

Report of the
SUBCOMMITTEE ON CONSERVATION MEASURES
to the
LEGISLATIVE COMMISSION ON ENERGY
January 27, 1975

Representative Willard M. Munger, Commission Chairman

Subcommittee Members:

Alan K. Greene, Chairman

Representative Richard A. Anderson (until Dec. 18, 1974)

Dr. William Cunningham

Philip W. Getts

John D. Peterson

January 27, 1975

Representative Willard M. Munger, Chairman
Minnesota Legislative Commission on Energy

Dear Representative Munger:

It is with pleasure that I transmit to you this report of the work and recommendations of the Subcommittee on Conservation Measures of the Legislative Commission on Energy.

The topics herein recommended for introduction as legislation during the 1975 session of the Minnesota Legislature are but a few of the many conservation measures considered and studied by the Subcommittee. We feel that these measures, while not large in number, have the potential to save significant quantities of energy in our state.

I wish at this time to express my sincere appreciation for the participation of a number of individuals who contributed time and effort to make this report possible. Phil Getts and John Peterson, with the support of more Energy Agency persons than can be named here, provided much helpful advice and dedicated many hours to the work of the Subcommittee. Written and oral comments received from the public helped the Subcommittee in its thinking through of the implications of suggested methods for achieving energy conservation. John Herman, counsel to the Commission, gave our Subcommittee invaluable assistance in the original drafting and deliberations of the several concepts the Commission wished to have considered. Samuel Rankin, research analyst for the Commission, was three persons all in one -- each to be commended: (1) a research analyst furnishing answers to Subcommittee questions; (2) a participant in our deliberations; and (3) a production manager of both large and small tasks to insure that we had a finished product.

Sincerely yours,

Alan K. Greene
Chairman
Subcommittee on Conservation Measures

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INTRODUCTION

The Minnesota Energy Act of 1974 describes as one duty of the Legislative Commission on Energy the recommendation of needed legislation. One area in which legislation appears to be particularly important is conservation. At the November 22, 1974 meeting of the Commission, Chairman Willard Munger appointed three Commission members to serve, along with two staff members from the Minnesota Energy Agency, as the Subcommittee on Conservation Measures.

The Subcommittee first met on November 26, 1974, to outline a work program. In a series of eight meetings the Subcommittee studied and revised various possible energy conservation suggestions. Public comment was solicited on each of a dozen proposals that advanced to final draft stages. After receiving written and oral testimony, the Subcommittee again considered each of the measures and at a meeting on January 22, 1975, made final recommendations for the approval, modification, or rejection of each measure. This report contains the Subcommittee's formal recommendations to the Legislative Commission on Energy.

MEASURES RECOMMENDED FOR IMMEDIATE INTRODUCTION

The Subcommittee recommends that the following five conservation measures be speedily introduced as legislation. Each of these measures has the potential for saving the State of Minnesota significant quantities of energy in the years ahead. All of the measures that require sizeable state funding will result in a net pay-out within a reasonable length of time -- usually four to ten years. These measures have been reviewed by interested members of the public and appear to have fairly wide acceptance. The order in which the items appear in this report should not be construed as a ranking by degree of importance.

Item 1 - Tax exemption for energy-conserving equipment, devices, or materials.

The language of this proposal as approved for recommendation to the Commission is as follows:

The installation of energy-conserving equipment, devices, or materials shall be encouraged by the exemption from taxation of certain types of property installed wholly or primarily to reduce energy loss or in other ways to conserve energy.

Exempted items shall include insulation, storm windows, heat pumps, solar or wind powered energy systems, methane gas generators, and such other items as the Minnesota Energy Agency shall determine should be included.

Any taxpayer requesting exemption of all or a portion of such equipment, device, or material, shall file an application with the commissioner of taxation. Any such equipment, device, or material shall meet standards, regulations, or criteria prescribed by the Minnesota Energy Agency. The Minnesota Energy Agency shall, upon request of the commissioner of taxation, determine

whether such equipment, device, or material shall qualify for exemption. If the Minnesota Energy Agency determines that property qualifies for exemption, the commissioner of taxation shall issue an order exempting such property from taxation.

The provisions of this act shall terminate ten years after the enactment date unless renewed by the legislature.

Item 2 - Energy efficiency upgrading in public school buildings.

The language of this proposal as approved for recommendation to the Commission is as follows:

The Department of Administration, Building Codes Division, in cooperation with the Department of Education and the Minnesota Energy Agency, shall establish minimum standards for the retrofitting of existing public school buildings to accomplish energy conservation through insulation and additions or modifications to building structures and systems.

No upgrading shall be done when the expected useful life of a building does not allow for the full amortization of the estimated cost of conservation improvements.

After July 1, 1978, no state-aid school funds shall be distributed to any school district which has not completed conservation measures that conform to minimum standards promulgated by the Department of Administration, Building Codes Division.

School districts shall be allowed to increase tax levies for conservation upgrading of school facilities.

Item 3 - Low interest loans for home insulation.

The language of this proposal as approved for recommendation to the Commission is as follows:

The State shall establish a fund with which to support a program of guaranteed low-interest loans for home insulation, caulking, weather stripping, storm windows, and storm doors in buildings constructed prior to 19____. (date to be supplied).

The maximum value of any loan shall be \$1,500.00 if for total upgrading of the residence, but limited to \$500.00

if for the installation of insulation only.

The program shall be administered by the Minnesota Housing Finance Agency.

Loans made from the program shall be no larger than the actual cost of materials (for a do-it-yourself job) or materials and labor (for a contracted job).

Loans shall be available to any owner of a residence in Minnesota for purposes of installing or upgrading insulation, caulking, weather stripping, storm windows, and storm doors.

Interest rates shall be 4.0 per cent per year simple interest. The administering agency shall establish guidelines by which to allow borrowers to pay back loans in periods of time based on income level.

Installment payments on low-interest loans shall be made monthly or quarterly, at the option of the borrower.

Multiple-family residences shall be eligible for loans.

The Minnesota Energy Agency, in cooperation with the Housing Finance Agency, shall initiate a public education program costing no more than \$50,000 per year to persuade home owners of the economic and societal benefits of energy conservation through upgrading energy efficiency of residences.

The Housing Finance Agency shall establish an inspection program, relying to the greatest extent possible on existing local inspection departments, to insure that contracted insulation work is properly performed and that satisfactory materials have been used. Municipalities or other local units of government shall be permitted to charge the loan applicant a reasonable fee for inspection. Such fee may be added to the principal of the loan.

Property owners who upgrade residences through this loan program, or through any alternative means, shall be guaranteed that the tax valuation of the property shall not be increased because of the investment in any type of energy-conserving materials or equipment.

Item 4 - Insulation of state governmental buildings and state facilities.

The language of this proposal as approved for recommendation to the Commission is as follows:

There shall be established from the general treasury of

the State of Minnesota a fund of _____ (amount to be determined) dollars for purposes of financing insulation and additions or modifications to building structures and systems for the purpose of reducing energy consumption of state buildings and state facilities.

This fund shall be administered by the Minnesota Department of Administration.

The Department of Administration, in consultation with the technical staff of the Minnesota Energy Agency, shall survey all state buildings in cooperation with agencies using such buildings to determine retrofitting projects that would achieve significant energy conservation. The cost of such survey shall be from the appropriated fund.

Funds from the appropriation shall be used to undertake conservation measures which maximize the cost/benefit of energy conservation. No project shall be undertaken unless the project is economic over the projected amortized life of the facility improvements.

The governmental unit responsible for management of the building or buildings receiving funds for upgrading shall report the conservation impact of such upgrading for a period of at least two years after the retrofitting is completed.

Item 5 - Disclosure of automobile efficiency.

The language of this proposal as approved for recommendation to the Commission is as follows:

After January 1, 1976, no new motor vehicle intended for use upon public streets and highways shall be sold or offered for sale in Minnesota unless a label is affixed to the window of such vehicle, in close proximity to the price sticker, setting forth the estimated number of miles that may be traveled on one gallon of fuel under ordinary city and highway driving conditions. The label shall also state that driving habits and other factors may influence the estimated fuel mileage. All information contained on the label shall be in accordance with the specific labeling program of the federal Environmental Protection Agency, except that information from the general labeling program may be used in the absence of information under the specific labeling program.

Any person who violates this act or any rule or regulation promulgated hereunder shall be guilty of a misdemeanor for the first offense and a gross misdemeanor for each subsequent offense. Each day of violation shall constitute a separate offense.

MEASURES RECOMMENDED FOR FURTHER REFINEMENT BEFORE
INTRODUCTION

The Subcommittee believes that the concepts embodied in the following three conservation measures are worthy and should be introduced as legislation during the 1975 session of the Legislature. The Subcommittee does not, however, feel that the measures, as presented here, are in final form and ready for immediate introduction. All three of the measures have the potential for significant energy benefit to Minnesota, though the time to pay-out is difficult to determine.

The Subcommittee urges that the Commission attempt to resolve the remaining problems with each of these measures.

Item A - Surtax to encourage energy efficient automobiles.

The language of this concept as forwarded by the Subcommittee to the Commission with the recommendation for further study is as follows:

On all new car registrations after the effective date of this act, a tax in addition to the present registration tax shall be charged.

The surtax shall be calculated by the following formula:

$$T = \frac{20 \text{ mpg}}{\text{EPA Specific Mileage Estimate}} - 1 \times \$500$$

Such surtax is to be a one-time tax due only at the time of initial registration on new car purchases.

Revenue from the surtax is to be placed in a special fund earmarked for studies and demonstration projects related to the furtherance of public transit, both urban and rural. (This fund may be operated in conjunction with the Minnesota Energy Research and Development Fund, discussed elsewhere).

The following problem areas appear to require further study and resolution: 1) the formula for determining surtax, 2) disposition of revenues generated by the surtax, 3) the potential for hardships to particular individuals and families, 4) the potential for loopholes.

Even though these points have yet to be resolved, the Subcommittee urges the Commission to realize that since the automobile is such a significant user of energy in the state that some action of this type must be seriously considered.

Item B - Minnesota Energy Research and Development Fund.

The language of this concept as forwarded by the Subcommittee to the Commission with the recommendation for further study and eventual introduction is as follows:

The State shall establish a fund to assist in research, development, and technical assessment of energy supply and consumption possibilities available to Minnesota.

The fund shall be supported by a surtax on all coal, natural gas, nuclear fuel, and petroleum products imported or refined for use in the state, except motor gasoline, and all net imports of electricity used in the state. The tax shall be paid by the importer or refiner at the rate of \$ 0.00001 per thousand Btu.

The fund shall accumulate an undispersed balance of no more than ten million dollars at any one time. Any amounts in excess of this maximum figure shall go into the general treasury of the state.

The fund shall be administered by the Minnesota Energy Agency with recommendations on project support made by the Legislative Commission on Energy.

The fund shall be used to support research and/or demonstration projects in the following areas:

- a) New and improved sources of energy
- b) Mitigation of negative environmental impacts from energy supply and use
- c) Elimination of waste in the production or use of energy

Several problems remain in the proposal for an energy research and development fund. While the concept is strongly endorsed by the Subcommittee, work needs to be done in the following areas: 1) the source of funds to support the program, 2) restrictions on the type of studies that can be funded, 3) the need for expansion to include regional as well as state-wide studies, 4) the size of the fund, 5) establishment of an effective administrative unit to award grants by priority.

Item C - Appliance efficiency disclosure labeling.

The language of this concept as forwarded by the Subcommittee to the Commission with the recommendation for further study and eventual introduction is as follows:

After January 1, 1976, no new major appliances (defined as water heaters, clothing dryers, washing machines, ranges and ovens, refrigerators, freezers, dish washers, and room air conditioners) shall be sold in Minnesota unless a label is affixed to the appliance, in close proximity to the price sticker, setting forth the energy efficiency of the appliance.

The Minnesota Energy Agency shall promulgate regulations setting forth testing procedures to evaluate the energy efficiency of such appliances. Testing procedures shall, to the maximum extent practicable, parallel procedures established by other states, the federal government, or recognized appliance testing organizations.

Appliances manufactured prior to January 1, 1976, and offered for sale prior to nine months thereafter may be sold without an efficiency label.

Labels shall contain other information related to energy conservation which indicates the effect of consumer use patterns on energy consumption and recommends operating behavior to improve efficiency.

Standards for the label and the administration and enforcement of the labeling program shall be undertaken by the Minnesota Energy Agency. The Division of Consumer Services of the Department of Commerce shall be asked to

comment on the standards and procedures established by the Agency.

Labels shall indicate the full capacity end use energy consumption in kilowatt hours for electricity and cubic feet for gas to accomplish a particular unit of output (e.g. one washing cycle, ten minutes of drying time, 100 degrees of temperature rise for 10 gallons of water).

Any person who violates this act or any rule or regulation promulgated hereunder or knowingly submits false information in any report required by this act shall be guilty of a misdemeanor.

The Subcommittee finds that the two significant problem areas with this concept are the establishment of a compliance date and the preparation or adoption of a uniform set of testing procedures for each type of appliance. These problems, as with those of the other measures recommended in this section, are not insurmountable and the Subcommittee urges prompt action to see that they are resolved.

MEASURES CONSIDERED BUT NOT RECOMMENDED AT THIS TIME

The Subcommittee on Conservation Measures considered a number of proposals that are not recommended for introduction at this time. Not all such proposals were rejected because the concepts were bad. In several cases the Subcommittee feels that the conservation goals are entirely worthy but the timing appears to be inappropriate for recommending legislation during the 1975 session of the Legislature. For example, the requirement that major appliances meet or exceed specified levels of efficiency would be quite difficult since uniform and widely recognized efficiency testing routines have not yet been established for most appliances. Establishment, administration, and enforcement of minimum standards would also be difficult at the state level. Another example involves requiring minimum efficiency levels for automobiles. This is clearly a concept requiring federal action.

