



**2008**

**Environmental &  
Energy**

**REVIEW**



**VINCE GRIFFIN**

**VICE PRESIDENT**

**ENVIRONMENTAL & ENERGY  
POLICY**

**INDIANA CHAMBER OF COMMERCE**



# **2008 LEGISLATIVE SESSION STATS**

**TIP OFF 1/7/08**

**FINAL BUZZER 3/14/08**

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**Best Guess -**

**1000 Bills Filed**





# EQSC RECOMMENDATIONS

- **Great Lakes Compact:** The General Assembly should adopt the Great Lakes - St. Lawrence River Basin Water Resources Compact, and should work toward adoption of implementation language that sustains current and future development and provides a strong state role in implementation.



**Rulemaking:**

- (a) No recommendation is made to change the current estimated **economic impact statement requirements** in the environmental rulemaking process, but **stakeholders** in the process are encouraged to submit statements for consideration by the rulemaking boards. The Indiana Department of Environmental Management (IDEM), the State Budget Agency, and stakeholders in the process are encouraged to consult and to recommend improved methods for generation of estimated economic impact statements and consideration of the statements in the process.
- (b) In the **sunset process**, IDEM should be required to list both the rules the agency wants to be **readopted** and those the agency wants to **expire**.
- (c) IDEM should propose an **expedited environmental rulemaking process** to address noncontroversial rules that are not covered under current law.



- ❑ **Recycling:** The General Assembly should permit IDEM to use the solid waste management fund to promote beneficial uses of **waste to energy** technologies with priority given to **waste tires**.
- ❑ **Environmental Legal Actions:** The General Assembly should adopt a **ten year statute of limitations** on environmental legal action claims that begins to run when environmental clean up **costs are first incurred**.



□ **Storm Water:** The General Assembly should provide that two jurisdictions proposing to implement storm water fees in the same geographic area must negotiate to adopt a memorandum of understanding (**MOU**) that gives only one of the jurisdictions authority to impose fees and manage storm water. If they fail to produce a MOU within six months, **neither** jurisdiction should be permitted to impose storm water fees in the area until they agree on a MOU.



- ❑ **Confined Feeding:** The General Assembly should adopt the confined feeding **good character disclosure** and enforcement requirements contained in SB 431-2007, amended to allow IDEM to consider a permit applicant's compliance history outside the United States.
- ❑ **Electronic Waste:** The state should expand its electronic waste recycling program to include **all classifications** of electronic waste and **all state facilities**.



**IDEM Anticipated  
Legislation for 2008**

**Environmental Quality Service  
Council**

**October 30, 2008**

The image shows a vertical strip of the Indiana state flag on the left side of the slide. It features a blue field with a yellow torch in the center, surrounded by yellow stars. The word "INDIANA" is written in yellow at the top. Below the torch, there are red and white stripes.

# **IDEM Possible 2008 Legislative Issues**

- Reduce work site posting requirements for wastewater operator certifications**
- Eliminate the requirement that septage haulers obtain two permits—one as a septage hauler and one for land application**
- Eliminate social security numbers from good character requirements in solid waste law**

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# **IDEM Possible 2008 Legislative Issues**

- Allow electronic signatures for environmental compliance reports and permit applications**
- Statute of limitations for ELTF claims**
- Define allowable uses of ELTF**



# **HEA 1738-07**

## **Water Resources**

**“Whiskey’s for drinking and  
water’s for fighting”**

- Tracking of water sale and use**
- Water Resources Study  
Committee (WRSC) – current  
and future water use**

The image features a vertical graphic on the left side, which is a stylized representation of the Indiana state flag. It includes a banner with the word "INDIANA" in yellow, a central figure holding a torch, and a field of stars. The background of the slide is white.

