

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY**

**Seventy-sixth Session
April 25, 2011**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Michael A. Schneider at 1:32 p.m. on Monday, April 25, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Michael A. Schneider, Chair
Senator Shirley A. Breeden, Vice Chair
Senator David R. Parks
Senator Allison Copening
Senator James A. Settelmeyer
Senator Elizabeth Halseth
Senator Michael Roberson

STAFF MEMBERS PRESENT:

Scott Young, Policy Analyst
Matt Nichols, Counsel
Linda Hiller, Committee Secretary

OTHERS PRESENT:

Rose McKinney-James, The Solar Alliance; Bombard Renewable Energy;
Amonix, Inc.
Chris Brooks, Bombard Renewable Energy
Shawn O'Meara, Aspen Electric LLC
Luke Busby, Clean Energy Center LLC
Joe Johnson, Sierra Club, Toiyabe Chapter
Kyle Davis, Nevada Conservation League
Warren B. Hardy II, Ex-Senator, Hamilton Solar
Chad Dickason, Hamilton Solar
Danny Thompson, Nevada State AFL-CIO

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Jason Geddes, Environmental Services Administrator, City of Reno
Judy Stokey, NV Energy
John Owens, NV Energy
Rebecca D. Wagner, Commissioner, Public Utilities Commission of Nevada
Trevor Hayes, China Mountain Wind LLC; RES America Developments, Inc.
Jesse Wadhams, Ormat Technologies, Inc.
David Goldwater, Sierra Nevada Corporation
Josh Griffin, Biodiesel of Las Vegas
Carlo F. Luri, General Manager, Bently Biofuels
Paul Enos, Nevada Motor Transport Association
John Sande III, Western States Petroleum Association

CHAIR SCHNEIDER:

We will open the hearing on Senate Bill (S.B.) 496. This is an energy bill introduced by Senator Steven A Horsford. There are two parts to this bill, one pertaining to biodiesel fuel and the other pertaining to solar energy. We have heard the solar portion before from Rose McKinney-James.

SENATE BILL 496: Makes various changes relating to renewable energy.
(BDR 58-1280)

ROSE MCKINNEY-JAMES (The Solar Alliance; Bombard Renewable Energy; Amonix, Inc.):

I know the Committee is aware of attempts to identify other vehicles to establish a position for the distributive generation aspect of the solar industry. Distributive generation refers to systems on homes, small businesses and small commercial sites. The Solar Alliance is a 31-member organization of solar companies, distributors, financiers and installers. The members work in a number of states to advance policies establishing and sustaining a market for distributive generation into the future.

This amendment ([Exhibit C](#)) establishes a goal for the next ten years. The goal is for a commitment to 250 megawatts of distributive generation. This goal puts us on a path to establish at least 600 local job opportunities annually.

The SolarGenerations program was created several years ago based on a charge that every ratepayer had to pay. This 2011 proposal offers customer choice. The Solar Alliance has taken the Committee's past comments into consideration in creating the amendment. We are very interested in how this proposal affects

ratepayers, so in this amendment, we have replaced the up-front rebate program with a performance-based incentive. This will spread the cost over time during the 10-year commitment. This would affect *Nevada Revised Statute* (NRS) 701B.260. We are proposing a cap on the rates and also that the program cost no more than 1 percent of the utility's combined revenue from the previous year. We want NV Energy to recover incentives over a long period of time, so we propose to keep the Renewable Energy Program Rate charge flat, making the impact to the company and the ratepayer predictable.

We want to simplify the participation categories into residential and nonresidential, removing some of the distinctions currently in the program, including school property, public, private and residential property. We propose to divide the incentives according to revenue share. This would require the Public Utilities Commission of Nevada (PUCN) to direct the utilities to allocate their expenditures for the incentives according to the proportion of the utility's revenue derived from each participant category.

We also propose to make room for more renewables. This will take advantage of existing policy in Nevada and provide a market for the portion of the solar industry that employs installers, electricians, engineers and other individuals who could work in this industry into the future.

