to take a silent roll. Representative Rydalch moved to accept the minutes of the January 30, 2006 meeting. Motion carried on a voice vote.

Representative Harwood, Chairman of Sub Committee # 2 reported that the sub committee reviewed **Rules 58-0112-0501, 58-0102-0501, 58-0102-0502, 58-0108-0601, 58-0108-0501, 58-0116-0501, 58-0102-0504, 58-0117-0501, 58-0117-0502 and recommends to the full committee these rules be approved**

Rule 58-0102-0503 is sent to the committee without recommendation. The committee asked for clarification regarding this rule. **Barry Burnell**, rose to explain the rule further. He assured the committee that the negotiations with various civic groups regarding the update of Idaho toxics criteria was to meet EPA standards. This was supported by these groups.

After discussion from the committee, the sub committee moved to change the vote of the meeting January 24, 2006 and recommend to the full committee **Rule 58-0102-0503 be approved.**

Representative Rydalch reported Sub Committee #1 reviewed rules **58-0105-0501, 58-0113-0501, 58-0113-0502, 58-0101-0501, 58-0101-0503, 58-0101-0504, 58-0101-0505, 58-0101-0506, 58-0101-0507, 58-0101-0508 and recommends to the full committee these rules be approved.**

Representative Rydalch expressed an interest in inviting a representative of the mining industry to present a current report of the status of the mining industry and marketing of minerals in Idaho. Representative Raybould asked **Jack Lyman** if he would do a presentation at a future committee meeting. Mr. Lyman replied in the affirmative.

Representative Bastian also expressed an interest in asking a representative of the coal generation industry to present an update to the committee. Also discussed was the production of ethanol update and where that industry is at this time. **Director of the DEQ Toni Hardesty** indicated they had not received any permit applications for production, by various means, of creating these products. Possible a representative could be located to come before the committee with information.

MOTION: Representative Raybould called for a vote to **approve the rules listed above.** Motion carried on a voice vote.

Representative Harwood announced Sub Committee #2 would convene upon adjournment to hear **Rule # 24-0501-0501 Rules of the Board of Drinking Water and Wastewater Professionals (Fee Rule).** This rule had been directed to another committee in error and returned to Environment, Energy and Technology Committee for review.

ADJOURN: There being no further business to come before the Committee, Chairman Raybould adjourned the meeting at 2:55 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

**HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY
SUB COMMITTEE #2**

DATE: February 2, 2006

TIME: 3:00 p.m.

PLACE: Room 406

MEMBERS: Chairman, Harwood, Representatives, Ellsworth,, Eskridge,, Anderson, Bastian, Mathews, Smith(30)

**ABSENT/
EXCUSED:** Representative Mathews

GUESTS: **Rayola Jacobson, Bureau Chief, Bureau of Occupational Licenses**
Roger Hales, Attorney, Bureau of Occupational Licenses

Representative Harwood called the meeting to order at 3:00 p.m.

Rule 24-0501-0501 Rules of the Board of Drinking Water & Wastewater Professionals (fee rule)

Rayola Jacobson introduced **Roger Hales** to speak on this rule. Mr. Hales explained the change in the rule and gave a concise statement of the reasons for adopting the pending rule and a statement of any change between the text of the proposed rule and the text of pending rule with an explanation of the reasons for the change.

The rule change is a specific description of the fee or charge imposed or increased. This fee or charge is being imposed pursuant to Section 54-2407, Idaho Code and reduces endorsement, renewal and original license fees from \$60 to \$45.

Mr. Hales answered question from the committee.

MOTION: Representative Eskridge moved to send rule **Rule 24-0501-0501** to the full committee with recommendation to approve.

ADJOURN: There being no more business to come before the committee, Chairman Harwood adjourned the meeting at 3:30 p.m.

Chairman, Dick Harwood

Peggy Heady, Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 6, 2006

TIME: 2:00 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representative Barraclough, Representative Smylie, Representative LeFavour

GUESTS: **Roy Eiguren, Council, American Ecology/U. S. Ecology Corporation; Steve Romano, President & CEO, American Ecology/U.S. Ecology Corporation; Don Reading, PhD, Vice President & Consulting Economist Ben Johnson Associates; Simon Bell, Vice President, Operations.**

Chairman Raybould called the meeting to order at 2:00 p.m. and requested the secretary take a silent roll call. Representative Smith (30) moved to accept the minutes of February 2 with corrections. Motion passed on a voice vote.

Chairman Raybould called upon **Roy Eiguren** to present an overview of the American Ecology Corporation's facility at Grandview, Idaho. Mr. Eiguren stated the company feels it is important in the discharging of their duties to report to the committee on an annual basis regarding their ongoing operation. Mr. Eiguren described the regulatory framework of the operation such as; Regulatory oversight with the U.S. Environmental Protection Agency and the Idaho Department of Environmental Quality; Federal Regulation regarding the Resource Conservation and Recovery Act "RCRA"; Comprehensive "cradle to grave" regulation of all aspects of hazardous material; Toxic Substances Control Act - "TSCA" which regulates PCBs and other materials. Also, he explained the Idaho State Regulation which includes the Idaho Environmental Quality Act of 1970. It is the comprehensive authority to IDEQ for protection of the environment and the Idaho Hazardous Waste Management Act of 1984 which implements RCRA in Idaho, the Idaho Hazardous Waste Facilities Siting Act and the Idaho PCB Waste Disposal Act.

Mr. Eiguren then introduced **Steve Romano** who explained the economic impact of US Ecology which is a national service company based in Idaho. It is a parent of American Ecology Corporation publicly traded on NASDAQ exchange (ECOL). There are four US Ecology operating subsidiaries. The company has shown strong financial performance in the first nine months of 2005. There are 97 Idaho employees, 215 company wide. The Idaho annual payroll is \$5.8 million.

Mr. Romano then introduced **Don Reading**, who prepared the economic

& fiscal impact study of Idaho operations. He showed slides showing the 2005 State and County fees for 2005 were \$2,977,000. Operating income increased from \$4.2 million in 2000 to \$14.1 million in 2005. American Ecology's annual economic contribution in Idaho is \$51 million. He explained how US Ecology wage scale is 39% higher than local averages. He displayed a slide indicating Idaho Employment is up 57% in five years and that Idaho wages with US Ecology are higher than other Idaho industries. US Ecology contributes substantial property and income tax to State and Counties. Fee payments are up 145% in five years. Owyhee County's portion was \$148K in 2005. The company spends 75% of their capital with Idaho companies. The SIMCO paving project has benefitted the surrounding communities substantially.

Simon Bell was introduced, coming to Idaho as a Facility General Manager of the Hazardous waste facility. He is now, nationally, the Vice President of Operations. He is also on the McCall hockey team. He described in detail, the operation of the three sites operated by US Ecology, out of 18 RCRA Hazardous Waste sites in the United States. Slides were shown regarding the location and description of how the waste sites are managed. He indicated how they contract with IDEQ to fund senior radiation safety positions and provide additional radioactive materials expertise for the entire state. US Ecology also has played a major role in helping various businesses in providing solutions for hazardous waste disposal. The company contributes to local small communities in their effort to be a positive industry for the entire state of Idaho. (See attachments (2).

Discussion followed with questions from the committee. Mr. Eiguren thanked the committee for their work.

Chairman Raybould thanked the US Ecology team for their presentation indicating the company is a good, safe economic company for Idaho.

MOTION: Chairman Raybould recognized Sub Committee #2 Chairman Harwood. Chairman Harwood asked for a motion for approval from the full committee of rule 24-0501-0501 Representative Eskridge moved the full committee **approve rule 24-0501-0501** . Motion passed on a voice vote.

ADJOURN: There being no more business to come before the committee, Chairman Raybould adjourned at 2:35 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 8, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Dale G. Higer, Chairman of the Commission on Uniform State Laws; Representative Sharon Block, Chairman of Health & Welfare; J. W. Rogers Jr., PhD, Assoc. Lab, Director for Science & Technology, Chief Research Officer, INL; Senator Laird Noh, retired.**

Chairman Raybould called the meeting to order at 1:30 p.m. and asked the secretary to take a silent roll. Representative Bastian moved to approve the minutes of February 6, 2006. Motion carried by a voice vote.

Bill #:S1255 **Dale Higer** was recognized by Chairman Raybould. Mr. Higer related the purpose of S1255 which deals with the future use of contaminated real estate or brownfields. The act provides clear rules for a perpetual real estate interest, an environmental covenant, to regulate the use of brownfields when real estate is transferred from one owner to another.

MOTION: Discussion from the committee members followed. Representative Ellsworth moved to **hold S1255 time certain for one week**. Motion carried by voice vote.

RS #: 15527C4 **Representative Sharon Block** was recognized by the Chairman. Representative Block stated that the people of Idaho are concerned about how a coal fired energy plant will effect families of Idaho. As Health and Welfare Chairman, she has concerns. She has researched statistics with the American Cancer Society and many medical associations in conjunction with her duties as the Health and Welfare committee Chairman. RS15527C4 (which had been changed to RS16018) is legislation which will provide a moratorium on large coal fired power plants until April 1, 2008. This legislation lists seven reasons why this is necessary: (See attached SOP).Questions from the committee followed. **Senator Laird Noh** rose to answer the committee's concerns regarding land purchase, license permit applications, water transfer, air quality, mercury release and regulation of a coal fired energy plant.

Representative Ellsworth moved to introduce the RS with changes to strike line 17, page 2 "or the application for a permit or license". Discussion followed with **Senator Noh** answering questions.

MOTION: Representative Ellsworth withdrew her original motion and moved to

MOTION: **Return to sponsor** with a letter to the Speaker of the House to grant the Environment, Energy & Technology Committee Special Privilege to hear the RS changes in the text at the next scheduled meeting.

SUB MOTION: Representative LeFavour made a **Substitute Motion** to introduce RS15527C4 striking line 12. Discussion from the committee followed. Chairman Raybould called for a roll call vote on the Substitute Motion. **Motion failed.**

The motion to **Return to Sponsor**, with a request to the Speaker of the House to grant the Committee Special Privilege for the next scheduled meeting, **passed by voice vote.**

J.W. Rogers was introduced. **Dr. Rogers** thanked the committee for inviting him to speak before them. He expressed his pleasure in having the opportunity to enlighten the legislators as to INL's role in the state of Idaho and the progress of the company. The topic of his address will be, "The Challenges With Advanced Technologies." He spoke regarding the Governor's recommendation for full funding for the INL and how it will effect thousands of Idahoans. INL is proud to be a part of applied technology, energy, water and environment in Idaho. INL has made substantial progress in all of these areas.

INL has developed a geographic information system (GIS) application on the internet. The world is not running out of energy, but the source to use energy. Idaho is rich with renewable energy. INL is working on tools for locating and evaluating hydropower resources in Idaho; such as , hydrography, power systems, transportation, in cities and populated areas, and land use. They have worked with colleges across the Western states on carbon capture. These states have rich carbon sources. Dr. Rogers described the biorefinery of the future. He explained Idaho's hydropower potential from INL's 2006 stream-based feasibility assessment. INL has developed a system of molecular identification techniques such as Brucella Abortus, other priority pathogen identification and antibody profiling. The Coeur d' Alene Basin Success mine is a source of renewable filter material. The company has developed unmanned aerial vehicles to survey range land, monitoring vegetation and the eco system. INL works with achievement programs such as fellowship grants and intern programs. They have had 107 participants within their staff. On conclusion of the presentation, Dr. Rogers answered questions from the Committee. Chairman Raybould thanked Dr. Rogers for the INL update.