Those conservation proposals that were studied by the Subcommittee but not recommended for introduction at this time include:

1. Establishment of mandatory efficiency levels for major appliances sold in Minnesota
2. Establishment of mandatory efficiency levels for automobiles sold in Minnesota
3. A program of public school and adult conservation education
4. Mandatory gas lamp shutoff
5. Restrictions on display and advertising lighting

6. Requiring an energy conservation plan of industries and commercial establishments
7. Requiring state government to purchase efficient automobiles
8. Gasoline tax to reduce consumption
9. Discouraging air travel
10. Encouraging rail and public transit travel
11. Mandatory efficiency levels for energy conversion installations

RESOLUTION

The Subcommittee on Conservation Measures adopted one resolution for recommendation to the Commission. That resolution as adopted states:

Be it resolved by the Minnesota Legislative Commission on Energy: That the Legislature of the State of Minnesota be encouraged to give great weight to the potential for energy conservation of various beverage container bills which come before it during the 1975 session.

APPENDIX A

This appendix contains written comments submitted by various interest groups and members of the public. The comments are arranged in approximately the order received.

PROPOSED RESOLUTION CONCERNING BEVERAGE CONTAINER LEGISLATION
Minnesota Legislative Commission on Energy
January 15, 1975

1 WHEREAS: The Minnesota Legislature, in creating the Energy Department and charging
2 it to develop means to conserve energy, demonstrated its intent to reduce energy
3 consumption in Minnesota; and
4 WHEREAS: a study conducted by the Center for Advanced Computation at the University
5 of Illinois demonstrates that 16 oz. non-returnable glass beverage containers
6 use 3.1 times more energy than 16 oz. returnable bottles per gallon of soft drink
7 delivered to the consumer; and that 12 oz. non-returnable bi-metal cans consume
8 2.91 times more energy than 12 oz. returnable bottles;¹ and
9 WHEREAS: 3.8 times more energy is consumed in delivering an equivalent amount of
10 beverage to the consumer via an aluminum can than with a returnable bottle,
11 assuming ten round trips per bottle;² and
12 WHEREAS: non-returnable containers disposed of through sanitary landfills or similar
13 method of end disposition take with them the energy required in their manufac-
14 ture, depriving the people of Minnesota and the nation of more efficient uses of
15 that energy; and
16 WHEREAS: a non-returnable beverage container system increases energy consumption
17 for solid waste removal and disposition;³ and
18 WHEREAS: a refillable bottle used ten times, when compared to any other kind of
19 beverage container considered, provides a reduction of energy consumption of
20 from 41 to 74 per cent for delivery of an equivalent volume of beverage;⁴ and
21 WHEREAS: the energy consumed by non-returnable beverage container systems--in light
22 of the present energy shortage--is needed for activities more vital to the health
23 and welfare of the people of Minnesota and the nation, including, but certainly
24 not restricted to, farming, space heating, electric power generation and trans-
25 portation;
26 THEREFORE, BE IT RESOLVED by the Minnesota Legislative Commission on Energy:
27 that the Legislature of Minnesota is encouraged to enact legislation which will
28 reduce energy consumption by beverage container systems in the State of Minne-
29 sota.

1 Bruce M. Hannon, "Bottles, Cans, Energy," Environment, March 1972. (Copy attached.)
Data in this instance assumes eight round-trips per returnable bottle. Energy
measurements were calculated in BTU's per gallon of soft-drink, and includes energy
consumed in recycling non-returnable containers, and in the washing-refilling cycle
for returnable bottles.

2 Report of the Environmental Protection Agency, "Resource Recovery and Source Reduc-
tion of Special Wastes," 1974, p. 81. Pertinent section of this report attached.

3 The aforementioned EPA study indicates that 7% of the municipal solid waste stream
in the United States consists of non-returnable beverage containers, by weight. P. 83.

4 Ibid., p. 83.



Minnesota Public Interest Research Group

3036 University Avenue Southeast, Minneapolis, Minnesota 55414 (612) 376-7554

21 January 1975

Mr. Alan K. Greene, Chairman
Subcommittee on Conservation Measures
Legislative Commission on Energy

Dear Mr. Greene:

Thank you for affording us the opportunity to comment on your proposals for energy conservation legislation. We are generally supportive of the ideas you have developed; however, we have included some suggestions for modifications in our enclosed comments.

MPIRG will be placing its emphasis on two energy policy measures that evidently have not been included in your subcommittee's legislative ideas: nuclear power and the Twin Cities mass transit dispute. In particular, the on-going national debate over nuclear power seems to be one of the most important public policy questions ever faced by this country. MPIRG is opposed to the rapid development and deployment of this technology, and we will be working for legislation that will restrict its deployment in this state. It is hoped that members of the Commission will in time come to share our position.

Enclosed are our comments on the specific items in your package.

Yours truly,

Tim Mc Keown,
Research Associate



Minnesota Public Interest Research Group

3036 University Avenue Southeast, Minneapolis, Minnesota 55414 (612) 376-7554

January 21, 1975

COMMENTS ON PROPOSED ENERGY CONSERVATION LEGISLATION CONCEPTS
OF THE MINNESOTA LEGISLATIVE COMMISSION ON ENERGY

1. Appliance efficiency disclosure labelling and disclosure of automobile efficiency.

MPIRG supported these measures when they were originally included in the 1974 energy legislative package; we continue to support them. It is obvious that, if a free market economy is to function well, all of those in the marketplace must have sufficient information on which to make rational economic choices. The proposed legislation would ensure that consumers have such information regarding the energy consumption characteristics of appliances and autos; as such it is highly desirable as a means of helping the market to work more efficiently.

We do not believe that these measures impose any undue hardships on any portion of the private sector. In particular, the costs of labelling relative to the total cost of appliances and autos are very small. One can readily argue that, if lists of ingredients can be printed on 15 cent soup cans, one can certainly print a small notice of energy consumption for an appliance that costs 50 dollars or an auto that costs \$4000. This argument is particularly compelling when we consider that the operating costs of an appliance over its useful life may likely exceed its purchase cost.

2. Energy efficiency in school buildings and governmental buildings; low-interest loans for insulation.

We are in favor of such programs--particularly if such programs are adequately funded and promptly instituted. Energy costs are now such that such insulation programs should be economical for most buildings.

3. Minimum efficiency standards for appliances.

We are not in favor of such legislation for Minnesota at this time. Any benefit from such a program would have to outweigh the large start-up cost of a program for standard-setting; in addition, the negative economic impacts of such a program may well be considerable.

4. Minnesota Energy Research and Development Fund.

We are very much in favor of such a program, as long as the focus is kept on funding Minnesota-based research, and/or research in technologies that are not tremendously capital-intensive. It would do little good for example, to utilize this fund to increase funding for research into the improvement of power-plant boiler efficiencies. Rather, such monies should be channeled into development of simple and inexpensive technology that can readily be implemented by farmers, small businessmen and the like. Such technology may be ignored by Federal efforts designed to develop large-scale, centralized technologies.

5. Surtax to encourage energy efficient autos.

We favor such a tax wholeheartedly. We suggest, however, that the funds for such a program be earmarked for innovative public transit measures, as

traditional forms of mass transit will have a limited impact on auto use levels--even with rises in the price of autos and gasoline. Examples of such innovative programs might be: Dial-A-Bus systems, Personal Rapid Transit, Dual Mode systems.

6. Tax exemption for auxilliary heating systems.

We would tend to favor legislation encouraging innovative heating systems for primary as well as auxilliary use. In addition, we question whether it is really wise to permanently exempt such installations from taxation. If an installation is permanently exempted, it is possible that technological progress will lead to a situation where, in ten to twenty years time, public policy will ineffect encourage people to retain an obsolescent technology, rather than encouraging them to replace it with an even more efficient technology. It seems preferable to establish a ten to fifteen year limit on the exemption period, after which the exemption would lapse. This should still provide a large economic incentive for the installation of innovative heating systems. At the end of the allotted time, a consumer could retain his exemption by upgrading his system by purchasing state-of-the-art technology that would incorporate the latest energy-saving features. Such an exemption policy would also have the advantage of mitigating the revenue erosion that might otherwise occur if widespread adoption of solar energy (or some other innovative form of heating) took place in the next ten to twenty years.

Tim Mc Keown,
Research Associate



STATE OF MINNESOTA
DEPARTMENT OF ADMINISTRATION
SAINT PAUL

ARCHITECTURAL AND
ENGINEERING DIVISION

January 14, 1975

Mr. Sam Rankin, Research Analyst
Legislative Commission on Energy
Room 17, State Capitol
Saint Paul, Minnesota, 55155

Reference: Insulation of State Governmental Buildings
and State Facilities

Dear Mr. Rankin:

The draft to propose legislation on this topic has been reviewed by the staff of the State Architect's office and we are in concurrence with the objectives of the proposed legislation.

We would suggest replacement of the word "insulation" with broader language such as "additions or modifications to building structures and systems, for the purpose of reducing energy consumption."

Insulation is one technique aimed only at the reduction of transmission losses as is the use of storm windows, replacement of window frames, and the use of weather stripping. However the addition of more modern control systems can reduce the energy needed for lighting, tempering of air, and water temperatures. Further additions of vestibules and minor reconfigurations can be in some instances of great assistance in reduction of energy usage. Boiler plants should have economizers added where practicable, and consideration should be given to installation of other heat reclaim devices.

January 14, 1975
Mr. Sam Rankin, Research Analyst
Page Two

It is my impression as I visit varied state institutions (and I admit to the possibility of a bias in this regard) that insufficient funding is allocated for building and mechanical systems maintenance efforts. While I interpret the proposed legislation as envisioning a one time only expenditure I would suggest consideration of allowing the Commissioner of Administration to increase maintenance efforts in the area of steam and heat distribution to assure maximum functional effectiveness of installed equipage. This would require replacement of worn or faulty steam traps, inefficient fans, pumps, and similar devices. In this regard all steam boilers should be given a thorough combustion efficiency test every two years, and their operators should be provided with instruction and necessary test equipment to keep all combustion equipment operating at optimum efficiency.

Further the Commissioner of Administration could be provided with the necessary funding to develop computerized programs for tracing energy flow in certain typical state building structures to provide research into the rather complex question of determining most productive expenditure for purposes of energy conservation. This effort would provide a program for computerization with the definite possibility of using the resources of the Information Services Division of the Department of Administration.

January 14, 1975
Mr. Sam Rankin, Research Analyst
Page Three

A considerable effort has been made over the past year on the part of individual state departments, with the cooperation of the Department of Administration, to provide modifications and devices for energy conservation. The Department has reported separately to the Commission on this matter.

Very truly yours,



Paul F. Cummings
State Architectural Engineer

PFC/ch

cc: Mr. John C. Moen, Assistant Commissioner of Administration
Mr. Harold S. Nelson, Administrative Engineer



MINNESOTA RETAIL FEDERATION

121 E. 7th St.-Suite 131

• Metro Square Bldg.

• St. Paul, Minnesota 55101

Phone (612)227-6631

January 15, 1975.

Mr. Alan K. Greene
Chairman
Subcommittee on Conservation Measures
of the Legislative Commission on Energy
State Capitol
Saint Paul, Mn. 55101

Thank you, Alan...

... for your letter of January 10th and draft legislative proposals attached. I can assure you that the Minnesota Retail Federation appreciates the opportunity to submit comments regarding energy legislation.

As an industry, a Federation and personally, we are committed to doing our part in helping to solve our energy problems.

Towards that end, I shall keep my comments on two areas only, that of "Appliance Efficiency Disclosure Labeling" and "Minimum Efficiency Standards for Appliances." In so doing I would like to comment on each area separately as we feel strongly these two areas are distinct unto themselves and should be analyzed accordingly.

As you are aware, the two above matters are extremely critical to the retail community of Minnesota and therefore I would much appreciate any further opportunity to discuss them with you or the Commission should you desire.

Thank you again and we do hope that our suggestions will merit your consideration.

Sincerely,

Wendy H. Borsheim
Director
Consumer Relations

Representing Minnesota's Largest Payroll Producing Industry

225,000 Employees — \$900,000,000 Payroll — 20,000 Establishments — \$7,500,000,000 Sales



MINNESOTA RETAIL FEDERATION ^I_N_C

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APPLIANCE EFFICIENCY DISCLOSURE LABELING

The philosophy behind any labeling program, and one which the Minnesota Retail Federation and its members heartily agree with, is that of providing the consumer with meaningful energy information prior to a purchase, in order to promote energy conservation awareness.

At the present time, the U.S. Department of Commerce has undertaken a voluntary labeling program. Indications are that standards for air conditioners, refrigerators, freezers, water heaters, washers and dryers will be available by the end of this year and that 90% of all manufacturers will be labeling voluntarily. The standards are being established through the National Bureau of Standards.

Consideration of any program, especially during this economic period should be one of cost - vs - benefit and the Minnesota Retail Federation feels that a one state labeling program may prove to be more costly and less informative than an alternative - that of ENERGY CONSUMPTION LISTS BY APPLIANCE.

Precedent has been set for the use of such lists as acknowledged by the Pollution Control Agency phosphate content of soaps; the Consumer Product Safety Commission Toy Safety list, etc.

Some points which should be taken into consideration are:

1. While requiring labeling, it is doubtful many consumers would shop from store to store attempting to remember efficiencies, differences in model types, etc.

In fact, with most retail operations offering only one brand name, it would be more conceivable to believe a consumer might perhaps buy a more efficient model in a particular line, but that line in itself might be the least efficient of all manufacturers. There is little way however, for the average consumer to know this.

...../2

Representing Minnesota's Largest Payroll Producing Industry

225,000 Employees -- \$900,000,000 Payroll -- 20,000 Establishments -- \$7,500,000,000 Sales

Two major spin offs of this situation are:

- (a) If the consumer is conscientious enough to shop around, there could result in an increased usage of gasoline for private auto usage.
- (b) A negative sense of compliance could be instilled in the mind of the consumer, who feels he purchased the most efficient unit.