# **2007 Bills that Died BUT**

## **SB 206 Energy Facilities**

- “Green/Renewable” Energy Mandate**
- “Trackers”**

## **SB 431 CAFOs**

- Restrict location of CAFOs**
- (Set-backs)**

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## **SB 432 Environmental Fees for IDEM**

***(Died in 2007 NOT Return in 2008)***

- Fee increase for water and solid waste permits**
- Last fee increase – 1994**
- Demonstrated need**
- Valued return (permits out)**
- Accountability**
- EQSC discussion/review**
- Money use directly related to that area**
- Fair share of the cost of the permit by permittee and public**

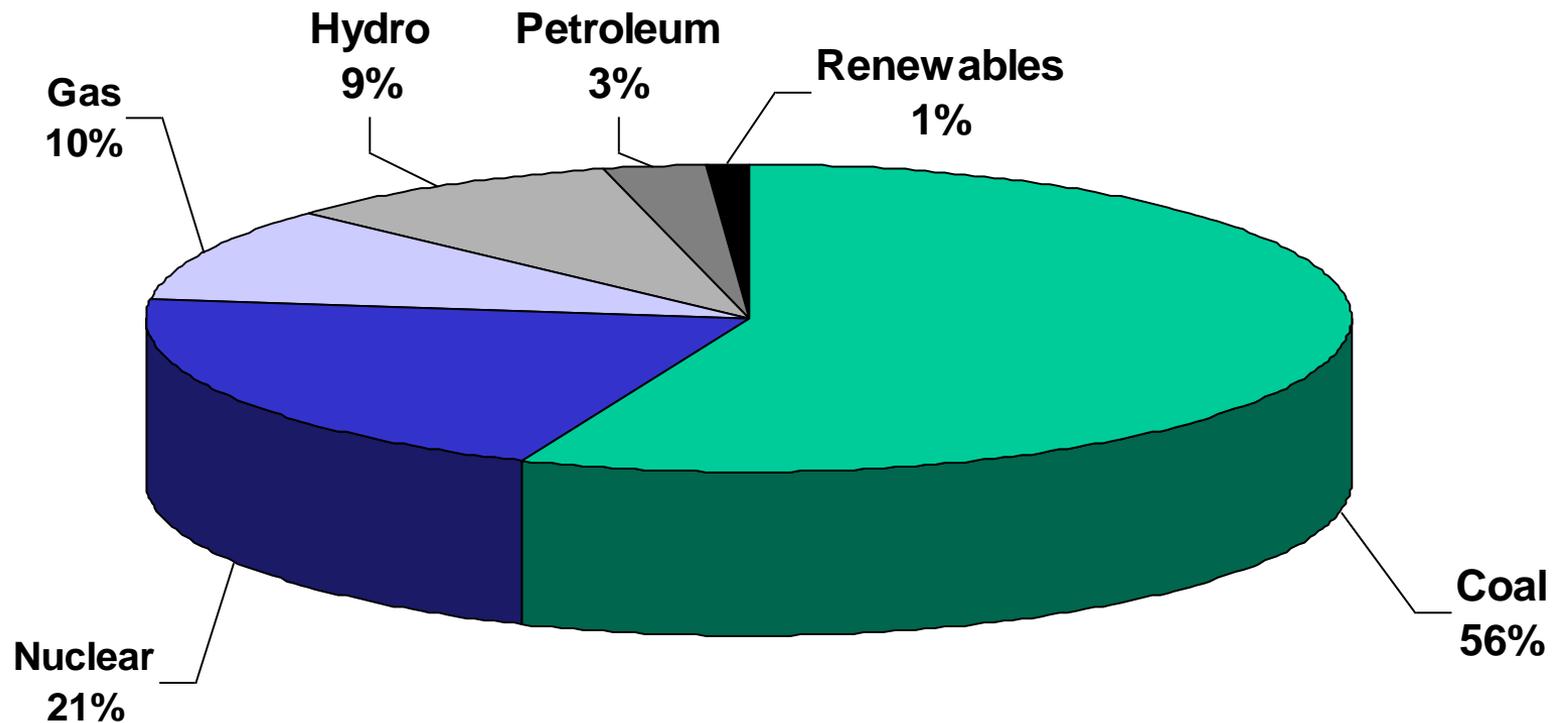


# *Indiana's Energy Profile:*

## *Crisis or Comfort?*



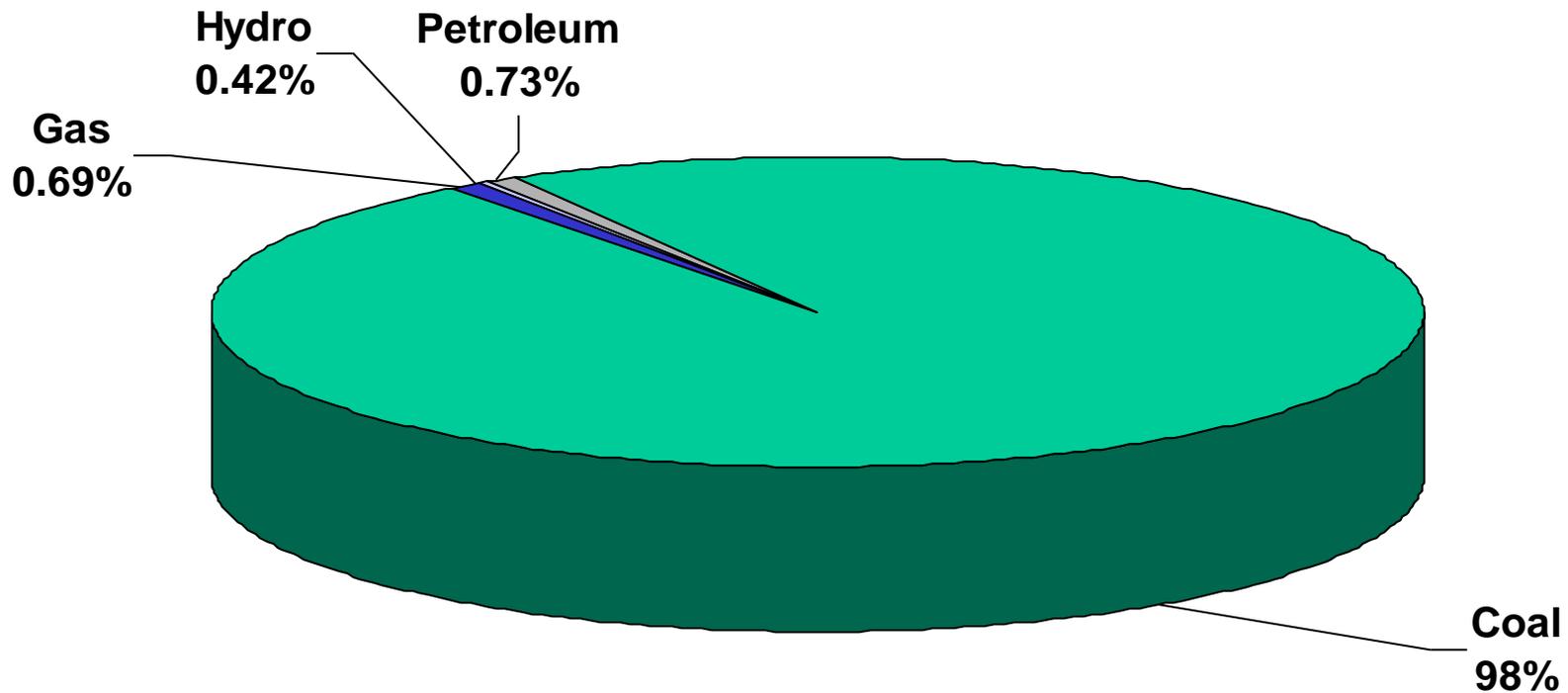