Sub Committee #2 Chairman Harwood asked for approval of minutes of previously held meetings. Representative Smith moved the minutes for January 24, 26 & February 2 be approved. Motion carried by voice vote.

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 3:30 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES - AMENDED
HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 14, 2006

TIME: 1:30 p.m..

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Representative Sharon Block, Chairman, Health and Welfare Committee, Mr. Dale Higer, Chairman, Commission of Uniform State Laws, Russ Hendricks, Idaho Farm Bureau**

Chairman Raybould called the meeting to order at 1:30 p.m. and asked the secretary to take a silent roll. Representative Harwood moved the minutes of February 8 be approved as written. Motion carried by voice vote.

Chairman Raybould informed the committee he had received a letter from the Speaker of the House designating the committee to be privileged on this day and to ask Representative Block to present RS 16018 as rewritten.

RS 16018 **Representative Block** came before the committee with a rewritten form of RS16018. She explained that she consulted with the Attorney General, Director of Public Utilities and the Director of Natural Resources, in order to assist in giving the people of Idaho time to research, with knowledge and wisdom, the implementing of coal fired energy plants in Idaho. In so doing, she feels it is in the best interest for the people, businesses and industries of Idaho to be given the opportunity to do this research. The decision is multi generational. In making a decision to allow coal generated energy plants in Idaho, research needs to be done to "get it right the first time." Questions were taken from the committee by Representative Block. She explained the lack of impact fees, the inserting of emergency clause in the document, siting plan change and studies done for local energy industries to build facilities.

MOTION: Representative Smylie moved to **introduce RS16018 with the a change** on page 2, beginning on line 26, to read - "The provisions of this act do not apply to coal fired power plants constructed by a public utility regulated pursuant to this title or constructed by a cooperative or municipality."

SUBSTITUTE MOTION: Representative Smith requested a **substitute motion to introduce with change** as shown in original motion above and to strike "certain" on line 17 and lines 23, 24, 25 ie: "The provisions of this section do not apply to coal fired power plants utilizing the integrated gasification combined cycle technology where coal is not burned but oxidized as a power source."

Roll call vote was requested. **Substitute Motion failed.** Voting **Nay:** Raybould, Harwood, Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews. Voting **Aye:** Smith (30), LeFavour.

Original motion to introduce with change, carried by roll call vote. Voting **Aye:** Raybould, Harwood, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Bastian, Mathews, Smith (30), LeFavour. Voting **Nay,** Barraclough, Rydalch, Anderson.

S1255: **Mr. Higer** was recognized by the Chairman. He explained he brought S1255 bill back to the committee as requested. His statements regarding the bill would stand as given on February 8. He would take questions from the committee. Discussion followed.

MOTION: Representative Bastian moved to send **S1255** to the floor with a **do pass.** Motion **carried** by voice vote. Representative Bastian will carry the bill.

Russ Hendricks, Idaho Farm Bureau rose to present information on the benefits of clean burning Idaho grown fuels. He explained the benefits of renewable fuels, such as bio fuels and the reason to support this technology. Rural economic development provides another market for farm crops such as straw, grass, corn. Farmer owned co-ops give farmers the opportunity to profit from ethanol production. Sixty million gallons of ethanol production in Idaho would result in additional local property taxes and state income taxes and more than \$200 million in local economic activity.

Having all motorists use a 10% ethanol blend would provide reduction in emissions such as: 30% reduction in carbon monoxide, 50% reduction in PM2.5, 25% reduction in benzene, a know carcinogen and 21% reduction in total toxic emission resulting in improved air quality.

All of fuel used in Idaho is imported. We are totally dependant on resources outside our borders. By using our abundant agricultural resources to provide a portion of our fuel we will be increasing our fuel supply. We will be keeping Idaho dollars in Idaho and provide a measure of protection against the possibility of a natural disaster disrupting our fuel supplies.

Mr. Hendricks described cellulosic ethanol production as being a significant economic opportunity for Idaho. Logen (a Canadian ethanol manufacturer) is looking at investing millions of dollars in a cellulosic ethanol production facility in Southeastern Idaho. Cellulosic ethanol is exactly the same as grain-based ethanol but it is made from agricultural residues which are often burnt or dumped at a cost to the farmers.

Discussion followed with Mr. Hendrick answering questions from the committee. Chairman Raybould thanked Mr. Henrickson for the informative presentation.

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 3:00 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 16, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representative Snodgrass, Representative Edmunson

GUESTS: **Toni Hardesty, Director, DEQ; Mike Dubois, DEQ staff; Mike McIntyre, DEQ staff; Elke Shaw-Tulloch, Chief, Bureau of Community & Environmental Health IDHW, Richard H. Schultz, Boise Administrator Health Division; Jim Vannoy, IDHW**

Chairman Raybould called the meeting to order at 1:30 p.m. and asked the secretary to take a silent roll. Representative Bastian moved the minutes of February 14 be approved as written. Motion carried by voice vote.

Toni Hardesty was introduced by Chairman Raybould. Ms. Hardesty deferred to **Elke Shaw-Tulloch**, Idaho Health and Welfare to present the cycle of mercury. The definition of mercury was explained in depth as a natural occurring element found in soil, water and air in several forms: elemental or metallic, inorganic compounds and organic compounds. It is released into the environment by natural breakdown of minerals in rocks and it is also released during specific industrial processes (mining, burning fossil fuels, solid waste incineration). Mercury in the air eventually settles into water or onto land where it can be washed into water. Microorganisms can change it into methylmercury which is toxic bioaccumulates in fish, shellfish and animals that eat fish.

Mercury is transported globally through specific meteorological conditions. Mercury deposition is not an issue specific to Idaho. The majority of methylmercury exposure appears to be determined by diet and in particular the consumption of fish such as; dose, age, duration, route of exposure (eating, breathing, skin contact), health of person exposed.

Unborn babies are particularly susceptible to the effects of mercury due to the ingestion of fish with lower levels of methylmercury by the mothers. Young children can be adversely affected by low doses of methylmercury. Based on earlier studies, EPA has developed a reference dose of 0.1 ug/kg of body weight per day that is protective of young children and fetuses.

Ms. Shaw-Tulloch referred to the printed information provided to each member in answering questions from several committee members on how much mercury is transported into Idaho and if it is a concern as to where

the mercury comes from. Other questions were; does methylmercury accumulate in the body? Does burning fossil fuel create methylmercury? Does methylmercury accumulate in the body of the fish as it grows older? She deferred to **Jim Vannoy** to assist in answering the questions.

Ms. Shaw-Tulloch continued explaining the Idaho Fish Consumption Advisory Project IFCAP which allows the IDHW , partnership with the Governors office, IDEQ, IDFG, Dept. of AG, USGS & EPA to determine what the public health risks are in Idaho from consuming locally caught fish. (See attachment #1).

Toni Hardesty rose to continue the informative session regarding Mercury In Idaho. (See attachment #2). Discussion followed with questions from several committee members regarding; Is there data on global and regional pollution and correlation of rainfall patterns?; are old and new facilities causing sources of mercury different?; are non-ferrous metal processors in Northern Nevada affecting Idaho and what kind of fuel do they burn in the ore roasters?; are fish farms monitored? is there baseline data available where mercury contamination of fish are located in Idaho ? **Mike Dubois** rose to assist in answering the questions. Refer to the attachments.

Ms. Hardesty continued discussing the two main components of what the agencies are doing in the study of mercury contamination in Idaho. She described the Fish Consumption Advisories work and the collection of baseline data points to determine sources and extent of mercury. She called upon **Mike McIntyre** to assist in presenting the reports of the Salmon Falls study. Also she presented the plan for the future to develop a statewide monitoring program which utilizes the expertise and authorities from IDHW, IDEQ and IDFG in identifying waters needing fish advisories. Also the plan is to identify different ranges of mercury fish concentrations in a statewide coverage, both random and targeted in all bodies of water. The agencies have a five year schedule.

Chairman Raybold commended the teams from DEQ & IDHW for a very informative presentation.

ADJOURN:

There being no further business to come before the committee, Chairman Raybould adjourned the meeting at 3:15 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 22, 2006

TIME: 2:00

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Luker, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representatives Anderson and Mathews, Smylie

GUESTS: **Thomas A. Hewson, Principal, Energy Ventures Analysis Inc. Arlington, Virginia: Bruce McColluch, Project Manager, Sempra Generation, Jerome, ID: Roy Eiguren, Attorney, Lobbyist, Sempra Generation.**

Chairman Raybould called the meeting to order at 2:05 a.m. and requested the secretary take a silent roll. Representative Rydalch moved the minutes of February 16, 2006 be approved as written.

Chairman Raybould introduced Representative **Lynn Luker** who will replace Representative Smylie until he is able to return to the Legislature.

Roy Eiguren introduced **Tom Hewson**, representing EVA to present information to the committee regarding coal fired electric generation. Representative Eskridge stated that Mr. Hewson had presented a program regarding coal fired electric generation at the National Conference of State Legislators. The NCSL made it possible for Mr. Hewson to appear for the committee.

Mr. Hewson thanked the committee for inviting him to speak. He explained his role is to inform the committee of the new coal generating technology and the changing aspects of what they are working toward in the future. He has two major subjects to address. First is to explain the burning of coal to generate power and the new coal capacity required to meet growing US power needs. Those needs will expand from 20,000 MW in 2006 to 160,000 in 2024 in the U.S. Most surrounding states have announced coal project plans. Idaho has done studies, but made no final decisions.

The next subject addressed was the coal generation technologies. There are three types of coal generation technologies...pulverized coal, fluid bed combustion and integrated coal gasification combined cycle.

Pulverized coal generation is the dominate technology. It accounts for most of the 80,940MW announced new coal projects. There are two types of coal combustion technologies: subcritical & supercritical. It is the most energy efficient coal technology in the US today. It is low technology risk and competitive in cost.

Fluid bed combustion technology changes were described by Mr. Hewson. He explained it is a conventional technology operating with boilers. It has greater fuel flexibility - (waste coals, pet coke, fuels..). The technology has lower heat rate efficiency vs. pulverized coal. Also there is inherent low NOx rates from lower combustion temperatures. Boiler size designs have been expanding, increasing unit output. There is improved sulfur capture performance.

Integrated gasification combined cycle is the third type of coal generation technology. These facilities produce mostly chemicals. Current IGCC power technology applications focus on producing CO rich syngas that can be burned in turbines. Future IGCC technologies maybe developed to produce hydrogen rich syngas with maximum carbon capture. IGCC has a higher capital cost than PC and CFB alternatives. All existing projects have received governmental subsidies to offset higher capital cost and higher technical risk. Existing US IGCC projects are less energy efficient than 98 PC coal-fired stations.

There are coal generation policy issues which is mandated technology selection through permit approval which may exclude lower cost and/or optimal technology matches. Some of the policy issues are cycling vs. baseload, water supply considerations, fuel quality, site conditions, technology/capital risk. Mr. Hewson explained activated carbon injection with COHPAC to reduce mercury, selective catalytic reduction to reduce NO x emissions and flue gas desulfurization to reduce sulfur dioxide emissions. Mercury control, removal technology and policy issues were also described. Questions from the committee were discussed at some length during Mr. Hewson's presentation (See attachment #1). Chairman Raybould thanked Mr. Hewson and Mr. Eiguren for the informative presentation.

