

Office of the Governor

March 20, 2009

The Honorable Stephen Chu
Secretary
US Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Re: American Recovery and Renewal Act 2009 (ARRA) State Energy Program (SEP)
Notification

Dear Secretary Chu,

As a leading energy exporter and state blessed with extraordinary natural resources, Wyoming appreciates the environmental and economic importance of promoting energy efficiency and renewable energy development. With respect to the required assurances associated with State Energy Program (SEP) funding under the American Recovery and Renewal Act 2009 (H.R. 1) Section 410, I offer the following information.

Utility Incentives for Energy Efficiency Programs

Wyoming utility law follows the traditional model of encouraging the lowest price for electricity consistent with safe, adequate and reliable service. For the most part, it does not contain specific provisions encouraging demand side management (DSM) or other energy efficiency initiatives. W.S. §37-2-121 does state that "Any public utility may apply to the commission for its consent to use innovative, incentive or nontraditional rate making methods." Under W.S. §37-2-121, the Public Service Commission (PSC) may approve earnings opportunities for DSM initiatives consistent with the public interest and when proposed by the utility. The PSC generally views these measures favorably. Recent approval of the Rocky Mountain Power demand side management program is the most visible example of this policy.

The PSC does not have a formal policy which requires utilities to propose and seek approval for demand side management and energy efficiency programs. Wyoming will not mandate these proceedings. It will continue to encourage rate recovery for demand side management and energy efficiency programs within the context of existing Wyoming law.

Building Codes

Wyoming is a state with a long history of granting local government control with respect to issues such as zoning, development and adoption of building codes. Long distances between towns, different economic, historical and cultural elements in communities and even the diverse landscapes and the weather lend credence to a local approach.

The State is willing to measure and report local government adoption of building energy codes and share information statewide and in accordance with the reporting mechanisms outlined in the SEP.

The State, however, is no position to assert whether or not local governments will implement residential or commercial building energy codes in accordance with H.R. 1.

The State Energy Office has recently entered into a contract with Building Codes Assistance Project (BCAP) to conduct stakeholder meetings around Wyoming to raise awareness and educate local communities about the benefits of adopting building energy codes. A preliminary stakeholder meeting was held in October, 2008 and included building officials, state legislators, energy efficiency experts and contractors. The meeting began with a presentation to the Wyoming Association of Municipalities. The State supports educational opportunities such as these which provide local communities resources and information in order to better evaluate the effectiveness of building codes on a community by community basis. Funding through the SEP would allow for the continuation and expansion of programs such as these. We will continue our efforts to encourage responsible local action but it cannot be mandated.

Funding for Energy Efficiency and Renewable Energy Programs

With additional SEP funding, Wyoming is prepared to significantly expand its existing energy efficiency and renewable energy programs. Today, the Wyoming Energy Conservation Improvement Program provides State matching monies for municipal energy audits. This is often the first phase of performance contract to implement energy efficiency improvements in local government facilities. This program will receive a significant boost with additional SEP monies. Funding for programs such as the residential photovoltaic (PV) grant program will also increase. An expanded program would enable Wyoming to meet unmet demand for residential PV grant requests which typically exceeds granting dollars by a factor of three.

With respect to prioritization of funding and cooperation with other states, Wyoming is actively involved in the Western Governors Association Western Renewable Energy Zone planning effort and works extensively with other federal agencies and states on transmission siting and environmental issues. The Wyoming Infrastructure Authority also provides bond financing and technical support to renewable infrastructure development partners. Wyoming will continue to engage in these efforts.

Wyoming could seek to finesse the language of the DOE requirements, provide ambiguous assurances or interpret the assurance requirements in a broad context. Instead, it seemed only appropriate to provide honest assurances consistent with what Wyoming is capable of doing under State law and existing practices. If Wyoming is a beneficiary of SEP funding, I can assure you that the expansion of existing energy efficiency programs and development of new initiatives will generate benefit for residents, businesses, local and state governments across Wyoming and that these monies will be put to work promptly and effectively.

Best regards,



Dave Freudenthal
Governor