We also suggest raising the existing limit of 1 percent of NV Energy's peak load to 2 percent. This matches what is being done in other western states. By the end of 2011, renewable-energy users in Nevada will probably hit that 1 percent cap, so we are trying to prepare for the future by raising the cap.

We also propose to increase the system size for the net metering cap to allow all retail customers to participate in net metering billing arrangements. We would do this by increasing the individual system cap from a flat 1 megawatt to a rule that systems sized to supply no more than 120 percent of the average annual consumption of electricity by the end-use consumer can be net metered.

To ensure that all customers who pay into this process participate, we want to ensure that every kilowatt-hour produced is counted. We propose allowing NV Energy customers to credit production in the summer to be used in the winter. Only a limited number of customers are able to do this now.

I do want to speak to what this amendment is not. It is not perfect. It does take into consideration a number of common interests and concerns discussed by many in the solar industry. It is not an attempt to reduce or be detrimental to other sources of renewable energy. We are not trying to limit wind or geothermal energy cultivation. We are trying to establish a baseline for solar energy, and in particular, we are focused on distributive generation.

I am submitting a background letter ([Exhibit D](#)) from Carrie Cullen Hitt, the president of The Solar Alliance.

SENATOR ROBERSON:

Would you be fine if we just passed your portion of the bill and took out the biodiesel portion?

MS. MCKINNEY-JAMES:

I believe that as a leadership bill, this was intended to be presented in total. I would defer to the proponents of the biodiesel portion of the bill, but my main interest is in the solar component.

As someone who has been around for a while pushing solar energy use, I understand this process, combined with the other bills in the Assembly, will require additional discussion. I am open to that.

CHRIS BROOKS (Bombard Renewable Energy):

This proposal is necessary to continue the momentum created in the last several years regarding distributive generation renewable energy. It puts in place some performance incentives for higher performing systems and companies. It also installs some cost caps that protect consumers. It would continue to help solar companies grow in this tough economy. This statute, NRS 701B, has been a major driver for our hiring in the last couple of years while everything else in the construction industry has receded.

SHAWN O'MEARA (Aspen Electric, LLC):

I am a small electrical contractor based in Reno. The progress we made with the original bill, S.B. No. 188 of the 75th Session, has been the only driver for my company. Because of the rebate system, I went from a one-man, one-truck shop working out of my house to having, at times, 17 employees. Without this bill, it never would have been possible. I support S.B. 496.

LUKE BUSBY (Clean Energy Center LLC):

We are a small distributive generation and large project developer in Reno. We support this bill.

JOE JOHNSON (Sierra Club, Toiyabe Chapter):

We support this measure. We have supported distributive generation during the time we have had net metering and distributive generation in our program. We hope to create an industry that is sustainable. One of our concerns has been that in the past, the utility put up a lump sum to meet the commitments of the existing program as it went through transition. We feel that should be included in the portion of this bill dealing with the cap on the incentive program.

Separate from the issues in this bill, we still have the ongoing concern of the impact of increasing the distributive generation significantly without dealing with the issue of the 2.4 multiplier since the reasons for using it are no longer applicable. We will work with everyone on this bill.

KYLE DAVIS (Nevada Conservation League):

We support this bill and think it takes this program in the right direction. It will be more efficient for the ratepayers. There will be more solar installed on more roofs for the same cost to the ratepayer. We are in favor of that because it will create jobs and result in more renewable energy going onto the grid.

I agree with Mr. Johnson's concerns about the 2.4 multiplier because it would result in less solar being on the grid for the amount installed. The goal is to get more renewable energy installed, create jobs and have the resulting beneficial effects to customers of more renewable energy available and reduced pollution. We will work with everyone on this proposed bill.

SENATOR SETTELMAYER:

The portfolio states we have to be at 15 percent renewable energy by 2015. This bill gets more into the discussion of distributive generation versus the utility-scale providers. On the conservation aspect, I am bothered because the utility-scale providers can provide energy more economically and conservatively. What is your opinion of this?

