

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 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:

Cheryl Semmel, Exec. Director , United School Administrators  
Gary George, Olathe School District  
Patrick Smith, Attorney, KCC  
Tom Thompson, Sierra Club  
Ron Hammerschmidt, Director of Environment, KDHE  
Eileen Smith, Kansas Solar Electric Cooperatives  
Joe Spease, Overland Park  
David Springe, CURB

Others in attendance: See attached list

Chair continued hearing on:

**SB 515 - electric generation, transmission and efficiency and air emissions**

Neutral

Cheryl Semmel, Exec. Director , United School Administrators, requested removal from **SB 515**, Section 6 which mandates new public school buildings constructed after July 1, 2009 meet certain specifications. This section also requires that districts reduce water consumption by 25%. There are other technical aspects of Section 6 that raise significant concerns for districts. ([Attachment 1](#))

Gary George, Olathe School District, commented on parts of Section 6 that had significant concerns to them. They are also concerned with the sections that deal with school district energy efficient construction and use. In addition to the concerns about cost of new buildings, they questioned how it applied to renovations and additions to existing buildings.

They asked that Section 6 as it applies to local school districts be removed or dramatically addressed to cover some of the issues we are concerned about. ([Attachment 2](#))

Patrick Smith, Attorney, Kansas Corporation Commission, provided an executive summary of **SB 515**. The KCC recommended changes in Section 34(a) and 34(f) and provided language. He discussed Sunflower Electric Power Company's intent. He summarized that there are substantial unintended consequences related to the proposed changes in K.S.A. 66-104d, as drafted. If the legislature elects to move forward with this bill, the suggested changes from KCC would eliminate many of the unintended consequences identified by the KCC while maintaining the intent of the bill. ([Attachment 3](#))

Written testimony from  
Steve Kearney, Waste Management ([Attachment 4](#))

Questions - Are we ever going to be at a time when we are not in the middle of a building project that requires energy efficiency? A. One possible way is to say that the bill will apply to a bond issue after a certain date.

Q. Do you see trouble exceeding the water standards? A. Concerned on sites that are already purchased. Q. Do you know if your current plans for buildings would meet the standards required in the bill? A. No.

Opponents:

Tom Thompson, Sierra Club, who presented testimony written by Craig Volland, Chair, Air Quality Committee, of the Kansas Chapter, Sierra Club. This bill does not truly address the issue of greenhouse gases. He cited several advantages to Sunflower that would allow them to take credit for extra space on new transmission lines, they would get carbon credit on each dollar spent on research projects and they get three times the actual carbon avoided for conversion of cultivated land to pasture. ([Attachment 5](#))

CONTINUATION SHEET

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

Ron Hammerschmidt, Director of Environment, KDHE, stated there are a number of regional initiatives to deal with greenhouse gas issues. These programs are developing to establish greenhouse gas programs that focus on cap and trade programs with market-driven prices. We do have a number of concerns: (1) in Section 10 with the use of the term “effective facility” and suggested language be changed to “affected electrical generating facility”; (2) you may want to look at the definition of reconstruction; (3) Sections 10 and 12 do address the permitting process but does not address who is going to do the regulation of the offsets; (4) in Section 10 it gets back into some exemptions; (5) Section 33 which amends the Kansas Air Quality Act; (6) in Section 30 there are some different rules for Kansas over the Federal Clean Air Act. ([Attachment 6](#))

Eileen Smith, Kansas Solar Electric Cooperatives, provided background on solar energy programs throughout the world and statistics on the conservation projects in various buildings. She concluded by saying the time frame is impossibly short to make a well informed decision and recommended the bill be tabled pending further review. ([Attachment 7](#))

Joe Spease of Overland Park opposes **SB 515** and believes wind power is the best thing for Western Kansas. He cited the closing of a “clean coal” plant because of the uneconomical costs of the plant. Future federal carbon taxes will make Holcomb uneconomical. The Holcomb plant would destroy the need for wind power out west. The future is in clean energy. ([Attachment 8](#))

David Springe, CURB, believes that the majority of customers do not simply want the lowest cost power, regardless of source. The provisions of this bill equally impact every utility in Kansas. Because of the complexity of the carbon off set scheme created by this legislation, CURB is uncertain whether this bill will result in a proper balance among resource decisions, environmental concerns and consumer rate impacts. CURB believes that the legislature should create and fund a third party, non utility, energy conservation program to provide energy conservation and energy efficiency measures to Kansas consumers. CURB has many concerns and would support further study of the mechanism created in this bill. ([Attachment 9](#))

Questions from the committee: Is cost the main issue? What are the pitfalls of the carbon fee? If you were looking for lower costs, would you say spend a \$1 on research rather than \$3 on the carbon charge? Lee requested list of coal plants that have not been used and a list of those that are under construction. What is Sunflower - who are the co-ops?

Adjournment.

Respectfully admitted,

Ann McMorris, Secretary

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