Roy Eiguren introduced **Bruce McCulloch**, to present information regarding SEMPRA and the ongoing study of locating four coal fired plants in southern Idaho. Mr. McCulloch stated that the market for coal fired energy is here and now. There is a future need for 6000 MW by 2015. SEMPRA has plans for a plant in Jerome area and is the largest station in the West. It is a sub station in a good location to sell power in Idaho. A question was asked about the CFS rate. There is a usage of water at the rate of 10 CFS to the site. The coal is shipped by train on a spur to the site from Wyoming and Montana. There is a large storage barn for the coal which reduces dust and makes the use of coal more efficient. The site is remote and surrounded by BLM land. The prevailing wind is S - SW. This plant has state of the art technology. It uses 10 % less water, has 10% reduction in gas emissions. It has a catalytic cleaner wet scrubber which removes 95% of the sulfur dioxide. It has continual use of water. No waste water is discharged off the site.

A question from the committee regarding mercury discharged was explained by Mr. McCulloch. There is significant natural mercury in the soil in the Magic Valley. The SEMPRA plant emits 160 pounds a year. Coal usage is 2.5 million tons a year. It creates .5% of train traffic in the valley. The coal is from Powder River Basin in Montana. They are designing a plant to get coal from Utah. Their 2- year cycle is to submit plans for applications to transfer water rights to the project. It will not be taking any new water rights. Existing acreage will remain in agriculture.

Change in air quality impact will be an insignificant increase of 2.6% of existing air quality.

Payment will be made to the BLM for rights of way. The operation of this plant will bring strong economic structure to the Magic Valley in the form of taxes paid, sales tax, property tax and job opportunities. Their capital investment exceeds 1.4 billion. The economic impact would be 300 million.

SEMPRA has had over forty educational meetings with community leaders. They have had advertisements in the local newspapers and direct mailings. There are plans for a newsletter. They have done studies in other sites and decided to locate in Jerome. Idaho was chosen because it is close to the market where the demand is needed.

A question from the committee regarding what the impact a two year stoppage of their planing time would bring to the project in real time. Mr. McColluch stated it would send strong signs to SEMPRA that Idaho is not interested. Chairman Raybould thanked Mr. McCollouch for his presentation.

ADJOURN:

There being no more business to come before the committee, meeting was adjourned at 4:35 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: February 28, 2006

TIME: 1:40 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** none

GUESTS: **Julia Souder**, Wester Regional Coordinator U.S. Dept. of Energy, **Neil Parekh**, Policy & Communication Director, Bi-National Regional Energy Planning, PNWER.

Chairman Raybould called the meeting to order and requested the secretary take a silent roll. Representative Bastian approved the minutes of February 22, 2006 as written.

Chairman Raybould asked Representative Eskridge to introduce **Julia Souder**, U.S. Dept. Of Energy and **Neil Parekh**, P & C Director, Bi-National Regional Energy Planning.

Mr. Parekh began explaining that a comprehensive approach to Bi-National Regional Energy Planning in the Pacific Northwest was the subject of the presentation. PNWER was chartered in 1991 by the Northwestern States of Idaho, Montana, Washington, Oregon, Alaska and Western Provinces of Alberta, British Columbia & Yukon Territory. The organization promotes public and private entities working together in tourism, homeland security, border issues, and energy.

The involvement in regional energy planing was accomplished by meetings between the Alberta Minister of Energy and BPA/Northwest Power and Conservation Council. This was in hope they could provide a bigger picture and focus on economic development and growth of transmission siting. **Representative George Eskridge** is the Chairman of the Task Force. They are looking at enabling legislation for facility/siting authorities. The task force has requested PNWER to provide more and better information about regional energy issues. Future capacity deficits, congestion in the regional electrical grid and obstacles to multi-jurisdictional corridor siting are major interests. According to an analysis by Lawrence Berkeley National Laboratory, many of the utilities in the Pacific Northwest will experience significant capacity deficits in the near future. See attachment #1 for projected capacity deficit projections by 2010.

Congestion in the regional electrical grid is of concern. Current and future congestion in the Western electrical grid and obstacles to the delivery of other resources (e.g. natural gas, petroleum, etc) will hinder

economic growth in the Pacific Northwest. Idaho is isolated by electrical transmission congestion, with major markets to the west and south. Additional transmission is needed to ensure that the region has access to low-cost energy. If Idaho is to develop its energy potential, it will need new transmission.

Obstacles to multi-jurisdictional corridor siting and permitting requires working with a range of local, state, provincial and federal authorities and agencies, each with their own unique process for identifying and utilizing appropriate transmission corridors. This is a concern when working within a state or province and when working between states and provinces.

Bi-National regional energy planning initiative goals will facilitate region-wide data sharing. It will facilitate region-wide transmission corridor planning. More unified permitting will be encouraged. It will provide reliable, accurate, and comprehensive information. Also, it will enable cross-border strategic planning and facilitate economic growth.

So far PNWER has established online resources and an energy chairs/ministers task force. They worked on the energy policy act of 2005 and issued official comments on their goals and made many state/provincial visits. Plans for the future are to strengthen the online resource, plans for conferences, updating the resource plan, and focus on transmission siting. Exploratory meetings on a multi-state transmission siting compact are planned. Section 1221 of the Energy Policy Act is a priority for the governor. Questions from the committee were discussed regarding the power FERC would have. Questions were asked regarding statewide authority as opposed to countywide authority.

Julia Souder presented updated information on the 1221 Energy Policy Act of 2005. The act requires DOE to issue a national transmission congestion study by August 2006 and every three years thereafter. Based on the study and public comments, the Secretary of Energy may designate selected geographic areas as "National Interest Electric Transmission Corridors (NIETCS)". Projects proposed relative to designated corridors and not acted upon by state siting authorities within one year of application may request FERC to exercise federal "backstop" siting authority.

Objectives of the congestion study highlights geographic areas with important existing or projected needs related to transmission capacity, such as:

- Need to relieve existing or emerging congestion
- Need to address existing or emerging reliability problems
- Need to enable delivery of electricity from important new generation capacity to distant load centers

It establishes a basis for sustained federal attention to high priority needs and projects that address them. The DOE perspective congestion study and designation of NIETCS can be shaped to add value to existing regional planning processes. Despite deadlines, DOE will move carefully to augment and build upon work done by others. DOE values open processes, with ample opportunity for input by stakeholders. New transmission lines are not the only solution to congestion or reliability concerns. Non-wires solutions (strategically sited central and distributed generation demand side options) can also help alleviate such problems.

A corridor will be designated as an NIETC only if the underlying need is great, and designation would facilitate one or more projects to address the identified need. The congestion study scope costs will use typical industry definitions. The study will cover the Eastern and Western interconnections. ERCOT is exempt, per EPACT. The study will build on existing transmission planning studies, load flow studies, etc. Data and information related to Canada's system and cross-border trade will be incorporated into the analysis. Geographic areas with significant transmission-related needs will be identified in the congestion study. For purposes of this work we envision a corridor as a generalized electricity path between two (or more) locations, as opposed to a specific route for transmission facilities. Initial congestion study is due by August 8, 2006, then every three years. No dates are specified for designation of NIETCs. Questions regarding NIETCs....Should an NIETC have a fixed term? If so, how long? Should it be renewable or revocable, under certain conditions? These questions are part of the study.

OE accomplished EPACT deliverables are listed below.

Section 1813: Indian lands rights-of- way. This will be a collaboration with DOE and DOI. There are four study areas: Historical compensation; standards and procedures for calculating values; sovereignty implications of ROW agreements; and relevant national energy transportation policies. The study must be conducted in keeping with our Federal Trust responsibilities. Formal tribal consultation meetings are planned in May and June. The final report is due August, 2006.

Section 1221 (k) reports on existing transmission right-of-way applications, renewals and upgrades on BLM, FS lands.

Section 1234/1832 (c). reports on economic dispatch. It explains how generating facilities operate to produce low-cost energy and if consumers benefit if non-utilities sell electricity to generating facilities.

Section 1252 (d) reports what identifies and quantifies the national benefits of demand response.

Section 1839 reports outline steps to take to establish a real-time system on functional status of transmission lines and how to make it available to all transmission system owners and RTOs. See attachment #2.

Chairman Raybould thank Ms. Souder and Mr. Parekh for their informative presentation.

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 3:15 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 2, 2006

TIME: 1:30 p.m.

PLACE: GOLD ROOM

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Jack Lyman, Executive Vice President, Idaho Mining**

See attached #1 sign up sheet for guest list

Chairman Raybould called the meeting to order at 1:35 p.m. and asked the secretary to take a silent roll. There were no minutes to be read. Chairman Raybould announced the meeting today is a hearing only. There will be no vote today on the bill.

Chairman Raybould called **Jack Lyman** to the podium. Mr. Lyman presented to the committee a large framed photo of the earth photographed from space. When Mr. Lyman was in Washington D.C., he met with the Chairman of the House Commerce Committee, Senator John Dingell.. There was a 20' x 30' mural on the wall showing this photograph. Representative Dingell informed Mr. Lyman he always told visitors that mural indicated the jurisdiction of his committee. Mr. Lyman presented the framed picture for the Environment, Energy and Technology Committee room with an inscription "Jurisdiction of Environment, Energy and Technology Committee." Chairman Raybould thanked Mr. Lyman for the elevation of the committee to that status.

BILL #: 689

Chairman Raybould called **Representative Sharon Block** to present H 689. Representative Block thanked the chairman and spoke to the committee explaining their solemn responsibility in making a decision which will affect the lives and livelihood of hundreds of thousands of Idahoans for generations to come. This responsibility should not be taken lightly or made in haste. Idahoans are depending on the knowledge and wisdom of the committee. She indicated there were a number of petitions which have been presented to the committee containing over 5,000 names. They feel a two- year moratorium to collect scientific facts is needed because Idaho has no experience in unregulated merchant plants or coal fired plants. The committee's decision will set precedence. The future of Idaho citizens is too valuable to take the risk of haste. We need a two-year moratorium to collect scientific facts and to find the truth. Under the auspices of the Idaho Utilities Commission, the DEQ and the Department of Water Resources, a study needs to be done to answer these and other questions. Representative Block thanked the committee and asked Representative Leon Smith, co-sponsor to yield.

Representative Smith stated he wanted to talk about the scope of the moratorium. He read an article in the Wall Street Journal concerning what is happening in California, Oregon and Washington and a regional alliance to limit coal fired plants. There are twenty-four coal fired plants planned in these states. Their standards are going to limit plants in their states. That should tell us about the omission standards we need to address in Idaho. PUC, DEQ and IDWR would give us reliable information to determine the action needed for Idaho's standards. Representative Smith's knowledge about SEMPRA is that it is a coal fired plant. It is a merchant or wholesale plant not under PUC direction. They can sell to anyone who wants to buy power. If Idaho Power or Avista want this power they will have to pay whatever the other states are paying unless we require that our local utilities get a break for power used in this state. We need to make a moratorium to get this done. There are three plants planned for Idaho. Most plants in the U.S. are pulverized coal plants. Representative Smith addressed data regarding water usage, land usage, waste storage, air pollution, coal car transportation, affect on agriculture and aqua culture, etc. He asked that we set tighter restrictions on sulfur dioxide omissions, dry evaporation ponds, protection of the aquifer. The moratorium is the tool which will give the necessary time needed to obtain reliable data. Representative Smith yields to **Senator Stennett**.

Senator Stennett addressed the committee. He stated, in his years as a Legislator he has never seen such an issue that will change the environment more. Siting legislation he wrote last year was not passed. No one knew anything about this. The energy committee received very little comment. A moratorium on mercury from the interim committee brought very little comment. It is terribly important to look at all of the ramifications, including siting, before continuing any plans for coal fired plants. It leaves the decision to three county commissioners and a majority vote. The people and government of Jerome county and surrounding communities are asking for this moratorium to gather information and obtain assistance in making the right choice. We need to slow down and do the right thing.

