



Utah State Legislature

Governor's Energy Advisor Report

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Office of Energy Development Report

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September 21, 2011



Energy Advisor Report - 2011

- Status and development of Utah's energy resources.
- Update on Governor Herbert's 10-Year Strategic Energy Plan
- Implementation of the Plan and Utah Energy Policy
- Report from Office of Energy Development



Economic Outlook 2011 (GOPB)

- **Energy**—Consumption increased across the board in 2010 after declining in 2009 due to the recession. Crude oil production and electricity generation experienced new growth, while natural gas production declined from 2009-record highs and coal production continued its slide as several mines experienced expected and unexpected delays or shut-downs. Early indications are that 2011 will continue on the path of slow and cautious growth.

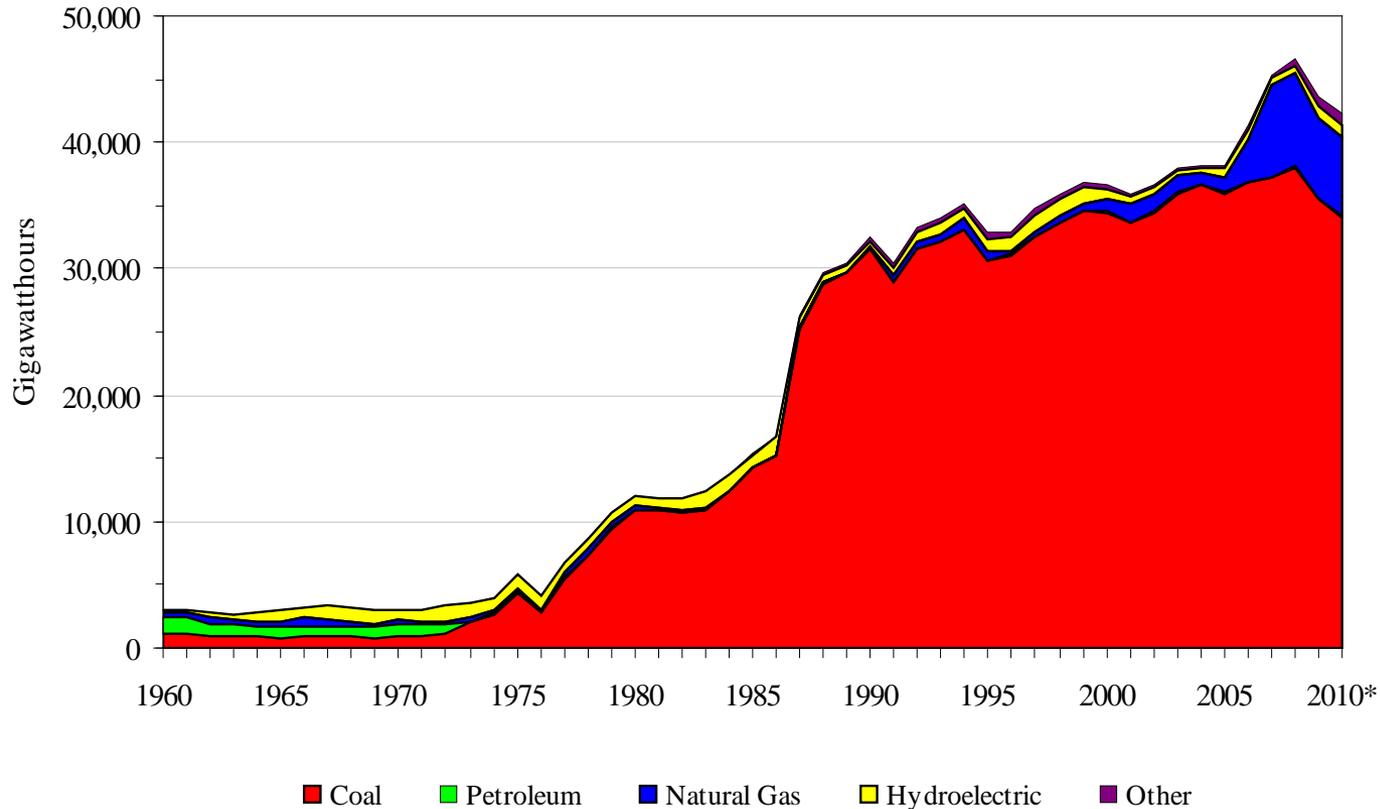
Utah's Energy Production - 2010

□	Natural Gas	437,006,934 (tcf)	-2.8%
□	Crude Oil	22,943 (thousand barrels)	7.5%
□	Coal	19,406 (thousand s/tons)	-11.5
□	Renewables	1,551,053(megawatthours)	.7