MR. DAVIS:

The cost-effectiveness of an energy procurement system varies from technology to technology and the size of the system. We have supported legislation

regarding this specific program with the rebates for distributive generation. We have also supported legislation that advances large-scale renewable development. Large-scale development obviously has to be done in a way that has the least amount of impact on our public lands and habitats. Distributive generation is being installed on areas that are already disturbed; we do not see environmental impacts to the same degree with these projects as we do with larger projects. Sometimes things can be done more efficiently with large-scale projects, so we support a mix of both approaches as we implement more renewable energy

WARREN B. HARDY II, Ex-Senator (Hamilton Solar):

We are strongly in favor of the performance-based incentive in this proposed bill, which is absolutely critical to us being able to continue to provide jobs.

CHAD DICKASON (Hamilton Solar):

We are the largest distributive generation company in northern Nevada, and we work with many of the smaller local installers. While we are in total support of performance-based incentives, we want to make sure these local companies can still compete as the market grows.

One of the things missing from this bill is the creation of a carve-out for residential customers. This would be a small portion of the market allowing systems up to 5 kilowatts to continue to receive an up-front rebate as they do now. We realize this is not the optimal approach for the long-term, but in the short-term we think it will benefit smaller installers. Otherwise, they would have difficulty obtaining financing to grow their businesses.

We recommend removing one small piece of the NRS to allow for companies, as soon as this bill is passed, to sell and install solar systems immediately without losing the incentive opportunity. Even if the customer would not receive the incentive until the following year, we think they should have the chance to participate in the incentive program. This way, the smaller installers could continue to maintain their staff while waiting for the PUCN to determine policies.

Lastly, one of the things we really appreciate in this bill that had not been in other legislation is the time-use issue to which Ms. McKinney-James referred.

DANNY THOMPSON (Nevada State AFL-CIO):

The intent of the first solar set-aside bill was that the set-aside would be for photovoltaic programs and be distributive in nature. It was intended to create more jobs and opportunities for small businesses to be creative. In the end, what happened was Acciona Solar Power built a concentrated solar plant in Eldorado Valley in southern Nevada. Our intention was that it be a distributive system, though, to create more jobs. We support this bill and would like to work with the Committee and those working on the bill.

JASON GEDDES (Environmental Services Administrator, City of Reno):

In the City of Reno, we have installed 310 kilowatts of solar energy to date and are in the process of installing another 1 megawatt of solar. We support this bill and would like to work with the group, specifically on section 8 and section 9. When we were installing a big system at our wastewater treatment plant, we ran into the time-of-use issue and how big a system could be, and these sections could resolve those issues.

JUDY STOKEY (NV Energy):

Eighteen months ago, our new distributive generation carve-out program was instituted, and it has been successful. We would like to see that program play out. Last Session, we agreed to a total of \$255 million in incentives. We believe this bill will triple that amount over the prescribed time period. We at NV Energy have been leaders in renewables and have supported incentive programs in the beginning with the intent to phase them out eventually. We do not want our customers to have to continue to pay incentive bills into the future.

JOHN OWENS (NV Energy):

Since the last Session, when we had approximately 3 megawatts of distributed solar installed statewide, we have recently hit the 11-megawatt mark, and we have another 24 megawatts under development. The programs today accommodate those projects that are less than 1 megawatt. For larger projects, we issue requests for proposals (RFPs) twice a year. We offer a wide variety of ways for customers to develop solar in Nevada. We are asking why expand the current carve-out for the most expensive form of renewables, which is distributed solar? This bill would triple the existing carve-out. Even with our aggressive renewable portfolio standard (RPS), this would replace lower-cost renewable technologies such as large-scale solar, wind and geothermal.

If we were to develop a program this large, given what we are already working on and planning for, it would require us to defer or cancel future large-scale development. This is an unintended outcome, we realize, but it would result in exporting some of our lowest-cost renewables out of Nevada, rather than using them here by our customers.

