Energy Initiatives and Imperatives
Utah's 10-Year Strategic Energy Plan

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JUNE 8, 2010

Introduction

Today, I am announcing the launch of the formal planning process to create a long-term strategic energy initiative for the State of Utah. This document outlines the initiative's content and objectives.

I have assembled an astute and diverse working group to provide oversight and general recommendations, and to facilitate the input from all interested parties and stakeholders. This group represents many of the state's top energy experts and leaders.

Managing this effort will be Ted Wilson, a senior advisor to me on environmental matters and the director of the Governor's Council on Balanced Resources. Ted will be assisted by Dianne Nielson, my energy advisor, and other members of my Cabinet.

When I became Utah's 17th Governor, my top priority – and my first leadership responsibility – was to provide sound fiscal management to steer our ship of state through these turbulent economic times. In spite of our economic challenges, we have been able to balance the budget while protecting critical state services, avoid general tax increases, and protect education funding from deep and devastating cuts.

But to fully achieve a healthy economy in Utah – and, therefore, adequately fund our state's future education needs – we must do more.

Which is why, at the beginning of this year, I outlined an agenda and an action plan that fully recognizes the critical relationships between successful economic development, education and energy.

In my State of the State address, I announced my intent to create the Utah Energy Initiative – a 10-year strategic energy plan that combines Utah's rich abundance of diverse natural resources with our innovative and entrepreneurial spirit to ensure that Utah is at the forefront of solving the world's energy challenges."

Initiatives and Objectives

1. **Ensure Utah's continued access to our own clean and low-cost energy resources.**
2. **Develop and deploy new cutting-edge technologies that combine Utah's traditional fuels with future opportunities for renewables.**
3. **Create new energy-related manufacturing opportunities and jobs in Utah.**
4. **Address future transmission, generation, and other infrastructure needs, largely through regulatory reform.**
5. **Promote energy efficiency and conservation.**

6. **Expand and facilitate responsible development of Utah's energy resources, including traditional fuels, alternative fuels, and renewable fuels.**
7. **Expand opportunities for Utah to both market and export fuels, electricity and technologies to regional and global markets.**
8. **Enhance and further integrate partnerships between industry, universities, state government and local communities—especially those in energy-rich rural communities—to address future energy challenges and opportunities.**
9. **Collaborate with other Western states to present a strong and unified voice to federal regulatory agencies on energy and public land issues.**

The following sections outline these nine objectives and initiatives in greater detail.

ENSURE UTAH'S CONTINUED ACCESS TO OUR OWN CLEAN AND LOW-COST ENERGY RESOURCES

As we know, the primary reason that electricity rates in Utah are both low and stable is because the vast majority of our electricity is fueled by coal. Utah has abundant coal supplies. Coal mining, coal transportation and coal-fired power plants in Utah create tens of thousands of jobs, many of them in rural Utah where job opportunities are often limited. These coal-based industries and communities contribute greatly to the State's tax revenue base, which enables *all* Utahns to enjoy the quality of life that affordable energy enables.

During 2008, employment actually *increased* in all Utah energy sectors. The contribution made by the energy industry to state revenue is equally impressive. Oil and gas severance taxes account for more than $70 million in tax revenue, property taxes from the energy industry are in excess of $100 million annually and sales and use taxes are estimated to be $63 million a year.

Consider, too, the property taxes, income taxes, fuel taxes, and sales and local taxes by all of the individuals, businesses and communities positively impacted by Utah's energy industry. With affordable and sustainable energy, it is easy to see why so many businesses *choose* to locate in Utah – and why so much of the State's future success is built upon maintaining clean and low-cost energy supplies and delivery systems for everyone, individuals and businesses alike.

DEVELOP AND DEPLOY NEW CUTTING-EDGE TECHNOLOGIES THAT COMBINE UTAH'S TRADITIONAL FUELS WITH FUTURE OPPORTUNITIES FOR RENEWABLES

Utah is at the very forefront of the nation – and oftentimes the world – in developing alternative and renewable energy technologies, clean coal technologies and advanced production technologies that will enable us to explore and develop our natural resources with higher levels of environmental responsibility and efficiency.

Increasingly, progress is being made through new technologies to use renewable energy resources such as wind and solar in our overall energy mix. Our technology universities

and industries will play an essential role in giving Utah a leadership position in the global efforts to meet future energy portfolio standards.

For example, just recently a Utah company partnered with Utah State University's Energy Dynamics Lab to announce new technology that will purify contaminated water and clear the air during on-shore oil and gas recovery, such as the production in eastern and central Utah. Put in the context of the ongoing off-shore Gulf Coast petroleum disaster, this has even greater significance. One might ask: "Why are we drilling in the middle of the ocean where there is extreme environmental risk when we could be meeting the demand for domestic production from on-shore development in areas with minimal environmental risk such as Utah?"

