

Natural Resources Committee November 30, 2018

HUGHES: [MALFUNCTION] So I see it's 1:30, but Senator Wayne is not in the building, he's on his way. So, since it is his LR we will wait for him to show up, so relax folks.

[BREAK]

HUGHES: [MALFUNCTION] --everyone to your Natural Resources Committee. We are here today for LR464 hearing, introduced by Senator Justin Wayne. If you plan to testify, please fill out a green sheet on the table by the door or on the corner table over here by the windows. When you come up to testify, please give the green sheet to the committee clerk, Mandy. Please state and spell your name for the record. If you have any handouts, please give them to the clerk and she will pass them out. I will let the committee members introduce themselves beginning on my left.

KOLOWSKI: Rick Kolowski, District 31 in southwest Omaha.

HUGHES: And I am Dan Hughes, I represent District 44, which is 10 counties in southwest Nebraska.

McCOLLISTER: John McCollister, District 20, central Omaha.

QUICK: Dan Quick. District 35, Grand Island.

HUGHES: And we also have with us our committee counsel, Laurie Lage; and the committee clerk, Mandy Mizerski. That's what I said, right? OK, so that we will open it up. Senator Wayne. Welcome.

WAYNE: Thank you. My name is Justin Wayne. I am the state senator for this district, so welcome to my district, District 13, the fabulous District 13 which consist of north Omaha in northeast Douglas County. I go from to the river all the way to 72nd, somewhere, around 96th in some areas, and all the way past the airport. So this district you are seeing is the most diverse district in the state. We have everywhere from Walter Scott and a couple other billionaires to homeless shelters. If you look at our demographics, we have pretty much all income levels of all types and we also have urban and rural. I go all the way to the Washington County line. So we have cattle and ranchers north of us. So I appreciate you having this in the district and this committee is familiar with me, so I won't belabor the point of going through everything that we've encountered together with the long hearings on public power. But I think it's important as we continue, as this committee continues, and as the state continues, to look at energy and look at ways we can make things more efficient and effective in working with our public power districts. I think it is critical that we begin to look at

transmission versus generation. That we also look at Southwest Power Pool. I know many of you toured markets today and how things are bought and sold, maybe in this facility because it's OPPD. If you flip it-- flip a switch, it probably does come from their energy source. But everywhere else when you at home and you flip a switch it literally is bought and sold on the market. And that's different from when our public utilities were first formed years ago, generations ago where it was local-- local bought and sold. We are truly on a market platform. And I think as legislators, we need to make sure we're constantly aware of that and as we go forward. I did meet with OPPD last week, and I told them that I hope not to be in front of this committee next-- this year-- upcoming year. I do not plan on introducing any bills right now, but I do think there is one bill that I hope somebody will introduce regarding net metering, particularly around Omaha area. And the reason is, when I heard-- when I did the net metering bill last year, we heard about the person far down the line, small farmer in western Nebraska who might not be able to generate or have the ability to use that line to generate back or transmit. I think Omaha is a little different. And I think as we as legislators look at the REAs, R-E-A, OPPD, NPPD, and other public utilities, we need to start differentiating and thinking of laws that are different. Like

maybe a net metering law for Omaha that's different. And I'll tell you why that's important to me. But again, my plate is full with some things that I'm also going to talk about if the Chairman allows me two minutes to just digress, but in a minute, but net metering particularly around Omaha, I think, is important. When I was a part of Omaha Public Schools and we were doing the bond issue, one of the things that we met with multiple consultants and one of the individuals I got to know was from Colorado who they end up putting solar on most of their schools in this particular city. And the school district essentially went without paying any utility costs, saving millions of dollars over-- at that time, a five year period. That's what first got me interested in net metering is that if we started doing that, we could generate maybe too much at the current level that would not be able to be bought and sold or traded with OPPD. And I'm speaking very simplistic terms. And then as I started looking at developing this area and; Jake, are you-- I need your help; as I started looking at developing this area, it became more and more relevant to me. And I'll hand out this one. This is not in the plan. This is Justin's plan. But if you look around this area, you also see a lot of vacant lots when you drove through. That's prime for manufacturing, that's prime for industry. And this is an old plan that was put out.

