

Wyoming Energy Strategy

Interim Report

Presented to Joint Minerals, Business, and Economic Development
Committee

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Submitted By: Wyoming Infrastructure Authority



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Legislative Mandate

During the 2018 Legislative session, the Wyoming Infrastructure Authority was given the following mandate.

“The Wyoming infrastructure authority shall identify appropriate means to implement energy strategy initiatives, including working with other agencies, boards and commissions which shall make budget recommendations to the governor as necessary for the agencies, boards and commissions to implement the initiatives. The Wyoming infrastructure authority shall provide a preliminary report on the energy strategy, including initiatives and progress on implementation of the strategy, to the joint minerals, business and economic development interim committee not later than October 31, 2018 and a final report not later than October 31, 2019.”

2018 – Ch. 134 Section: 032

The following report serves as the preliminary report, submitted by the deadline of October 31, 2018.

For the purpose of this report, we have examined the best strategies for implementing an ongoing Wyoming Energy Strategy. This included:

- Analyzing funding sources and opportunities
- Comparing previous Wyoming plans with other state plans
- Reviewing strategic plans for other Wyoming organizations and entities
- Gathering feedback from stakeholders on what processes and mechanisms they would like to see utilized in implementing and updating an energy strategy

Finding Efficiencies

WIA recognizes that over the past two bienniums, the Wyoming Legislature instituted necessary budget cuts and strived to find efficiencies in state government in an attempt to provide consistent levels of state services.

The Legislature’s Government Spending and Efficiency Commission commissioned a report in 2017 outlining efficiency and cost-saving measures and in October 2018, the Department of Administration and Information released their analysis of opportunities to maximize efficiencies within state government.

The theme of efficiency has been a consistent message from legislative leadership, most recently in an opinion editorial printed in Casper Star Tribune on October 14, 2018, authored by Senate President Eli Bebout and House Speaker Steve Harshman, which stated, “By reassigning and realigning state business development services and roles, we can do more at no additional cost to taxpayers.” (Harshman, 2018)



With an understanding of the current fiscal and political environments, this report took into consideration streamlining government, operational efficiencies and not creating additional bureaucracies or growing government.

Funding Availability for State Energy Plans

One area WIA explored was how to pay for the production and implementation of an energy strategy, especially if the ownership was removed from the Governor's Office and budget. With an eye towards providing additional services without new state expenditures, we examined funding opportunities independent of the state general fund.

Currently, the Department of Energy administers the State Energy Program (SEP) for exactly this kind of initiative. The SEP provides annual funding to states for a variety of initiatives, including the "development of state-led strategic energy initiatives." (Department of Energy) The funding is available on a non-competitive basis, although SEP also provides competitive grants annually to states for additional energy initiatives.

The Utah Office of Energy Development is able to operate on \$3.3 million in total annual funding by leveraging approximately \$1.5 million in general fund appropriations against funding from federal programs, such as the SEP.

We believe opportunities exist for Wyoming to access similar sources of funding to help support the energy strategy.

Wyoming Process

In the past, Wyoming has implemented multiple approaches to address energy policy, varying depending on the gubernatorial administration.

While many previous governors have discussed aspects of energy policies, the first contemporary, comprehensive state energy policy process began under Governor Jim Geringer's administration. In 2001, the legislature appropriated \$1 million to establish the Wyoming Energy Commission (WEC). The WEC report provided a list of legislative and administrative recommendations, many of which were adopted into law in the early 2000's. Notably, the recommendation to create a Wyoming Energy Transmission Authority led to the creation of the WIA in 2004. Ultimately, 39 of 67 (58%) recommendations were enacted. Under the terms of the WEC authorization it was dissolved in 2005, as it was not extended by the legislature.

During the mid-2000's, the legislature and Governor Dave Freudenthal were actively implementing the findings of the WEC report and other initiatives, such as the creation of the University of Wyoming School of Energy Resources, the Wyoming Clean Coal Fund, and Advanced Energy Conversion Fund.



The next official comprehensive statewide energy strategy, combining initiatives around energy, environment, and economic development, was undertaken by Governor Matt Mead.

His first strategy was completed in 2013 and led by his office. It included 47 initiatives that spanned 16 objective areas.

Some of the successes from the first energy strategy include the Integrated Test Center, the CO2 pipeline corridor initiative, and the Natural Resources and Energy Explorer (NREX) GIS tool.

The strategy was updated in 2016 with 11 initiatives outlined under four different themes.

Other State's Processes

WIA completed an analysis of how other states have implemented energy strategies and initiatives. In order to provide the most applicable comparisons, the focus was limited to nearby states that are also large energy producers.