Governor John Evans rose to address the committee. Points he wanted to emphasis are; transfer of water to industrial use, and large piles of coal waste piled on the aquifer. The dairy association is concerned about the effect it will have on their industry as well as farmers who rely on water to produce crops. He is concerned about the six hundred coal cars a day that will travel through the valley leaving coal dust along the railroad track and in the valley. Incorporating all of the serious implications of polluting the Magic Valley, this moratorium is necessary. A single governing body does not have the necessary financial or technical expertise to make the decision to permit this type of plant. Basic industries in the Magic Valley have come together to oppose this plant. Local industries should have the responsibility to study Idaho needs and send recommendations on how to proceed to the Governor. We need to include an energy siting authority and a state energy authority appointed by the Governor. Private industry, legislative government, professionals from the state department, should be asked to represent Idaho industries and citizens in order to study Idaho's needs. Dr. Carl Austin has reported doubts the claim made by SEMPRA. Dr. Austin believes that they won't have the capacity to

send power to California. According to his report, SEMPRA plans to sell energy to Washington and Oregon and it can still be sent to California through an electrical energy exchange agreement. SEMPRA electric power energy can be sold to Oregon and Washington and then to California and could circumvent California's green house gas omission laws. This plan is not just a Jerome issue, it is an Idaho issue. Governor Evans accepted questions from the committee regarding a proposed plant in the early '70s which was never built. He replied suggesting Mt. Home desert was not an appropriate location for coal fired plants. Another question related to a map shown at an earlier committee meeting indicated California had the heaviest mercury concentration. Why is that if they don't allow coal fired plants? Governor Evans replied; California states they can't stand any more pollution. A request asked Governor Evans to repeat his description of sending coal fired power to Washington and Oregon and then transferring hydro to California. Governor's response was SEMPRA was planning to ship the coal fired power to Washington and Oregon which would make it possible for Oregon and Washington to qualify to send hydro power to California and Washington and Oregon would use coal fired power they received from SEMPRA. A reply from a committee member was in disagreement with Dr. Austin's premise because, given the status of hydro power, we do not have enough hydro power in Idaho and cannot see SEMPRA selling any of that power to California. As outlined in BPA regulations, no hydro power can be sold out of the system unless all of the Pacific Northwest has sufficient power. Governor Evans indicated Dr. Austin was not in attendance at the hearing to present his report. See attachment #2.

Commissioner Paul Kjellander, President, PUC, was called to testify. He indicated he was not there to speak to the merits of the moratorium. He was not offering support or opposition to coal fired energy generating plants. The fiscal impact note is the main interest of the PUC. Significant details concerning how to accommodate this time line, which is established in this piece of legislation, is the main interest. The new statement of purpose in this legislation shows \$100,000 - \$200,000 is needed to hire a consultant and several agencies to work on this to accommodate this legislation, if the governor signs the bill. With this new addition to the SOP Commissioner Kjellander indicated his concerns are addressed.

Roger Madsen, Director of Department of Commerce and Labor
Mr. Madsen appeared before the committee at the committee's request. He stated energy is a key issue of Idaho's continued energy advancement. In view of the concern it is a policy resting on part of the environment impact. That is out of the expertise of the Department of Commerce and Labor. There is no question that energy is important to our economic future. There is little doubt that building a million dollar plant won't affect our economic growth. Our agency pledges to work with you in any effort.

Gail Charnley, PhD, Academy of Science Toxicologist spoke on behalf of the Center of Energy and Economic Development. She is a Principal for HealthRisk Strategies. She stated she was there to deal with risk analysis and to address specifically, mercury in relation to industry and the relation of mercury to fish. It is necessary when considering such an important issue to have a balanced and complete picture of available

science development. Dr. Charnley has presented two documents to the committee about scientific research which explains methyl mercury and its relation to exploring health and mercury and power plants. Answers to questions from the committee can be found in the submitted publications. See Attachment #3.

Representative Wendy Jaquet - co-sponsor of the bill addressed the committee stating her constituents have signed petitions to support H 689. We believe our state needs to take a time out to make a thoughtful decision on energy plants. Jerome commissioners need more time to research all necessary components. They have one staff studying this plan. A consultant has been retained for zoning issues. They do not have the in-house expertise to study this matter. In conclusion, they need more time to study this decision. There are issues in other parts of our state. A moratorium will give the state time to make good decisions.

Mitchell Hart was called - He did not appear.

Thomas Hewson - Principal of Energy Ventures Analysis, Inc. Mr. Hewson has been a principal at EVA where he directs the firm's environmental study. He is the author of EVA's Clean Air studies and price forecasts on NOx and SOx emission allowance trading markets. Mr. Hewson reminded the committee that Idaho has three coal fired plants. A moratorium study would cover advanced technologies that already have been addressed. All coal fired plants need permits. DEQ makes certain no plants operate that are not clean. In today's technologies there are not any dirty plants. Mr. Hewson referred to a prior presentation of the technical issues. He reiterated that all new plants which are proposed will need to meet new existing government performance standards. Mr. Hewson explained the scientific facts of coal fired plants and the effect on the environment in detail. A question from a committee member asked how many train loads of coal are being used per day? The proposed plant is estimated to use 2.5 million tons per year which equals approximately 285 tons per hour. Mr. Hewson answered other technical question from the committee members. See attachment #4.

Representative Martinez stood in support of the bill explaining his constituents have signed many petitions and support this moratorium. His comments explained that the state needs to discuss the decision of bringing coal fired plants into Idaho with citizens, EPA and DEQ, Water Resources, Idaho industry and other technological people with economic and scientific expertise.

Bob Naerebout, Executive Director of the Idaho Dairy Association. Economic factors have an impact of \$3.5 billion dollars per year in the dairy industry. We need some unbiased scientific people to study this issue of power sources. It has been difficult for the Board of the Dairy Association to make the decision to support a moratorium. The association does not usually support moratoriums. We want to have the issues of non containment, NOx and SOx, ammonia reduction, stray voltage addressed. We do not like putting SEMPRA in a box. We should not sacrifice our environment for industry. See attachment #5

John Church, Idaho Economics Consultant presented information on economic and fiscal impacts on Idaho valleys. The information was offered to help in the assessment of the economic impacts of the 600 MW coal fired power plant on a site in Jerome County. Representative LeFavour asked it be recorded that Mr. Church is retained by the Idaho Valley Energy. Mr. Church took questions from the committee. See Attachment #6

Lloyd Knight Executive Vice President of the Idaho Cattlemen's Association . He addressed the committee stating if the Legislature approves HB 689 the association will be looking closely at the results of the study to be completed. If that study shows that there are no concerns related to the impact of emissions on food production - and therefore consumer confidence - then the association will support the building of this plant. In the end, the information generated will be essential to the completion of the responsibility of the Legislature, the Department of Water Resources, and the county of Jerome. Idaho is expert in production of excellent beef in the U.S. Members of the association want to be assured it stays that way. They want answers about long term impact. See attachment # 7

Ralph Williams, Manager of United Electric rose in opposition to HB 689. He stated he is not speaking regarding coal fired energy plants. There are many consumer owned utilities in the surrounding areas of the Magic Valley. None of the utilities own any power. The power is purchased from BPA on the Columbia River. Bonneville Power is reaching the point where they cannot produce enough power. The BPA projects a power deficit by 2011 - 2014. Consumer owned systems will be looking for power to purchase. Transmission into Idaho will be a problem. Idaho needs to begin now to produce and meet our energy needs. Electrons generated locally, stay locally. Being at the end of transmission is not good. A question from a committee member was: Would anything preclude co-ops from buying energy from SEMPRA? The answer was: No, there is not. The local electrons we buy are good. They will pay whatever the market is. Question: Is it a little premature for us to assume this energy would be going out of Idaho? Answer: That is correct.

Linda Lemmon, Secretary, Idaho Aqua culture supports HB 689. They feel a two- year moratorium will enable counties and state officials to gather necessary scientific information to make energy production in Idaho safe.

Jim Powers, Raft River Electric stands opposed to HB 689. There are 4700 co op members in Idaho who need to move toward energy independence. Idaho co ops purchase almost all of their energy from BPA. Idaho needs an energy plan which includes coal fired energy production. We will face major challenges in the future in shortage of electricity. We will be in a 700 MW deficit by 2016. Coal burning plants may be our only source in the competing market for energy.

Gale Kleinkoph, Professor at U of I. Twin Falls - Mid Snake River Water Resource stands in favor of HB 689. Mr. Kleinkoph presented a study regarding arsenic and leaching into the drinking water. There needs to be

someone from the state to monitor this and write restrictions in zoning codes. See attachment # 8

Herber Carpenter, Finance Manager for Raft River Electric. Opposes HB 689. His comments will encompass the issue of timing. His goal is to send to the citizens a sense of urgency in the future of electricity production. Idaho Power estimates a problem of deficit will be 500 MW in five years. Raft River Electric tried to find a source for 10 MW and could not get it done. The problem is now. We need to encourage development of energy. Small utility companies do not have the capital to build large power plants. Questions from the committee were answered, regarding siting? His answer was: We need coal fired plants in the areas where energy is required. Would your preference be to buy from a merchant plant if it was cheaper? Mr. Carpenter did not know of any utility that would change hydro for coal power.

Lee Flinn, Director of Conservative Voters of Idaho spoke in support of the bill.

Gerald Heimendinger, Teacher, Lincoln County concerned citizens. spoke in support of the bill.

Lee Halper, Citizens Protecting Resources spoke in support of the bill.

Steve Anderson, Business owner, Pocatello - Mr. Anderson offered ideas which were put in place when he lived in Minnesota concerning the energy problem . A suggestion was to establish a siting committee which would do studies on a long range plan and have siting areas ready to present to new power companies wanting to build in Idaho. When they were ready to build, the environmental requirements would be in place and presented to the new companies. The issues are great and need to be addressed. Support for this moratorium is essential. See attachment # 9.

Bill Chisholm. Idaho Education Project, spoke in support of the bill. Comments encompassed the need of education on the issue of conservation of power. An energy audit in a public school indicated how many KW can be conserved with education. The consumer is wasting huge amounts of energy. Education on conservation is essential.

David Mead - Citizen of Twin Falls - spoke in support of the bill.

James Reed, Coalition for Healthy Idaho communities spoke in support of the bill.

Dr. Jerry Hirschfeld - St. Luke's Children's Hospital Administrator, Pediatrics, spoke in support of the bill. He described the work done in the pediatric field in care of children in a non-partisan manner. The damage done to children from pollutants is life long. Many of the 1970 clean air act rules do not protect citizens. Idaho needs time to address these issues.

Andrew Prescott - businessman, Jerome, did not appear

Jeremy Fryberger, Architect, Ketchum, supports the bill.

Del Kohtz - Farmer, Eden, supports the bill. See attachment #10

Dan Adamson, Citizen spoke in support of the bill in reference that no testimony had been given regarding the fact that the Magic Valley needs help in decision making as to coal fired plants in their valley. A question was asked if Mr. Adamson would be comfortable having a plan made up by an interim committee to get the state working on an energy plan similar to what Mr. Adamson was discussing. The answer was yes. Another question was regarding EPA. Do you feel it has been easy for SEMPRA to comply with all of the rules.? A comment made by Mr. Adamson regarding building plants in Wyoming or Utah was challenged by a committee member. The answer from Mr. Adamson indicated SEMPRA was like the bird flu, not concentrated in the area and people need to be aware of all the consequences. I think the state can put a brain trust together and pull it together.