But part of this plan was also-- this was an old Jim Suttle plan about developing this area. And this is actually just around this exact area we're in, the area we're looking at. And so as my vision of developing around the airport manufacturing and transportation [INAUDIBLE] logistics. I also think solar is a prime example of something we can put on roofs of this nature. But we have to change our net metering laws. Again, this year with-- if I'm elected back to Urban Affairs Chair, we have a full agenda with, as Senator Quick knows, with Transportation, with some other things, this is just not on my agenda doing anything this year. But if we're truly going to develop in this area, we've got to lower our energy costs, we've got to lower some of our inputs, and I think this conversation among this committee should still be had all the time. So with that I will kind of end with that and save the rest of my stuff for closing if I'm allowed to because I just think it's important that this committee stays mindful. I think it's important that we get out and travel so I do want to thank again the committee for coming here and taking a tour of this district in this area, home of, I believe, I'm tied, Senator McCollister will say that he has more, but I believe I'm tied with the number of unimproved streets in my district. And we don't have to go that far if you want to take tours and see literally like you're driving in a

third-world country we can go there or just north of where there is truly not paved roads. It has nothing to do with energy, but since you're here, make sure you look at that on the way back because there will be a bill on that in a different committee this year. So with that I'll answer any questions.

HUGHES: OK. Thank you, Senator Wayne. Are there any questions? Seeing none, thank you. So this is an LR and we do not have opposition or proponents or opponents. We do have a couple of invited testifiers. After they talk, then I will open it up to the public and you can come up as the desire hits. So with that, our first invited testifier. Welcome.

SHELLEY SAHLING-ZART: Thank you. Chairman Hughes, members of the Natural Resources Committee, for the record my name is Shelley, S-h-e-l-l-e-y, Sahling-Zart, S as in Sam, a-h-l-i-n-g, hyphen, Z-a-r-t. I'm vice president and general counsel with Lincoln Electric System. But today I am here representing the Nebraska Power Association which represents all of the state's publicly owned electric utilities including municipalities, public power districts, public power and irrigation districts, rural public power districts, and cooperatives. And I'm going to try and talk loud so people in the back can hear me as well, so don't feel like I'm shouting at you. I know we've got weather rolling in

and some things, so Senator Hughes asked me to keep it to about an hour. [LAUGHTER] OK, we might not go that long. I had a whole lot of things prepared and I think I might take a little bit different approach. You're pretty familiar with the industry. You know we have 165 different entities. You know we are differently structured. You know some of us are vertically integrated, meaning we provide generation transmission and distribution. You know we have utilities that are distribution only utilities. You know that we sell our generation into the Southwest Power Pool and we buy out what we need to serve our customers. That's not unusual. Most states across the country are in some sort of a regional transmission organization. That was a move encouraged by the Federal Energy Regulatory Commission a number of years ago. There are seven operating RTOs and most states nearly everybody is part of one. So that's not unique to Nebraska; and utilities across the country are operating at RTOs and markets just like we do here. That's-- we're not an anomaly. It's kind of standard practice at this point. One thing on net metering, you're going to hear from somebody from OPPD in a little more detail about net metering. But one thing I want you to think about because it plays into some other things that I want to say. I handed out an article and Dr. Ahmad Faruqui has an analogy in there on net metering

that I think is important to think about because it's going to tie into some other things that I mentioned which is when you think about net metering, think about it different way. Think about you've got a local restaurant or diner and you've got an individual who comes in and they bring in their lunch and they sit down at a table in the diner. They bring their own food, but they use the silverware. They use the napkins. They use the water. They use the table, they take up the space, they eat their lunch every day. They don't want to pay for the napkins or the silverware or the wait staff or the water, but they want to sit there and eat their lunch and they do that every day. That's kind of what net metering is. And we're happy to incent that. But you have to understand that there is a cost associated with rent for the building and the silverware and the napkins and all of those things that somebody is paying for. Well who's paying for that? All the people that come in and buy the food from the diner or the restaurant, not the people bringing their own food. So think about that a little bit because at the end of the day that's what I want you to think about is we are public utilities, but we're businesses. We're operating businesses with bottom lines and we're trying to keep rates affordable for our customers. And you hear from a lot of people that come in and want to do different things. But you know, we got 1.9 million