Lists of all appliances by model, efficiency rating, use pattern etc., could also conceivably promote extensive competition for increased efficiency by manufacturers.

An example of such a list could be:

REFRIGERATORS - ELECTRIC				
16 CU. FT.				
1 door	No options	(Brand Name)	Rating	Use Pattern
		(Brand Name)	Rating	
		(Brand Name)	Rating	
1 door	Ice Maker	(Brand Name)	Rating	Use Pattern
		(Brand Name)	Rating	
		(Brand Name)	Rating	
1 door	Self-defrost	(Brand Name)	Rating	
		(Brand Name)	Rating	
2 door	No Options	(Brand Name)	Rating	Use Pattern
		(Brand Name)	Rating	

It immediately becomes apparent how energy conscious a consumer could become with this type of comprehensive information at hand. In fact, a person might well decide to forego an option demanding extra energy when the difference in consumption is so obvious.

It is the contention of M.R.F. that the State of Minnesota could well become a leader in the field of consumer energy education by adoption of such a meaningful program that would not become ineffective or redundant when national policy or voluntary labeling is established. This program could only serve to further support such national activity.

As presently proposed, the legislation under consideration has many inherent problems.

1. To require a label near a price tag would indicate that a consumer will remove it immediately the appliance reaches the consumers residence. Alternately, to place the label on the back of an appliance will not assist the consumer either. The same holds true for other consumer usage information.
2. If retailers are required to post the labels, increased costs by requiring employee time to look up efficiencies, write labels, etc., will occur. This will also allow sufficient opportunity for error.
3. The argument used by manufacturers against a one-state labeling program resulting in confusion through distribution lines holds equally true for most retailers as well.
 - (a) Where it is possible to place a label on a floor model, how does the retailer put a label on an appliance crated in a warehouse.
 - (b) For major retailers who store their appliances at a manufacturer's facility this poses an additional problem, as the manufacturer, in many instances delivers the item directly to the customer or to a central warehouse and consequently it is not known in advance which items will be shipped where.

Additionally, many appliances are delivered either with or without installation included, depending upon customer preference. Whether or not installation is desired the deliveryman usually does not uncrate the appliance so cannot place the label. Where installation is involved, it is not undertaken by the deliveryman but in fact by a specialized technician who is not always an employee of the firm but in many instances is an independent businessman who contracts the service to the retailer.

- (c) In other instances appliance and furniture dealers do not have their own delivery vans and contract for such services with independent truckers.

These contractors deliver a multitude of different crated appliances from many sources. As such, and even presuming the deliverer would uncrate the item, it would seem inconceivable that the driver could ascertain he was in fact placing the correct label on each appliance.

- (c) This does however leave the retailer in a very precarious position by necessitating his reliance on an independent operator.
- (d) Alternately, a label placed on the outside of a crate would be disposed of just as quickly as that placed on the front of an appliance and as such, would seem to serve no meaningful purpose to the consumer. In addition, no guarantee could be made by the retailer that the label would still be on the crate when delivered even though the retailer retains responsibility.

Even presuming some of the above situations could be overcome, delivery time etc., would undoubtedly require increased costs to all retailers and could well result in placing many a smaller one in a very uncompetitive situation.

By establishing lists of appliances as previously discussed consumers could obtain copies to study at home prior to shopping and could retain these lists for future consultation as to efficient use. They may even be induced to "let their fingers do the walking" and save gas.

We would also like to recommend that our Energy Agency adopt the standards set forth by the U.S. National Bureau of Standards as they become available so as to minimize any confusion to the consumer once voluntary or national standards are adopted.

As an added note, although the voluntary program is anticipated to take effect by the end of this year, in order for us to utilize the testing procedures of other sources thereby reducing our initial costs, it would seem that we may be placing our own Agency at a disadvantage by mandating a specific date, especially one as early as January 1, 1976.

In consideration of the above comments, it would be our recommendation that the proposed legislation be changed to:

- (1) Require the issuance of lists rather than labels to be available to all consumers at retail outlets selling appliances or through the Energy Agency.
- (2) Information should be compiled and provided by the Energy Agency based upon standards adopted by the National Bureau of Standards to ensure consistency.
- (3) The effectivity date be made flexible to allow the Energy Agency to adopt meaningful standards as they become available to ensure they are not mandated to undertake costly testing procedures in order to meet a pre-specified deadline and prevent exorbitant expense to our state.



MINNESOTA RETAIL FEDERATION

121 E. 7th St.-Suite 131

• Metro Square Bldg.

• St. Paul, Minnesota 55101

Phone (612)227-6631

MINIMUM EFFICIENCY STANDARDS FOR APPLIANCES

The Minnesota Retail Federation would find it extremely difficult to condone legislation which would eliminate any product or competition in the marketplace except, of course, for safety or other equally necessary reasons.

A serious look must be given to the consequences of such legislation in relation to attainable energy savings.

Of paramount importance is the fact that according to our sources, total consumer energy usage in home appliances equals approximately 5% of the total national energy usage.

This figure of consumer energy expended includes not only major appliances as noted in your proposed legislation, but lighting, all appliances, home entertainment centers, etc. Hot water heaters use an additional 3% approximately, with the remaining 92% going to space heaters, private transportation, business and industry (70%).

It is also important to keep in mind that not all appliances on the market are inefficient and the resultant savings are minimal at best.

For example - Refrigeration is estimated to equal approximately 1.1% of total consumer energy consumption (5%). A study conducted by the Association of Home Appliance Manufacturers on refrigerators ascertained that in eight various sizes and product classifications, the average variation in efficiency from the least efficient model to the most efficient model was about 30%. If it were assumed that all consumers own refrigerators of average efficiency (15% variance) today, and hereafter due to the establishment of minimum efficient standards could only buy the most efficient refrigerator of any given size, it is estimated that it would take 15 years to reach all the people buying these new products. After 15 years presuming optimum conditions, we would have achieved a change of approximately 15% of the 1.1%, or less than seventeen hundredths of one percent.

...../2

Representing Minnesota's Largest Payroll Producing Industry

225,000 Employees — \$900,000,000 Payroll — 20,000 Establishments — \$7,500,000,000 Sales

The philisophy behind the need for banning certain products seems to stem from the Ford study which shows substantial savings if only maximum efficient models were used. These figures however, presume optimum conditions.

One serious point perhaps not considered, but pointed out by Dr. Betsey Ancker-Johnson* during testimony to a U.S. Senate Commerce Subcommittee in 1973, is that minimum standards should not be set as in many instances minimum standards ultimately become maximum standards. Since we have no data upon which to analyze trends, should this in fact become a reality, the savings estimated by the Ford Foundation would not be achieved.

In addition, the banning of products seems to leave an opening that could well prove to be counterproductive. If states determine a minimum standard, there would appear to offer little incentive for manufacturers to improve their products, especially if increased efficiency would place them at a competitive disadvantage.

Also, manufacturers surpassing the minimum could well cut back efficiency to the minimum, thereby counteracting the desired effect - that of bringing minimum efficient units up to a higher level.

The fact that one state, California, whose population and energy demands greatly exceed ours has undertaken this type of program does not necessarily mean that Minnesota should immediately follow suit.

The proposed legislation indicates the Energy Agency should establish test procedures that approximate average use patterns for our state. This means that Minnesota will have to embark on a program of our own to establish these patterns as climatic conditions, which have significant impact on usage, differ greatly. The argument then of being able to bootstrap on to California at little cost to our state consequently would not seem to hold true and the actual cost of such a program should be studied in great deal - again considering cost - vs - benefit.

* Dr. Betsey Ancker-Johnson - Ass't Secretary of
Commerce for Science and Technology.

Other effects of setting minimum standards are many.

1. It is admitted that there is a tendency for more efficient models to have a higher initial cost. Although California legislation attempts to counteract this situation by requiring that the efficiency regulation be economic over the lifetime of the appliance, this "lifetime" will vary greatly according to care, use, and would seem to be difficult to determine, if not impossible.

By what method of test can anyone ensure that a product will maintain its efficiency over a 15 year period, or for that matter that the product will always last the allotted time? What legal affect would this have on warrantees or guarantees?

In addition, what are considered to be maximum standards today could well be found extremely inefficient at a later date through continued improvement. This can only happen however if unhindered competition allows technological advancement to remain profitable.

2. Whether or not this higher cost can indeed be amortized over the lifetime of the product neglects a basic moral question - Presuming a cost-energy relationship exists, are the energy savings sufficient to warrant lower income families not being able to purchase a desired article because it is no longer available at a cost within their reach?

How can minimum standards be set, and what criteria will be used, or will we set an arbitrary level?

A lower income family, conscious of utility costs, etc., may in fact use a less efficient model more constructively than a more affluent family using a maximum efficient model (e.g. waiting for the washer or dryer to be full - vs - washing or drying at half loads).

Minimum Efficiency
Standards

Page.....4

3. The setting of minimum standards could well prove to be counterproductive to energy education by instilling in the population a false sense of compliance through government intervention - for example - consumers don't have to worry about careful usage as the government has already guaranteed they can only purchase maximum efficient models anyway.

Although some of these examples are hypothetical, it still points to the fact that energy use consciousness is more effective than banning. In fact, a study in eastern Pennsylvania on airconditioner usage showed a variation from about 125 hours to over 600 hours yearly, indicating some consumers were using five times as much energy as others to operate similar products.

Lastly, but certainly not of least importance is that, in Minnesota (unlike California) where approximately 70% of our state's population is in the position of easily going elsewhere for desired items, the results of banning are unknown as it will affect our economic situation. This is especially true if neighboring states wish to utilize this to their advantage through advertising. Consequent reductions in sales tax and other revenues should also be carefully considered.

As mentioned previously, there appears to be no empirical data to prove that any type of banning is an effective tool against energy waste. We strongly oppose mandating our Energy Agency and State to unforeseen problems which a program of this type may incur on the basis that one state has done so already.

We would recommend therefore that this present proposal be held in abeyance until further research has been done.

A bill for an act
relating to appliance energy consumption
disclosure and education.

SECTION 1. (PUBLIC POLICY) The purpose of this act is to provide consumers with information necessary to enable an informed choice of efficient products from among the selection of household appliances and equipment.

SECTION 2. (DEFINITIONS) Subd. 1 - As used in Sections 1 to 7 the terms defined in this section have the meanings given them.

Subd. 2 "Manufacturer" means any person engaged in the manufacturing or assembling of new appliances or equipment or in the importing of such products for resale.

Subd. 3 "Energy consumption" means the energy resources used by appliances or equipment under conditions of use approximating actual operating conditions insofar as practical as determined through test procedures contained or identified in published U.S. Department of Commerce Voluntary Energy Conservation Specifications.

Subd. 4 "Energy efficiency" means the energy use of appliances or equipment relative to their output of services, as determined through test procedures contained or identified in published U.S. Department of Commerce Voluntary Energy Conservation Specifications.

Subd. 5 "Consumer" means the first person who purchases a new appliance or item of equipment for purposes other than resale.

Subd. 6 "Household Appliance or equipment" shall include room air conditioners, household refrigerators, home freezers, clothes washers, dishwashers, clothes dryers, kitchen ranges, ovens and water heaters included by the Department of Commerce in the Voluntary Energy Conservation Specification, but shall not apply to such appliances and equipment manufactured solely for export.

Subd. 7 "Class of appliance or equipment" means a group of appliances or equipment whose functions or features are similar and whose functional output covers a range that may be of interest to consumers.

Subd. 8 "Specification" means a Voluntary Energy Conservation Specification developed and published by the U.S. Department of Commerce in accordance with the Procedures for a Voluntary Labeling Program for Household Appliances and Equipment to Effect Energy Conservation.

Subd. 9 "Agency" means the Minnesota Energy Agency.

SECTION 3. (ADOPTION OF SPECIFICATIONS) The Agency may adopt specifications identical to those adopted by the U.S. Department of Commerce Voluntary Labeling Program for Household Appliances and Equipment as specified in Sec. 2, Subd. 8.

SECTION 4. (SUBMISSION OF SPECIFICATIONS) All manufacturers of household appliances or equipment for sale at retail in Minnesota shall provide to the Agency, energy consumption specifications for those classes of appliances or equipment for which the Agency has adopted specifications.

SECTION 5 (PROHIBITIONS) It shall be a misdemeanor for a manufacturer of household appliances or equipment to distribute or cause to be distributed in commerce any products in those classes for which specifications have been adopted by the Agency unless the energy consumption specifications for such products have been provided to the Agency as provided for in this Act.

SECTION 6. (SPECIFICATION DATA) Subd. 1. The Agency shall compile all specification data received from manufacturers on each class of appliance for which the Agency has adopted specifications.

Subd. 2 The data on each class of appliance or equipment shall be made available by the Agency to each retail outlet of household appliance or equipment and shall be made available upon request of the Agency to any consumer in the state.

Subd. 3 All retail outlets of a class of household appliances or equipment on which energy consumption specifications have been adopted by the Agency shall provide to the consumer upon request the specifications for the requested class of household appliance or equipment.

SECTION 7. (RULES AND REGULATIONS) The Minnesota Energy Agency may adopt such rules and regulations as are necessary and useful in carrying out the purpose of this act.



STATE OF MINNESOTA

DEPARTMENT OF REVENUE
CENTENNIAL OFFICE BUILDING
SAINT PAUL, MINNESOTA 55145

January 20, 1975

Mr. Sam Rankin
Subcommittee on Conservation
Commission on Energy
Room 17
State Capitol
St. Paul, Minnesota 55155

Dear Mr. Rankin:

I am enclosing herewith a suggested draft for a bill relating to the exemption of land and personal property used for the generating of energy where such energy is generated by non-conventional fuels.

If I can be of any further assistance to you in this matter, please do not hesitate to call on me.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Louis Plutzer'.