Lew Pence, citizen, Specialized in range land management, with a degree in forestry. He spoke in support of the bill stating, if you take care of natural resources, they will take care of you.

Ken Miller, N W Energy coalition, spoke in support of the bill. He has worked with the Idaho Energy Policy group. Idaho Power is considering other energy sources included in the Idaho Energy Policy plan. Idaho Power and Avista have formed an agreement regarding other energy facilities. Transmission issues are being addressed by Idaho Power.

Bill Block, Citizen, Engineer supports HB 689. He presented a detailed map of Twin Falls area and described in detail the problem the city is having with water shortage and elevating costs of finding potable drinking water for its citizens. He explained the need to look at specific sites stating that Idaho is not ready for a coal fired energy plant in the Snake River aquifer. Much of the data was obtained by reports written by Dr. Austin, a knowledgeable citizen of the area.

David Barnaby, Retired utility executive rose in support of the bill. Mr. Barnaby explained he has thirty five years of experience of responsibility in managing 4000 MW pulverized coal fired plants. He feels Idaho is not ready to go with the coal fired plants. There is much to be looked at from EPA and DEQ.

Dr. Russell Newcomb spoke for Dr. Bob Seehusen in support of the bill

Dr. David McClusky, General Surgeon, South Central Idaho Medical Association. Dr. McClusky presented a letter and signed petitions from one-hundred-thirty-eight doctors in the Magic Valley in support of HB 689. Mercury was his main concern. Cost is not the most important issue, good health is. See attachment # 11

Dr. James Irwin, Physician, South Central Idaho Medical Association, Jerome spoke in favor of HB 689. Dr. Irwin challenged information given which referred to mercury in air coming mostly from natural sources. EPA reports indicate it comes from power plants. Once deposited on land or

water a portion of that mercury readmits back into the atmosphere. He asked support of the moratorium to allow adequate trade off for good health in Idaho.

Nils Ribí, Mayor of Sun Valley - did not appear.

Bonnie Ross, Realtor, past president Jerome Chamber of Commerce, business woman in Jerome. She rose to support HB 689. The concern in her industry comes from developers who have acres of property to develop. Some have said they will not build homes in the Magic Valley should the coal plant be built. There is not a shortage of jobs in Jerome. Economy is good. There is a large technology park in Jerome. The city wants to bring high technology companies to this park.

Carl Nellis, Citizen, Jerome County representing a diverse group of citizens for protecting resources. They support HB 689. Mr. Nellis offered a BLM map for the committee to review, after the meeting, which indicates SEMPRA proposals across BLM land. He needs information on estimation of the negative impact SEMPRA will bring to the valley.

Peter Remmon, Chairman for Citizens Coalition of Healthy Idaho Citizens, Gooding and Lincoln counties, who support HB 689. Their concerns are that they are being shut out of this process and seems they have no way to play a roll in the decision of permitting coal fired energy generation plants in the Magic Valley.

Roy Hubert concern citizen spoke in support of HB 689. He has researched coal fired plants in other communities quoting negative comments from citizens and industries of neighboring states.

Justin Hays, Program Director, Idaho Conservation League. Their concerns are about development relating to the impact to human health, air quality, water quality, natural resources relating to fish and ducks. Question from a committee member as to who should be brought to the table to solve the issue. Answering, Mr. Hays indicated the people in the meeting room who have brought questions before the committee. Another question was asked as to the League advocating breaching Snake River dams and how the League would propose replacing the energy loss of 120 MW from four dams. Answer was use solar and wind. Question, then aren't you premature advocating breaching dams. Answer, I will advocate for change and hope that knowledgeable people with power will make the right decision.

Mike Hodges, Citizen, Attorney - Keep the Magic Valley Magic, a group of concerned professional business people who support HB 689. They are concerned about many legal factors. As Mr. Hodges continued with allegations against SEMPRA, Representative Anderson objected that the testimony was not to the bill. Chairman Raybould asked Mr. Hodges to step down.

Phong Smith, Homemaker spoke in favor of HB 689.

Edward Smith, Retired spoke in favor of HB 689.

Bob Forester, Retired Professor, U of I spoke in favor of HB 689.

Lora Silver, Teacher spoke in favor of HB 689.

Lorraine Kelly, Business owner spoke in favor of HB 689.

Dale Turnipseed, Resource person. Spoke in favor of HB 689.

Jim Dekleinhaus, Retired, Spoke in favor of HB 689.

Brian Ross, Masters, Undergrad in Biology. Spoke in favor of HB 689. Explained the advantages of solar power and its possibility of providing electricity.

Carl Pittman, Retired, Spoke in favor of HB 689.

Sue Ann Reese, Lobbyist, American Heart Association, spoke in favor of HB 689. See attachment #12.

Dick Rush, Lobbyist spoke in opposition to HB 689. Mr. Rush described in detail what the bill does. He spoke about the requirements of the DEQ, PUC and the Idaho Power plans for the future.

Jerry Brady, candidate for governor, did not appear

Arlene Skeen, Citizen spoke in favor of HB 689.

Jill Skeen, Citizen spoke in favor of HB 689.

Gil Biggerstaff, Citizen spoke in favor of HB 689.

Senator Noh urged the committee to review Dr. Barnaby's papers.

Dan Albee, Citizen spoke in favor of HB 689.

Attachments may be found in the permanent Legislative Library minute books.

ADJOURN:

Chairman Raybould asked if anyone else in the audience wished to testify. Having no response he adjourned the meeting at 8:05 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 6, 2006

TIME: 2:10 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representative Ellsworth

GUESTS: **Senator Tom Gannon, Representative Edmunson**

Representative Raybould called the meeting to order and requested the secretary take a silent roll. Representative Bastian approved the minutes of February 28, with corrections. Motion carried by voice vote.

BILL #: SJM 118 Chairman Raybould called upon **Senator Gannon** to present SJM 118 to the committee. Senator Gannon rose to address the committee explaining his bill requests the Idaho delegation support putting the new ten PPB standard adopted by the EPA on hold until adequate research can be conducted in the United State to determine what levels of arsenic is health threatening. There is no fiscal impact to the General fund.

Senator Gannon referred to a letter he received from Professor Emeritus, Lynden S. Williams regarding a need for an official study by the Center for Disease Control to determine whether trace amounts of arsenic in drinking water poses a health problem. Using a second USGS database Dr. Williams calculated the average arsenic levels for all household and public wells for ground-water counties with populations of 25,000 or more. Most tests obtained no relationship between arsenic levels and cancer, as expected. Eleven tests, all but one, found cancer rates were HIGHER in counties with "Low" arsenic levels. Most striking were inverse relationships between arsenic levels and colon cancer rates. The result strongly suggests that we could achieve a significant decrease in cancer mortality by ADDING trace amounts of arsenic to drinking water (or to vitamin supplements or simply have people consume sea salt which contains trace amounts of arsenic). This follows trends found in Dr. Williams original Idaho county study.

Comments from committee members followed regarding EPA proceeding to change the standards for arsenic in drinking water from fifty parts per billion (ppb) to 10ppb in 2001.

Justin Hayes, Program Director, Idaho Conservation League, was asked to yield to a question from a committee member regarding the toxicity of the EPA level standards and the long term effect. He replied, exposure of arsenic is an important drug to be aware of.

The rule requiring installation of expensive equipment to wells to meet the EPA criteria was discussed. Apparently there is no data to support this rule. It apparently creates an unacceptable situation for small towns throughout Idaho. See attachments #1.

Lee Flinn, Director of Conservation Voters for Idaho rose in opposition to SJM 118. Information sheets on EPA standards supports the group's stand. This standard will protect people from cancer and long term effects to human health. The challenges to small towns can be met by applying for financial assistance. See attachment #2

Discussion regarding the merits of the bill and the EPA standards were discussed by committee members.

Dick Rush, Idaho Association of Commerce and Industry stood in support of the bill. The organization feels there are implications that this standard could be changed. The DEQ opposed EPA's change. Arsenic is a natural material. Research on arsenic shows EPA may have over estimated health hazards and the risk analysis was flawed. Perhaps this study will be reconsidered by EPA at the request of DEQ

Justin Hayes, Director, Idaho Conservation league spoke in opposition to the bill. He presented a document regarding arsenic published by the Department of Health and Human Services. He reiterated that this summarizes the effect of arsenic in the environment and appreciates the overwhelming scientific study. Mr. Hayes remarked he also appreciates the work done by the Health and Human Services staff which is in keeping with what he believes. Mr. Hayes discussed concerns the committee members presented to him focusing on EPA standards and the past history of EPA decisions.

Representative Smylie moved to send the bill to the floor with a Do Pass. Motion passed with a roll call vote. Voting Aye, Raybould, Harwood, Barraclough, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews. Voting Nay, Smith, LeFavour.

BILL # H 696

Representative Edmunson, presented H 696. The purpose of this legislation is to authorize Boards of County Commissions to own & operate, or contract for ownership, operation and maintenance of, electrical generation facilities up to 25MW which uses as fuels landfill gas, wood waste or other biomass fuels.

David Naccarato, Account Manager, Siemens, described the use of bio mass fuel from the forest and creating heat in the school barns for inexpensive heat. There is a need to look at what bio mass fuels can offer environmentally and economically. Mr. Naccarato discussed the advantage of this process with question from the committee.

Judith Ellis, Adams County Commissioner rose to speak to the committee regarding the proposed plans of bio mass use. This proposed bill will authorize counties to establish, develop and acquire installation of the low burning generation plants. The plants will burn clean and improve air quality in the environment. EPA requires dumps to burn garbage. Burning of slash from the Forest Service would be decreased. Revenues

from selling electricity would sustain these plants.

Jeff Canfield, Acting Ranger, Council Ranger District explained that contracts will require removal of smaller trees to moved materials from forest. The cost to truck the bio mass is minimal. It does make good fuel. The Forest Service will move the wood and slash. There will be approximately 35,000 tons per year used. 5,000 to 10,000 tons per year is enough to supply 4 MW from the West side of the Payette National Forest.

MOTION: Representative Barracough moved to send H 696 to the floor with a Do Pass. Motion carried by voice vote.

ADJOURN: There being no further business to come before the committee, Chairman Raybould adjourned the meeting at 6:05 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 8, 2006

TIME: 2:30 p.m.

PLACE: Room Gold Room

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Russ Hendricks**, Idaho Farm Bureau
See attached list #1

Chairman Raybould called the meeting at 1:30 p.m. He requested the secretary take a silent roll. No minutes were read.

BILL #: S 1364 Chairman Raybould recognized **Russ Hendricks** to begin his presentation. Mr. Hendricks stated he represented 6500 members of the Idaho Farm Bureau. He explained they are interested in taking one step forward in securing Idaho's future. More and more citizens across the country are interested in renewable fuels because it is economical and it is effective in making us more independent for oil. A renewable fuel standard has been adopted in Minnesota, Montana, and Hawaii, as well as Ontario, Manitoba and Saskatchewan Canada. A dozen other states are proposing this idea during this legislative session. The current state gasoline quality standards would be enhanced so that the fuel would meet the ASTM standard that includes 10% ethanol. The renewable fuel standard would only go into effect once facilities are built in Idaho capable of producing 30 million gallons of ethanol per year. This is a market based approach. The standard will never be implemented if it is not economically feasible to produce ethanol in Idaho at a competitive price. There are three main reasons to support the renewable fuel standard. They are, rural economic development, improved air quality and reduced reliance on imported fuel. Details of how other states have successfully switched to renewable fuels in their legislature were presented. Amendments have been included in S1364 after discussions with many people in the industry and the interim energy committee. The amendments exempt aircraft and vehicles manufactured before 1980. No fiscal impact is involved. It is good policy to take natural resources we have in Idaho to help secure our energy future.