people in the state who we know most of the time don't hear from. They're pretty happy as long as we're keeping their rates low. You know when we hear from them? When the lights go out and then we hear from them a lot, or we hear from them when our rates are going up a lot. So our jobs as public utilities is we're trying to balance what we call the three E's: energy, environment, and the economy-- the economics. So, you know, you've got-- you've got wind developers who they're interested in making money and I get that. And we've done a lot of things working with Senator McCollister and others to try to make that that possible. That does have impacts on our customers so we're trying to balance that with keeping rates affordable. We were in here a few years ago and we were getting beat up pretty well because people thought we were losing our rate-- competitive rate advantage. That's evened out some, somewhat; not because necessarily we've done anything. We've held the line on rates; most of the utilities have for the last four years. But as I've pointed out to this committee before, other utility rates kind of-- other states kind of bounce around, around us. They're much more volatile than we are. We have a pretty long history of providing that steady as she goes approach where rates have been pretty stable over the long haul. That's what we're trying to do. But here's the other thing that's happening that's not lost

on us. Our industry is undergoing a pretty significant transformation. It's been happening for a while. We, you know, if you think about the beginnings of electricity, they started out with very small diesel power generators and things. And over time we moved to these very large centralized coal fired and nuclear power plants, big power plants. And what are we seeing now? All we're seeing an evolution away from those back down to the smaller more distributed kinds of resources and we're seeing customer-owned generation. Right? All of that has a really interesting impact on the dynamics of what we do. We're used to planning power supply to meet our loads 20 years out. Right? Because you have long lead times on those power plants. So that's changing the way we plan. It's changing the way we operate. We have gas fired turbines that used to only be called on peak days. Now they can be called upon about any day. It's totally changed the way those plants operate. And Senator Quick can probably tell you what that does to staff scheduling, a whole bunch of things. We have a whole lot of things to consider as this evolution takes place. And we want you to-- we want you to be there with us as we go through this evolution. But the one thing we need more importantly than anything to get through that evolution is the ability to stay agile. It is really important that we have the flexibility to adapt to things that happen. And

I'm going to give you just a little flavor, over the last 10 years, we've added about 1,400 megawatts of wind in the state. Some from the utilities, some because we've put legislation in place to allow developers to do it. We have 15 megawatts of solar that we didn't have probably two years ago, three years ago. That's a lot in that short period time. We're going to see more than that. Senator Wayne talked about solar with schools. Well, I can tell you about 20 years ago, we worked with the schools in Lincoln to get them away from traditional HVAC and put in ground coupled heat pumps. Saved them tons and tons of money. That was a battle. We were in front of that battle. We were pushing on the schools. That's happened all across the state with other utilities. We formed an interlocal with the University of Nebraska to try to finance and install energy efficiency improvements. That saved the university tons of money in energy costs. We all have energy efficiency programs. We've got thermostat programs. We've got load control programs. Several of us have electric vehicle incentives or studies going on. All of these things have been going on for years and years. We do it all the time. What we do badly is telling you about it. OK? We don't do a good job about talking about those things because frankly our customers don't find them as sexy as we do. So we've done a bad job in doing that. But all these things have