I have asked Utah's three major research and technology universities – the University of Utah, Utah State University and Brigham Young University – to further coordinate and, when appropriate, consolidate their energy technology research to effectively establish themselves as the "Energy Research Triangle." This will allow a focus on the many global and national issues that could be resolved right here in Utah, using Utah technologies that enhance Utah energy resources.

CREATE NEW ENERGY-RELATED MANUFACTURING OPPORTUNITIES AND JOBS IN UTAH

Utah is uniquely positioned to create many new manufacturing jobs based upon meeting the needs of the dynamic global energy market. The State has a highly skilled and well-educated workforce that has already established prominence in numerous energy, space and biomedical technologies. In Utah, we already have in place the manufacturing capacity to design *and* build the sophisticated equipment and materials necessary to enable the energy world of tomorrow.

Only a few other states in America, and only one other state in the West, are positioned as well as Utah to seize these opportunities for the benefit of our workforce.

These manufacturing jobs belong in Utah – not in China or Korea or California – and Utah will work aggressively to make the most of Utah's impressive manufacturing capacities.

ADDRESS FUTURE TRANSMISSION, GENERATION, AND OTHER INFRASTRUCTURE NEEDS, LARGELY THROUGH REGULATORY REFORM

Infrastructure is necessary to develop energy reserves and to generate, transport and distribute electricity. As a growing state, and to achieve the goals of national energy independence, Utah must expand its energy infrastructure.

Modernizing infrastructure will demand the investment of billions of dollars into transmission lines, pipelines and power plants for traditional, alternative and renewable energy. Keeping utility rates low, while at the same time attracting infrastructure

investment capital, is a great challenge, one that will require a thorough evaluation of the regulatory processes that must consider cost, risk and benefit.

PROMOTE ENERGY EFFICIENCY AND CONSERVATION

A critical component of any long-term energy plan is our attitude about conservation and the efficient use of energy. An effective strategic plan must carefully balance our need to sustain and improve our environment as we realize clean energy development.

The cheapest, cleanest, easiest energy resource is the energy we save through conservation and energy efficiency. Buildings use 40 percent of our energy supply, and transportation accounts for more than 50 percent of the pollution along the Wasatch Front. By building more energy-efficient residential and commercial building, retrofitting existing buildings, reducing energy use during peak demand, employing more energy-efficient technology, using more energy efficient transportation and reducing idling, we can reduce air pollution, expand our clean energy economy and maintain our quality of life.

EXPAND AND FACILITATE RESPONSIBLE DEVELOPMENT OF UTAH'S ENERGY RESOURCES, INCLUDING TRADITIONAL FUELS, ALTERNATIVE FUELS AND RENEWABLE FUELS

Prosperity and economic growth in Utah – and in America – have historically been driven through productivity, innovation and responsible development of our natural resources. How, when and if we develop more of Utah's diverse and precious natural resources are one of the most vital issues that will be addressed through this strategic planning process.

Inherent in this review must be the consideration of nuclear energy. I have asked my advisory group to consider how the State can best deal with the difficult nuclear issues, including the generation of power and the disposal of waste. These issues are not going away, and, as Utahns, we will not put our heads in the sand. I firmly believe that *good science makes good policy!*

This process requires a thorough assessment of Utah's energy supplies and fuel alternatives. Traditional fuels – natural gas, petroleum and coal – must be reevaluated in the new world of technological innovation and ever-changing political dynamics. Renewable and alternative fuels – wind, solar, geothermal and oil shale – hold tremendous potential for Utah.

The State's greatest potential, however, will be in the ability to utilize traditional fuels along with renewables and to find cleaner, safer and more efficient ways to harness the energy that will have enable prosperity. We must never overlook environmental responsibility or the common commitment to Utah's extraordinary quality of life as resources are developed. Issues of conservation and development of new transportation methods and fuels must also be considered in this energy plan.

EXPAND OPPORTUNITIES FOR UTAH TO BOTH MARKET AND EXPORT FUELS, ELECTRICITY AND TECHNOLOGIES TO REGIONAL AND GLOBAL MARKETS

Utah is, and has historically been, an energy exporting state. Many of the fuels developed in Utah are transported elsewhere for consumption.

For example, the majority of electricity generated at the Intermountain Power Project near Delta is exported to California, and the generation from the first phase of the Milford Wind Project is also exported to Southern California. This business model has been generally good for the State, and the many other energy-exporting states and counties, by creating jobs and keeping energy costs low. Utah plays a significant role in helping America achieve its goal of reducing its dependence upon foreign supplies of energy.

