

Summary of Actions:
Western Interstate Energy Board Meeting
April 18-19, 2005

With ten states (AZ, CA, CO, ID, MT, NV, NM, OR, WA, WY) and three provinces (AB, BC, SK) present, the Board:

- Approved the minutes of the October 18-19, 2004 Board meeting in Vancouver.
- Reviewed reports on the activities of the Board and Committees.
- Reviewed the report on the budget and staff situation analysis. The discussion focused on regional electric power issues and concern over sustainable funding sources. Marsha Smith (ID), Chair of CREPC, participated in a discussion via teleconference. The Board approved a motion that:
 - Maintains the current focus on regional electric issues pending actions by the Governors and the WECC, and subsequent Board review at the next meeting; and
 - Approved the staff proposed budget of \$661,583 with an amendment to include a contingency fund up to \$20,000 for additional projects the Board may pursue in the future, such as energy emergencies and petroleum adequacy.
- Elected officers for the Western Interstate Energy Board and the Western Interstate Nuclear Board as follows:
 - Western Interstate Energy Board:
 - Chair – Joanna Prukop (NM)
 - Vice Chair – Tony Usibelli (WA)
 - Second Vice Chair – Dick Burdette (NV)
 - Treasurer – Lori Faeth (AZ)
 - Western Interstate Nuclear Board
 - Chair — Joanna Prukop
 - Vice Chair – Tony Usibelli
 - Treasurer – Lori Faeth
- Reviewed WGA activities involving the Board.
 - Pam Inmann updated the Board on the Governors’ annual meeting this June 12-14 in Breckenridge, CO that will feature at least nine resolutions, including the proposal to finance an enhanced state/provincial regional energy function. She also discussed implementation of the Governors’ clean and diversified energy resolution; an Endangered Species Act Executive Summit in San Diego last December 3-4; an Indian Gaming Summit in Denver on March 29-30; and continued efforts to work on drought and federal energy legislation.

- Steve Ellenbecker (WY) called for a coordinated effort to provide information and advice for the Governors regarding the proposed resolution to finance an enhanced electricity function.
 - Lori Faeth (AZ) discussed Governor Janet Napolitano's interests as the incoming chair to the WGA, which will focus on long-term sustainable growth in the West, land use, public lands issues and infrastructure.
- Reviewed and discussed the Pacific Northwest Economic Region (PNWER) with Matt Morrison via teleconference. Morrison described PNWER's activities on energy issues relevant to the Pacific Northwest, Alaska and western Canada, and explored potential areas of collaboration with the Board and CREPC. PNWER received a federal grant of \$800,000 to set up bi-national energy analysis that would entail an assessment of resources, pipelines, and permitting mechanisms across jurisdictions. Tony Usibelli (WA) and Phil Carver (OR) volunteered to be liaisons to PNWER.
 - Reviewed and discussed federal energy legislation during a teleconference with Kevin Moran of the WGA's Washington, D.C. office. Moran reported that the House is close to passing a new energy bill that includes the following features: fewer overall tax incentives relative to the bill from last year; eliminated tax incentives for renewable energy and the production tax credit for wind; a provision to give FERC sole authority to site LNG onshore terminals; and an expenditure cap on electric reliability spending far below current levels.
 - Reviewed and approved action on a proposal by Tony Usibelli (WA) to develop a Western energy emergency exercise in coordination with the Department of Energy Office of Energy Assurance. The Board adopted the following next steps:
 - The Board will send a representative to observe the emergency exercises being conducted in the Midwest this July 18-19 and report back on these activities and potential applications to the West.
 - The Board will review the findings from the Midwest exercises and input from the work group comprised of representatives from WA, OR, CA, NM, and take actions at the next meeting.
 - Reviewed and approved action for a proposal by Tony Usibelli to study petroleum adequacy in the West. The discussion identified concern over rising petroleum prices, the importance of refineries on regional markets, supply disruptions in regional markets, the interaction of state and federal rules on petroleum products, efforts to raise ethanol levels in petroleum products, the complexity of the petroleum market, and the desire to better understand this market. The Board agreed to the following next steps:
 - Consult with Lynette Evans in Governor Napolitano's office about the Arizona Governor's interest in taking the lead to provide high profile support for a petroleum adequacy study.