happened. All of them without legislation. OK? These are decisions being made by our locally elected and appointed boards all the time. And that's really where it should be. You know Senator Wayne mentioned maybe we need a net metering law for Omaha. He can work with OPPD to do that. And that makes some sense. That makes a lot more sense than trying to cookie cutter a one-size-fits-all net metering bill that's going to have different impacts because some of us are vertically integrated, some of us are distribution only, we have different load characteristics. You know, some of the rural electric-- the rural power districts will tell you net metering is going to have a way different impact on their system than the ones on Lincoln Electric System. We got about 100 net meter customers today. OK? A hundred on a rural power district system going to be a lot different impact. So what we want you to do is we want you to keep challenging us. We want you to keep asking those questions. But make sure when you're looking at legislation and looking at the framework to give us that-- that agility, that flexibility, that adaptability to be able to respond to the changes we see coming. Regulations change, we need to be able to respond to that. And we're doing a lot of things in response to that now simply because we don't have things in place that hamstring us from addressing it. I probably have a lot more, but

I promised Senator Hughes I'd be brief, so I'm just going to stop and see if you have any questions.

HUGHES: OK. Thank you. Are there questions? Seeing none, very good. Thank you for coming.

SHELLEY SAHLING-ZART: Thanks.

HUGHES: Wyndle.

WYNDLE YOUNG: Good afternoon, everyone. Chairman Hughes, members of the Natural Resources Committee, before I get into testimony, again, my name is Wyndle Young that spelled W-y-n-d-l-e, last name Young, Y-o-u-n-g. I just want to point out that you're in a LEED certified building right here at the Omaha Center that also has 25 kW solar already interconnected to the building. 25 kW only supplies a portion of the load and it still requires additional service for reliability purposes from our traditional blend of utility resources. So I just wanted to point that-- that fact out to you. I'm the manager of mid and small commercial industrial customer sales and service at the Omaha Public Power District. I'm here today specifically to talk about distributed generation programs and our-- and our practices here at OPPD. OPPD's mission is to provide affordable, reliable, and environmentally sensitive energy services to its customers. We

demonstrate this commitment through a diverse fuel mix that includes low sulfur coal, wind, landfill gas, natural gas, fuel oil, and hydroelectric sources. In 2017, OPPD exceeded its 2018 goal of 30 percent of generation from renewables when it reached 33.5 percent of energy coming from renewable resources. For customers interested in owning and operating their own renewable energy resources, such as solar panels, OPPD also offers both a rate program for net metering and a program for small power producers with generation less than 1,000 kW that do not qualify for net metering. In 2019, OPPD will introduce a new community solar program that will provide customers with access to solar generation as well. As I mentioned, net metering is available to OPPD customers who generate renewable energy with generators located behind the meter. Customers can use this equipment to save on their electric bill. If the customer does generate more energy than they consume during the same billing period, OPPD will buy that energy back at a specified rate. We began this program back in September of 2009. As of December 31, 2017, OPPD had 99 facilities that qualified for net metering with a total generating capacity of 670 kilowatts. The total estimated amount of energy produced by these customers was a little over 915,000 kilowatt hours. And the net kilowatt hour received from-- from them was just under 40,000 kilowatt hours. Beyond providing

alternatives for residential customers, OPPD is also working with large commercial customers who are interested incorporating renewable generation into their operations as well. In early 2018, OPPD and the University of Nebraska Medical Center entered into an agreement to install solar arrays on three different buildings on the main Med Center campus right here in Omaha. Together the arrays will total 500 kW of solar. This solar pilot project will be constructed on the UNMC side of the meter, similar to a net metering customer. And all the generation that's produced by these facilities will be consumed by the UNMC buildings. The solar project will become, once it becomes online, the solar project will become the largest rooftop solar installation in the state of Nebraska. Also in early 2018, OPPD entered into a 20-year purchase power agreement with NextEra Energy Resources to build a 5 megawatt community solar facility near Fort Calhoun. When the community solar program is finalized, OPPD customers will have the opportunity to purchase shares of energy produced. And the OPPD facility will then also be available to consumers both residential and commercial once the program comes fully online. The facility be located on 35 acres east of Fort Calhoun and it's expected to go in operation in June of 2019. To give you a perspective on the size of solar installations, in particular the installation at Fort Calhoun, a