# U.S. Electric Power Mix



**U.S. Average Price 6.8¢**



# Indiana Electricity Mix



Indiana Price 5.5¢



# Elements of Indiana's Energy Supply

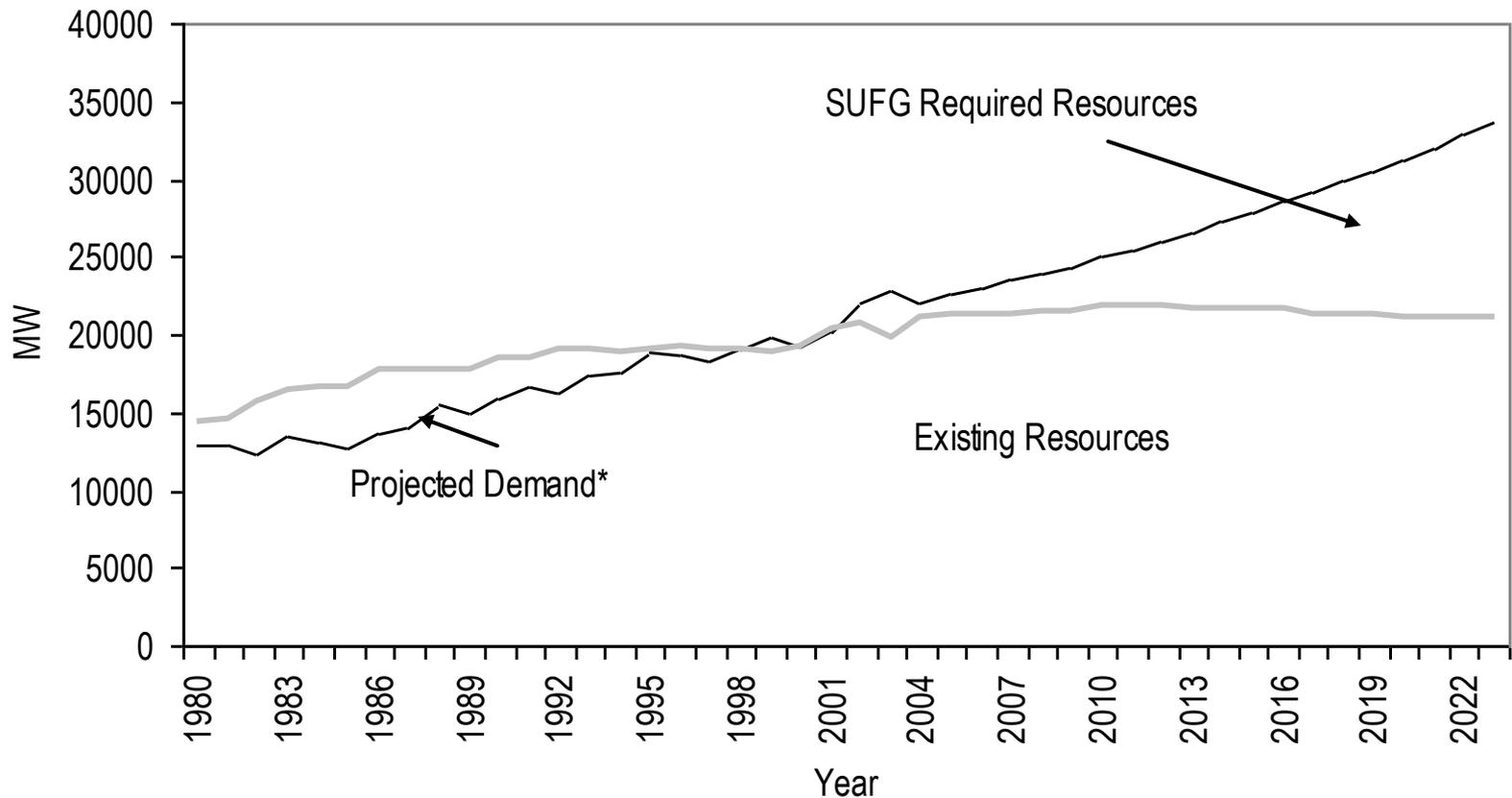
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**Adequate**

**Reliable**

**Affordable**

# Indiana Resource Requirements



- Resources may be provided by conservation measures, contractual purchases, purchases of existing assets, or new construction