Questions and discussions from the committee included, If renewable fuel is adopted and we are producing statewide in the future would it be best to let it stand on it's own and not have a mandate? Mr. Hendricks indicated he would speak to that in his closing. Also, there was discussion regarding the presenting of the bill in late fall of 2005 with the interim committee. It was general policy that the committee would be working with the governor in establishing an energy policy. Other

discussion was given regarding details on how ethanol is used to enhance air quality and vapor recapture. Mr. Hendricks described how ethanol plants are governed by DEQ and EPA standards and the technology of dryers used to process grains, wet feed grains, anaerobic digesters of manure, and cellulose waste. He also described how wholesalers are free to go to the Chicago Board of Trade to check prices and get the best buy on ethanol to distribute gas in Idaho There will be no loss to state highway funds. The farmers will benefit through new markets for crops, the consumers benefit through receiving superior fuel and cleaner air, the state benefits through rural economic development enhancements and all other benefits without spending any tax dollars. See attachment #2

Con: **Virgil Stucker** rose to testify in opposition to the bill. He is a member of the Farm Bureau, a private pilot and owner/builder of an experimental aircraft, a member of EAA and AOPA. They are opposed to the bill because airplanes which are exempted from using ethanol-blended gasoline and the lack of availability of non-blended gasoline across the state. It would make it extremely difficult for pilots of such airplanes to obtain regular or premium gas. He continued that vapor lock, rubber seals and phase separation happens when fuel is cooled when the aircraft climb to higher altitude in using automobile gasoline that contains methanol or ethanol. Many technical questions from the committee were discussed with Mr. Stucker . See attachment #3

Pro: **Trent Clark**, Director Public & Government Affairs, Monsanto. Monsanto sells the seeds, from which grow the plants, that are processed into approximately 60% of current U.S. ethanol production. Monsanto supports the adoption by the State of Idaho of a renewable fuel standard as is proposed in the legislation before you today. It has been known for years that Idaho is at a motor fuel disadvantage. We have no oil production in the state. We also have a very poor strategic position vis-a-vis the major gasoline pipelines. But, unfortunately, a renewable fuel standard is just that: A standard. It is not a function of consumer choice even though Idaho consumers would prefer ethanol. There are many incorporated cities in Idaho where there exists no retail outlet for ethanol-enhanced fuel. Mr. Trent cited the U.S. Clean Air Act regarding testing by the EPA to determine if motors in vehicles meet emissions standards. He explained why creating a renewable fuel standard is critical and why it is helpful to review the laws and rules governing fuel used in automobiles. Discussion from committee members followed. See attachment # 4

Con: **Ron Moore**, Former superintendent Idaho State Police. Mr. Moore stated he knew first hand about what ethanol did to the cars in 1978 - 1980. They were required to burn ethanol gas. There were many problems with the operation of the cars. His primary purpose is to defeat this bill because of enforcement penalties. Who is going to enforce this law? With this bill if you put premium gas in your car without ethanol you will be breaking the law. This legislative body needs to make legislation available to the public that is enforceable. The cost to citizens to convert to renewable fuel will be a great economical burden. We may need renewable fuel, however this bill is not drafted to the needs of Idaho. See attachment # 5.

- Pro:** **Paul Martin**, Officer, United Street Rods of Idaho. Their organization has met with the Farm Bureau representatives and have agreed that the bill will help Idaho and all car owners. With the amendment added to the original bill, it is agreeable with the organization. The exemption for pre 1980 made it acceptable. 1980 is when dynamics went to injection systems. Those systems are sealed. Ethanol is different than it was, it is refined cleaner, and runs cleaner. A question was asked about boats. It would be a great expense to have to drain tanks in boats because of the water that would settle in the tanks. Lawnmower manuals state "do not use ethanol gas in the machine." Small engines are not supposed to use ethanol. A statement by a committee member was I don't like the idea of paying twenty cents more a gallon to use premium gas. People don't like mandates. Infrastructure has a lot to do with gasoline prices. Mr. Martin assured the committee that his organization feels the bill with the amendments will address these issues.
- Pro:** **Dennis Faulkner**, Vehicle Maintenance Manager, Boise City, explained that most of his equipment is run on ethanol fuel. They have used it for seven years and cannot find any issue with ethanol fuel. When the government mandated fuel regulations in the 70's they were not informed about the issue of ethanol. Almost all manufacturers endorsed 10% blended fuel. Idaho needs to get up to speed because we will be fuel land locked. There was a question from a committee member about other equipment. The city maintains about 800 vehicles with no problem even with the older trucks.
- Con:** **Lloyd Knight** Executive Director of the Idaho Cattle Association stood in opposition of the bill. The concern is focused on groups not arguing good or bad. Idaho is feed grain deficit. This bill contains a government mandate that will guarantee a marketplace for ethanol in Idaho. No other Idaho agricultural commodity, including beef benefits from such a guaranteed marketplace. It will disrupt free market forces surrounding feed grain. Ethanol producers in Idaho will be competing with Idaho livestock producers for a limited supply of feed grain. It sets a dangerous precedent for the marketing of commodities. It won't benefit Idaho agriculture in the long term. It opens the door for future mandates. Discussion followed. See attachment # 6.
- Pro:** **Bob Naerebout**, Executive Director, Idaho Dairymen's Association supports this bill recommending it be sent to the Interim Energy Committee. The dairymen are looking at building a methane gas plant in Burley. They feel Idaho does not need a mandate. The Association supports renewable fuel but feel it is in the best interest to study the bill and look to the future as to opportunity for other markets and what industry it will impact. Questions from the committee followed. Why don't we use the by-products available in Idaho? We need to look at technology and what it can bring to Idaho and Idaho by-products. Would your board of directors consider a sunset and see how the market would react? His answer was I don't think our board would have a problem with that. Issues relating to air quality were discussed and the feasibility of installing a methane digester.
- Con:** **Dan Riley**, Vice President, Tesero Refining Company spoke regarding his company and their operation. They have a refinery in Salt Lake. They

supply northern Idaho from their Washington State refinery. They barge fuel up the Columbia River. They believe alternative fuels have a very bright future. They do oppose mandates. They want flexibility. The U.S. Congress passed the Federal energy bill which means the alternative fuel market is going to double. Alternative fuels also have a tax advantage. For a company like Tesero, we can currently meet our quota. If you have an ethanol mandate in Idaho we have to change the way we make ethanol. We will be delivering a special fuel just for Idaho. If there is a fuel disruption, fuel getting into Idaho through the Columbia River will cause the consumer to suffer. We make conventional regular and premium gas. Some stations will provide premium and some will not. Alternative fuel industry has a bright future, but I ask you to think before you move on a mandate. Questions from the committee were discussed. A comment was offered that when specialty fuels are formulated for one area and there is a shortage, the entire state suffers. Idaho could be painting itself into a box. Farmers may not benefit as much as the Farm Bureau believes. A question was asked if they would be willing to meet with those who have the desire to blend ethanol? Mr. Riley answered, they would always enter into a dialogue. Question - how have ethanol mandates affected Tesero in other states? Tesero does not have many retail customers. It deals more in wholesale. The industry as a whole is probably not going to change to ethanol unless forced to do it. We are reticent to do it as it cuts into our market share.

- Pro:** **Dar Olberding**, Idaho Grain Producers was recognized by the chairman. His comments indicated the grain producers had discussed this issue last fall and concluded it will somewhat be a help to Idaho grain growers. They support the bill.
- Con:** **Steve Thomas**, Attorney for Chevron, addressed the committee. Mr. Thomas indicated that Chevron does not oppose ethanol as a fuel. They do oppose a mandate because of risks of unreliable supply. They are concerned about fuel quality and legality issues. They are concerned that mandates deprive consumers of choice. Bad economics was discussed due to compelling a subsidy by Idaho drivers, but does not guarantee benefit to Idaho's farmers. Stage one vapor recovery will create problems for Treasure Valley dealers. Proponents "pro business" arguments are not well founded. A committee member asked if Chevron would be amiable to meet and discuss the issue of ethanol mandate with a committee. Mr. Thomas answered it would be good to have a neutral informed umpire in the committee. See attachment # 7
- Con:** **Rob Franklin**, United Oil, is a family business and stands in opposition of the mandate of the bill. They have farm delivery plants and retail dealers. Their past experience with ethanol delivery was a terrible experience after a short time. Customers had dirty tanks, tractors, motors in graders were dirty and the performance of the product failed. We now sell to gas stations and they are doing well. If we are forced to deliver to farm customers we need an amendment added to the bill which gives us product immunity to liability suits.
- Con:** **Dennis Campo**, Campo Oil Company, Inc. spoke in opposition to the bill and indicated he is a long-time fuel distributor in Idaho. He stated he is not opposed to the use of ethanol. He opposes the mandated

requirements in the bill. He explained the process in detail of delivery and vapor recapture, multiple storage tanks and the complications that could occur with mandate of ethanol use. Questions from the committee followed. See attachment # 8.

Russ Hendricks, followed up explaining a letter from the Minnesota Department of Agriculture which he passed out to the committee members. Discussion followed. See attachment # 9

MOTION: **Representative Bastian** moved to **send the bill to the house amending order as outlined with modification** on line 10 - products used in vehicles or other engines made prior to 1980, and including the amendment on line 18 as stated.

SUBSTITUTE MOTION: **Representative Anderson** moved to **hold the bill in committee and refer it to the Interim Energy and Technology Committee to include in it a state energy plan study of ethanol.**

Debate in favor of the first motion by Representative Bastian followed. He remarked we have an opportunity to improve our air quality. The benefits favor the health of the state. We have technology that can be developed and we would be encouraging development of ethanol. Other states have answered problems and have made the transition without too many problems. There will be some bumps along the road, but with proper attention to details, problems won't be significant.

Representative Eskridge spoke in favor of the substitute motion stating, I think we do have a choice. Stinker stations are already selling ethanol and they have a choice. The air quality issue is confined to the Treasure Valley. We have a bigger concern with the price of fuel. It is going to raise the price at the pump for older car owners. I think a great lesson I learned in Idaho is deregulation. Montana is trying to get back into the regulated road.

Representative Mathews thanked the participants and applauded the fact that the Farm Bureau and oil companies are willing to discuss the issue. He speaks in support of the substitute motion.

Representative LeFavour stated she would like to hear a discussion on less consumption of fossil fuels.

Representative Harwood spoke in favor of the original motion stating that everything we do in the House of Representative is a mandate. If you have 'shall' in the written documents, you have a mandate.