Alaska – Affordable Energy Strategy

Alaska's Affordable Energy Strategy is still in the early stages. It was developed in 2016 and looks to complete 19 initiatives by 2030. It is managed by the Alaska Energy Authority and was initiated by the Alaska State Senate through Senate Bill 138.

The Alaska Energy Authority has a staff of 5 people and an annual operating budget of over \$53 million. This office oversees the Affordable Energy Strategy, efficiency and conservation programs, as well as a variety of energy programs. Additionally they own transmission and hydroelectric assets. They report to a Board of Directors.

Key components of their strategy include:

- One overarching goal of “delivering safe, reliable, stable, and affordable energy” to Alaskans
- Establishment of 4 core pillars that support the overarching goal
- Identification of 3-6 goals under each pillar
- Each goal includes specific recommendations on how to implement and address benefits, barriers, and any connections or synergies there are to other goals throughout the plan

To develop the strategy, the Alaska Energy Authority worked with a Technical Advisory Committee, an Advisory Group, contractors, and stakeholders.

Colorado – State Energy Report

The Colorado State Energy Report is managed by the Colorado Energy Office. This report looks over a 4-year timespan. The management of the State Energy Report was given to



the Colorado Energy Office through an Executive Order and that office reports directly to the Governor of Colorado.

The current plan, spanning from 2014-2018 includes:

- 4 core values
- 10 goals
- Under each goal is a list of achievements to-date that relate to that specific goal and a list of future actions that will be undertaken
- Goals are listed using SMART¹ language to help measure and track successes

The Colorado Energy Office currently has 30 staff and an annual budget of over \$3 million.

Utah – Energy Initiatives & Imperatives

Utah's 10-Year Strategic Energy Plan was initiated in 2011 by Governor Herbert and is managed by the Utah Office of Energy Development. To develop the strategy a Task Force was created and six subcommittees gathered to provide their expertise in specific areas. The plan includes 10 goals to be completed by 2020.

Key components of the strategy include:

- 5 Guiding Principles
- 10 Goals
- 8 detailed recommendations to accomplish the 10 goals
- Utah updated the plan in 2014 and released in 2018 an Energy Action Plan that outlines continued goals, partners, and measures of success as they continue to implement the 10-Year Strategic Energy Plan

Utah's Office of Energy Development receives \$1.5 million in general funding and is able to use that to leverage additional \$1.8 million in funding, giving them a total budget of \$3.3 million and allowing them to have 13 staff members.

¹ The SMART acronym refers to goals and metrics that are Specific, Measurable, Attainable, Results-focused, and Time-bound.



State Comparison Overview

	Utah Energy Initiatives and Imperatives	Alaska Affordable Energy Strategy	Colorado State Energy Report	Wyoming's Action Plan for Energy, Environment and Economy
Year	2011-2020	2016-2030	2014-2018	2016
# of Goals	10	19	10	11
Initiator	Governor Herbert	Senate Bill 138	Executive Order D 2011-003	Governor Mead
Quantitatively Measure Success	No	No	Yes	No
Oversight Body	Energy Office Advisory Committee	Alaska Energy Authority	Colorado Energy Office	Wyoming Governor's Office
Project Deadline	Yes	Yes	Yes	No
Annual Budget	\$3,345,700	\$53,500,000	\$3,100,000	N/A
Number of Employees	13	5	30	N/A

Other Wyoming Strategic Plans

In addition to looking at energy plans from other states, we analyzed different strategic plans that are currently implemented in Wyoming organizations and agencies to find best practices.

Highlighted below are our findings from looking at the University of Wyoming strategic plan, the Wyoming Department of Environmental Quality's strategic plan, and the Wyoming Department of Transportation's strategic plan.

Overall, all plans have the following similarities:

- 4-5 year timelines
- Quantitative measures of success for goals including project deadlines
- Dedicated budgets and employees to implement initiatives



Wyoming Comparison Overview

	University of Wyoming Strategic Plan	Wyoming DEQ Strategic Plan	WYDOT Strategic Plan
Year	2017-2022	2018-2021	2012-2015
# of Goals	4	7	6
Initiator	President Nichols	WY Statute	WYDOT
Quantitatively Measure Success	Yes	Yes	Yes
Oversight Body	UW President's Office	DEQ Divisions	Executive Staff Leadership Team
Project Deadline	Yes	Yes	Yes
Annual Budget	\$42,000,000	\$119,000,000	\$581,664,474
Number of Employees	21 (Office of the President) / 2,694 (total employees)	246	348

2018 Stakeholder Outreach

To round out our research into how Wyoming could implement an ongoing energy strategy, WIA hosted a half-day, in-person workshop in Cheyenne on Friday, October 5, 2018.