□ tcf = thousand cubic feet

Energy Use - 1960 to 2010

Figure 5.2 - Net Generation of Electricity in Utah by Energy Sources, 1960-2010





Energy & the Consumer

- ❑ Utah's average price of residential natural gas in 2010 was only \$8.21 per thousand cubic feet, the third lowest in the nation
- ❑ In 2010 - 81% of the electricity generated in Utah was from coal-burning power plants
- ❑ Sales of electricity in Utah increase an average of 4.3% each year.
- ❑ Utah's average price of residential electricity in 2010 was only 8.7 cents per kWh, the fifth lowest in the nation
- ❑ Utah is one of only eight states to produce electricity from geothermal sources

Energy & the Economy

□ What energy means to Utah's economy:

- 2011 Severance tax - \$59,855,286

Employment Baseline for Utah Energy and Natural Resource Industries.

Source: U.S. Department of Labor.

Total Employees (2011, 1 st quarter).....	23,128
Percentage of Utah's Total Workforce	1.9%
Total Wages (2010).....	\$1,506,188, 363
Percent of Utah's Total Wages (2010).....	3.3%
Percent of State's Average Monthly Wage (2010)	171.9%
Number of Companies/Firms (2011, 1 st quarter).....	1,139
Total Patents (2005-2009).....	162
Venture Capital Deals (2000-2008)	20
Public Deals (2000-2008)	11



Utah is Four Cornerstones Strong

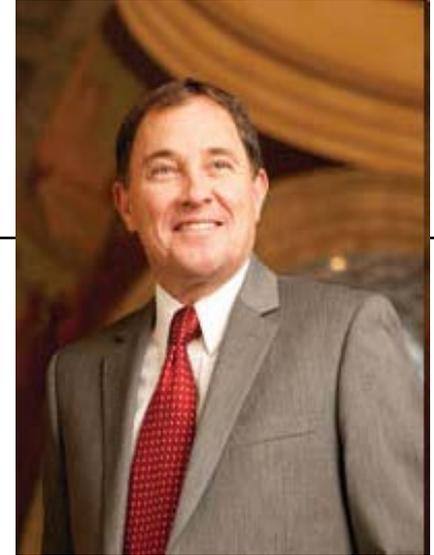
□ Governor Herbert's Priorities

- Education
- **Energy**
- Economic Development
- Self-Determination

“No other state can offer what Utah can. We are uniquely positioned in the Western Energy Corridor. Utah has a rich abundance of diverse natural resources, both in terms of traditional fuels, and renewable and alternative energies.”

~Governor Gary R. Herbert

Governor Gary R. Herbert
Energy Initiatives & Imperatives
Utah's 10-Year Strategic Energy Plan



Call to Action: Ensure access to affordable, reliable and sustainable energy by producing 25% more electrical energy than we consume by 2020.

Objective 1: Aggressively pursue innovations in energy efficiency and development.

Objective 2: Promote policies and practices for improved air quality

Objective 3: Encourage responsible energy resource development



Guiding Principles

1. Free Market Development of All Resources

- Legislative and Regulatory Oversight

2. Minimize and Mitigate Impacts

- Human, Environmental and Wildlife Habitat

3. Living and Evolving Document

- Best Practices Public Discussion with Stakeholders

4. Utility Costs

- Price Stability and Relative Affordability

5. Energy Independence

- Export and Economic Expansion Opportunities



Recommendations

- 1. Establish an Energy Office (HB475)**
 - Consolidate existing energy functions
 - Form State Energy Advisory Committee
- 2. Develop Plans to Keep Public Lands Open**
 - Coordinate efforts and leverage partnerships
 - Utilize the Governor's Balanced Resource Council



Recommendations (cont.)