LOUIS PLUTZER
Deputy Commissioner of Revenue
(Acting)

LP:ded

Enclosure

A bill for an act

relating to taxation; providing an exemption from ad valorem taxes of certain property used for heating and cooling buildings or structures; amending Minnesota Statutes 1974, Section 272.02, Subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 272.02, Subdivision 1, is amended to read:

272.02 TAXATION; ASSESSMENT; MACHINERY AND EQUIPMENT; EXEMPT PROPERTY. Subdivision 1. Except as provided in other subdivisions of this section, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the tax commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county, city, or village of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county, city, or village thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures.

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

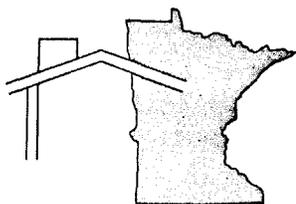
(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of taxation. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(16) Real and personal property used primarily for the purpose of supplying steam or hot or chilled water for heating or cooling buildings and structures, provided that the sources of energy required for generating such services are innovative and non-conventional, such as but not limited to solar or wind energy. Any taxpayer requesting exemption

of all or a portion of real estate or any equipment or device, or part thereof, intended primarily for the collection and use of heat or other energy from non-conventional energy sources, including but not limited to solar and wind power, shall file an application with the commissioner of revenue. Any such real estate or equipment or device shall meet standards, regulations, or criteria prescribed by the Minnesota Energy Agency. The Minnesota Energy Agency shall, upon request of the commissioner of revenue, furnish the relevant information to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation for as long as it is in use as an auxiliary energy system. The exemption allowed by this clause shall not be applicable to any enterprise engaged in the business of furnishing electrical energy to others.

Sec. 2. Effective for all assessments made after
December 31, 1975.



minnesota housing finance agency

January 14, 1975

SUBCOMMITTEE ON CONSERVATION MEASURES OF THE
LEGISLATIVE COMMISSION ON ENERGY

RE: Proposed Legislation for Low Interest Loans for Home Insulation

Gentlemen:

In response to your letter of January 9, 1975, I would like to offer my comments on the above topic. Your interest and work in this problem area is commendable, for there is a clear need to lower energy usage and homeowner costs by improving the insulation capabilities in our existing housing. Although these goals are worthwhile, I have several specific comments relating to your program proposals:

1. The Minnesota Housing Finance Agency is developing a Home Improvement Program designed to provide low interest loans to homeowners throughout the State. A wide variety of repairs and improvements will be eligible, and energy saving items will be encouraged. This program plans to specifically utilize state appropriated funds as well as funds from the sale of bonds by the Agency.
2. In the above program, as well as other Agency housing programs, there are legislative and legal restrictions to serving only low and moderate income persons and families. Thus, new legislation would be required to enable the Agency to make loans to any homeowner, as stated in your proposal.
3. The proposed public education program could still be carried out by the State Energy Agency, and probably be done more efficiently in conjunction with one Housing Finance Agency Home Improvement Program.
4. The proposal to establish an Agency inspection program would require major administration and cost increases to existing small and centralized Agency operations.
5. The proposed guaranteed tax valuation freeze would require legislation dealing with local tax appraisal procedures and regulations.

480 cedar street • saint paul, minnesota 55101 • (612) 296-6959

AN EQUAL OPPORTUNITY EMPLOYER

6. It is possible to set aside a portion of the funds expected to be appropriated for the Agency's Home Improvement Program for energy related improvements.

In summary, I feel confident that the intent of your proposed legislation will be adequately addressed through current Agency efforts, and that such a new program could increase costs, confusion, and timely delivery of funds available for energy saving home improvements.

Sincerely,



James F. Dlugosch
Executive Director

/rk

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

Comments on proposed legislation of the Subcommittee on Conservation Measures of the Legislative Commission on Energy

The League of Women Voters of Minnesota commends the Conservation Subcommittee for its work in preparing legislative proposals in a difficult area. We have tried to consider the proposals in light of our human resources position, as well as taking into account environmental protection and resource savings.

The League supports the concept of low interest loans for home insulation, particularly with the inclusion of a sliding interest rate to help equalize the burden on low income families. We believe the public education provision of this proposal is absolutely essential to its success. We agree with the suggestion that inspection be done at the local level, using existing inspection departments, if localities are reimbursed in some way for this effort. The cities cannot afford any more mandated programs without accompanying funds. Many local inspection departments are presently understaffed. We question the \$250. limit on loans for multiple dwelling units. Shouldn't the emphasis be on rewarding the use of these dwellings, since they are relatively less energy-consumptive than single family units?

The League also supports the concept of upgrading existing school buildings to conserve energy. This would be difficult under present funding limits, however, since most school budgets are already strained. Increased bonding authority for capital outlay would be helpful, but also would, of course, increase the property tax and thus add to the regressive impact of that tax. Ideally, the state would provide grants for retrofitting.

On the question of appliance efficiency disclosure labeling--we understand the difficulties of implementation, particularly on a one state basis. We also recognize that the energy savings resulting from this legislation would not be as significant as in the areas affecting housing and transportation. Nevertheless, we believe this would be an important piece of legislation for several reasons:

1. Appliance labels would be a highly visible symbol of the state's effort in the conservation program.
2. It would allow the consumer to have a voice in decision-making, thus alleviating the feeling of powerlessness often felt in the energy area. There is presently no way to make wise choices in appliance buying. A list of appliance efficiencies would be helpful, but individual appliance labeling is far more visible, thus preferable.
3. When choices are made on the basis of energy efficiency as well as cost, manufacturers of less energy efficient appliances will be forced to give this factor greater consideration in future production.
4. Federal legislation in this area would, of course, be desirable; however, it may be long in coming. Enactment of a Minnesota law could have a significant impact in forcing federal legislation. New York City has an



Comments on proposed legislation
of the Subcommittee on Conservation Measures - page 2

appliance labeling law in effect, so apparently implementation on a non-federal level is not too difficult.

5. Manufacturers already have or could easily develop information on efficiencies and could provide it at little cost to consumers and no cost to the state.

The above reasons are applicable to automobile efficiency labeling, with the additional argument that auto travel constitutes a far greater proportion of total energy use than appliances. Very significant savings could result in a shift to more efficient cars.

The idea of taxing low-efficiency cars is consistent with past legislation taxing alcoholic beverages and cigarettes (luxuries) heavily. Funds from this tax could go for research and development and energy conservation education. This would allow those who consume most to pay for efforts to alleviate the results of their consumption.

A state research and development fund for innovative energy sources is an important effort, particularly since most federal funds will probably be spent on nuclear research. The League believes there are a number of projects which can be successfully undertaken on a state level with fairly limited funds. Our demonstrated expertise in solar experimentation is an example. The Upper Midwest Council study, completed in August 1974, recommends state funding for projects involving the use of solid waste and agricultural waste to produce energy, and for the development of total energy systems. We have some reservations about funding R and D projects with a fuel surtax. Since low income families use a larger portion of their income on necessities than do other families, they would bear a disproportionate share of this burden. Ideally, we believe an R and D fund should be established with a surtax on luxury items or through general revenues of the state. However, since the surtax proposed is estimated to amount to only 34 cents per household per year, it would be an acceptable alternative if funds are not available from other sources.

Nancy Lattimer
Environmental Quality Committee
League of Women Voters of Minnesota
January 20, 1975

1-15-75

PRELIMINARY RESPONSE BY MINNESOTA AUTOMOBILE DEALERS ASSOCIATION
TO DRAFT OF PROPOSED LEGISLATION UNDER STUDY BY THE SUBCOMMITTEE
ON CONSERVATION MEASURES OF THE LEGISLATIVE COMMISSION ON ENERGY

Topic: Disclosure of Automobile Efficiency

The Minnesota Automobile Dealers Association has had past experience with this concept. A disclosure bill was defeated in the Senate in 1974 Session as well as a similar section in H.F. 2797. Currently, the automobile manufacturers are voluntarily placing a general label on passenger vehicles they are shipping to automobile dealers around the country. We note the proposed legislation calls for a "specific label" to be placed on all vehicles which the E.P.A. has tested. The burden of placing this "specific label" on vehicles would fall directly on our Minnesota dealers, since the manufacturers have indicated they would only continue to place the general label on their automobiles as they are currently doing nationally.

We have several questions we hope the commission will address itself to.

- 1) Who is going to supply the needed "specific label." Must the dealers go through the E.P.A. directly or will they be able to obtain them through a state agency such as the Energy Agency?
- 2) Would any provision be made for dealer trades across state lines? Many times in border towns such as Fargo-Moorhead, Duluth-Superior, if a dealer does not have the needed car a customer wants, he will dealer trade with another dealer across state line. Will a salesman have to be sent over to affix a sticker before the contract is signed?
- 3) Minnesota consumers will have to absorb the added cost, however small.

PRELIMINARY RESPONSE BY MINNESOTA AUTOMOBILE DEALERS ASSOCIATION
TO DRAFT OF PROPOSED LEGISLATION UNDER STUDY BY THE SUBCOMMITTEE
ON CONSERVATION MEASURES OF THE LEGISLATIVE COMMISSION ON ENERGY

Topic: Surtax to Encourage Energy Efficient Automobiles.

The Minnesota Automobile Dealers Association representing 803 dealers and approximately 14,000 employees, is vitally concerned over the energy situation in the United States and in Minnesota. The energy shortage is a problem which has, and will cause many dealers trouble ranging from mild inconveniences to serious loss of income. We don't pretend the problem doesn't exist. We do think the important point to remember is that it is a problem, and problems have solutions.

To a very large extent, dealers are at the mercy of the manufacturers. Minnesota makes up around 2% of the market for new car sales in America. Attached are two newspaper clippings explaining the changes taking place in the industry. The Detroit manufacturers are gearing toward smaller cars and they are fully expecting their golden days to have diminished. The present unemployment in the industry is 20% and growing.

The Minnesota Auto Dealers oppose a state surtax on automobiles for the following reasons:

- 1) Economic incentives will shortly become present to encourage the energy conscious consumer to purchase a smaller user of gasoline. President Ford has called \$30 billion in higher oil taxes. Informed sources have equated this to a 7 cent a gallon figure. Democrats in Congress are calling for higher gasoline taxes and the possibility of gasoline rationing. The State Highway Commissioner is calling for an increase in the State gas tax of at least 2 cents a gallon, and an increase in ad valorem license tax.
- 2) Energy policy must be determined on a national level. In the Democratic economic proposals outlined earlier this week, one proposal called for higher manufacturers excise taxes

on pleasure craft and high horsepower private cars. If Congress passes this measure, it could lead to a double liability to Minnesota consumers. The creation of any special fund earmarked for studies and demonstration projects related to the furtherance of public transit would best be handled on a federal level where adequate funding and coordination can be accomplished.

- 3) Some families and individuals need larger and less energy efficient automobiles. Large, low and moderate income families will be adversely penalized by such a proposal. Handicapped individuals needing larger vehicles for transportation would be penalized.
- 4) Studies have shown that smaller cars are less safe than larger cars.

Congress has mandated better gas mileage in future year productions. Changes are coming in the auto industry. We ask that you examine policy goals and their implications and determine who is in the best position to decide energy policy.

Chrysler to restructure into small, lean operation

MPLS
TRIBUNE
1/14/75

New York Times Service

Detroit, Mich.

Lynn Townsend, chairman of Chrysler Corp., said Monday that the company had embarked on a long-range restructuring that would leave it considerably smaller and leaner but able to operate profitably in a smaller market.

In one of the most pessimistic assessments of the auto industry's future ever to come from a top auto executive, Townsend said in an interview in his office, "We are making no assumptions here, in controlling and operating our company, that the market is going to ever get better than 6 million cars."

Last year the total car market in the United States was 8.8 million cars. In 1973 the auto industry sold a record 11.4 million cars, including both domestic and imported cars. Domestic car sales in 1973 totaled about 10 million.

In the long-range planning for Chrysler, the most hard-pressed of this nation's big three auto makers, Townsend indicated he was assuming that the auto industry could remain at its current depressed levels for a long time.

"What I'm saying is that it would be bad management on my part to be sitting here and say the market has to come back by the third quarter, come back by the fourth quarter or I'm in deep, deep trouble," he said.

"I can't commit myself managementwise to take this company into deep, deep trouble. So I have got to plan for a substantially lower level of sales for our industry and plan the company that way."

Townsend said that Chrysler was now set on a course to bring its overhead and work force by the end of the year in line with a 6-million annual rate of sales for domestic

cars.

Although he refused to give specifics on how many people this would affect, he did estimate that the restructuring involved going from the industry's sales rate of 8.8 million in 1974 to 6 million would mean a reduction of about a third of the overhead at Chrysler.

He said most of the reductions would come in the fixed-cost category involving such positions as foremen, supervisors and factory managers.

"They're in the plant that day whether the plant builds 300 cars or 600 cars, and it's this overhead that we are working structurally on reducing," Townsend said, in his office at Chrysler headquarters in Detroit.

"We are not going to permit ourselves to go on rosy forecasts of the future," he said. "Our long-range goal is to bring the overhead down in line with a 6-million-car market."

1980 Auto Will Be Geared to High Mileage

By Edward Lechtzin

DETROIT (UPI)—While most Americans still don't know what the 1975-model cars will look like, automotive executives are lining up their plans for 1980 and even looking ahead to 1995.

Higher gasoline prices and the shift toward cars that are smaller, or get better gas mileage, are here to stay and will be a key factor in determining what cars in 1980 and 1995 will look like.

BY 1980, SMALLER and lighter cars with new power sources and fuel-saving transmissions will be a fact. On-board computers will help control and diagnose engine problems before they are noticeable.

Twenty years from now, however, "will be a whole new ball game," said Fred Secrest, a Ford Motor Co. executive vice president who is one of the men charged with looking into a cloudy crystal ball and making the right decisions.

The auto industry still will be strong in 1995, Secrest predicted, because "it adapted to the energy challenge, developed new technology and people still will want the freedom and convenience of personal mobility."