solar installation typically requires about 100 square foot per every 1 kW of solar panels. OK? Extrapolating this to a 1 megawatt facility, that will require about 100,000 square feet which is about two and a half acres of land space. OK? So now let's kind of put it into perspective of something that you see and hear about every day. Let's compare it to a football field. One football field is about 1.3 acres. So if you extrapolate that back to the 5 megawatt facility that OPPD is building, that solar facility will require the land equivalent of nearly 10 football fields-- 10 football fields. That's quite a bit of space. But OPPD is still venturing forward with the community solar program. There is an interest here in the district area. We'll offer about 6,000 shares of solar energy to residential customers. And after a brief introductory period, we'll offer those unsold shares to our commercial and industrial customers right here in our 13-county footprint. That concludes the prepared statement that I have. Thank you for your time. I welcome any additional questions that you have. And if I don't have the answers to those questions, we'll record those and we'll follow up and get you answers to those after the meeting.

HUGHES: Thank you, Mr. Young. Are there any questions? Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. Mr. Young, thank you very much for being here today and for presenting this. On the Fort Calhoun site due next year that you're talking about, are those panels in a fixed variety or are they movable to-- to max-- to maximize the sun angle at different times?

WYNDLE YOUNG: Right. These will be ground mount systems that'll be on a fixed axis. They'll be primarily faced south and west at the Fort Calhoun facility.

KOLOWSKI: So they're not a movable?

WYNDLE YOUNG: They're not a trackable track system.

KOLOWSKI: Got it. Thank you very much. Then that's just a minor limitation, I understand that. So I just wanted to ask that. Thank you.

WYNDLE YOUNG: Sure. Sure.

HUGHES: Additional questions? Senator McCollister.

McCOLLISTER: Yes. Thank you, Chairman Hughes; and thank you for your testimony, Mr. Young. The analogy used with the football fields, that's based on Nebraska location rather than what? Arizona or someplace where the sun is shining more directly or more--

WYNDLE YOUNG: It's based on the physical size of a typical solar panel. So in this particular case, when you add up enough of the solar panels from a nameplate capacity to reach 5 megawatts of nameplate capacity, the physical size requirement will be the equivalent of 10 football fields.

McCOLLISTER: Not where it's located.

WYNDLE YOUNG: It's not-- it would be the same if it was located in Arizona as it would be located here.

McCOLLISTER: Thank you.

HUGHES: Other questions? I guess I've got one, I'm intrigued of building the solar facility and offering the public the opportunity to buy shares, I think you said. So what kind of market analysis, if you know, I mean did you survey your customers and get a get feedback that, yes, they did want in. You know, what-- what kind of a percentage of your customer base wanted to do this?

WYNDLE YOUNG: Yeah. We've had a series of customer engagement opportunities. We've had several meetings right here at the Omaha-- the Omaha Center over the past probably about two years or so. We've conducted customer surveys; we implemented OPPD power panel and solicited online feedback from customers. We've

had different special interest groups express interest in a certain number of commercial customers who have also expressed interest in something like a community solar program.

HUGHES: Okay. Thank you.

WYNDLE YOUNG: Um-hum.

HUGHES: Any additional-- Senator McCollister.

McCOLLISTER: The program you just described, OPPD was not able to get the incentive program, so did you lease the program or-- what was the structure by which you put that program together?

WYNDLE YOUNG: On the solar-- the community solar program?

McCOLLISTER: Yeah.

WYNDLE YOUNG: So NextEra Energy is a private developer who will have the opportunity to obtain any production or investment incentives from the federal government level. The expectation is that those incentives will be included in the price of the purchase power agreement which should drive down a lower overall PPA price.

McCOLLISTER: And so the "Nettera." Is that correct?

WYNDLE YOUNG: NextEra.

McCOLLISTER: NextEra.

WYNDLE YOUNG: Yep.

McCOLLISTER: They received the incentive payments or their stockholders do.

