GOVERNOR'S ENERGY TASK FORCE
DRAFT MEETING SUMMARY
5 May 2008
Nashville, Tennessee

NOTE: *Please note that this is a meeting summary only, seeking to capture key points and issues. It is not a full transcript nor detailed meeting minutes. A full transcript as well as a webcast of each meeting will be available.*

Introductions and Welcome

Governor Breseden opened the meeting and welcomed participants. Participants introduced themselves (please see attached attendance list). The Governor made mention of the effort's website: www.tn.gov/energy

Action Items

- Raab Associates to meet individually with members in May to hone work plan for Task Force and identify technical resources.
- Energy Policy Office to provide further information on CA, NY, and RI energy policies given their lowest per capita consumption.
- State to invite Wal-Mart, TVA, and FedEx, if possible, to present innovations and opportunities at the June meeting.
- State building/operating agencies in consultation with Raab Associates hone a plan of action by July meeting.
- State to develop specific calendar for the Task Force for remainder of 2008.

Task Force Charge and Opening Statement

The Governor stated that he wanted the Task Force to accomplish work quickly within identifiable, obtainable goals. He had identified four areas for work in his Executive Order, which he noted could be revised if the Task Force as whole identified further/different issues. These three areas are:

- Advise the state on low hanging fruit in order for the state to tighten its belt for buildings and vehicle fleets;
- Consider policies and legislation that would encourage efficiency and conservation and be available for the General Assembly convening in early 2009; and,
- Identify how to use the assets within TN such as Oak Ridge National Laboratory to use clean energy as an economic tool. In the words of Tom Friedman, this is not less of things, but an economic opportunity for those who lead.

The Governor noted that the overall goal is the beginning of a state energy plan that can grow and evolve over time. This Task Force is important to him, he noted, and he wants to leave the state with something very real and tangible.

Technical Support to the Task Force

The State noted that they have developed a synopsis of other state energy plans across the southeast, a website, and have moved forward in seeking to retain a technical consultant to assist the group. The consultant would aid the task force in: designing the process, offering technical resources, facilitating stakeholder comment, writing the final plan, and guiding the Task Force through the complex issues. The State noted that they obtained responses from five qualified firms, and upon support of the Task Force, would like to move forward with Raab Associates, a small firm from the Northeast experienced in these issues. A member cited this firm's work on Cape Wind and RGGI (a regional greenhouse gas initiative in the Northeast). Raab Associates was confirmed by the Task Force upon a motion and second. It was noted that the firm would be contacting members very soon to arrange meetings to help plan the Task Force's work plan.

Tennessee Energy Overview (by Battelle)

Battelle presented an overview of the energy situation in the state (presentation slides available via the website). Following the presentation, the following questions/statements were asked/made and answers/dialogue provided.

Q: What about concentrated solar?
A: Battelle noted that it is happening though costs of fabrication and bringing technology to scale. There are and will be market niches and a variety of sources, not just one, will be needed to address future energy needs.

Q: What about the state security and cost issues of storing/protecting nuclear waste in the face of a lack of an implementable federal plan? And, as you noted in your slides, France obtains 80% of its electricity from nuclear, but isn't that through a significant amount of government investment?
A: Battelle stated: yes, non-proliferation is an issue. The federal government chose a reasonable strategy (either store it or recycle it, and Yucca Mountain as a storage repository was chosen) but has not been able to implement it. Yes, France as a government invested heavily. Many other countries invest heavily in their energy sectors too so it makes it hard to deconvolute those investments (i.e., who is paying for what). France is willing to live with a more local storage solution, basing their time horizon on 100 years, not indefinitely, and has more general federal control over its localities.

Q: The Grid is really important and needs vast investment for repair/upgrade. And, it should be mentioned vis a vis solar, the federal government has invested so much more in

oil and nuclear technologies, so it's hard to know what we could achieve in solar with that kind of investment.
A: Battelle stated: yes, the grid is very important. Ask the Northeast with their occasional blackouts. ONRL is learning to model the complex interactions of the grid through its supercomputers. And, wind, for instance, is part of the solution, but is intermittent; so have to address this versus grid stability and electricity reliability.

Q: A member noted: I am betting heavily on energy conservation so we don't have to use as much nor build as many nuclear or other plants. Water is one of our great resources in Tennessee and nuclear energy growth would impose significant demands on that resource.

Q: What about behavior modifications? There is energy invisibility because there is price invisibility. What about changing energy usage through education and information?
A: Battelle stated: education is part of what we need to do. For instance, programs with children K through 12.

Q: What about cold-hardy sugar cane? How viable is cellulosic ethanol?

State Government Usage and Current Actions

The State Energy Management, Division of Real Property, Finance and Administration and the state's Department of General Services presented on state usage of energy in state buildings and vehicle fleets (presentation slides available via the website). Following the presentation, the following questions/statements were asked/made and answers/dialogue provided.

Q: What is the total size of the state vehicle fleet?
A: There are 4,900 vehicles of which 3,600 are qualified for either flex fuel or a hybrid. "Qualified" means that they are less than a certain gross vehicle weight that allows such technologies (note that the presentation indicated that the state now has 1,549 total flex fuel vehicles and 24 hybrid vehicles). Biodiesel can be used by any diesel engine and we encourage but do not require B20 use.

Q: Do you have programs that encourage alternative transportation?
A: Yes, we encourage ride sharing and other means to help reduce single vehicle trips.

