

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 6, 2008 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Lyle Peterson, Department of Commerce
Don Low, Kansas Corporation Commission

Others in attendance: See attached list

Report on Existing BioFuel Incentives in Kansas

Lyle Peterson, Agriculture Marketing Division, Kansas Department of Commerce, reported on the review of biofuel incentives by various state agencies. The report focuses on incentives for Biomass-to-Energy Plants, Coal or Coke Gasification Nitrogen Fertilizer Plans and Renewable Electric Cogeneration Facilities.

Mr. Peterson explained the incentives in each of the following programs:

1. Ethyl Alcohol Production Incentive (KDOR)
2. Biodiesel Fuel Producer Incentive (KDOR)
3. Alternative Fuel Tax Credit (KDOR)
4. Storage and Blending Equipment Tax Credit (KDOC)
5. Renewable Electric Cogeneration Facility Tax Credit (KDOC)
6. Biomass-To-Energy Plant Tax Credit (KDOC)
7. Kansas Retail Dealers Incentive Fund (KDOR)
8. Waste Heat Utilization System (KDOR)
9. Coal or Coke Gasification Nitrogen Fertilizer Plant (KDOC)
10. Marketing of the Alternative Energy Incentives to Kansas Taxpayers

A fact sheet on Kansas Alternative Energy Incentives and a brief written explanation of each of the above programs was distributed to the committee. (Attachment 1)

Committee questioned how each program is funded, when funds were distributed, and the source of funds. Senator Taddiken asked - How many gallons of gas are sold in Kansas in a year? How much is a blended product? Mr. Peterson will get that information.

Continued the hearing on

HB 2632 - Energy efficiency, conservation and demand management programs at the Kansas corporation commission.

Opponent

Don Low, Kansas Corporation Commission, noted KCC opposes **HB 2632** because it is both premature to decide what incentives for energy efficiency programs are appropriate and imprudent to mandate any one incentive by statute. The Commission is devoting considerable effort to evaluating all options before reaching final decisions that will affect both utilities and rate payers. He cited the report released by the National Action Plan for Energy Efficiency (NAP) which explores various ways to provide for cost recovery of EE programs, to provide financial incentives for implementation of such programs and to address the lost margins that result when such programs lower energy consumption. (Attachment 2)

Chair closed the hearing on **HB 2632**.

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on March 6, 2008 in Room 526-S of the Capitol.

Approval of Minutes

Moved by Senator Reitz, seconded by Senator Taddiken, to approve the minutes of the meetings of the Senate Utilities Committee held on February 6, 2008 and March 4, 2008. Motion carried.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 2