Roll call vote was called for on the **substitute motion**. **Voting Aye**, Raybould, Barraclough, Ellsworth, Edmunson, Snodgrass, Eskridge, Anderson, Mathews, LeFavour. **Voting Nay**, Harwood, Smylie, Rydalch, Bastian, Smith (30). **Motion passed.**

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 6:05 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 14, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** None

GUESTS: **Speaker of the House, Bruce Newcomb**
Representative Bell, Representative Jacquet, Representative
Martinez, Representative Block
See Attachment #1

Chairman Raybould called the meeting and asked the secretary to take a silent roll. Minutes of March 2 and March 6 were read and approved with corrections. Chairman Raybould called upon Speaker Newcomb to present HCR 62

BILL: HCR 62 **Speaker Newcomb** explained that this resolution requests the Legislative Council Interim Committee on Energy, Environment and Technology develop an integrated state energy plan. The plan should provide for the state's power generation needs and protect the health and safety of the citizens of Idaho. The Committee then will report back to the Governor and the Legislature regarding its findings and recommendations. This is in response to energy needs in the future of Idaho. The Interim Committee needs to consider all different venues on line, such as wind mills, coal gasification, hydro, electric and hybrid cars and any other energy source possibilities. We need to step up to the plate and look at how we are going to view energy plans. We need to implement good public policy in the use of our water and the production of electric energy. Should we have merchant plants? Should our utilities in Idaho have the first right of refusal? It is important to draw back and take time to use all the expertise available to determine what we need as a Legislative body and as public policy. We need to discuss nuclear power. Should that be part of such an energy plan? Look into the future to see if such a venture is a good plan. The committee needs to have a data base to see what is best for Idaho.

Questions from the committee included: Does the list on the last page of the bill limit expert sources? Speaker Newcomb replied, this is not a limiting list. We need to use all expertise available.

PRO: **Representative Jacquet** spoke supporting the need for an integrated energy plan. This committee study is necessary to determine what the needs are. The plans should include values, siting issues, public involvement and tax structures and more. It is our responsibility to move

PRO: forward.

PRO: **Bob Naerebout**, Idaho Dairymen's Association supports the moratorium and Interim Committee energy plan. A letter and information packet was given to each committee member. See attachment #2

PRO: **David Barnaby**, Retired power industry executive with thirty- five years of experience dealing with planning, designing, construction, and operation of a large fleet of coal fired power plants in Nevada and Arizona. A checklist of questions in an attached document need to be addressed before coal fired merchant power plant development is allowed in this state. It will take at least a two-year moratorium to perform the necessary reviews, obtain public input, and enact the desired changes. Mr. Barnaby reiterated that he had struggled with regulatory issues in the past. Idaho should not allow developers to come into Idaho and only have to meet EPA rules. Developers will work as long as it takes to implement their plans. The merchant plants are anxious to make money. He requested support of HCR 62. See attachment # 3

PRO: **Bonnie Rose**, Realtor, Magic Valley. Spoke in support of HCR 62. She presented signatures of over seventy Realtors in support of HCR 62.

Ron Williams, Attorney, representing, Idaho Consumer-Owned Utilities Association, Idaho Energy Resources Authority and Mountain View Power, Inc. ICUA is a trade association of twenty one electric cooperative and municipalities serving approximately 110,000 Idaho homes and businesses. MVP is a privately held development company that builds electric generating facilities for utilities, and of which I am a principal owner. IERA is the statutory entity empowered by the 2005 legislature to issue revenue bonds to finance generation and transmission projects for all Idaho electric utilities. The concern with HCR 62 and the Interim Committee is funding. My personal opinion is that the Interim Committee will need to not only rely on able expertise of the state's diverse resources agencies, but also the advice of independently retained experts and environmental consultants. If it is important enough to place a two-year moratorium on major industry development and expansion in this state, then we had better commit the resources to study the situation and resolve the issues so that when the moratorium comes off, we know what we are doing. See attachment # 4

Questions and discussion followed. What would be the cost of hiring unbiased experts to make these reports to an Interim Committee? The cost would be estimated to be in the \$200,000 - \$300,000 range. Speaker Newcomb referred to the fiscal note of HCR 62.

PRO: **Carl Nellis**, President, Citizens Protecting Resources spoke in support of HCR 62 stating there is a legacy at stake for the future of Idaho's generations to come.

Discussion followed at some length with members of the committee.

MOTION: **Representative Edmunson** moved to send HCR 62 to the floor with a **do pass**. Motion **passed** unanimously by voice vote.

- H 791** **Speaker Newcomb** rose to explain the need for a moratorium which includes coal gasification plants. The proposed plant to be built causes a great concern over water rights. It is a complicated issue which will have far reaching effects on all Idahoans. Time is needed for an Interim Committee to come up with a public policy on energy generation. SEMPRA is in the business of making energy and money. Idaho has only a certain amount of land on which to build plants. If it is regulated by the PUC, Idaho has the first right of refusal. There are too many questions that need to be answered. Once transmission goes out on line, it can't be stopped. We need to make wise decisions now.
Discussion followed.
- PRO:** **Representative Block** rose to speak in support of H 791 stating that Idaho is not ready for construction of coal powered plants. Idahoans are serious about having their voices heard. It is time to react to the voices of Idahoans. They have a valid concern. Food producers, agricultural interests, aquaculture, dairies, medical associations, tourism, county commissioners, and school boards are all supporting the need to take time to do it right.
- CON:** **Dick Rush**, IACI rose in opposition to the bill. He referred to the testimony he had given in the previous hearing of the moratorium.
- PRO:** **Russ Newcomb**, IMA, spoke in support of H 791.
- MOTION:** **Representative Ellsworth** moved to send H 791 to the floor with a **do pass**.
- SUBSTITUTE MOTION:** **Representative Elaine Smith** made a **substitute motion** to send H 791 to general orders and beginning on page 1, line 34 delete beginning with pro- through source. On line 37.
- Speaking for the motion, Representative Elaine Smith indicated that perhaps people in Bannock county are interested in investigating coal gasification plants in their area.
- PRO:** **Representative Martinez** spoke in support of H 791. His constituents also have concerns about water usage, mercury emissions, air quality; in general the health impact to the people of his district.
- Discussion followed. Some issues brought forth were regarding SEMPRA and if they acquire water rights they can be only 3/4 of a year out of moving on once they meet EPA standards. With a moratorium, they cannot move forward. Perhaps the substitute motion would send a message Idaho doesn't want to do anything. Make sure all of the information is there before proceeding.
- Roll call was called. **Voting Aye** on the substitute motion: Representatives Smith and LeFavour; **Voting Nay**, Raybould, Harwood, Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews. **Motion Failed**
- Motion to send to the floor with a **do pass**. **Motion passed** with a voice vote

ADJOURN:

There being no further business to come before the committee the meeting was adjourned at 3:05 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 16, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representatives Ellsworth, Edmunson, Snodgrass, Bastian, Mathews

GUESTS: **Jack Lyman, Executive Vice President, Idaho Mining Association
Karl Teuller, Executive Director Idaho Commerce and Labor, Science
and Technology.**

Chairman Raybould called the meeting to order at 2:55 p.m. and asked the secretary to take a silent roll. Minutes of March 8, and March 14, with corrections, were approved by voice vote. Chairman Raybould also thanked Mr. Lyman for the photograph of the world, and moon, taken from space. The framed photo has been placed in the Environment, Energy and Technology Committee room 406.

**BILL #: H 689
MOTION:** Chairman Raybould asked the committee for a unanimous vote to hold H 689 in committee. **Motion passed by voice vote.**

Jack Lyman was recognized to give a presentation regarding the status of Idaho Mining. He began by noting that Representative Rydalch requested an update on the mining industry. Referring to the Idaho Mining Association brochure as a basis for his presentation, he proceeded to reiterated that mining and mineral processing continues to play an important role in Idaho's economic future. The attached report describes the value of mineral production and the wages, taxes and royalties paid by Idaho's mining industry from 2000 to 2004. See Attachment # 1.

Discussion with the committee continued with questions regarding Thompson Creek and what it is mining. The next inquiry was, why are the mineral statistics always combined? The reply was, when statistics are released it is usually done in a combination of minerals so the competition does not know exactly the companies production secrets. Wages and employment statistics were discussed. Usually the large mining companies wage structure is higher than smaller mining companies. Mr. Lyman continued, explaining the price of gold today is at \$550. per oz., silver is at \$10.30 per oz. A question was asked about the length of time to get a gold mine up and running for production. The answer. It can be approximately five to seven years. Much environmental work must be done prior to beginning production. If a data base line is available production can be started sooner on pre existing mines. Part of the reason mining has come back is the support of the Legislature and the

adoption of rules for the mining industry. The mining industry feels welcome in Idaho thanks to the House of Representatives. The production of minerals in mirroring the economy depends on the demand for silver and molybdenum. China's supply of silver is mostly industrial. Gold being mined in Idaho and being shipped out is minimal. A question of cyanide and mining and arsenic and water was asked. Mr. Lyman replied that mining holes are dug for a reason; to find minerals. Drinking water has nothing to do with mining. Another question was the fact that mining is in a decline. A decline can be contributed, in part, to the world wide economy and partly government attitudes. An example is; one mine in Idaho took 3 ½ years to get in production and in Mexico a mine was started in 18 months. Basically the mining industry does not go overseas because the countries expect the industry to meet U.S. standards. Another major reason is the instability of many countries' governments. It is a combination of all things. Technology in the industry today has made many strides in its ability to become more productive and environmentally friendly. GPS driverless trucks systems are just one of the new technologies being designed for the mining industry. Mr. Lyman thanked the Chairman and committee for the opportunity to speak before them.

Karl Tueller rose to speak to the committee. Mr. Tueller thanked the committee for passing the Commerce and Industry bills. An up-date and status of the governor's Science and Technology Advisory Council's proposed recommendations were introduced. They are on a list of the Science and Technology Advisory Council's strategic plan implementation, with recommendations to the Governor and Legislature.

The SBIR grant "Zero Phase" is a competitively awarded, set-aside program for small businesses to engage in federal R&D - with potential for commercialization. The Idaho Research Foundation matching grant program has the governor's recommendation of \$1 Million combined to colleges and Universities. IRF funding will create a statewide entity. The TechConnect statewide organization funding governor's recommendation is \$300,000 a year. There is a TechConnect organization in Eastern Idaho and a representative in Post Falls. A rural initiative is recommended by the Governor that \$500,000 of the RCBG increase be targeted to science and technology related projects in rural Idaho. The Governor recommended further study on the Angel investment tax credit and bio science tax incentives task force. Establishment of the Governor's Science & Technology Council in Idaho Code was recommended. The legislation becomes effective July 1, 2006. A council currently exists under the Governor's executive order. By establishing the Council in state law, it gives it permanency and highlights its important role in Idaho. It also ensures continuity and consistency of the Council and its directives.

Mr. Tueller informed the committee of future science and technology events which are scheduled. He summed up the presentation by answering questions from the committee. Also, he thanked Karen Lewis, Committee Secretary, for her efficiency in assisting with the presentation. See attachment # 2.

Chairman Raybould thanked Mr. Lyman and Mr. Tueller for appearing before the committee with updates regarding their organizations.

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 4 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 20, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representative Ellsworth

GUESTS: **Senators Compton, Coiner, Kelly, Representatives Jaquet, L. Smith, DEQ Director, Toni Hardesty, Lee Flinn CVI, Dick Rush IACI, Linda Lemmon IAA, Ron Williams ICUA, Justin Hayes ICL, Joe Harrington, Vice President ARCADIS.**

BILL # 131 Chairman Raybould introduced **Senator Compton** who explained SCR 131 as legislation requesting the Idaho DEQ prepare a report assessing the nature and extent of mercury contamination in the environment of the State of Idaho and the potential environmental impacts from the addition of any new sources of mercury. There will be no fiscal impact.

Senator Coiner reiterated the concern regarding gold mining emissions coming from neighboring states, global emissions and to determine mercury in Idaho. They want to have a prospectus of where mercury is coming from and how it is affecting Idaho's baseline. They want to know the unknown.