Senator Chris Rothfuss (D-Laramie) provided insight to attendees on the history of the energy strategy in Wyoming as well as the task given to the Wyoming Infrastructure Authority. Attendees individually answered questions #1 and #2 and then worked in 5 small groups to address questions #3 and #4.

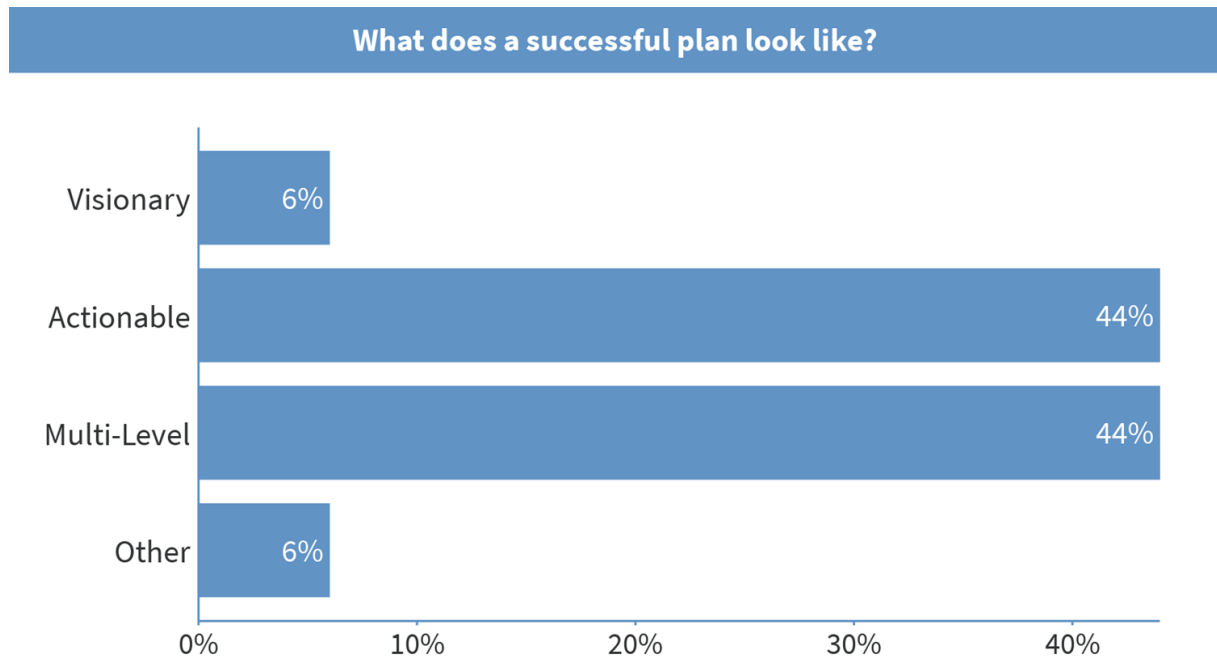
After the in-person workshop, the four workshop questions were made available online for a week to gather additional feedback.

Stakeholder Demographics

- 40+ attendees at in-person workshop
 - Industries represented included: Utilities & Co-ops, Developers, Contractors & Service Providers, Legal, Academia, Non-Profit Organizations, Trade Associations, and Government Agencies & Entities
- 25 responses online

Stakeholder Question #1

What does a successful plan look like?



Stakeholder Question #2

What specific ideas would a successful plan include?

Attendees at the in-person workshop as well as online responders thought that Wyoming's Energy Strategy should include:

- Strategic roadmap with short- and long-term timeframes
- SMART goals and metrics
- Clear lines of responsibility

They also wanted the plan to be innovative, include all forms of energy and development, look at regulation and permitting, and be able to leverage the energy industry to grow other sectors of Wyoming's economy.

Stakeholder Question #3

What organizational structure would facilitate a successful implementation of an energy strategy?

The general feedback was that there was not currently an organization that was structured in a way to manage the implementation of a holistic energy strategy.

In order to create an organization that could manage a long-term energy strategy, stakeholders supported the creation of an Energy Authority. It would:

- Be a hybrid of current offices

- Serve as a one-stop shop with the focus on energy development and projects, marketing, strengthening relationships with other states and the international community
- Needs to be nimble and move at the pace of business
- Independent from regulatory bodies
- Board appointed by Governor
- Ex-officio members including stakeholders, private sector, industry

Stakeholder Question #4

What best practices of managing the logistics of updating this energy strategy should be followed?