3. Enhance Technology Advancement

- Develop a Research Triangle
- Leverage INL for clean fossil fuels

4. Review Role of Tax Incentives

- Use REMI to determine impacts
- Assess manufacturing and development tax credits



Recommendations (cont.)

5. Increase Regulatory/ Licensing Transparency

- Develop a long-range transmission
- Adjust regulatory framework for technologies

6. Reduce Energy Consumption State-Wide

- Support education and communication programs
- Expand EE programs and analyze incentives



Recommendations (cont.)

7. Diversify Transportation Fuels

- Reduce dependence on outside sources
- Build infrastructure and promote research

8. Lay Foundation for Base Load Growth

- Examine coal and natural gas supplies
- Facilitate nuclear dialogue and evaluate RE storage

Sufco Mine



Phase II Priorities





Governor's Energy Task Force

- **Chair: Amanda Smith, Governor's Energy Advisor**
 - Ted Wilson
 - Paul F. Barber, Parando
 - Robert T. Behunin, Utah State University
 - Spencer P. Eccles, Governor's Office of Economic Development
 - Bob Henrie, R&R Partners
 - Ronald W. Jibson, Questar Gas
 - Stan Parrish, Parandco
 - Derek B. Miller, Governor's Office
 - Robin Riggs, Salt Lake Chamber of Commerce



Governor's Energy Task Force (cont.)

- L. Douglas Smoot, Brigham Young University
- Richard Walje, Rocky Mountain Power
- Alan J. Walker, Utah Science Technology & Research Initiative and University of Utah
- Ally Isom, Governor's Office
- Samantha Mary Julian, Office of Energy Development



7 Priority Areas

- 1.** Base Load Fuels for Electric Production - Coal & Natural Gas
- 2.** Infrastructure/ Transmission/ Transportation
- 3.** Energy Resource and Technology Development as a Catalyst for Job Creation
- 4.** Energy Technology Research Triangle



7 Priority Areas (cont.)

5. Renewable Energy Development/Utility-Scale Energy Storage Technologies
6. Wasatch Front/Uintah Basin Air Quality Issues related to Energy Production and Consumption
7. Energy Efficiency, Conservation and Current Tax Incentives



Implementation of 10-Year Initiative

- Active working task force – developing and overseeing strategies
- Energy Coordinating Council: OED, DEQ, DNR, DOGM, SITLA, UDAF, PLPCO, GOED
- Greater coordination with PSC
- Working across agency boundaries: GOED, USTAR, OED & DOGM



Success to Date

- Appointment of Office of Energy Development Director and creation of office
- Uinta Basin Air Quality Initiative
- Energy Business Assistance
- One –Voice on energy from the State of Utah



Energy Coordinating Council

- **Will Tackle Issues on a Regional Basis**
- **Second Meeting Held in August**
- **Members**
 - Governor Office
 - Governor's Energy Advisor
 - Governor's Office of Economic Development
 - Department of Environmental Quality
 - Department of Natural Resources
 - Office of Energy Development
 - Public Lands Policy Coordination Office
 - School and Institutional Trust Lands Administration