ENERGY CONSERVATION will be the "key" to automobile design and use from now on, Secrest said, because of the higher cost and potential shortage of fuel.

Some of the things that will affect the outlook for 1980 are the gasoline lines of the the past few months, increased car pooling and greater use of public transit.

"I am convinced that automotive life-styles in 1980 will look pretty familiar, even though a good many changes will have taken place," said Secrest.

"THE CHALLENGE to the car industry is to design big cars that will get 20 miles to the gallon, and little cars that will get 30 miles or more to the gallon."

Some of the changes in automotive design and technology that will help improve gas mileage substantially

by 1980, according to Secrest, could include:

LIGHTER WEIGHT cars through more use of aluminum, plastics, high strength steel, smaller engines and design that provides a better ratio of usable space to overall size.

IMPROVED AERODYNAMICS to reduce wind resistance and radial tires that provide between 6 and 9 per cent more mileage.

AUTOMATIC TRANSMISSIONS with fluid torque converters that "lock up" in high gear in order to provide high gear fuel economy equal to that of manual transmissions. There also will be greater availability of manual transmissions with four or perhaps five speeds, with an overdrive top gear.

VARIABLE CARBURATORS that adjust to provide the best fuel economy for specific speeds.

NEW FORMS of the internal combustion engine to utilize fuel better. The rotary engine, Secrest said, will

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Albert L. Pooler
Vice President - Administration



January 15, 1975

Position of Minnesota Gas Company
on Proposed Legislation:

1. "Appliance efficiency disclosure labeling"
2. "Minimum efficiency standards for appliances"
3. "Low interest loans for home insulation"

1. Minnesota Gas Company ("Minnegasco") supports the obvious intent of these proposed laws to conserve energy by the use of more efficient household appliances. This would be accomplished by labeling the appliance to provide the consumer with factual information on the efficiency of energy usage of a particular appliance and allow the consumer to make an informed choice based on energy efficiency.

Also, the proposed legislation that would establish minimum energy efficiency standards that are reasonably attainable for appliances to be sold in Minnesota after January 1, 1978 merits serious consideration.

The proposal for low interest loans for home insulation, caulking and storm windows may be desirable.

Minnegasco appreciates the chance to work with the Legislative Commission on Energy and the Minnesota Energy Agency toward the goal of energy conservation in Minnesota. We would hope that we can provide factual information and data that will be of value to you in the framing of this important legislation.

2. Appliance labeling to show actual energy consumption is a national problem in scope of impact and interest, and a solution undertaken by Minnesota must be coordinated with federal laws and regulation to avoid chaos in the appliance manufacturing distribution and sales industry. The practical problems for both the manufacturer and the consumer are obvious if several states each adopt different labeling requirements for the same appliances.

The U S Department of Commerce has a voluntary labeling program for major household appliances. Standards have or are being established for room air conditioners, central air conditioners, refrigerators and water heaters. We urge the Commission to coordinate their efforts with these programs of the U S Department of Commerce.

3. Although Minnegasco agrees with the purpose of the proposed appliance efficiency and labeling legislation, it does not agree that the method of disclosing the quantity of energy used by appliances will meet the legislative objectives, for the following reasons:
 - a. The method of disclosure assumes that natural gas and electrical energy are delivered to the appliance at equal efficiencies. This is not correct. When fossil fuels (coal, oil or natural gas) are burned to generate electricity less than 30 percent of the energy in the fuel is delivered to the appliance as useable energy - 70 percent is lost as waste heat in the generation process and in transmission losses. When natural gas is burned in the appliance, 95 percent of the energy in the fuel is delivered in a useable form to the appliance.

Although electric appliances are generally more efficient at the point of use than comparable gas appliances, when generation and transmission inefficiencies are considered, electric appliances are much less energy efficient.

Independent research studies conducted by Oak Ridge National Laboratory for the Atomic Energy Commission and by the Rand Corporation for the State of California indicate that gas appliances are 1.5 to 3 times more efficient than electric appliances when fossil fuels are used to generate the electricity, and generation and transmission energy losses are considered. (See Appendix "A", attached, for efficiency table from Oak Ridge study.)

A method of disclosure which emphasizes only appliance use efficiency and does not consider generation and transmission losses could mislead the consumer into thinking an electric appliance uses less energy than a comparable gas appliance when in fact, it may use 2-3 times more energy.

- b. The method of disclosure implies that electrical appliance consumption will be stated in watts and gas appliance consumption stated in cubic feet. Although this procedure would enable the consumer to compare electric appliances with other electric appliances and gas appliances with other gas appliances it would not provide a common measure to compare energy consumption of comparable gas vs. electric appliances.
4. The purpose of the proposed legislation will be accomplished if two changes in the procedure for disclosing energy consumption are made:
 - a. Energy consumption of an appliance should include losses for transmission and generation for both gas and electric appliances.

- b. Convert watts for electric appliances and cubic feet for gas appliances to a common measure of energy consumption - BTU's (British Thermal Units) per hour.

These two changes will provide the public with factual data on actual energy consumption of appliances in terms which will permit appliance efficiency comparison.

/11
attachment

REVISED EFFICIENCY TABLE FROM ERIC HIRST, OAK RIDGE NATIONAL LABORATORY

TABLE 5

ENERGY AND ECONOMIC EFFICIENCIES FOR RESIDENTIAL ENERGY USES

	Energy Efficiencies ^a				Economic Efficiency ^b	
	Gas (%)		Electricity (%)		Ratio	Ratio
	Ut.	Ult.	Ut.	Ult.	$\frac{(G)}{(E)}$	$\frac{(G)}{(E)}$
Space Heating	60%	55%	100%	28%	2.0	3.5
Cooking	37	34	75	21	1.6	2.9
Water Heating	64	59	92	26	2.3	4.0
Clothes Drying	50	46	54	15	3.1	5.4

^a Energy efficiency data from Stanford Research Institute, ref. 18; Gas Engineers Handbook, ref. 21; and Consumers' Research, ref. 34. "Ut" is the utilization efficiency and refers to the efficiency of fuel use within the home. "Ult" is the ultimate efficiency and includes the efficiency with which energy is delivered to the home (transportation, processing, conversion, etc); see Appendix A.

^b Economic efficiency is the ratio of useful energy delivered per unit consumers cost for gas relative to electricity. The base prices used are the average residential prices for 1970, 2.10 cents/kwhr for electricity and 10.6 cents/therm of gas, from refs. 19 and 26.

January 20th, 1975

TO: Subcommittee on Conservation Measures of the Legislative
Commission on Energy.

FROM: Outdoor Advertising Association of Minnesota

RE: Draft of Proposed Legislation

TOPIC: Regulation of Advertising and Display Lighting

Gentlemen, it is with gratitude that we present in written form the comments presented at the subcommittee hearing January 15th, 1975.

Rather than initially address myself to the verbage of the proposed Legislation I would like to speak to the concept as a whole.

When one peruses the topics of the draft proposals several things become apparent, for example:

1. Topic: Tax exemption for energy-conserving materials or equipment.
Topic: Encouragement of auxilary heating systems by tax exemption.
Comment: These appear to be aligned to conservation measures. Do not penalize, rather reward.
2. Topic: Disclosure of automobile efficiency.
Topic: Surtax to encourage energy efficient automobiles.
Comment: These are, first, all inclusive in that they in fact affect automobiles as an entire class. In addition, disclosure of an automobile efficiency is more of a consumer item than specifically a conservation proposal.
3. Topic: Low interest loans for home insulation.
Comment: Commendable effort and one which could have good conservation effect. However, no statement of stopping those who build with less than desirable insulation.
4. Topic: Energy efficiency upgrading in public school buildings.
Topic: Insulation of State governmental buildings and State facilities.
Comment: Not necessary to comment as need is obvious and tax supported nature of ventures.

5. Topic: Appliance efficiency disclosure labeling.
Topic: Minimum efficiency standard for appliances.

Comment: Again, as with automobiles, these are all inclusive, i.e., applying the requirements to all appliances. Also, efficiency labeling appears to be a consumer item as much as a possible conservation item.

The reason for all the topics and comments listed is that when one considers the topic of regulations to limit or prevent certain types of outdoor advertising several things become apparent; 1.) a single media of the advertising industry is singled out. 2.) Conservation measures are minimal to actual savings since energy usage is minimal.

Regarding number one above, outdoor advertising is a single media of the advertising business; included are the electronic media (radio and T.V.), print media (newspapers and magazines), to name a few.

I read with interest a news item in the Friday, January 10th, 1975, edition of the Minneapolis Star (copy attached) which gave an indication of expanded T.V. days. The reason for my concern is related to number two above and I will speak of that later. Also of interest then is lack of mention of curtailing the print media in their running of presses with strictly advertising content, i.e.; Sunday inserted flyers etc. We, the outdoor advertising industry, question this selectivity in the name of energy conservation.

The reason for the question is based primarily in figures made available by NSP relative to power usage of one of our members, Naegele Outdoor Advertising of the Twin Cities, Inc. I use Naegele because they represent a large share of the illuminated billboard type signs in the sign industry of the State.

According to NSP figures Naegele's usage is 17/10,000th of 1% of daily generation. Also according to NSP figures, all lighting i.e., street, home, commercial is less than 2%.

If the desired end of the proposed legislation is psychological impact rather than conservation, and that is apparent when the staff report indicates that not only is the likely savings low but also that enforcibility is difficult, then the obvious question to me is would not curtailing a T.V. broadcast day have a great psychological impact also, with a greater potential of energy conservation.

Since we, as a business which is part of an industry, must compete on a day to day basis with the other members of the industry (other media) it is apparent that when one member of the industry has to absorb a reduction in quality the competitive angle becomes crucial, such as a reduced exposure day.

In light of the aforementioned statements and in addition the question of legal status of creating a substantially new class, I would ask that consideration be given to striking any further consideration of the draft proposal topic: Regulation of advertising and display lighting.

TV days grow longer

2 TWIN CITIES CHANNELS EXPANDING SCHEDULES

*

The television day will grow longer in the Twin Cities next week.

Channel 4, which now opens shop at 6:30 a.m., will move its sign-on time to 6 a.m., starting Monday, and will pick up the hour-long "CBS Morning News" show.

The Hughes Rudd program had been carried on Channel 9, an ABC affiliate, for several years, but was dropped this week when the network launched its "AM America" series.



Power

Starting Jan. 27, Channel 4 will go on the air at 5:30 a.m. to present the spring-term broadcasts of "Sunrise Semester."

Channel 11, meanwhile, will extend its Friday and Saturday broadcast days next week with the introduction of a "Night Owl Theater" series of movies.



Moyers

The Friday night "Theater," consisting of Charlie Chan pictures, will start at 1:30 a.m. and will be the station in operation until 3 a.m. Saturdays. A package of horror films will take over after the showing of what used to be the station's Saturday late movie at 1 a.m. and will run until 2:30 a.m. Sundays.

My old television tube deserves Medicare.

CHANNEL 2 Tuesday will present the first of six programs videotaped at joint sessions of the Minnesota Legislature.

The programs will be carried at 8 p.m. Tuesday, Wednesday and Thursday and Jan. 21, 22 and 23.

Called "Minnesota Horizons," the series is designed, KTCA says, "to open up to the public the planning and policy-making process of the Legislature."

BILL MOYERS, who quit television last spring to contemplate his future in the medium, will return to a public TV series this month.

Forrest Powers



His new show is called "Bill Moyers' Foreign Report." It will start Jan. 16 on the Public Broadcasting Service and will be carried for the first time on Channel 2 in the Twin Cities Jan. 30. A schedule conflict prevents an earlier showing here.

The series featuring the Emmy Award winner will be produced with the assistance of grants from the German Marshall Fund of the United States, the Corporation for Public Broadcasting, the Ford Foundation, International Business Machines and the Inter-American Foundation.

SMALL TALK: CBS-TV's "60 Minutes" Sunday has a scheduled profile of Norway, a country Mike Wallace describes as one that has "no poverty, no unemployment, no slums" ... Gov. Ella Grasso of Connecticut is the scheduled guest on "Meet the Press" Sunday ... Liza Minnelli's movie "The Sterile Cuckoo" will be presented for the first time on ABC-TV Monday evening... Taryn Power, 21-year-old daughter of Linda Christian and the late Tyrone Power, makes her U.S. TV acting debut tonight in "The Count of Monte Cristo." She plays Valentine, the daughter of deVillefort ... John Amos of the CBS-TV series "Good Times" will be the grand marshal of St. Paul's Winter Carnival Parade Jan. 25... Channel 11 will provide coverage of the Minnesota High School Hockey Tournament March 6 through 8 and the state high school basketball tournament, which starts March 19.

NSP

NORTHERN STATES POWER COMPANY

MINNEAPOLIS, MINNESOTA 55401

January 17, 1975

Mr Alan K Greene, Chairman
Subcommittee on Conservation Measures
of the Legislative Commission on Energy

Dear Mr Greene:

We are pleased to receive your invitation to comment on drafts of proposed energy conservation legislation measures under consideration by your subcommittee. Your subcommittee and staff are to be commended for the research and creativity which has gone with the development of these draft proposals.

Overall Northern States Power is supportive of the energy conservation objectives proposed in Items #1 - 9. We do think highest priority should be placed in pursuing the enactment of proposals aimed at conservation in heating and transportation - the sectors where the most significant energy savings can be attained. (Items 1, 6A, 6B, 6C, 7, 8 and 9).

However for each of these proposals we recommend that careful study of the administrative costs and probable energy savings be done by the LCE and MEA before recommending enactment by the Legislature. We do not think proposals should be enacted if the administrative costs to the State and private sector are large, and the resulting energy savings marginal. However we recognize that certain measures may be useful to enact for symbolic reasons in promoting an energy conservation ethic. Such an example would be setting limits on the permissible intensity of outdoor display lighting.