We do have some other areas needing clarification with this proposed bill. I did not see a sunset date. I saw a 1 percent cap for revenues, but no mention of \$250 million over the next 20 years as a cap. Also, these energy systems can last for 20-25 years, but there was only mention of a 10-year contract in the proposal. The biggest policy issue we question is why it is in the State's interest to expand the carve-out for small-scale renewables relative to other renewable options available to us.

CHAIR SCHNEIDER:

I would like to ask Rebecca Wagner from the PUCN to comment on the \$250 million that NV Energy indicated would triple under this proposal.

REBECCA D. WAGNER (Commissioner, Public Utilities Commission of Nevada):

I cannot determine how this bill would triple that figure. Assuming 1 percent is roughly \$30 million for the next 10 years, that would only be \$300 million. I do not know if it is the dollar amount being tripled, or the capacity amount.

MR. OWENS:

The current statute provides funding for approximately \$250 million through 2020. That was based on the assumption we would hit 1 percent of the peak demand for both utilities over the time period allowed, which is roughly 70 megawatts. This proposal suggests 250 megawatts, which is more than triple the current mandate, so that is the basis of our figure, which refers to capacity. Regarding cost, if you are tripling the capacity and suggesting that 1 percent per year is required to accomplish that, then over 20 years at \$30 million, it adds up to \$600 million. We also have projects under development for \$140 million. That is how we got to the \$750 million estimation.

TREVOR HAYES (China Mountain Wind LLC; RES America Developments, Inc.):

The company I represent has approximately 4,207 megawatts in wind-harnessing renewables and another 1,000 megawatts in development, which is roughly 10 percent of the U.S. wind industry. We do support all our

fellow renewable-energy companies, including those doing distributive generation at the utility level. We think this bill is premature, however. Since NV Energy already has 11 megawatts of distributive generation and 24 megawatts in the pipeline, that is 35 megawatts and this is not even halfway to the statute goal of 72 megawatts. Carving out from the RPS a set-aside for distributive generation cuts into the amount of utility-scale renewables. The China Mountain Wind Project, which straddles the Nevada/Idaho border, will produce 200 megawatts of wind power. Phase II proposed another 200 megawatts, and there is also a solar project in the works which will produce 100 megawatts. The large utility companies provide energy more economically, create jobs and are more accountable and sustainable. We recommend moving forward with this proposal again when the allocation for 72 megawatts has been met.

JESSE WADHAMS (Ormat Technologies, Inc.):

We, too, are concerned at carving out solar requirements at the expense of other renewable-energy sources, specifically geothermal. We want to continue to develop more geothermal technology here in Nevada, but carve-outs at the expense of the utility scale do concern us.

CHAIR SCHNEIDER:

I know businesses protect their turf, and this is understandable. Those opposed to this proposal do not want the large-scale energy providers put at risk, but they depend on transmission lines. This is a major cost, and there is energy loss over those lines, which is another cost. These are things the Committee needs to keep in mind.

MS. MCKINNEY-JAMES:

As far as displacing other renewable-energy sources, we realize this is a balance. There is a measure in the Assembly which should help smaller developers of other sources, and we are not opposed to this. We do want to move away from the up-front rebates. The representatives of NV Energy referenced a \$255 million budget which they are calling a carve-out. Last Session, Solar Alliance requested a carve-out of the RPS for distributive generation. This proposal was rejected, so we found a way to deal with unused megawatts. In 2010, the utility allowed \$140 million worth of projects, but at the highest rebate amount of \$5. These rebates were supposed to decrease over time as the efficiency and cost-effectiveness of the technology improved. The plan was always to reduce and mitigate the impact on ratepayers. This is

not a carve-out proposal. The budget was established for distributive generation with the understanding we would continue to work on this effort. As we saw the \$140 million allocated in the \$255 million budget, we felt obligated to find a way to create a smooth path.