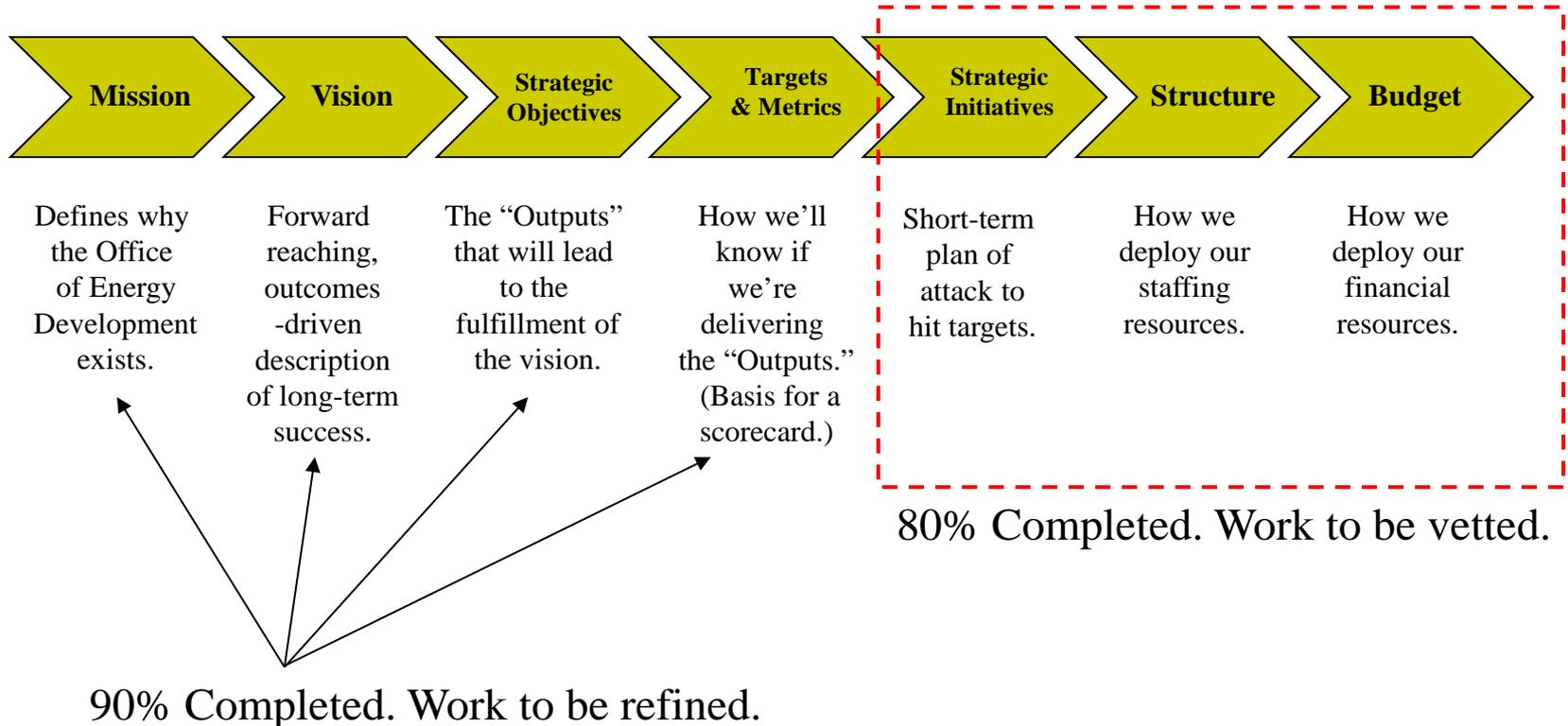


Office of Energy Development

- **Created in 2011 by H.B. 475**
 - Operating for approximately 140 days

- **Progress Energy Development**
 - Single point of contact
 - Development of all energy resources
 - Shape and implement policy
 - Assists industry and citizens
 - Streamline processes with state and federal agencies
 - Track data and streamline processes

Strategy Formulation Process





Vision & Mission

□ **Vision**

- To serve as the primary resource for advancing energy development in Utah.

□ **Mission**

- To provide leadership in the balanced development of Utah's abundant energy resources through public and private partnerships for economic prosperity, energy independence and a reliable, affordable energy supply.



Strategic Objectives

- **Create & Implement Policy for the Governor, Legislature and State**
 - Promote the goals and strategic recommendations outlined in Utah's 10-Year Strategic Energy Plan, legislative initiatives and state policies and directives.
- **Industry Assistance**
 - Guide energy development projects through the regulatory, permitting and economic development processes, and will support job creation for Utah.
- **Relationship Building**
 - Be a central hub within Utah through the establishment of a network of energy stakeholders.
- **Funding Opportunities**
 - Seek funding sources to carry out and support the implementation of energy projects and programs.
- **Energy Education**
 - Raise the level of energy awareness through educational programs, public outreach campaigns and technical assistance services.

OED Staff

□ **OED Team**

■ Currently 20 Staff

- Will reduce to about 1/2 around April 2012
- Will ask legislature for support to create depth

■ New Hires – Cost Sharing

- Conventional Energy Development Manager
 - Coal, Oil, Gas, Utilities (DOGM)
- Unconventional Energy Development Manager
 - Oil Shale, Oil Sands, Nuclear, CO2 Sequestration (USTAR)
- Rural Outreach & Special Projects
 - State/Local Events, Initiatives, Issues (USTAR)

Questions?

Thank You!

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