We also think that the energy conservation merits of each proposal should be weighed against the probable economic and social disruption of enacting the measure. For instance we think Minnesota would be ill advised to adopt minimum appliance efficiency standards that would cause most major appliance manufactures to pull out of the State because it was not economically feasible for them to design special products for Minnesota - a small percentage of their total market.

NORTHERN STATES POWER COMPANY

Page 2

January 17, 1975

Mr Alan K Greene, Chairman

Attached you will find specific comments and recommendations on some of the legislative proposals under consideration by your subcommittee.

Sincerely,


William S Seeley,
Environmental & Governmental
Activities Department

kd

1. Low Interest Loans For Home Insulation

NSP supports the enactment of a home loan insulation program because significant energy savings can be realized with adequate home insulation. A well defined, efficiently administered program will insure high cost/benefit energy savings. To maintain such a high cost/benefit ratio we recommend that the opening paragraph be amended to read:

"The State shall establish a fund with which to support a program of guaranteed low-interest loan for home ceiling or attic insulation, caulking, weather stripping, storm windows, and storm doors."

By adding the phrase "ceiling or attic", side-wall insulation jobs would be eliminated from this program.

In implementing NSP's home loan insulation program we found that side-wall insulation is not advantageous in most dwellings because:

- 1) Whereas ceiling insulation typically costs from \$100-300 per single dwelling resident, side-wall insulation typically costs from \$900-1,200. Thus the energy savings pay back period for side-wall insulation in most homes is not an economical investment.
- 2) Side-wall insulation usually requires that numerous holes be drilled into exterior walls to facilitate

blowing insulation. Even then horizontal cross beams often block insulation flow, resulting in large gaps. Inspection is very difficult and can only be accomplished by drilling more holes in the exterior wall - a costly procedure. Because inspection is so difficult, side-wall insulation jobs leave the consumer most vulnerable to being swindled by unethical contractors.

Because energy savings pay back is usually marginal, inspection difficult and the potential for consumer fraud high, we think the State would be well advised to eliminate retrofitting of side-wall insulation from this program.

Substantial energy savings at a fairly low cost can be realized by the addition of weather stripping and storm doors in buildings deficient in these structural aspects.

We think these are appropriate insulation measures to be included in this program.

2. Appliance Efficiency Disclosure Labeling

NSP supports this legislation provided that after careful study of the administrative costs and the probable energy savings, it is judged necessary and useful to enact legislation.

Referring to the present draft, the underlined phrase needs clarification: "Labels shall contain other information related to energy conservation which indicates the effect of consumer use patterns on energy consumption...."

A possible interpretation of this phrase might be that labels would recommend time periods (to coincide with off-peak periods) during which an appliance should be used. However, peak periods vary significantly by season and among the various generation utilities operating in Minnesota. If this is the intent of the phrase, "consumer use patterns," then it might best be deleted for the above reason. If some other meaning is intended, then perhaps a more explicit choice of words can be substituted for this phrase.

9. Encouragement of Auxiliary Heating Systems by Tax Exemption

We agree with the tax incentive concept proposed, however, we think it should apply to both primary and auxiliary heating systems. If a non-conventional energy source, such as a solar or heat pump unit is used a primary heat source, then why not qualify it for tax exemption? To do so would provide a further economic incentive to the development and use of non-conventional energy sources.

Consistent with this line of reasoning, we recommend that the work "auxiliary" be deleted from the bill's title and that the last sentence be deleted.

10. Minnesota Energy Research and Development Fund

NSP endorses the three R&D goals stated in this legislative proposal:

- "a) New and improved sources of energy
- b) Mitigation of negative environmental impacts from energy supply and use
- c) Elimination of waste in the use of energy"

However we believe that the multi-billion dollar federal R&D effort now underway by the National Science Foundation and the newly created Energy Research and Development Agency is the most productive, cost/benefit efficient approach to fulfilling these three R&D objectives.

In terms of dollar commitment, the Federal Administration is proposing that \$10 billion be devoted to energy R&D projects between 1975-80. This year alone the National Science Foundation's R&D budget will be approximately 630 million dollars.

In our judgment the threshold investment level needed to effectively implement the three R&D objectives stated above is far greater than \$5 million dollars per year. The creation of an independent State energy R&D organization would likely duplicate the federal effort now underway, and be much less productive because of inadequate funding.

At the same time a \$5 million/year State R&D organization represents a substantial investment for our State. In terms of budget size, administrative overhead, capital investment for research hardware and the hiring of research scientists to conduct R&D projects, this proposal has more of the markings of a new State Energy R&D Agency than the mere addition of a new division within MEA.

We question whether the broad - almost open-ended - research goals set forth in this proposal would give Minnesotians much assurance that the R&D projects undertaken would repay such a large annual investment of State funds. How much energy savings would be reaped by Minnesotians? For example the further development of geothermal power might truly benefit California and advancements in wind generation technology might be great for Kansas and Nebraska --- but if Minnesota can't benefit from such energy generation advancements, is it really worthwhile for Minnesotians to foot the bill?

Finally, the funding mechanism for this proposed research organization would be an indirect, regressive tax paid for by every Minnesotian. We think such a regressive funding mechanism would be poor tax policy for the State to adopt.

Although NSP is opposed to this proposal for the reasons just stated, we do think the State can play a constructive

role in helping to implement the three energy goals set forth. The final report of the Ford Foundation's Energy Policy Project, A Time To Choose, outlines a workable State role when it states:

"The federal R&D effort must be sensitive to the need to transfer technology from the federal government to the private sector and to state and local governments so that the technology can be put promptly into commercial use. This is particularly true for technologies applicable to environmental controls and to the use of urban and agricultural wastes. However, where the technology appears economically feasible and environmentally desirable, but the industrial infrastructure to build and operate the plant and equipment does not exist, a greater share of federal R&D money for demonstration plants is justified. Such is the case today with solar home heating systems and with urban and organic waste use." (page 321)

In our judgement the most cost/benefit productive method for the State to participate in demonstrating new technologies to save energy developed by the federal government or the private sector, is to seek legislative funding for specific demonstration proposals. Such an approach eliminates the open-ended R&D funding contained in the present draft bill. Specific demonstration proposals will enable the legislature to weigh the feasibility and pay back potential of each proposal, (or package of proposals) and if funding is granted, the legislature will be in a much better position to evaluate the productivity of the administering agency.

This R&D approach assumes that the administrating agency would largely rely on private consultants and university personnel to carry out demonstration grants, rather than hiring a permanent group of State research scientists.

We think such an approach has both economic and productivity advantages. In addition to State funding, energy demonstration grants from the National Science Foundation, the Energy Research and Development Agency and from private foundations are other possible funding sources.

For these reasons we urge the Subcommittee on Conservation Measures to reject this proposal in favor of the demonstration grant model.

OFFICE OF CITY COORDINATOR
301M CITY HALL • MINNEAPOLIS, MINNESOTA 55415
CITY COORDINATOR 348 2032
Thomas A. Thompson
ADMINISTRATIVE SERVICES 348 2027
Robert G. Bruce
ENVIRONMENTAL CONTROL 348-3668
Robert C. Mohr
PLANNING AND DEVELOPMENT 348-2580
Lawrence M. Fran
HUMAN SERVICES 348-6960
Charles R. McFarlane



January 21, 1975

Mr. Alan K. Greene, Chairman
Subcommittee on Conservation Measures
of the Legislative Commission on Energy
c/o Sam Rankin
Room 17 State Capitol
St. Paul, Minnesota 55155

Dear Mr. Greene:

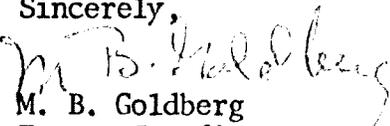
I am putting to writing the comments I made to your committee this past Wednesday. I am grateful for that opportunity and I hope my comments were helpful. I would like to reiterate that my comments are not to be considered as the official view of the City. However, the comments were a result of conversations within the City and I believe reflect the consensus of those I talked to about the proposed legislation.

I would like to clarify an answer to a question put to me by Mr. John Peterson. This related to the last item (11) of the proposed legislation. The City is not concerned, in this specific case, to the holding of tax valuation of property for home insulation improvements. It is concerned more with the general case and to the precedence it is setting. If it is provided for home insulation improvements now, it may be done for other items in the future and this would indeed affect revenues. What needs to be formulated is a technique where revenues would not be affected or would be specifically replaced. Our thought at this time seems to favor a tax rebate approach.

I have talked to Don Snyder of the MHRA and he would be able to discuss their experience with the low interest loans and grants for home repair. He can be contacted at 217 South Third Street (Zip - 55415) or by telephone on 348-2561.

I am sending some descriptions of the HRA loan program and the regional Operation Button-Up program. I have also attached copies of the comments I made on January 15. Thank you for the opportunity to participate.

Sincerely,


M. B. Goldberg
Energy Coordinator

MBG:pjw

Comments made to the Subcommittee of Conservation Measures of the
Legislative Commission on Energy at the State Capital on January 15, 1975

I have had some discussion with individuals within the City government involved in areas directly or indirectly related to the draft legislation. I believe I can reflect clearly some of the thoughts of the City and will follow up with correspondence from the appropriate elected officials. I am here tonight as the Energy Coordinator for the City of Minneapolis as well as Project Manager for a Federal Energy Administration funded pilot program for insulation retrofit.

The federally funded project is called "Operation Button-Up", a metropolitan wide program. As Energy Coordinator, I have been active for over one year with the major City departments and independent boards within the City (i.e. School, Parks, Library, MHRA and Society of Fine Arts). Our major efforts have been on conservation of fuels for vehicles and heating. During this past year, we have kept our gasoline usage at our 1972 levels which is a savings of approximately 14%. Most recently we have started to attack other problems.

The Operation Button-Up efforts have been going on for three months and I believe it has accomplished things which otherwise would not have been accomplished. Our interest has been very strong in the area of home insulation and this is why I am present tonight.

The Minneapolis Housing and Redevelopment Authority for the City is administering a program of Low Interest Loans and Grants for home repairs and has worked closely with the Minnesota Housing Finance Agency. The HRA loan program is for 4, 6, 8% and grants to meet immediate threats to health and safety. The interest rate is determined by an income schedule. Their program is not made specifically to cover insulation although it could be included. The MHRA staff believes your program would fit in well with their existing program as well as cover an area not well covered now.

Now as to the proposed legislation:

- a) The first four sections are acceptable as is.
- b) In section 5 you might want to consider including an item relating to improving air circulation within the home attic area. This would be of greatest benefit for conserving energy during the summer months. Although it is also supposed to be of aid, during the heating season, in control of humidity and condensation in the attic area.
- c) It would be well in regards to section 6 to consider the experiences of the MHRA as you establish the interest rate ranges.
- d) In regards to section 9, our Button-Up program has indicated that the most effective media has been T.V., radio and newspapers and in that specific order. This month we will be making use of a trade show at Apache Plaza (January 25 and 26) to educate the public on the value of insulating. We are also making use of City and County Credit Unions

to help distribute information on the value of home insulation and how to have your home insulated. I might also suggest that you consider a program like Operation Button-Up for other regions of the state. I offer you assistance if such a program is found desirable. You should also look at the FEA education efforts in New England which were and are being done by the Boltan Institute Inc.

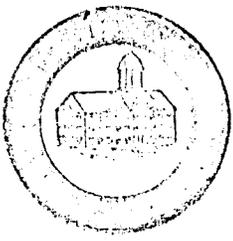
- e) Section 10 discusses the need for inspection after insulation has been installed. We agree with this need and see that this will be best done at the local level. The experiences of the City of Minneapolis' Inspection Department and the MHRA should be of interest.

The MHRA will inspect homes, which have received loans for home repairs, at no fee or if the owner requests the City Inspectors will do it for a fee of \$20. The latter requests are made mainly for legal reasons.

The City Inspection Department now receives a fee to inspect homes which are receiving FHA financing. The fee is \$40/house and if it meets standards the house will then receive a certificate. It would seem to be a reasonable approach to use City Inspection Departments, for a fee, to inspect homes to meet a standard set by the State of Minnesota.

- f) It would appear that all municipalities would have difficulty in accepting section 11 as proposed. This would affect its revenues in the future. The City of Minneapolis would suggest that consideration be given to a tax rebate type of approach since it would not affect revenues to the City. It would also seem prudent that a time limit be placed on the tax incentive program, whatever technique is utilized.

I believe strongly that this type of proposed legislation is good and would be effective. My most recent experiences have convinced me that the use of financial incentives are the most effective way to achieve the goals of energy conservation. The City's energy conservation committee has agreed that conservation will help to keep our fellow employees gainfully employed. Thank you.



CITY OF SAINT PAUL
OFFICE OF THE MAYOR

LAWRENCE D. COHEN
MAYOR

January 2, 1975

The Honorable William M. Munger
Chairman, Legislative Commission on Energy
c/o Director of the Office of Legislative Research
Room 17, State Capitol
Saint Paul, Minnesota 55155

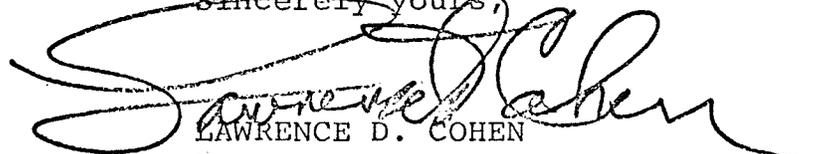
Dear Chairman Munger:

It is requested that the Legislative Commission on Energy recommend to the Governor and Legislature that the Minnesota Energy Act, Chapter 307, be amended to provide for state funding of political subdivision efforts in the energy field.

For 1975, Saint Paul has appropriated \$11,669 for an emergency fuel coordinator who was appointed at the request of the Minnesota Energy Agency to assist that agency in the administration of the state set-aside of gasoline and diesel fuels. While it may be in the best interests of Saint Paul citizens, business and industry for the city to perform that function, it is another example of the incremental increase of functions dictated by the state which impact most heavily on the cities of the first class without corresponding financial support.