WYNDLE YOUNG: Right. It's a part of the investment portfolio. What we did is we solicited proposals from a number of different developers and it was-- it was really more of a competitive bid process on the RFP. We chose the partner that provided the best, lowest cost offering combination of price, facility, timing, solar panel availability, things like that, to drive the overall PPA price down. It's similar to what we would do if we were working with wind developers and other parts of the state as well.

McCOLLISTER: Solar farms unlike wind developers will still receive their incentive programs longer. Wind is winding down so to speak.

WYNDLE YOUNG: Sure.

McCOLLISTER: Isn't-- but the solar program will continue with the full incentive basis?

WYNDLE YOUNG: The expectation is is that the investment and production tax incentives will be wound down over the next five years. Solar in and of itself does have a useful life that goes beyond 20 years. But the investment credits that you're mentioning will still be wound down, depending on what the federal administration decides that it wants to do.

HUGHES: OK. Any other questions? Seeing none, thank you, Mr. Young.

WYNDLE YOUNG: Sure.

HUGHES: With that that concludes are invited testifiers, so I'll open it up to the public now. And if you have something you'd like to share with the committee, please come forward, make sure you have a green sheet filled out. Welcome.

GRAHAM CHRISTENSEN: Thank you. Greetings Chairman Hughes and members of the Natural Resources Committee. It's good to be back to talk to you. Thank you for holding this hearing and having this discussion. I'm grateful for that. My name is Graham Christiansen. I am the founder and president of GC ReVOLT which is an alternative energy and solar contracting company. So far in about three years the business developed about 30 projects all the way--

HUGHES: Could I have you spell your name please?

GRAHAM CHRISTENSEN: Yes. Graham is G-r-a-h-a-m, Christensen C-h-r-i-s-t-e-n-s-e-n. As I was saying, GC ReVOLT has developed in the last three years about-- about 30 projects all the way from Burt County into Omaha and out as far west as-- as Ogallala. We've-- we've developed just regular grid tied solar systems. We've also started to develop more lithium ion batteries to complement these systems and did our first community project this-- this year as well. Electrical inspectors is supposed to be out any day to turn that on up at Walthill. And so we're continuing to see growth in the solar industry in Nebraska in interest really from-- it doesn't matter if you're on the farm or if you're in an urban area or you're a community or a-- or a good sized business we continue to see the-- the growth increase. And so once again we're on the cusp of-- of an emerging industry in the state. And I'm really excited to be-- be part of helping expand this-- this business further across the state. But one thing that is-- that is clear is that the current net metering legislation is restrictive to business. And there is this gray area after you hit 25 kilowatts that is not consistent from one utility to the other on what the policy becomes. And as folks that are developed out there developing these projects, we would like to have a little bit consistency

so we know what's happening when we get above that level. I think that-- that two years ago in the Natural Resources Committee hearing on a bill that I was involved with, we learned a lot of what the-- the utility concerns and the Rural Electric Association's concerns were. And so, but first as a reminder what the solar proponents had wanted in that hearing session was to raise the cap from 25 to 100 kilowatts, not be restricted to 1 percent per utility of net metered projects, and also to start a conversation or to find a way to implement virtual net metering and aggregation as part of this. From my perspective in that hearing two years ago, the utilities and the Rural Electric Association clearly defined their concerns. I think it was very obvious. And so coming out of that-- out of that hearing for the following session, which was last-- last year, started drafting a bill that would try, you know, from my part, to be able to address what the utility concerns were because they honestly didn't seem that far off to where we could have, if we came together, an ability to make significant process that wouldn't restrict us as businesses that are trying to develop but still-- but would still respect what those utility concerns were. So, of course, the discussion last year wasn't picked back up in the Natural Resources Committee. But this year, we're here today to pick up that discussion again. So, I have actually drafted