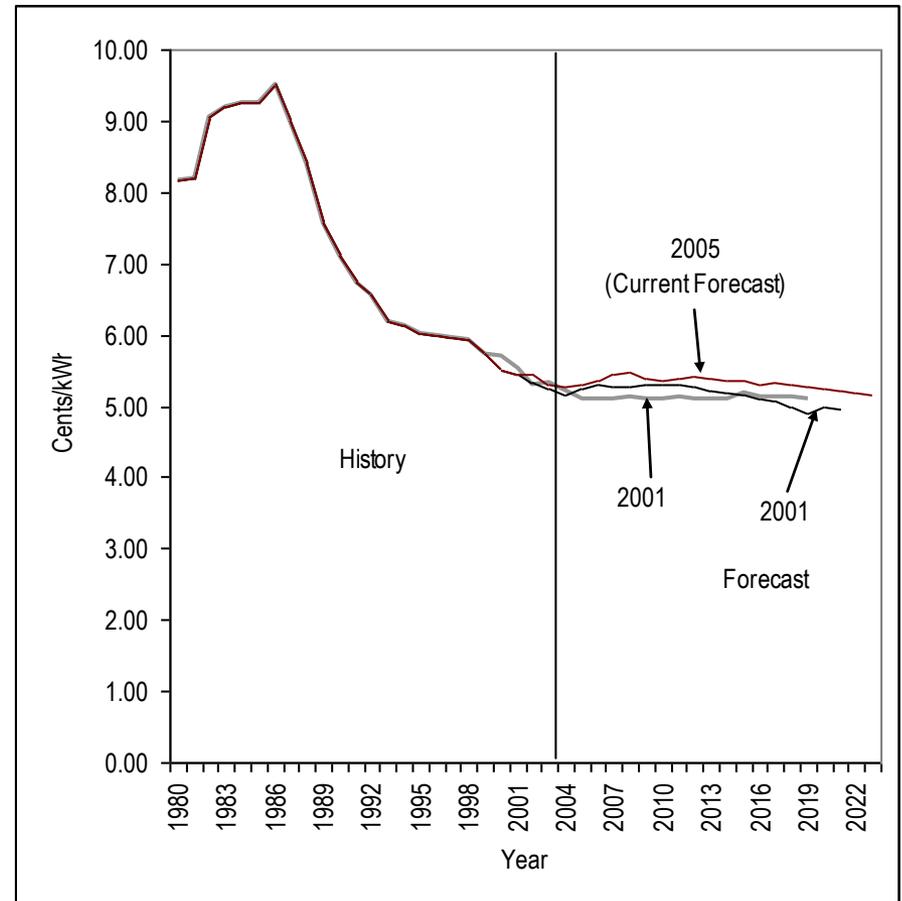
# Indiana Resource Requirements

	Uncontrolled Peak Demand	Interruptible	Net Peak Demand	Existing/ Approved Capacity	Incremental Change in Capacity	Projected Additional Resource Requirements				Total Resources	Reserve Margin
						Peaking	Cycling	Baseload	Total		
2003				19839							
2004	19917	750	19167	21058	1219	240	410	320	970	22028	15
2005	20361	761	19599	21355	296	410	470	450	1330	22685	16
2006	20833	781	20052	21345	-10	490	670	600	1760	23105	15
2007	21278	792	20486	21278	-67	620	860	750	2230	23508	15
2008	21624	804	20820	21493	215	760	930	670	2360	23853	15
2009	22018	817	21201	21493	0	890	1050	880	2820	24313	15
2010	22541	829	21712	21934	441	860	1170	940	2970	24904	15
2011	23006	839	22167	21869	-65	930	1190	1420	3540	25409	15
2012	23474	853	22620	21804	-65	1060	1250	1810	4120	25924	15
2013	23984	863	23121	21704	-100	1300	1340	2140	4780	26484	15
2014	24543	876	23666	21704	0	1460	1430	2490	5380	27084	15
2015	25096	890	24206	21601	-103	1730	1520	2840	6090	27691	15
2016	25694	903	24790	21601	0	1910	1610	3220	6740	28341	15
2017	26276	913	25362	21260	-341	2150	1960	3600	7710	28970	15
2018	26882	928	25954	21260	0	2330	2030	4030	8390	29650	15
2019	27512	938	26574	21260	0	2430	2110	4520	9060	30320	15
2020	28163	952	27211	21097	-163	2730	2180	5030	9940	31037	15
2021	28819	963	27855	21097	0	2860	2250	5540	10650	31747	15
2022	29503	977	28526	21044	-53	3090	2340	6030	11460	32504	15
2023	30185	989	29196	21044	0	3240	2420	6560	12220	33264	15