As a minimum, Chapter 307 should be amended to provide that such activities by political subdivision are in compliance with state law. Preferred methods would be for the Minnesota Energy Agency to either provide 100 percent grant to political subdivision or to perform the function with its own staff.

Sincerely yours,


LAWRENCE D. COHEN
Mayor

LDC/jfr

cc: John C. McKay
Thomas J. Kelley
Richard Manning

APPENDIX B

This appendix contains minutes of the meetings of the Subcommittee on Conservation Measures.

SUBCOMMITTEE ON PROGRAM PLANNING
LEGISLATIVE COMMISSION ON ENERGY
Meeting: November 26, 1974
Room 118 State Capitol, 7:30 p.m.

Present:

Mr. Alan K. Greene, Chairman
Representative Richard A. Andersen
Dr. William Cunningham

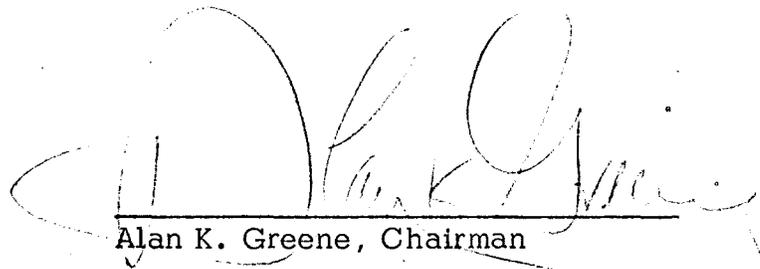
Chairman Greene called the meeting to order at 7:30 p.m.

Mr. Greene reviewed the charge given to the Subcommittee--to assist in the development of a work program for the Commission at large--specifying a timetable for the projects, suggesting to the Commission how it can satisfy the charge given it, developing legislation, and developing a report to the legislature and the Governor on or before January 7, 1975.

Discussion ensued regarding the proposed work program for the Commission. The conclusions arrived at for presentation to the Commission at its meeting on December 4, 1974, are attached hereto.

Mr. John Herman and Mr. Sam Rankin, staff consultants, said they would prepare a table analysis of various energy conservation measures and strategies for implementation to submit to the commission at the next meeting.

There being no further business, the meeting was adjourned.



Alan K. Greene, Chairman

SUBCOMMITTEE ON CONSERVATION MEASURES
of the
LEGISLATIVE COMMISSION ON ENERGY

Meeting: Monday, December 9, 1974
Room 118 Capitol Building, 7:30 P.M.

Present:

Alan K. Greene, Chairman
Dr. William Cunningham
Philip W. Getts
John D. Peterson

Absent:

Richard A. Anderson

Meeting called to order by Chairman Greene at 7:40 P.M.

Chairman Greene welcomed Phil Getts and John Peterson, both of the Minnesota Energy Agency, to full participation in the activities of the Subcommittee on Conservation Measures. Getts and Peterson had been appointed to the Subcommittee by Agency Director John McKay at the request of Willard M. Munger, Chairman of the Legislative Commission on Energy.

A discussion of the work assignment of the Subcommittee ensued. It was the concensus of opinion that the Subcommittee would have, by the next meeting of the Commission on December 18, 1974, an outline of ideas in "concept form" to be presented to the Commission. By about January 20, 1975, the ideas would be in writing for consideration by the Commission. By the first week in February, 1975, the Subcommittee would have a report of Commission activities ready for presentation to the legislature and the governor.

Chairman Greene asked for discussion of meeting dates for the Subcommittee. It was decided that the meeting originally scheduled for Wednesday, December 11, 1974, would be postponed until Monday, December 16, 1974 at 8:00 P.M.

Chairman Greene led a discussion of criteria that the Subcommittee should use in evaluating measures to be considered for presentation to the Commission. It was decided that the goal of conservation measures should be to effect quantifiable savings in energy use within the state. Other considerations should be:

- Is legislation the only, or the best approach to accomplish a type of conservation?
- How significant will the savings be to the state?
- Is a measure politically feasible?
- Should some measures be proposed, even though not politically feasible, just to raise public consciousness on particular issues?

After some discussion it was concluded that the Energy Agency should prepare for presentation to the Subcommittee any "housekeeping" measures that would aid the Agency in fulfilling its legislative charge.

Chairman Greene reported on a program for energy conservation in commerce and industry. The program was recently developed by the National Bureau of Standards and representatives of numerous businesses. After extended discussion it was concluded that the concept warranted further thought.

Brief discussion was held on each of the following topics:

- The use of tax credits as an inducement for commerce and industry to invest in energy conserving equipment.
- The establishment of a fund from which research and development projects could be supported.
- The concept of a tax on energy used in the state.

Discussion turned to duplication of effort by Agency staff and Commission staff. It was concluded that investigation of conservation possibilities should not be duplicated. An allocation of topics will be made at the next meeting.

Chairman Greene adjourned the meeting at 10:10.

Respectfully submitted,



Samuel W. Rankin
Acting Secretary

12-11-74
MEMORANDUM

To: Subcommittee on Conservation Measures
From: Sam Rankin
Re: Additional criteria that may be considered in evaluating conservation measures to recommend for legislation.

As per your discussion at the December 9, 1974, meeting of the Subcommittee, and in response to a request by Bill Cunningham for an expanded list of criteria to be used in evaluating conservation measures, I submit the following suggestions. The order of presentation is of no significance.

1. How significant will be the energy savings attributable to this change?
2. How is the measure to be implemented?
 - a) by law or regulation
 - b) by economic incentives
 - c) by exhortation
3. Is the change politically feasible?
4. Does the proposed change mandate a change in life style?
5. How readily will the public accept the proposed change?
6. Is the change economic over a reasonable time span?
7. Is the change possible with present technology?
8. Are materials for the change sufficiently available?
9. Is labor to make the change sufficiently available?
10. Should exceptions to the proposed change be allowed?
 - a) who would establish criteria for granting exceptions?
11. Will the initial costs of the change be too heavy a burden for some people to bear?
 - a) what exceptions should be made ^{here} ~~hear~~?
 - b) what assistance is available for those who can't afford to comply?
12. Would a deadline for compliance adversely impact the economy or employment?
 - a) now?
 - b) just before the compliance deadline?
 - c) after the compliance deadline?

SUBCOMMITTEE ON CONSERVATION MEASURES
of the
LEGISLATIVE COMMISSION ON ENERGY

Meeting: Tuesday, December 10, 1974
Room 118 Capitol Building 7:30 P.M.

Present:

Alan K. Greene, Chairman
William Cunningham
Philip W. Getts

Absent:

Richard A. Anderson
John D. Peterson

Meeting called to order by Chairman Greene at 7:40 P.M.

The entire meeting consisted of extended discussion of a "checklist of conservation measures" (copy attached). Some of the points upon which discussion centered were:

- Are fuel choices for proposed power plants dealt with at some point in the siting and permitting process?
- Is it necessary for the Commission, or the Subcommittee on Conservation Measures, to consider energy pricing alternatives, or can this topic be best dealt with in some other manner?
- Should Minnesota consider state aid for branch line railroads, as Iowa has?
- In what way, if any, should automobile size, weight, and mileage be taxed to achieve conservation?
- How effective have industry attempts at promoting car pooling and/or van pickup been?

Various topics on the checklist, and others (see second attachment) were assigned to individuals for investigation and presentation to the Subcommittee at the December 16, 1974 meeting.

Minutes of the December 9, 1974 Subcommittee meeting were unanimously approved as distributed

Chairman Greene adjourned the meeting at 10:10 P.M.

Respectfully submitted,


Samuel W. Rankin
Acting Secretary

12/9/74

To: Conservation Subcommittee Members
From: Sam Rankin
Re: Checklist of conservation measures

	<u>Measure</u>	<u>Strategy</u>					
1.	Home insulation	full payment by state					
2.	Home insulation	low-interest loans					
3.	Home insulation	tax credits					
4.	Appliance disclosure	testing, regulations					
5.	Appliance efficiency	Calif. standards					
6.	Conserv. education	media, schools					
7.	Gas lamp shutoff	various					
8.	Outdoor advertising	regulation					
9.	Pub. bldg insulation	codes, funding					
10.	Com/Indus insulation	codes					
11.	Energy audit, cons.	inspection, regs					
12.	Auto disclosure	specific labeling					
13.	Auto min. efficiency	regulation					
14.	Govt auto efficiency	regulation					
15.	Auto size tax	taxation					
16.	Reduce auto use	gas tax					
17.	Air/Rail passengers	subsidies, regs					
18.	Encourage mass transit	lower fares					
19.	Encourage mass transit	parking tax					
20.	Freight transport	real-cost pricing					
21.	Energy pricing	flat or peak-load					
22.	Non-conventional enrgy	tax credits					
23.	Non-conventional enrgy	funded R&D					
24.	Generation efficiency	certif of need					
25.	_____	_____					

12-11-74

To: Conservation Subcommittee Members
From: Sam Rankin
Re: Measures for further consideration

<u>Measure</u>	<u>Responsibility</u>	<u>Remarks</u>
A. Home insulation	Peterson	
B. Appliance disclosure	Rankin/Herman	
C. Appliance min. effic.	Rankin/Herman	
D. Conservation Educ.	Peterson	
E. Gas light shutoff	Rankin/Herman	
F. Outdoor Advertising	Rankin/Herman	
G. Bldg heat loss	Peterson	
H. Auto energy use	Rankin/Herman	
I. Govt auto size	Rankin/Herman	
J. Tax on auto size	Cunningham	
K. Use of mass transit	Cunningham	
L. Large employer carpool	Rankin/Herman	
M. Alternative energy use	Rankin/Herman	
N. Mn Energy Res Fund	Rankin/Herman	
O. Elec efficiency	Herman/Getts	
P. Elec fuel type	Herman/Getts	
Q. Branch rail aid	Fisher	
R. Ban-the-can	?	
S. _____	_____	
T. _____	_____	
U. _____	_____	
V. _____	_____	
W. _____	_____	

SUBCOMMITTEE ON CONSERVATION MEASURES
of
LEGISLATIVE COMMISSION ON ENERGY
Meeting: Monday, December 16, 1974
Room 112 State Capitol, 8:00 p.m.

Present:

Alan K. Greene, Chairman
Representative Richard A. Andersen
Phil Getts
Dr. William Cunningham

Absent:

John D. Peterson

Chairman Greene called the meeting to order at 8:05 p.m.

Mr. Greene restated the goals and purpose of the subcommittee.

The subcommittee began considering the proposed conservation measures, Items A through R, outlined in staff memo dated December 11, 1974.

Getts on Item A -

600,000 homes need attention:

- (a) ceiling
- (b) caulking
- (c) storm windows and doors

Problems with inspection

\$400 average per house to achieve optimum insulation --
25 million dollars

Would need between 18-20 million dollars for loan program
(with a 5 year pay-back)

Need a bill to set the fund up (general revenue bonds)

Housing Finance Agency would handle this program

Achieved by:

- (a) promotional campaign
- (b) low interest loans
- (c) mandatory point of sale

(persons of higher income would have to pay back faster --
but everyone would be eligible for loans)

BILL CUNNINGHAM moved that the concept of low cost loans for insulation be adopted. MOTION CARRIED AS TO ITEM A.

Item B. Appliance Disclosure.

John Herman. Problems - implementation - could a state do it alone?

Is it a desirable program?
How would it affect low income people?
Are efficiency and price related?

Item C. Appliance Minimum Efficiency.

Appliance efficiency labeling.

PHIL GETTS moved that Items (b) and (c) be adopted as concepts worthy of drafting in detail for presentation to the Commission. MOTION PASSED AS TO ITEMS B AND C TOGETHER.

Item D. Conservation Education.

Verbal report on Item D from Wes Fisher.

Department of Education and Energy Agency shall work together to develop a program of education.

Legislature would not have to be involved in forming a nonprofit organization but would have to be involved in contributing state funds. (Oregon).

REPRESENTATIVE ANDERSEN moved for a recommendation that the Department of Education and the Minnesota Energy Agency shall cooperate in the development of energy education materials. Such legislation and funding as may be needed will be presented after January 20 by the Department of Education. MOTION CARRIED AS TO ITEM D.

Item E. Gas light shutoff.

Discussion on merits of outlawing gas lights. Representative Andersen said many are used for security purposes -- not just decorative lighting. He's opposed to telling people they can't have them.

PHIL GETTS moved that this concept not be recommended because of the difficulties of implementation. He thought there would be little energy savings anyway. MOTION CARRIED TO NOT RECOMMEND ITEM E. Three votes for, one against. Dr. Cunningham thought it should be considered.

Item F. Outdoor Advertising.

"Outdoor Advertising" is a misnomer. Should be referred to as "Display and advertising lighting."

REPRESENTATIVE ANDERSEN moved to present Item F for further drafting. MOTION CARRIED IN FAVOR OF ITEM F.

Item G. Building heat loss.

This, too, is an incorrect designation. Should be "Tax exemption for Energy Improvements."

PHIL GETTS moved that the subcommittee look into the feasibility of removing certain energy saving improvements in commercial buildings from real and personal property taxes. MOTION CARRIED.

Item H. Auto energy use.

Greene - No to minimum standards; yes to labeling.

PHIL GETTS moved that the subcommittee recommend a meaningful labeling bill on automobiles sold in Minnesota. MOTION CARRIED.

Minimum standards concept died for lack of a motion.

Item I. Govt. auto size.

Died.

Item J. Tax on auto size.

Should be "Tax on Auto Fuel Inefficiency." CUNNINGHAM MOVED that the subcommittee recommend the concept of a graduated surcharge, the proceeds to be used for mass transit and highway improvements.

MOTION CARRIED.

Item K. Use of mass transit.

Work not prepared in this area.

Item L. Large employer car pool.