- Organize a Board work group that would develop a scoping paper on the potential topics to be studied. The paper would consider regional supply and distribution issues.
- The work group would then consider the strategy for hosting a conference on this topic that would seek to collaborate with industry experts on such an effort.
- Recognized Bill Keese for his years of service as Chair of the Board and leadership on energy issues.
- Received a report by Bill Keese on the activities of the WGA's Clean and Diversified Energy Advisory Committee (CDEAC) and the related task forces. CDEAC is charged with developing recommendations for the Governors by June 2006 on implementing the goal of 30,000 MW of clean and diversified energy by 2015 and improving the efficiency of electricity use by 20 percent by 2020. Task forces have been formed to consider the potential contribution and policy recommendations for wind, biomass, solar, geothermal, energy efficiency, coal, natural gas and transmission. WIEB staff provides direct support for the wind and transmission task forces, and additional indirect support to the other task forces and the full CDEAC committee.
- Reviewed a progress report by Dave Maul (CEC) on the joint WIEB/California Energy Commission natural gas assessment project and observations on the linkages between natural gas and the electric sector.
 - Maul identified accomplishments since the last presentation in Vancouver as follows: the CEC modeling team produced initial strawman model runs; engaged the core team of state and provincial representatives in discussions; completed substantial modifications to the model; hired a consultant to improve the analysis of demand elasticity; developed an extensive data set; initiated discussions with SSG-WI and the CEC's electric sector group to improve the modeling of the electric sector; and produced findings representing the revised strawman case.
 - The next steps in the project are updating the model with new EIA and CEC demand forecasts this summer, conducting model runs for four scenarios and performing sensitivity analysis.
 - The Board discussed numerous features of the study and expressed continuing support for the project without identifying any mid-course corrections.
 - Maul and his CEC modeling team presented a more detailed update on the natural gas assessment project to a joint WEIB/CREPC workshop after the conclusion of the Board meeting.
- State/Provincial Roundtable topics:
 - New Mexico
 - NM signed an MOU with the EPA on the Clean Energy-Environment Partnership Program.

- The NM legislature passed energy legislation that included an energy efficiency bonding act and utility cost recovery for energy efficiency programs. The proposal for a transmission and storage authority did not pass, but will be introduced next year.
 - Wyoming and Nevada on the Frontier Line
 - Dick Burdette (NV) and Steve Ellenbecker (WY) discussed the proposed Frontier Line as endorsed in an MOU signed by the Governors from WY, NV, UT and CA.
 - The proposed line would link coal and wind generation in northeast WY to the Salt Lake City load area, then split in two directions going west, provide off ramps that tap resources and loads linking NV's northern and southern sections, and deliver energy to load centers in northern and southern CA. The line will predominately use existing right-of-way paths.
 - The Governors will set up task forces to deal with economic modeling, technical issues, and regulatory issues. Efforts are underway to hire a Washington D.C. law firm, a consulting firm, and a public relations firm in the West.
 - Preliminary project costs range from \$12-15 billion consisting of \$3+ billion for primary transmission lines, another \$2+ billion for feeder lines, and the remainder for new generating plants.
 - Oregon
 - OR policy seeks to reduce CO2 levels to 10% below 1990s levels.
 - ODOE is considering proposals for three new LNG terminals
 - Idaho
 - A potential new IGCC coal plant located in ID has been discussed in the press. This project has not triggered any regulatory review or actions at this date.
 - ID's avoided cost methodology has become a role model.
 - Washington
 - WA is proposing to adopt CA vehicle standards consistent with its global warming initiative.
 - Despite drought conditions in the Northwest, WA does not anticipate power supply problems from the hydro power system.
 - California
 - Several new power plants will be coming online this year in CA.
 - The CEC is preparing its integrated energy report for 2005 that will consider the relationship of energy and water issues.
 - CA (and all states) won a significant legal victory in the 9th Circuit Court of Appeals with a decision rejecting industry claims for exclusive federal jurisdiction on appliance energy efficiency database.
 - Nevada
 - NV revised its RPS to permit 1/4 of the goal to be met by energy conservation.

- NV continues its temporary renewable energy trust to support renewable projects while the utility resolves financial problems.
 - The PUC is pursuing rate cases and a workshop on transmission planning.
 - New generation in the state includes three new geothermal plants. A new solar plant has arranged funding, and four merchant coal facilities are proposed. NV has pending applications for 800 MW of wind energy.
 - Montana
 - MT adopted a ban on MTBE.
 - The Legislature adopted an RPS and a bill to promote ethanol. It also agreed to reduce the property tax rate on land used for wind energy.
 - The MT PSC approved a 150 MW wind farm that will meet the RPS requirement.
 - Colorado
 - CO adopted regulations to implement its RPS initiative and resolve outstanding issues.
 - Progress was reported on development of an in-situ oil shale technology project near Rifle, CO.
- Discussed options for next Board meeting.
 - Possible locations identified at the meeting include:
 - California location such as Sacramento, San Jose or San Francisco.
 - Boise.
 - Reno.
 - California sites were identified as being desirable to enable the entire CEC natural gas modeling team to participate in person.
 - WECC is meeting in Salt Lake City next October. After some discussion, a consensus emerged that it is not practical to schedule the Board and CREPC meetings sequentially around the WECC meeting.
 - MT noted that it will be holding an energy summit next fall and requested that the next meeting avoid those dates.