

**MINUTES OF THE
PUBLIC UTILITIES, ENERGY, AND TECHNOLOGY INTERIM COMMITTEE**
Wednesday, July 13, 2016 – 12:50 p.m. – Room 450 State Capitol

Members Present:

Sen. David P. Hinkins, Senate Chair
Rep. Ken Ivory, House Chair
Sen. Peter C. Knudson
Sen. Kevin T. Van Tassell
Rep. Scott H. Chew
Rep. Kay J. Christofferson
Rep. Brad L. Dee
Rep. Rebecca P. Edwards
Rep. Stephen G. Handy
Rep. Lynn N. Hemingway
Rep. Mike K. McKell

Rep. Angela Romero
Rep. Scott D. Sandall
Rep. Keven J. Stratton

Members Absent:

Sen. Gene Davis
Rep. Keith Grover

Staff Present:

Mr. Adam J. Sweet, Policy Analyst
Mr. Samuel C. Johnston, Associate General Counsel
Ms. Tracey Fredman, Legislative Assistant

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.leg.utah.gov.

1. Committee Business

Chair Hinkins called the meeting to order at 1:00 p.m.

MOTION: Rep. Ivory moved to approve the minutes of the June 15, 2016, meeting. The motion passed unanimously. Rep. Dee and Rep. Stratton were absent for the vote.

2. Long-Term Planning

Dr. Laura Nelson, Director, Governor's Office of Energy Development, briefed committee members on several long-term planning issues and goals that included a reassessment of Utah's net metering rates associated with solar rooftop deployment, air quality improvement policies, regulatory initiatives, and integrating PacifiCorp's transmission operations into the California Independent System Operator (ISO).

Mr. Stan Holmes, Utah Citizens Advocating Renewable Energy, asked what the feasibility would be in asking the Governor's Office of Energy Development, and other state entities, to thoroughly assess economic benefits to the state from solar and other renewable energy resources.

Rep. Ivory commented that alternative energy credits, subsidies, and exemptions will be a future agenda topic item.

3. Regional Transmission Operation Proposal

Dr. Nelson addressed the involvement of the Governor's Office of Energy Development in discussions about the proposal between PacifiCorp and the California ISO. She stated that participation in the regional transmission operation must advance Utah's interest while protecting state sovereignty over its resources and power system.

Mr. Thad LeVar, Chair, Public Service Commission of Utah, indicated that due to the long-term significance of the issue, the commission is looking to the Legislature for input on the proposal.

Ms. Michele Beck, Director, Office of Consumer Services, Utah Department of Commerce, presented some issues and concerns that other organizations involved in regional transmission organizations in the U.S. have suggested that Utah consider during proposal discussions.

Mr. Chris Parker, Director, Division of Public Utilities, raised some issues that the division is looking at, including what the net benefits to customers might be under the proposal and whether integrating PacifiCorp's transmission operations with the California ISO would mean giving up local control of resources.

Ms. Jennifer Gardner, Staff Attorney, Western Resource Advocates, distributed "Diagrams for Regional Transmission Operator Proposal Discussion" and commented on the benefits of supporting the consolidation of operations.

Ms. Kelly Francone, Executive Director, Utah Association of Energy Users, distributed "Summary of Comments on Regional Transmission Integration." Ms. Francone identified the specific types of information still needed before an analysis can be made as to whether the consolidation of operations would be beneficial to the state.

Ms. Cindy Crane, President, Rocky Mountain Power, distributed "Key Viewpoints on Regional ISO" and explained that the proposal does not mean that Utah would join the California ISO, but rather that PacifiCorp would work with the California ISO to transition and transform an existing operating entity into a regional independent system operating entity. Ms. Crane indicated that PacifiCorp will require the proposal to include independent governance and that the proposed consolidation must deliver risk balanced net benefits to all of the state's customers.

Mr. Doug Hunter, Chief Executive Officer, Utah Associated Municipal Power Systems, distributed and commented on "California Energy Commission: Public Power Comments on the California ISO's Proposed Principles for Governance of a Regional ISO Following the June 2016 California Energy Commission's Workshops." Mr. Hunter also commented on another proposal by the Mountain West Transmission Group for an independent system operator that could potentially include Utah. He stated that from a market perspective it may be more efficient to look at a larger consolidation of all of the western states.

Mr. Stan Rasmussen, Director of Public Affairs, Sutherland Institute, recommended a thorough study of the proposal before an informed decision can be made about whether the regional power grid concept is right for Utah.

Mr. Clay MacArthur, Assistant Vice President, Power Marketing and Contracts, Deseret Power, spoke in support of the concerns raised by previous speakers, including cost shifting, net benefits, and governance of the regional transmission operation proposal. He also addressed the complexity of the issue pointing out that a complex market generally has adverse impacts on smaller markets, which include some Utah companies.

Mr. George Chapman, resident, Salt Lake City, spoke in opposition to the proposal.

MOTION: Rep. Stratton moved to open a bill file to address the issue. The interim rule voting requirements were not met and the motion was not completed.

4. Audit Report of A Review of the Administration of 911 Surcharges

This item was not discussed.

5. Draft Legislation, "Emergency Telephone Service Amendments"

This item was not discussed.

6. Other Committee Business

There was no other committee business discussed.

7. Adjourn

MOTION: Rep. McKell moved to adjourn the meeting. The motion passed unanimously.

Chair Hinkins adjourned the meeting at 3:02 p.m.