DAVID GOLDWATER (Sierra Nevada Corporation):

We are neutral on this bill and will work with the Committee. I have submitted my testimony, which also includes a proposed amendment to section 7 regarding the 500-kilowatt cap ([Exhibit E](#)).

MS. MCKINNEY-JAMES:

Regarding the 500-kilowatt cap, the original proposal was at 1 megawatt, the same level for net metering. We thought the smaller cap would allow us to expand the program to include small commercial interests. We may want to increase that cap in the future, but we lowered the cap from 1 megawatt to 500 kilowatts in direct response to some of the concerns expressed by NV Energy.

CHAIR SCHNEIDER:

I have received a report from the Ernest Orlando Lawrence Berkeley National Laboratory regarding a study titled "An Analysis of the Effects of Residential Photovoltaic Energy Systems on Home Sales Prices in California" ([Exhibit F](#)). We will open discussion on the second portion of the bill, the biodiesel section.

JOSH GRIFFIN (Biodiesel of Las Vegas):

For the last 10 years, this legislative body has introduced, deliberated and acted upon hundreds of bills dealing with the creation, expansion and definition of a RPS for Nevada. Nevadans spend roughly \$3.5 billion on electrical energy and \$7 billion on fuel. Of the \$10.5 billion of total energy costs, 60 percent to 70 percent is spent on fuel. Yet there really has not been a serious discussion about domestic, renewable or environmentally sensitive fuels.

I know there has been much discussion about the performance of biodiesel fuel, especially from the trucking industry, the biggest consumer of this fuel. Cold weather performance has been of concern, depending on the source of the biodiesel and the outdoor temperature. That was then. Today's biodiesel formulations perform comparable to petroleum diesel. I have submitted my written testimony ([Exhibit G](#)). I also have submitted a proposed amendment ([Exhibit H](#)) which, among other things, attempts to distinguish biodiesel fuel

from petroleum diesel fuel. We do want all the companies producing biodiesel to flourish and our intention with this amendment is that all companies can blend their biodiesel with pure petroleum diesel.

SENATOR ROBERSON:

Your amendment establishes a new tax rate at 27 cents for biodiesel. What is the rate for B100 biodiesel fuel now?

MR. GRIFFIN:

It is 27 cents but it is tethered to petroleum diesel. This would keep the tax rates identical but would separate the definitions of the two diesels. This is not a tax increase.

SENATOR SETTELMAYER:

If we are trying to promote an industry such as biodiesel, why even tax it? I also wonder about the labeling and the gel points of the biodiesel.

MR. GRIFFIN:

Biodiesel is strictly regulated and should not be a problem for gel points. If a fuel is sold which does not meet the standards defined in statute, the seller must disclose that they are not meeting the standard. The gel points for B5 biodiesel are identical to the gel points for 100 percent petroleum diesel.

SENATOR SETTELMAYER:

My other concern is where customers are going to find biodiesel. It is hard enough now to find a place that sells diesel and also allows a larger rig enough clearance to get in and buy the fuel. I am also concerned the mandate could eliminate the choice of fuels, which would limit our choices.

MR. GRIFFIN:

Biodiesel increases the supply of diesel fuel. This mandate could provide for the production of 30 million gallons of Nevada-based fuel.

SENATOR ROBERSON:

In previous testimony, you have referred to yellow grease in the manufacture of biodiesel fuel. At that time, you said there were 4 million to 8 million gallons in the State. What do you do when that is gone? Does that stabilize our fuel prices?

MR. GRIFFIN:

Right here in Nevada, some industries are starting to create their own agriculture supply for biodiesel fuel. We have used approximately 4 million gallons of yellow grease which converts almost entirely to biodiesel fuel. We do not know how much yellow grease exists in the State, but we do have a fairly high concentration of restaurants due to our tourist economy. In southern Nevada, those restaurants generate a lot more yellow grease and recyclable cooking oil per capita than most other cities. We anticipate about 8 million gallons of yellow grease being available. When you have a manufacturing facility that can produce 15 million-25 million gallons per year of this fuel, the value of yellow grease as a commodity increases and can become an incentive to other businesses to offer their yellow grease and used cooking oil for sale.

