

ONE HUNDRED THIRD LEGISLATURE - FIRST SESSION - 2013
COMMITTEE STATEMENT
LB402

Hearing Date: Friday March 01, 2013
Committee On: Natural Resources
Introducer: Mello
One Liner: Change power purchase agreement provisions relating to rural community-based energy development

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Brasch, Carlson, Dubas, Haar, Johnson, Kolowski, Schilz, Smith
Nay:
Absent:
Present Not Voting:

Proponents:

Senator Heath Mello
John Hansen
Adam Herink
Mike Zakrzewski
John Atkeison
Todd Adamson
Jon Crane
John Pollock
Robert Stiens
David Rich

Ken Winston
Andy Pollock
Kay Carne
David Levy
Darrel Hayek

Representing:

Introducer
Nebraska Farmers Union
Bluestem LLC
Grand Prairie Wind Project
Nebraska Wildlife Federation
Cherry County Wind LLC; Self
Boyd Jones Construction
Self
Edison Mission Energy
Nebraska Public Power District; Omaha Public Power District
Nebraska Sierra Club
Nebraska Energy Export Association
Self
Bluestem LLC; Edison Mission Energy
Saline County Wind Association

Opponents:

Representing:

Neutral:

Melissa Garcia

Representing:

Custer Economic Development Corp.

Summary of purpose and/or changes:

LB 402 would amend the Rural Community-Based Energy Development Act (C-BED) to encourage more local ownership of renewable energy generation projects that would contribute to local economic development. The C-BED act allows a sales and use tax exemption on materials used for C-BED projects as long as 33 percent of the gross project revenues flow to qualified Nebraska individuals or businesses.

The bill would expand what can be considered "payments to the local community", reduces the percentage of payments required to go to the qualified owners, and allows domestic or cooperative corporations domiciled in Nebraska to be qualified owners.

Explanation of amendments:

The Committee amendment, AM 684, makes clarifications and redefines a C-BED project as one that may include a low-emission fuel source. The amendment replaces the bill and would do the following:

Section 1 amends 70-1903, which defines the Rural Community-Based Energy Development Act, by allowing a C-BED project to use solar, biomass, landfill gas, or a low-emission fuel source that reduces overall carbon emissions, in addition to wind, as a fuel source. Also eliminates the current ownership structure, qualified owner status, and ownership percentage requirements. Allows a C-BED project if at least 25 percent of the gross power purchase agreement payments go back to the qualified owners or as payments to the local community. Also eliminates the definition of "debt financing", changes the term of gross power purchase agreement payments from life to 20 years, and defines what "payments to the local community" are to include. Such payments may include lease and easement payments; contract payments for components, equipment materials or services; other payments for physical parts, materials or components made in Nebraska.

Section 2 amends 70-1904, which states how power purchase agreements are to be handled for C-BED projects, by clarifying how equity partners may be utilized.

Section 3 amends 70-1909, which allows an electric supplier to limit its power of eminent domain, by eliminating language limiting a C-BED project to wind as an energy source.

Section 4 amends 77-2704.57, which states the sales and use tax structure for C-BED projects, by eliminating the current C-BED ownership and funding structure and adding reference to the new definitions described in Section 1.

Section 5 repeals the original sections.

Tom Carlson, Chairperson