- 1 Uncontrolled peak demand is the peak demand without any interruptible loads being called upon.
- 2 Net peak demand is the peak demand after interruptible loads are taken into account.
- 3 Existing/approved capacity includes installed capacity plus approved new capacity plus firm purchases minus firm sales.
- 4 Incremental change in capacity is the change in existing/approved capacity from the previous year. The change is due to new, approved capacity becoming operational, retirements of existing capacity, and changes in firm purchases and sales.
- 5 Projected additional resource requirements is the cumulative amount of additional resources needed to meet future requirements.
- 6 Total resource requirements are the total statewide resources required including existing/approved capacity and projected additional resource requirements.

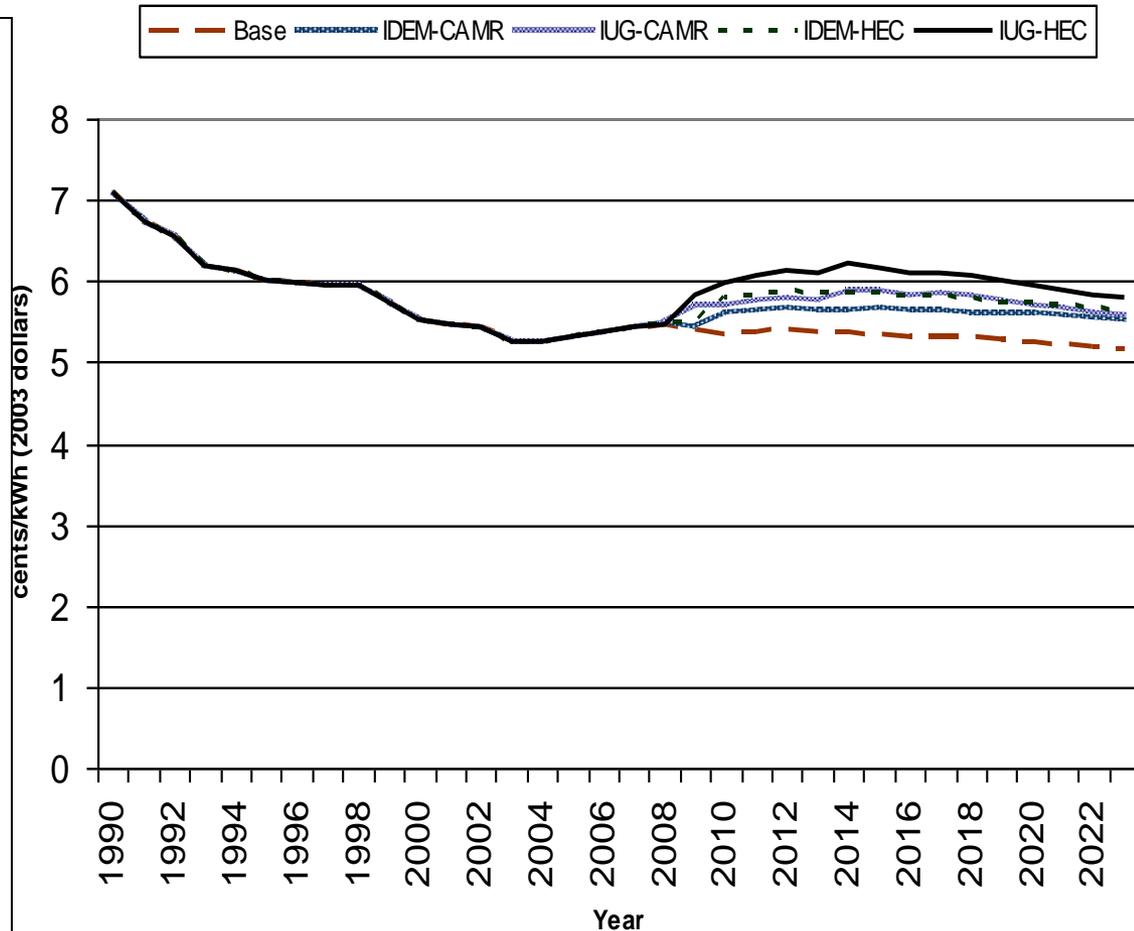
# Indiana Real Price Projections (2003 \$)