This process will evaluate the costs and benefits of being an "energy-exporting state." If Utah moves forward as such, the State must reconfigure the energy products and services it offers. To the greatest degree possible, technological innovation that originates in Utah should economically benefit Utahns first, as should tax revenues generated from energy development. As Utahns, we must constantly assess how we can best respond to the energy challenges of the world to create the greatest opportunity for the people of Utah.

ENHANCE AND FURTHER INTEGRATE PARTNERSHIPS BETWEEN INDUSTRY, UNIVERSITIES, STATE GOVERNMENT AND LOCAL COMMUNITIES – ESPECIALLY THOSE IN ENERGY-RICH RURAL COMMUNITIES – TO ADDRESS FUTURE ENERGY CHALLENGES AND OPPORTUNITIES

The development of a long-term strategic energy plan must engage all stakeholders in Utah's energy future – producers and consumers, academia and industry, cities and counties – especially those communities that have the very most at stake.

In just a few months, Utahns will see the ribbon-cutting of the newly expanded Entrepreneurship and Energy Research Center in Vernal, a community at the heart of Utah's oil, gas and oil shale industries. Already, Utah boasts two operational geothermal plants outside of Milford, wind turbines throughout central Utah and an operational hydroelectric dam at Jordanelle.

Each new research center and each new energy project represents new partnerships and alliances between government and universities, industry and environmentalists, utilities and the communities they serve, and the committed individuals who are willing to step forward and make it happen!

Similar initiatives must be undertaken throughout Utah, but particularly in energy-based communities such as Carbon and Emery counties where, for their entire history, the communities have significantly sacrificed and contributed to Utah's energy economy. This strategic energy plan will reward a commitment to progress and encourage future projects across the State.

Our communities have a stake – and they have earned the right to be primary participants – in determining Utah's energy future.

COLLABORATE WITH OTHER WESTERN STATES TO PRESENT A STRONG AND UNIFIED VOICE TO FEDERAL REGULATORY AGENCIES ON ENERGY AND PUBLIC LAND ISSUES

Given the fact that more than 60 percent of Utah's land is controlled by the federal government, agencies such as the U.S. Department of Energy, the U.S. Department of the Interior and the U.S. Environmental Protection Agency must involve Western governors in energy development decisions. We cannot allow Congress and the Obama Administration to dictate public lands policy or to engage in Western "energy reform" that does not take into account what we in the West want or that takes away our ability to do what we are capable of doing for ourselves.

The Utah Energy Initiative will be closely coordinated with our neighboring Western states. Western governors will be most effective speaking with a unified voice and from a common platform. Certainly, Utah is not the only state in the West that has, or will, develop a long-term energy plan. We can learn from the experience of others, both in terms of content and process. Utah's Energy Initiative will hopefully serve as a model for other Western states.

PROCESS

This plan must also, however, be "uniquely Utah." It must focus on Utah's many strengths and competitive advantages.

Simply put, no other state can offer what Utah can. We are uniquely positioned in the Western Energy Corridor, which stretches from Canada on the north to Mexico on the south. We have a rich abundance of diverse natural resources, both in terms of traditional fuels *and* renewable and alternative energy. We have the generation facilities and the transmissions infrastructure that places Utah literally at the "crossroads of the West."

But our greatest advantages are the minds – and the mindsets – of the people of Utah. We have the innovation that comes from scientists and entrepreneurs, the industry that comes from a skilled and educated workforce, and a pioneer heritage that values the sacrifices of the past while working toward the solutions of the future.

CLOSING

In his State of the Union address delivered earlier this year, President Obama stated that using billions of taxpayer dollars to provide "incentives" is critical to energy reform. The Utah plan will not follow this federal model of forcing reform through government incentives. It will instead rely upon the time-proven principle of the free enterprise system.

Solving the nation's energy crisis is more complicated than simply providing tax incentives to encourage people to install solar panels on their roofs. It is only when we reward innovation, invest in infrastructure and energy efficiency, and responsibly and safely develop and transport the energy resources with which Utahns have been abundantly blessed that we will truly ensure future energy success.

There is one point that President Obama made during his State of the Union with which I wholeheartedly agree. He said: ***"The nation that leads the clean energy economy will be the nation that leads the global economy."***

Likewise, *the state* that leads the clean energy economy can help lead the nation. I believe that through the Utah Energy Initiative, Utah will lead the way to a bright economic future.

Read Governor Herbert's Utah's 10-Year Strategic Energy Plan (pdf)