Q: The state has not encouraged E85, corn-based ethanol because of concern about its actual value, but is it the same case for biodiesel.
A: A member reported that used oil sourcing for biodiesel is a way to address waste and source biodiesel beneficially, but was not sure of the amount of this kind of biodiesel available.

Q: Given that in the last three years we have dedicated a billion on college campus construction, are we doing the best possible job?

A: The state architect noted that the state has embarked on sustainable guidelines and a points system for new design. We have updated the energy code. Now, every project, even a boiler replacement, has to consider sustainability. We can do modeling of base designs now and then improve them.
A: A member noted that we have learned a lot about schools. A good environment leads to better learning and increased test scores. Natural daylight is beneficial, and coupled with systems that dim lightning around natural daylight, also decreasing heat energy from lights, thus decreasing the HVAC load/need, reduces energy and improves learning.

Q: What can we do differently than now?
A: A state building representative noted that performance contracting can be very useful, but it does not provide under our current practice full financing, thus, energy savings projects must compete with all other projects for scarce capital dollars.
A: A member asked: shouldn't performance contracting be cheaper with the current economic downturn and contractors looking for work?
A: The Governor noted that he is skeptical of performance contracting for two reasons. First, the cost of financing borne by the private sector is likely to be more expensive than that provided by the public sector. Second, do we know enough to ensure the state gets a good deal on these projects? A member added: what about companies simply cherry picking the biggest, fastest payback items?

Q; What ideas can you give us?
A: A state building official noted that the most help would be in financing so energy projects do not have to compete with every roof and toilet. We have lots of ideas and tools to produce a fairly rapid return on investment, but need the dollars to take action. This official also noted that revisiting the state's payback guideline maybe useful. On vehicles, another state official noted that the state needs more availability of fueling facilities/tanks to increase biofuels use.

Q: Where did the eight-year payback rule come from?
A: The state architect noted that it is not a hard and fast rule, but is generally the advice of the Building Commission when considering projects. Often, in projects, deferred maintenance items are also included in energy projects, which further reduces paybacks, but might still be worth doing. This can be looked at.

Q: Is there a state idling policy? Research suggests that this could save millions. Wal-Mart is requiring it of their delivery trucks.
A: A state official noted that there is no current policy.

Developing an Approach

The governor asked the Task Force if they might not set a direction to include:

- First, with 5,000 cars and a 9 million and more square fruit, what can we do quickly as the state – let's think about some answers within the quarter?

- Second, let's look at policy and legislative changes like building codes or a framework for alternative supplies, and not just we need "$X" more, at least by the new General Assembly session next year.
- Third, let's consider one "blue sky" idea, given that we have TVA and ORNL in the room and all their expertise, and idea that might not bear fruit in a few years, but over time.

Members made the following comments or remarks.

- I hope we can pursue low hanging fruit we identify now, and not have to wait until we end the Task Force.
- I like the three planks. My question is where does something like a renewable portfolio standard fit – legislative within the year or more a blue-sky idea?
- We can work with TVA to look at energy auditing of state buildings, identify lessons, and apply them.
- Given Battelle's presentation where California, New York, and Rhode Island have the lowest per capita energy consumption, what can we learn from them? Could we invite out California's energy efficiency expert on this topic? The state committed to adding these three states to their research on state energy plans.
- Let's talk about corporate involvement, say FedEx, and what they are doing?
- Let's try and find out examples soon for manufacturing or the commercial sector that we can learn from quickly.
- The Governor noted he would very much like to have a memorandum to state government within three months on actions to take now. He cited, take HVAC, maybe harder to do but since a large use, maybe there are things to do now to make a difference.
- Why don't we ask people in state government what to do, what might be low hanging fruit? Let's encourage memorandums from state employees to department heads.
- The Governor asked, and the Task Force agreed, that Walmart, the state's largest employer, and TVA should present at the next meeting to highlight what is and can be done. One member noted that this was acceptable as long as the focus of the Task Force was to not to highlight one or another company. The Governor also asked that the technical consultant, in working with the state, have a refined approach, given all that they hear, for state buildings by the July meeting.
- Since residential consumption of electricity seems to drive Tennessee's higher per capita energy usage, what can we do? TVA noted that they have initiated several new efficiency efforts, including an on-line home energy audit that some 16,000 ratepayers have used.
- I think we need a scorecard, a kind of snap shot of where we are and how we are doing. What about the idea of wedges and negawatts. Can we target and track reductions and lead by example.
- The Governor noted that his goal, in simplest form, is to be able to shut down one coal fired plant by the state becoming more efficient.
- This is a competitiveness issue. As companies come to consider Tennessee, they are telling us -- we want to know how the state will help us with this important issue.

How can we use this process to support/increase entrepreneurship and incubate innovations for creating new Tennessee companies, jobs, and industries?
- It's really about energy efficiency, not about reducing comfort. We can do this.
- Glad we are looking at energy codes.

Public Comment

One audience member made a public comment and noted the following.

- I am with the Tennessee Gas Association and want you to know we support and applaud this issue. Natural gas is an energy bridge between today and the future. Our customers are already familiar with and think about conservation through efficient appliances, for instance. We want to help as needed.

Housekeeping and Closing

The next meeting date will be announced soon and will likely be in Chattanooga. The Governor thanked all and adjourned the meeting.