- Effect of inflation removed
- 2005 forecast did not include cost of new emissions control devices for CAIR and CAMR
  - SUFG has worked with IDEM to estimate the cost impact
- Does include the cost of new resources



# Clean Air Interstate Rule and Mercury Impacts

- ❑ SUFG released a report this spring on the impact of CAIR
  - ❑ 5 to 8.5 percent price increase over 2005 base case
- ❑ SUFG intends to release a report this month on the impact of mercury reductions
  - ❑ 6 to 15 percent price increase over 2005 base case



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# Growth in Electricity Use

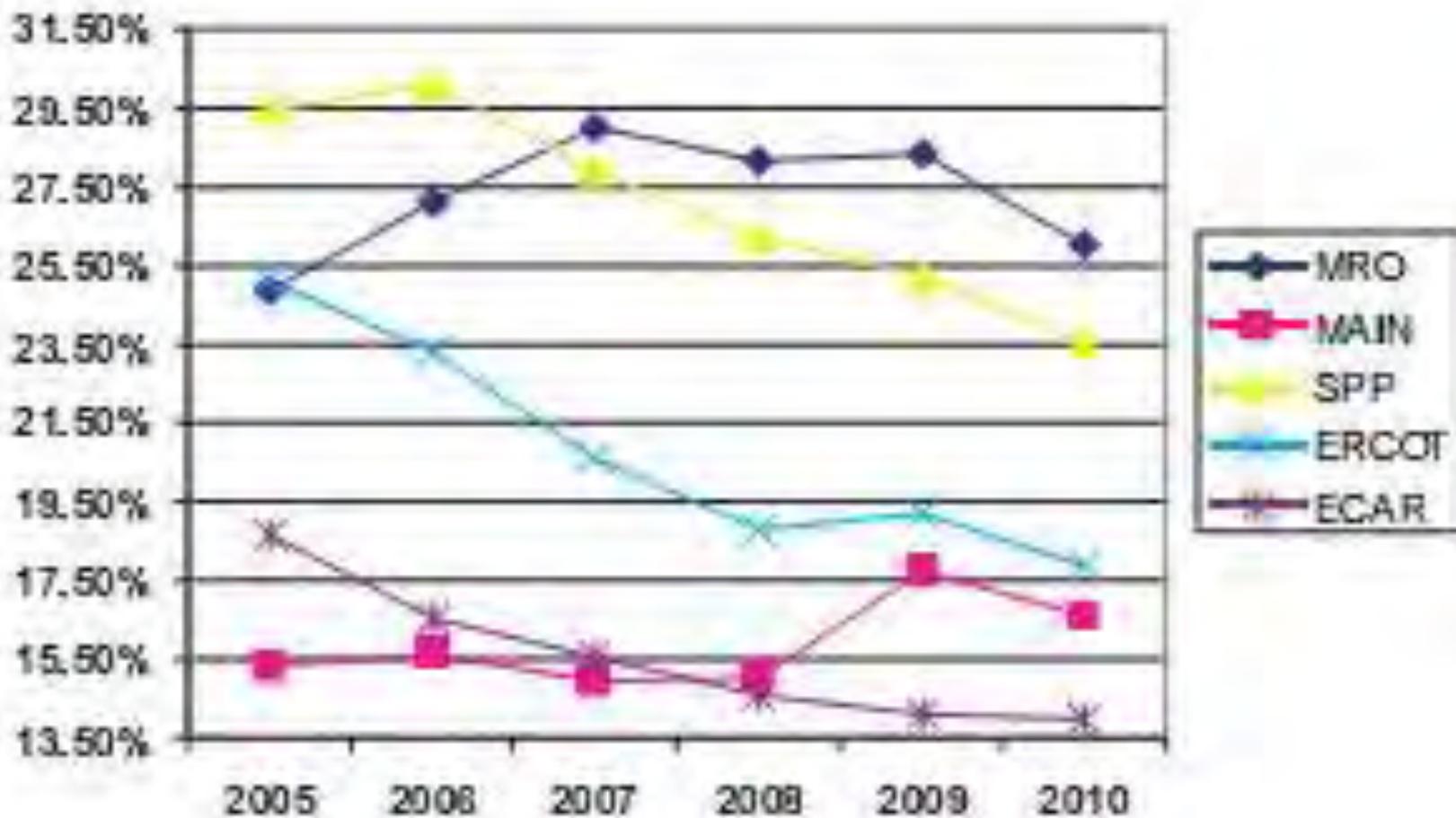
- ❑ Economic development
  - ❑ Toyota adds production at Lafayette SIA plant
  - ❑ Honda announces new plant near Greensburg
  - ❑ Several new ethanol production facilities
- ❑ Suppliers will increase production and the suppliers' suppliers will increase production
  - ❑ e.g., an increase in automobiles may result in an increase in steel. Indiana is #1 steel producer.