language-- updated language, I should say, from that draft last year and have been engaged in-- in meetings with members of the NREA to run by them and try to get guidance on what I thought was addressing the utility concerns. And so there is a draft that is in the works and was presented at the state REA meeting yesterday. And while I'm not in a place to be able to speak for what those conversations were, I just think it was a-- there's a lot of good will in the making and the discussions prior to getting that draft there to try to address concerns from both sides. And so what does-- what does this new proposed draft bill, what does this do? It doesn't continue to increase the size, which is, from my perspective as a contractor, the number one issue that needs to happen. And it does that up to 100 kilowatts, but it gives utility the authority on sizing over 25 kilowatts. And therefore, it meets another need that we had was eliminating the 1 percent cap, because now the utility has the full authority if something is oversized, sized improperly, or is going to cause issues on the distribution line, the utility now has that discretion from the 25 to 100 kilowatt on what that size is. Secondly, it seeks to define an average annual usage. So that's the threshold in which a contractor or a customer should not develop over this annual average usage. This is put into place to ensure that sizing is appropriate. And third, it

creates a new net metering rate. I, as I listen to concerns, my dad who also serves on the Public Power Board of directors for Nebraska is in my ear about this a lot too. I've heard this in the hearing two years ago and I've heard this from a lot of other folks in these conversations that the last thing we want to do is put more cost onto the little old lady on the end of the line. I don't want to put costs on the little old lady at the end of the line that has a marginal income either. And so what we decided to do in this draft was also create a new net metering rate. So a rate structure for net metering that is separate from anything else that's been developed, that seeks to be able to make sure that the utilities don't feel like they're putting more cost on the little old lady down the line. And so what we decided-- but this-- but for-- from my perspective as a contractor, I don't want this to be prohibitive in that 25 to 100 kilowatt size. And so what we've come up with in initial discussions, these are preliminary and initial discussions, of course, is that it would be in the form of a fixed rate because it doesn't really fit on the cost to get electricity from point A to point B, but it cannot exceed 20 percent of the fixed rate. So to put that in perspective, if this is a \$30 monthly fixed rate, it's about 6 bucks a month, that's about 72 bucks a year. Those costs go to the utility to conduct the program and make

sure that we're not heading in the right direction, but at 72 bucks a year for someone who wants to do solar in the 25 to 100 kilowatt size, that certainly not going to set them back for making a final decision to move towards solar. What it does not do is it does not tackle virtual net metering or aggregation. The-- one of the concerns that arose last session is that-- is that this was too complex of an issue at the time and it took a lot of the conversation towards that piece. When the first priority, at least in my opinion, is getting the size increase so there's no more gray area on the size. So while I think virtual net metering and aggregation is very key to the future of the solar industry, I think it needs to be separated from the conversation as not to muck up the intent of what this bill would look like to get that size increased in a fair way. And so that piece is something that I would suggest potentially needs more discussion. I don't know if we need an interim study to figure out what that looks like. I've heard from folks with the REA and the utility that have given me ideas of what that looks like and I think that we can all come together and figure this out and present something to the Legislature that would address that. Will that happen in time for this session? I'm not sure. So I think I want to finish up with that. So my suggestion is, and I would be coming in the neutral stance is because this

discussion needs to happen with all of us here, but I don't know that we need an interim study to be able to tackle this. Just through my experience and through good faith and good will and trying to come together and understand each other's concerns, I think we've clearly addressed them and I think there's a good conversation on the way. And what my hope is is that we can have a bill that would come to the Natural-- in front of the Natural Resources Committee for this legislative session that will take some steps that have already-- that have already been drafted in a way that meets those concerns and then we can polish off some of the rough edges through the process. Once again, if there is any further examination or study that would be needed, I think we should focus it on virtual net metering and aggregation and try to figure out how we do that, because it's a separate but important piece. But in my-- in my viewpoint, the first and highest priority is getting the size increased so there's not this gray area that's restrictive to businesses we're trying to expand solar projects. Just one example to leave you with, I have several examples like this, I do a lot of farm commercial systems and-- well, two examples, a feedlot and a big grain farmer, both-- one of them would have been about 72 kilowatt size. We weren't allowed to do that size even though it was all going to be behind the meter. They would-- the utility here-- in

this case would have even reverted the first 25 kilowatts back to avoid a cost credit and that doesn't cash flow, and it didn't feel like that was fair to the farmer. And it was a similar case in the case with the feedlot that I worked on too. So once again, in order to not be restrictive to emerging businesses in Nebraska, I think we can do this in a way that makes everybody happy and it still takes care of the little old lady on the end of the line. Thank you.