CARLO F. LURI (General Manager, Bently Biofuels):

We have been producing and using biodiesel fuels in Minden for the past six years. It has been well documented that biodiesel fuels significantly reduce pollutants and emissions from diesel engines. That benefits all citizens of Nevada. Biodiesel is a largely domestic fuel, so all the money spent on biodiesel stays in the State and national economy. We cannot say this about fossil fuels, which we largely import.

Regarding the cold flow issue, B5 biodiesel blend has been used in millions of fleet miles across the United States. It can be winterized to perform as well as petroleum diesel. We have several clients in the Lake Tahoe Basin who use biodiesel at a 5 percent blend with no problems. This includes some of the ski resorts operating ski run grooming equipment at 10,000 feet in cold environments. If the fuel is properly treated, it works very well in cold environments.

As to vehicle warranty issues which have been brought up in the past, the B5 biodiesel meets engine requirements for every known U.S. diesel engine manufacturer. Up to 5 percent biodiesel is included in the American Society for Testing and Materials specifications for petroleum diesel fuel.

Our fuel is priced very competitively now, and it is reasonable to expect fossil fuels to increase in cost. We think biofuels mitigate those price increases. Biodiesel is recognized by the U.S. Environmental Protection Agency as an advanced biofuel. It reduces carbon dioxide emissions to the environment and is the only advanced biofuel that is commercially available.

CHAIR SCHNEIDER:

We have talked about how the biodiesel operates in the cold, but most of our State population is in the heat. How does it work there?

MR. LURI:

There is no performance difference in heat. The cold flow problems have been associated with the high percentage biodiesels, which is not what is being proposed here.

MR. THOMPSON:

We see this as an opportunity to create jobs, either in the construction of these facilities or in growing agricultural crops to make the biodiesel fuel. We need to put Nevadans back to work. We support this bill.

CHAIR SCHNEIDER:

There is a facility in Las Vegas opening soon. Where is it?

MR. THOMPSON:

It is in North Las Vegas.

MR. DAVIS:

We support this legislation. Biofuel uses waste in our State and turns it into something valuable we can put into our fuels to reduce emissions.

MR. GEDDES:

We have been running B5-B20 biodiesel in our fleets since 2004 with a goal to go to B50. We have to get our supply from out-of-state but would like to buy it from in-state producers. When we started, we were paying around \$1.40 per gallon for diesel. We are getting close to \$4 per gallon now, and it is not the biodiesel that has been hurting our price, it is the petroleum diesel.

CHAIR SCHNEIDER:

People talk about competition in the oil business, but it is really not a competitive business.

PAUL ENOS (Nevada Motor Transport Association):

We are opposed to this bill. We are in support of the voluntary use of biodiesel fuel and of the voluntary use of any other fuels. The trucking industry is very diverse, and we want to give our members the choice of what kind of fuel they

choose to use. Implementing a mandate takes that choice away. The previous testifiers are correct that with B5 biodiesel, there will not be issues with warranties, cold performance, etc. This is dependent on the fuel being good, however.

To say biodiesel is one product is misleading. It is made out of different things. It can be made out of canola oil, which would affect the cold weather operability less than soy, and soy-based biodiesel would be better than animal fat-based biodiesel. Making biodiesel is a pretty easy thing to do, but it is difficult to make consistently good biodiesel. That is one of the most significant challenges, and if you have bad fuel in your tank, you could have problems.

Biodiesel also acts like a solvent, which requires more frequent fuel filter changes than with 100 percent petroleum diesel. Biodiesel also limits productivity because of this, so our members with large- or medium-sized fleets have to deal with that.

CHAIR SCHNEIDER:
Who is in charge of regulating fuel in the State?

MR. ENOS:
That would be the Division of Measurement Standards, State Department of Agriculture.

CHAIR SCHNEIDER:
Do they regularly check the fuel?