No action. Not a legislative matter.

Item M. Alternative Energy Use.

For research - solar energy sources.

MOTION CARRIED.

N. Minnesota Energy Research Fund.

O. Electric efficiency.

PHIL GETTS moved that we endorse this concept. MOTION CARRIED.

P. Electric fuel type.

PHIL GETTS MOVED that this concept be adopted. MOTION CARRIED.

Q. Branch rail aid.

CUNNINGHAM moved that this concept be adopted.

R. Ban-the-can.

Greene moved that we recommend to the commission that it comment favorably as to the energy saving features regarding minimum deposit legislation.

Minnesota Energy Conservation Program for Commerce and Industry

Greene - an Industry Council

PHIL GETTS moved that this concept be adopted.

Prepare draft proposals

Housekeeping items.

Meeting adjourned 10:50 p.m.

Alan K. Greene, Chairman

SUBCOMMITTEE ON CONSERVATION MEASURES
of the
LEGISLATIVE COMMISSION ON ENERGY

Meeting: Wednesday, January 8, 1975
Room 95 State Office Building 7:00 P.M.

Present:

Alan K. Greene, Chairman
William Cunningham
John D. Peterson

Absent:

Philip W. Getts

Meeting called to order by Chairman Greene at 7:40 P.M.

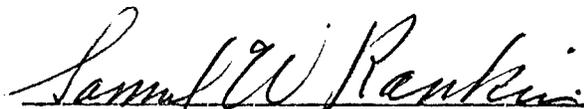
The entire meeting consisted of discussion on and refinement of 12 conservation measures approved for further consideration by the Legislative Commission on Energy at the December 18, 1974 Commission meeting and sent to the Revisor of Statutes for drafting on December 24, 1974.

Copies of revised drafts are attached.

One item, the addition of fuel type considerations to the certificate of need process, was tabled.

Chairman Greene adjourned the meeting at 10:00 P.M.

Respectfully submitted,


Samuel W. Rankin
Acting Secretary

SUBCOMMITTEE ON CONSERVATION MEASURES

of the

Legislative Commission on Energy

Wednesday, January 15, 1975

Room 118 Capitol 7:00 p.m.

A G E N D A

- I. Call to order.
- II. Roll call.
- III. Approval of Minutes (Dec. 16, 1974 and Jan. 8, 1975).
- IV. Discussion on possible resolution relating to the energy implications of controlling non-returnable beverage containers and the use of excess packaging materials.
- V. Discussion on eleven conservation measures considered for legislation. The following persons and groups have been invited to submit comments on one or more of the items:
 - Minnegasco
 - Northern States Power Co.
 - Minnesota Tax Study Commission
 - Minnesota Housing Finance Agency
 - Minnesota Bankers Association
 - City of Minneapolis
 - Builders Insulation Co.
 - General Home Improvement Co.
 - Minnesota Retail Federation
 - Litton Microwave Cooking Products
 - Naegele Outdoor Advertising Co.
 - Minnesota Restaurant Association
 - Minnesota Motel Association
 - Minnesota State Architect
 - Department of Education
 - Minnesota School Board Association
 - Minneapolis School Board
 - Minnesota Association of Commerce and Industry
 - Building Owners and Managers Association
 - Minnesota Automobile Dealers Association
 - Minnesota Automotive Wholesalers and Manuf. Assoc.
 - Minnesota Department of Revenue
 - School of Public Affairs, University of Minnesota
 - Minnesota State Planning Agency
- VI. Adjournment

SUBCOMMITTEE ON CONSERVATION MEASURES
of the
LEGISLATIVE COMMISSION ON ENERGY
Meeting: Wednesday, January 15, 1975
Room 118 State Capitol, 7:00 p.m.

Present:

Alan K. Greene, Chairman
William Cunningham
Philip Getts
John D. Peterson

Chairman Greene called the meeting to order at 7:10 p.m.

Minutes of the December 16, 1974 meeting of the Subcommittee were approved as distributed subject to additions and revisions submitted to Sam Rankin by January 22, 1975.

Minutes of the January 8, 1975 meeting of the Subcommittee were approved as distributed.

Mr. Greene invited Dr. Donald Skinner and several students from Hamline University to present a resolution relating to the energy implications of controlling non-returnable beverage containers. After comments by Dr. Skinner, it was moved to accept the resolution. It was then moved to amend the resolution. The amendment to the resolution passed. The resolution as amended passed. The resolution as amended and accepted by the Subcommittee reads as follows:

"Be it resolved by the Minnesota Legislative Commission on Energy: that the legislature of the State of Minnesota be encouraged to give great weight to the potential for energy conservation of various beverage container bills which come before it during the 1975 session."

The Subcommittee began consideration of eleven proposed conservation measures. Various groups and individuals submitted written and/or oral comments relating to one or more of the items under discussion. The items included:

1. Low interest loans for home insulation
2. Insulation of state governmental buildings and state facilities
3. Energy efficiency upgrading in public school buildings
4. Encouragement of auxiliary heating systems by tax exemption
5. Tax exemption for energy-conserving materials or equipment
6. Appliance efficiency disclosure labeling
7. Minimum efficiency standards for appliances
8. Regulation of advertising and display lighting
9. Surtax to encourage energy efficient automobiles
10. Disclosure of automobile efficiency
11. Minnesota Energy Research and Development Fund

SUBCOMMITTEE ON CONSERVATION MEASURES
Minutes - January 15, 1975 - page 2

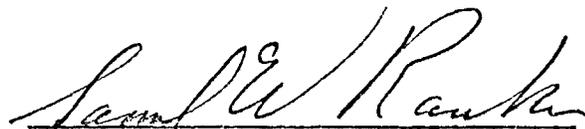
After all oral testimony was received, the Subcommittee members began a discussion of needed revisions and improvements in the drafts of each topic.

Dr. Cunningham suggested postponement of further discussion until after all written comments had been received and were reviewed by subcommittee members.

It was agreed that another meeting would be necessary to continue discussion of drafts. The next meeting will be from 7:00 p.m. to 8:30 p.m. on January 22, 1975, Room 118.

Meeting adjourned at 11:20 p.m.

Respectfully submitted,


Samuel W. Rankin
Acting Secretary

SUBCOMMITTEE ON CONSERVATION MEASURES
LEGISLATIVE COMMISSION ON ENERGY

Meeting: January 22, 1975
Room 118 State Capitol 7:00 p.m.

Present:

Mr. Alan K. Greene, Chairman
Dr. William Cunningham
Mr. Phil Getts

Absent:

Mr. John D. Peterson

Chairman Greene called the meeting to order at 7:20 p.m.

Mr. Getts moved and Dr. Cunningham seconded a motion to approve the minutes of the January 15, 1975, meeting of the Subcommittee. Motion prevailed.

Chairman Greene asked for a concensus of opinion on whether smoking would be allowed in the hearing room. There being no objections, smoking was permitted.

Mr. Greene outlined the activities of the evening. Final decisions on the proper form of each conservation measure would be reached. Recommendations from the Subcommittee would be reported to the full Commission on January 27, 1975.

Discussion turned to the draft of the measure entitled "Low interest loans for home insulation."

The following changes were moved by Mr. Getts and seconded by Dr. Cunningham:

Line 3 - delete period after "windows" and add "in buildings constructed prior to 19____ (date to be supplied)."

Lines 15 through 18 - delete entirely and replace with "Interest rates shall be 4.0 per cent per year simple interest. The administering agency shall establish guidelines by which to allow borrowers to pay back loans in periods of time based on income level."

Line 21 - insert a period after "loans" and delete the rest of the line.

Line 22 - delete entirely.

Line 30 - insert a comma after "program" and add "relying to the greatest extent possible on existing local inspection departments,"

Line 32 - add "Municipalities or other local units of government shall be permitted to charge the loan applicant a reasonable fee for inspection. Such fee may be added to the principal of the loan."

Motion to accept the amendments prevailed.

Mr. Getts moved and Dr. Cunningham seconded a motion that the draft, as amended, be recommended to the Commission. Motion prevailed.

Discussion turned to the draft of the measure entitled "Insulation of state governmental buildings and state facilities."

Line 2 - delete "five million" and replace with "\$ _____ (amount to be determined)" .

Line 3 - delete "energy conservation" and after "insulation" add "and additions or modifications to building structures and systems for the purpose of reducing energy consumption " .

Line 4 - delete "and upgrading" .

Mr. Getts moved and Dr. Cunningham seconded a motion for the acceptance of such amendments. Motion prevailed.

Mr. Getts moved and Dr. Cunningham seconded a motion that the draft, as amended, be recommended to the Commission. Motion prevailed.

Discussion turned to the draft of the measure entitled "Energy efficiency upgrading in public school buildings."

Line 5 - delete period and add to the sentence "through insulation and additions or modifications to building structures and systems."

Lines 6 and 7 - delete and replace with "No upgrading shall be done when the expected useful life of a building does not allow for the full amortization of the estimated cost of conservation improvements."

Line 9 - delete "undertaken" and replace with "completed" .

Line 12 - after "Division" replace the comma with a period and delete the remainder of the line.

Lines 13 through 20 - delete entirely.

Add in place of lines 13 through 20 - "School districts shall be allowed to increase tax levies for the conservation upgrading of school facilities."

Mr. Getts moved and Dr. Cunningham seconded a motion for the acceptance of the above amendments. Motion prevailed.

Mr. Getts moved and Dr. Cunningham seconded a motion that the draft, as amended, be recommended to the Commission. Motion prevailed.

Discussion turned to the draft of the measure entitled "Encouragement of auxiliary heating systems by tax exemption."

After extended discussion, Mr. Getts moved and Mr. Greene seconded a motion to incorporate certain features of this measure in another measure relating to tax exemptions rather than to consider the measures separately. Motion prevailed.

Discussion turned to the draft of the measure entitled "Tax exemption for energy-conserving materials and equipment."

Line 2 - delete entirely.

Line 3 - delete "ments, and industries" .

After line 11 add "Any taxpayer requesting exemption of all or a portion of such equipment, device, or material shall file an application with the commissioner of taxation. Any such equipment, device, or material shall meet standards, regulations, or criteria prescribed by the Minnesota Energy Agency. The Minnesota Energy Agency shall, upon request of the commissioner of taxation, determine whether such equipment, device, or material shall qualify for exemption. If the Minnesota Energy Agency determines that property qualifies for exemption, the commissioner of taxation shall issue an order exempting such property from taxation.

Lines 12 through 14 - delete entirely.

Add - "The provisions of this act shall terminate ten years after the enactment date unless renewed by the legislature."

Mr. Getts moved and Dr. Cunningham seconded a motion for the acceptance of such amendments. Motion prevailed.

Mr. Getts moved and Dr. Cunningham seconded a motion that the draft, as amended, be recommended to the Commission. Motion prevailed.

Discussion turned to the draft of the measure entitled "Appliance efficiency disclosure labeling".

After extensive discussion, including comments by Wendy Borsheim of the Minnesota Retail Federation, Mr. Getts moved and Dr. Cunningham seconded a motion to forward the following statement to the Commission:

The concept of requiring manufacturers to disclose energy consumption data for appliances they produce is good and has the endorsement of the Subcommittee on Conservation Measures. The Subcommittee recognizes, however, that there are problems in the implementation and administration of such a program at the state level at this time. The Subcommittee is forwarding the working draft of this proposal to the full Commission with the recommendation that it be given further consideration.

Motion prevailed.

Discussion turned to the draft of the measure entitled "Minimum efficiency standards for appliances."

Dr. Cunningham moved and Mr. Greene seconded a motion to drop this proposal from further consideration. Motion prevailed.

Discussion turned to the draft of the measure entitled "Regulation of advertising and display lighting."

Mr. Getts moved and Mr. Greene seconded a motion to drop this measure from further consideration. A roll call vote indicated 2 yea votes and 1 nay vote. Those voting yea were Mr. Getts and Mr. Greene. The nay vote was cast by Dr. Cunningham. Motion prevailed.

Discussion turned to the draft of the measure entitled "Minnesota Energy Research and Development Fund."

Mr. Greene moved and Mr. Getts seconded a motion to move a letter recommending this measure to the Commission. Further work will be done by staff before specific features of the measure will be forwarded. Motion prevailed.

Mr. Rankin was instructed to prepare a revision of the draft including the following changes or additions:

- A) Allow the fund to be applicable to regional as well as in-state projects.
- B) Certain types of research should be specified for funding and other types precluded from funding.
- C) Eliminate mention of a technique for financing fund.
- D) Make provisions for a "council" that would establish funding priorities and award grants.
- E) Prepare a suggestion of an appropriate composition of the "council" including members from the academic, public, industrial, labor, and business sectors.
- F) Require the administration of grants be by the Minnesota Energy Agency.

Discussion turned to the draft of the measure entitled "Surtax to encourage energy efficient automobiles."

After extended discussion, Dr. Cunningham moved and Mr. Getts seconded a motion to forward this measure to the Commission in its present form but attaching the notation that there are still problems with the measure as proposed. The greatest single problem is the possibility of loopholes in getting all intended autos taxed at time of registration without unfairly penalizing those the measure is not aimed at. The Subcommittee believes that even with these problems, the auto represents such a significant factor in the use of energy that a measure of this type must be looked at seriously. Motion prevailed.

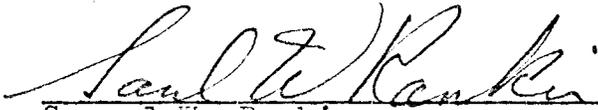
Discussion turned to the draft of the measure entitled "Disclosure of automobile efficiency."

Mr. Getts moved and Dr. Cunningham seconded a motion that the measure be recommended to the Commission. Motion prevailed.

Mr. Greene thanked all members of the Subcommittee on Conservation Measures for their participation and efforts.

Meeting adjourned by chairman at 10:25 p.m.

Respectfully Submitted,


Samuel W. Rankin
Acting Secretary