HUGHES: Thank you, Mr. Christensen. Are there any questions? Seeing none, thank you for your testimony. Next testifier? Anybody else wish to discuss LR464? Senator Wayne, would you like to close?

WAYNE: First, I want to thank the committee again. And also, it's the first time we've had a hearing where we haven't sat here for two hours, three hours of me getting beat up, quite honestly, by everybody in the room. [LAUGHTER] As you recall, my first year, the only person who did not send a letter of opposition were my parents [LAUGHTER] for the first bill that I introduced. So we have come a long way. But I do think it's important that we continue to have this conversation. And I think it's critical-- particularly why this is important to me, not only is this in my district, but just up the street there is

a coal plant that they're upgrading and spending some infrastructure costs on to make more efficient, primary around the EPA regulations and other regulations, but also in my district asthma is one of the leading diseases in my-- for young children. And there's-- whether this correlation between the two is still up for debate, but I appreciate OPPD spearheading that. The second reason is as you all know that the Fort Calhoun plant is just north of my district and many people who work in that plant or did work in that plant are from my district. I do think it's important as we move forward, it was said best that there is energy in general was a significant-- significant transition and either we as state legislators could be ahead of that or we can be behind it. And with all due respect, if we continue to allow just the people who are in the industry, or in particular this area, run the show and not have dialogue that we're going to continue to have over the next two years that I'm in office, and if I decide to rerun and come back, because there is this kind of protectionism. And we have to call it what it is because it is what it is. If you have a business, you want to protect your business. If you don't, you're not actually serving the best interests of your business. And I think net metering is a way that we can start to bridge that gap and have conversations. Recently UNMC has announced a 500-- a 1,500 solar panels. And it

was a process-- a long process working with OPPD to make that happen. My question is, is what if Lozier wants to do that, which is right down the street? What if another company wants to do that? Do they have time and energy, instead of focusing on their business to develop all the issues that may have to go through to get that done? If we clear up this language in the law, at least provide some consistency that they can do up to 100 or they can do maybe less. But it's a gray area that I still think, at least in Omaha and in my district, people are very interested in solar, especially out when I go north of here, there's a guy with the smaller, I didn't ask him to use his name, so I won't, went with a smaller solar panel farm and he loves it. But he-- he had a lot of obstacles in getting that done. And he still has some obstacles to make sure it maintains efficiently. So again, I think it's important we continue to have these conversations. We specifically did not invite a lot of people because I think it's important for the people in the room to start having these conversations instead of all outside, from all sides, just talking and talking and not really coming with solutions. So I do thank the committee for being here. Again, as you leave here, please drive around and look at the unimproved roads, because many you guys sit on Transportation Committee, so we can have that conversation too. But I do

appreciate OPPD's willingness to meet with me and talk to me about all the issues and educate me on some of the things that I think differentiate them from NPPD; not in a negative way, but they're just different. There is a difference between being a city and then working with NPPD folks about working and dealing with farmers down the line. But I do think this is a good starting point in which everybody can have a conversation and move the ball forward around net metering. On an interesting fact, just up the hill, there's a couple of interesting facts since you're here. Right at Carter Lake there's a hill to the east-- west that was the Nebraska's first execution occurred and it was actually a Kansas state legislator, it was in the "World-Herald" today, if you want to go by there and check that out. But I probably wouldn't. And then you've got historic Florence up the street. So historic Florence is a great place that I think you can drive through where you still have the small town feel. And that's why I like it so much and that's where most of our unimproved streets are, so you can drive through there any time. With that I'll answer any questions you may have.

HUGHES: Thank you, Senator Wayne. Are there any questions or comments for Senator Wayne? Seeing none, thank you. Thank you, everybody, for coming. We appreciate it. And we'll see you in Lincoln.