MR. ENOS:
We would hope so, but the only state with a robust program to check their fuels is Minnesota. In a time of limited resources in our State, those programs seem to have fallen by the wayside.

CHAIR SCHNEIDER:
I have purchased bad unleaded gas from a gas station in Las Vegas, and it clogged my fuel injectors.

MR. ENOS:
Yes, that can happen, but adding biodiesel to the fuel does make it more difficult to ensure that we are getting a quality product. The cost of biodiesel is

lower right now, but that is because there is a market incentive to keep the cost down. If there is a mandate, the incentive will go away, because producers will have a guaranteed market for their product.

The proposed amendment states that Nevada would have to produce 7.5 million gallons of biodiesel in three months. I am not sure what is meant by "capacity" in the language of the proposed amendment. The price of yellow grease or soybean oil can fluctuate like any commodity. Today, a barrel of yellow grease costs \$144.11 and a barrel of soybean oil costs \$182.51, but a barrel of crude oil is \$112.25. The feedstock of the biofuel is now more expensive than the petroleum-based diesel, and there is a tax incentive for the biodiesel now.

Where are we going to get the feedstock? My members would be happy to truck it in, but the rest of the trucking industry who will have to use the fuel may not be so happy. The reason they have these mandates in other states like Oregon, Louisiana and Washington is that they grow the feedstock. We do not do that here. If we only have 8 million gallons of yellow grease available here in Nevada, are we going to have to import another 22 million gallons of yellow grease or soybean oil to make a domestic product? That will result in increased cost to everyone, and if truckers do not want to use the biodiesel in their trucks, they are going to buy it outside of Nevada.

CHAIR SCHNEIDER:

Do you know if there is a biodiesel mandate in Utah, California or Arizona?

MR. ENOS:

No. This is an economic mandate that would benefit the producer of one type of fuel.

CHAIR SCHNEIDER:

What would make you happy with the amendment? Would you like to draw a line so you only have southern Nevada participating to avoid the cold fuel problem?

MR. ENOS:

We would appreciate no mandates in the amendment.

JOHN SANDE III (Western States Petroleum Association):

We support free enterprise and believe mandating biodiesel will be detrimental to the State. The issue of renewable fuels is being addressed at the federal level through the Energy Independence and Security Act of 2007. That act requires the volume of renewable fuel blended into transportation fuel to increase from 9 billion gallons in 2008 to 36 billion gallons in 2022. Also, the federal fuel standard requires 800 million gallons of biomass-based diesel be blended into the diesel pool in 2011, increasing to 1 billion gallons in 2012. We believe the State should not impose mandates but allow the federal program to evolve. Washington and Oregon have 2 percent biodiesel mandates, and the governor of Washington recently lowered the requirement for the ferry system by 75 percent due to biodiesel cost concerns.

The EPA Website reports that biodiesel is now more expensive and less fuel-efficient than conventional diesel. Historically, biodiesel was reported to reduce pollutants and greenhouse gas emissions such as carbon dioxide. Recent studies cast doubt on this assumption. California requires new fuels to go through extensive study and recently reported a mixed picture.

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CHAIR SCHNEIDER:

I have received a letter from the Nevada Manufacturers Association ([Exhibit I](#)). We are closing the hearing on S.B. 496 now and will adjourn this hearing of the Senate Committee on Commerce, Labor and Energy at 4:20 p.m.

RESPECTFULLY SUBMITTED:

Linda Hiller,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A	Agenda	
	B	Attendance Roster	
S.B. 496	C	Rose McKinney-James	Solar Alliance Proposed Amendment
S.B. 496	D	Carrie Cullen Hitt	Letter
S.B. 496	E	David Goldwater	Proposed Amendment, Testimony
S.B. 496	F	Berkeley Lab	Report
S.B. 496	G	Josh Griffin	Testimony
S.B. 496	H	Josh Griffin	Proposed Amendment
S.B. 496	I	Nevada Manufacturers Association	Letter