With this question we were looking for feedback on the logistics of implementing an energy strategy. Stakeholders believed that Wyoming's Energy Strategy should:

- Be a living document – with a printed version and an online tracking dashboard
- Look out 5, 10, and 15 years
- Contain an annual review
- Have 5-10 overarching initiatives with specific goals and targets under each
- Initiatives should include funding, and need legislation or Executive Branch buy-in to ensure completion
- Include both broad stakeholder input and energy sector expertise
- Consider applying best practices from business in creating, executing, and monitoring the energy strategy
 - Example:

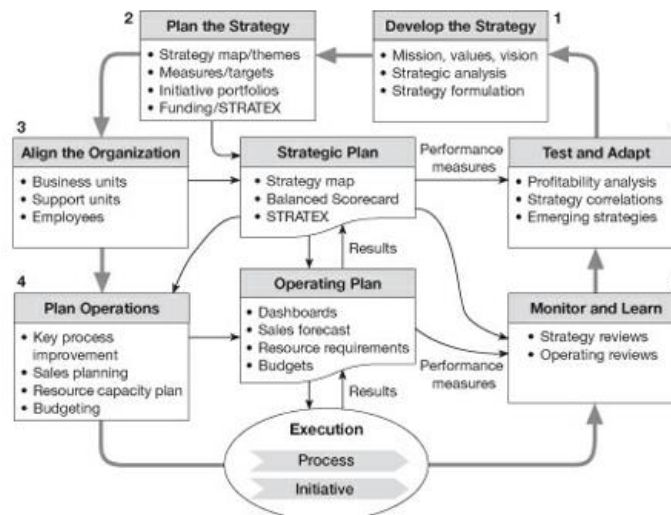


Figure 1 (The Execution Premium, 2008)



WIA Preliminary Findings

Understanding that the final report to the Joint Minerals, Business, and Economic Development Committee is not due until October 31, 2019, there may still be opportunities during the 2019 Legislative session to continue moving the process forward.

Synergies with Current Legislative Bills

The consensus from our stakeholder outreach is that there is no current entity that has all the pieces in place in order to effectively manage a comprehensive energy strategy. Many other states have a one-stop shop for energy programs; making it clear who the lead is on energy policy, development, and program implementation.

Feedback from our stakeholder workshop indicated that the lead organization should be able to move at the pace of business, be separate from the regulatory agencies, and be organized in a way to allow for it to leverage their general fund dollars for public and private matches; allowing Wyoming to do more with less.

Currently the Joint Minerals, Business, and Economic Development Committee has drafted a bill on the creation of an Energy Authority. The feedback from our analysis and stakeholder engagement may provide some insight into what attributes would make the creation of such an authority the most beneficial to Wyoming and for the implementation of a comprehensive energy strategy.

Potential Timeline for Implementation

Recognizing that an ongoing state energy development and implementation process would need to be coordinated and aligned with gubernatorial and legislative priorities, one possibility is to align the timeline with the four-year governor's term.

Year 1 – Energy Vision, Purpose and key objectives established by dialog between Legislative and Executive Branch

- Q1: Responsible Entity establishes strategy execution process and begins stakeholder engagement by convening Task Forces/Subcommittees/Stakeholder Outreach, etc
- Q2: Responsible entity creates strategy map outlining Vision, Purpose, Objectives and measures of success/progress
- Q3: Initiatives developed and Executive Branch sponsors identified initiatives; action plans and budgets developed
- Q4: Responsible Entity presents draft Energy Strategy and initiative portfolio and potential bills for consideration by Joint Minerals, Business, and Economic Development at committee's final interim meeting



Year 2 – Finalize Energy Strategy

- Q1: Develop scorecard to measure progress and success of initiatives
- Q1-Q4: Implementation, execution, review, and monitoring of strategy
- Q4: Annual strategy review session by Legislative and Executive Branch

Year 3 –

- Q1: Revise/Adjust Strategy based on Y2, Q4 review, create new initiatives, and adjust performance scorecard
- Q1-Q4: Implementation, execution, review, and monitoring of strategy
- Q4: Annual strategy review session by Legislative and Executive Branch

Year 4 –

- Q1: Revise/Adjust Strategy based on Y3, Q4 review, create new initiatives, and adjust performance scorecard
- Q1-Q4: Implementation, execution, review, and monitoring of strategy
- Q4: Strategy Refresh session by Legislative and Executive Branch

Year 5 – Begin Year 1 activities of 4 year cycle

Next Steps

The final report on Wyoming's energy strategy is due to Joint Minerals, Business, and Economic Development Committee on October 31, 2019.

Appendix

Stakeholder Feedback

Utah Energy Strategy

Colorado Energy Strategy

Alaska Energy Strategy