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# Growth in Electricity Use, cont.

- The employees of these facilities will need places to live (6:1 “ripple” jobs)
  - Increase in consumption of residential electricity
- A number of these jobs are relatively high paying
  - Larger houses with more gadgets that consume energy
- The employees of these facilities will need places to shop, be entertained, and have their children educated
  - Increase in consumption of commercial electricity

# Declining Reserve Margins



Source: Megawatt Daily, January 3, 2006

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# Impact of Reserves

- High reserves mean high electricity rates
  - See Indiana, circa 1985
- Low reserves mean greater risk
  - Subject to the whims of a volatile wholesale market
    - day ahead prices roughly tripled during the early August heat wave
  - Greater reliance on natural gas-fired generators
    - natural gas prices also went up during the heat wave
  - Reliability

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# Potential Resources

## Merchant facilities

- Approximately 3,000 MW of natural gas-fired capacity, some of which is committed to Indiana utilities, some may be committed out-of-state
- One new merchant plant petition to IURC since 2001 (Orion wind farm, 2006)

## Out-of-state

- Declining regional reserve margins indicate that there is not a substantial amount of excess capacity in nearby states
- Michigan PSC released a report last year indicating the state would need additional baseload capacity

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# Potential Resources, cont.

- New construction

- Substantial time needed for environmental/regulatory permitting, engineering, and construction work

- Energy efficiency, conservation, DSM

- Utility efforts have focused on load shifting programs rather than efficiency gains (interruptible loads, direct load control, voluntary conservation calls)



# Fuel Sources for New Resources

## Coal

- Environmental permitting, construction time

## Natural gas

- Fuel cost

## Nuclear

- Permitting, public opposition, construction time

## Wind

- Limited resource, intermittent supply

## Solar

- Limited resource, cost, intermittent supply

## Biogas

- Limited resource

The Indiana state flag is partially visible on the left side of the slide. It features a blue field with a yellow torch in the center, surrounded by yellow stars. The word "INDIANA" is written in yellow on a blue banner above the torch. The bottom of the flag shows the red and white stripes of the American flag.

# Natural Gas

- Indiana has little direct control of natural gas prices
- In 2004, according to EIA (billion cubic feet)
  - Indiana production 3
  - Indiana imports 2,402
  - Indiana exports 1,889
- Options for reducing exposure to high prices are limited
  - futures prices are high
  - increase production (syngas, biogas)
  - reduce consumption (efficiency)



# Indiana Chamber of Commerce Energy Leadership Elements

- A diversified fuel mix including clean coal technologies, natural gas, nuclear and renewable energy sources
- Investment in new energy technologies such as the fuel cell
- Assessment of our electric power infrastructure, including transmission and distribution capabilities



# Indiana Chamber of Commerce

## Energy Leadership Elements

- Sensible regulatory controls that promote the responsible building of new electric power stations

Energy efficiency and conservation