Senator Kelly rose to explain lines 35 - 44 in the bill. The report is to be submitted to the Governor and the Legislature not later than January 7, 2007. After the date this Resolution is adopted, the IDEQ is requested to promulgate an administrative rule specifically opting out of the mercury cap and trade program in 40 CFR Part 60, Subpart HHHH. Upon review of the report's findings, the Legislature may request the IDEQ to take no action with regard to the administrative rule. In the alternative, the Legislature may request the IDEQ to revise the administrative rule to opt in to the cap and trade program, and may further request the IDEQ to promulgate a rule that, among other things, establishes specific limitation and monitoring requirements on mercury emissions. Questions from committee members were brought forth regarding the negative fiscal impact and where the funds would come from. Discussion followed that the agencies involved in doing the study are already in the process and the agencies have the funding to do these studies. Also the question of the value of making a decision and then doing a study was raised because of the 'opt in' or 'opt out' decision that has a deadline of November 15, 2006. The question of duplicity was raised due to the fact

that the agencies have already been working on the studies of mercury contamination. Comments regarding multiple inquires from the constituents prompted the need for answers to their questions. **Director Hardesty** rose to yield and explain that some of the funds for the mercury studies are grants from EPA. She reiterated that the answers cannot be reported by the end of 2006. The agencies are putting together a five year plan. EPA, Health and Welfare and Fish and Game along with DEQ, are using resources within their funding. They can meet some requirements, but will have some water bodies listed as unknown. There are no sources in Idaho that fall in the cap and trade program. That does not mean that Idaho has no sources of mercury. Another point which was discussed was rule 7 which requires the process go through the Legislature, even with a temporary rule.

Lee Flinn spoke in support of SCR 131 stating the extent of mercury contamination is not known in Idaho. Sources of mercury are different. This is a good companion piece of legislation to the moratorium bill. See attachment # 1.

Dick Rush reported that most of the organizations he represents are regulated under DEQ. The members have a concern about SCR 131 that it does not describe the full purpose of the bill. There are also questions from his committee members regarding funding. The group does not oppose the concept, but has question regarding the time frame and ability to meet the deadline.

Linda Lemmon spoke in support of SCR 131 agreeing that this bill will allow the public to be more informed. It needs to have a target date to decide the issue. A decision can then be made during the next legislation. The Fish Aqua Association wants to opt out. They are concerned about the fact that there is mercury in their farmed fish. She stated their fish food is made from a meal which included agriculture products. Their question is, what is the source of mercury?

Ron Williams spoke regarding SCR 131 with some concern. However, it is consistent to the charge referred to the Interim Environment and Energy Committee. The Idaho Consumer Utilities members are concerned about lines 36 - 39 regarding the cap and trade program to director DEQ to make a decision of the rule.

Justin Hayes reported the Conservation League supports the bill. They would like to see 'opt out' be requested. If nothing is done Idaho will be swept into a program that is not reversible. Decisions will be made by Washington D.C. With the combination of the moratorium bill, this will be a good package.

Senator Compton closed by answering questions from the committee and asked the committee to send the bill to the floor with a do pass. He thanked the committee for the opportunity to appear before them.

MOTION: **Representative Le Favour moved to Send SCR 131 To The Floor With A Do Pass**

SUBSTITUTE MOTION: **Representative Eskridge moved to Hold SCR 131 in Committee**

Discussion followed.

**AMENDED
SUBSTITUTE
MOTION:**

Representative Elaine Smith moved to Send SCR 131 To The Floor With No Recommendation

MOTION:

Roll call vote was called on the **Amended Substitute Motion to Send To The Floor With No Recommendation. Voting Aye**, Elaine Smith and LeFavour. **Voting Nay**, Raybould, Harwood, Barraclough, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews. **Motion failed.**

MOTION:

Roll call vote was called on the **Substitute Motion to Hold in Committee. Voting Aye**, Raybould, Harwood, Barraclough, Edmunson Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews. **Voting Nay**, Elaine Smith, LeFavour **Motion Passed.**

BILL # SCR 130

Chairman Raybould introduced **Senator Bunderson** to present SCR 130. Senator Bunderson explained the resolution comes from the joint Legislative Environmental Common Sense Committee. It authorizes the DEQ to lead a study to evaluate the need for regional planning of municipal wastewater and drainage treatment systems and make recommendations. The participants in the study will be DEQ, representatives of affected state agencies, cities, counties, other local governments and districts and will report to the 2007 legislature. Funding will be from the DEQ and participating entities. See attachment # 2.

MOTION:

Representative LeFavour moved to send SCR 130 to the floor with a **Do Pass. Motion passed** by voice vote.

Chairman Raybould introduced **Mr. Joe Harrington**, Vice President of ARCADIS. Mr. Harrington's company developed technology for groundwater clean up. The company sees an opportunity for cost savings and economic revitalization of the Bunker Hill Mine near Kellogg. His presentation will cover restoration and economic redevelopment of the Bunker Hill Superfund site - The Box. There are as much as fifty years of future profitable mineral reserves ahead at the Bunker Hill site. Failure to confront the environmental issues was because there was little economic incentive to do real clean up that actually benefitted the environment. Cleanup enforcement became overshadowed by the specter of Superfund with the new investor or owner of the site immediately becoming liable for all of the pollution of their predecessors.

ARCADIS remediation experts have evaluated this problem in detail over the past ten years and have proposed a solution. The solution is to implement new technologies to treat groundwater directly, without collection. This method of treatment is referred to as in-situ immobilization of heavy metals. This transformation can be easily accomplished using cheese whey injected in a dilute solution into the aquifer. Native bacteria eat the lactose, and "breathe" using sulfate instead of oxygen. The sulfides react with the heavy metals in the groundwater and encapsulate each heavy metal with inert metal sulfides that protect the heavy metal sulfide, such as zinc or lead, so that the heavy metals cannot continue to mobilize to the river. Once these non-point sources are treated in this way, the mines can go back into

production, towns can issue new building permits, and the river will meet the quality to support fisheries. Detailed description of the process and technology can be found in attachment # 3.

Chairman Raybould thanked the Senators, Mr. Harrington and the speakers for their time with the committee.

ADJOURN: There being no further business to come before the committee meeting was adjourned at 3:50 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 22, 2006

TIME: 3:00 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representatives Ellsworth, Rydalch and Mathews

GUESTS: **Jack Lyman**, Idaho Mining Association; **Dean Bollinger**, President, Homeland Resource; **Sidney Painter**, Assistant to the President, Homeland Resource; **Toni Hardesty**, Director, DEQ; **Steve West**, Legislative Advisor, Centra.

Chairman Raybould called the meeting to order at 3:20 p.m. and asked the secretary to take a silent roll. Minutes of March 20 were approved as written by voice vote.

BILL #: HCR 64 **Jack Lyman** stood before the committee to present HCR 64 explaining the resolution encourages the DEQ to fully consider natural conditions in establishing water quality standards, to seek agreement among affected parties when setting state water quality standards, and to fully utilize the flexibility available under federal and state laws in administering water quality programs.

Questions from the committee concerning rule changes were discussed regarding broad agreement and negotiation with the DEQ and a definition of man made waters and natural background. Also a question regarding limitation of broad agreement decisions and justifying those decisions to the board and legislature was discussed.

Toni Hardesty was introduced commenting for the record, noting the Agency's interpretation of several sections of the resolution.

1. Many items as noted in the resolution are regulated by the Clean Water Act and the agency is required to implement these items consistent with the Act. For example, while the eighth "WHEREAS" statements references standards not applying to manmade waterways and private waters, there are cases where the Clean Water Act requires that standards do apply to such waters and that they be regulated.

2. The ninth and tenth "WHEREAS" statements regarding the Safe Drinking Water Act and the natural conditions provision should be viewed together to have a complete and accurate picture of how natural occurring constitutes are handled under the ground water quality rule. The "WHEREAS" statement on the Safe Drinking Water Act, taken by itself could lead one to conclude that groundwater standards should not be

developed anytime natural conditions would exceed that numeric standard. However, the ground water quality rule and the legislature recognized that there would be times that a groundwater standard would be established in the state and that some geographical areas may naturally exceed this standard. Therefore, a process called the natural background provision was laid out and is implemented by the agency when this situation occurs. The agency's intent would be to continue to follow this process as laid out in the ground water quality plan and rule. I believe our current process is consistent with the resolution.

Steve West, Legislative Advisor, CENTRA, spoke in support of HCR 64 explaining this would help clarify the process and make it more efficient.

Mr. Lyman closed with remarks about HCR 64 reiterating that he and the Director of DEQ, Toni Hardesty had worked very closely in drafting this concurrent resolution with unanimous consensus of opinion.

Toni Hardesty rose to yield to respond to further questions from the committee members. She stated there would never be any way to influence DEQ to be light on regulations. DEQ would continue to regulate ponds, and all water as lines six through nine in the bill indicates. There are key points in the statements which show that seeking broad agreements would not hinder DEQ in following regulations.

MOTION:

Representative Harwood moved to **send SCR 64 to the floor with a Do Pass. Motion carried by voice vote.**

Chairman Raybould introduced **Dean Bollinger**. Mr Bollinger began explaining the operation of clean coal generation. Homeland Resources has developed technology which will take ground coal and remove the contaminants in order to efficiently use clean burning coal to generate electricity. The company also works with aviation and diesel fuel, natural gas and marketable by-products. The company's goal is to supply the national needs, meet policy standards for cleaner air and create less dependency on foreign oil. Questions from the committee regarding actual methods used in the process such as, by products disposal, air quality emissions and water use were discussed at some length.

The INL has \$50 million in coal-fired power plant equipment which may be soon demolished. The cost to convert this equipment to generate electricity for sale to the public, and to use it as a pilot plant for Homeland Resources' technology is approximately \$20 million. Wells Fargo Bank has provided a financial letter of intent with sale of electricity as collateral for \$20 million in government loans, grants or guarantees. Homeland Resources is asking the committee to write a letter of interest and support to Samuel Bodman, U.S. Secretary of Energy to assist Homeland Resources in proceeding with their work.

Mr. Sidney Painter presented slides explaining the history of Homeland Resources, Inc. They are Southeast Idaho residents. They are an Idaho owned and formed Corporation which has been developing the plans mentioned above over the last ten years. They have forty-plus years of working experience with coal processes, coke process industry, equipment design, process design, coal procurement, Federal

contracting, construction and Federal projects. The highlights of their business objectives and goals were discussed. See attachment #1.

Again, Mr. Painter and Mr. Bollinger reiterated their company would appreciate support with reference to INL and the Department of Energy in Washington D.C. for their proposal to lease the INL coal fired plant to use it for research working with and including the Idaho State University.

Chairman Raybould requested Representatives Rydalch and Barraclough's assistance in composing a letter of recommendation supporting their endeavors. See attachment #2.

Chairman Raybould announced the committee will meet Tuesday, March 28, 2006.

ADJOURN: There being no further business to come before the committee, meeting was adjourned at 4:45.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary

MINUTES

HOUSE ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE

DATE: March 30, 2006

TIME: 1:30 p.m.

PLACE: Room 406

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representatives Barraclough, Ellsworth, Edmunson, Snodgrass, Smylie, Eskridge, Rydalch, Anderson, Bastian, Mathews, Smith(30), LeFavour

**ABSENT/
EXCUSED:** Representative Smylie

GUESTS:

Chairman Raybould called the meeting to order and requested the secretary take a silent role. Representative LeFavour moved to accept the minutes of March 22, 2006.

MOTION: Motion passed by a voice vote

ADJOURN: Chairman Raybould thanked the committee, the secretary and the paige for their hard work. There being no further work to come before the committee, the final committee meeting of the 58th Legislative session was adjourned at 3:30 p.m.

Representative Dell Raybould
Chairman

Peggy Heady
Secretary