



**Testimony of Paul Ling, Director of Compliance, KCP&L  
On Behalf of KCP&L, Empire District Electric and Westar Energy  
Before Senate Utilities Committee  
Regarding SB151  
February 17, 2015**

Good afternoon Chairman Olson and members of the Committee. I am Paul Ling, Director of Compliance for KCP&L, and I'm pleased today to address you on behalf of KCP&L, Westar Energy, and Empire District Electric regarding Senate Bill 151. Our testimony today is neutral.

This committee has heard from several speakers in the last few weeks all attesting to the difficulty Kansas will have meeting the EPA's proposed reductions in CO<sub>2</sub> emissions and associated risks to grid reliability. Westar, KCP&L and Empire, along with our industry peers, have spent the last year in multiple discussions with the EPA, the Kansas Department of Health and Environment (KDHE) and the Kansas Corporation Commission (KCC) providing input as the EPA prepared for and issued its proposed rule and considers its final rule. We believe the Section 111(d) rule (a.k.a. Clean Power Plan) as written is seriously flawed, and we have submitted detailed comments to that effect to the EPA. We have reservations regarding requirements in each of the four building blocks and other aspects of the proposed rule, and have provided feedback to the EPA regarding the unreasonable timeline for implementation. Regardless, the EPA announced it will release its final rule this summer, and Kansas will need to respond. That said, our interest lies in ensuring that Kansas does not become subject to a federal compliance plan issued by the EPA if we fail to submit a valid state compliance plan in a timely manner. If a federal plan is issued by the EPA, Kansas loses all control over compliance measures and is required to comply with the demands the EPA places within that plan.

The focus of Senate Bill 151 is to ensure both the KCC and the KDHE have the ability to provide input into the state plan ultimately submitted to the EPA. Their collective input is needed because this rule impacts both of their jurisdictions. Discussions continue as to the best way to ensure this happens, and we appreciate the KCC's recent correspondence suggesting alternative language. We encourage the KCC and the KDHE to continue to define the coordination between the two agencies regarding the state plan development. As currently written, the proposed bill's language could increase the probability of a federal plan, but we also believe our discussions with both the KCC and KDHE will lead to better language ensuring strong, coordinated input and timely submittal. Our suggestions for improvement are:

- 1) Allow Kansas utilities the flexibility to consider potential emissions trading arrangements, which, ideally, can be accomplished without obligating us to existing trading schemes that currently exist on the coasts;
- 2) Allow the KDHE an "off-ramp" to submit a state plan even if approval from other entities cannot be incorporated before the EPA deadline for submittal;

- 3) If further analysis remains to be completed after the state plan is submitted, that analysis, upon completion, will be evaluated and incorporated as necessary into a revised state plan. We continue to support the ability for the KDHE to be allowed to submit the state compliance plan if the KCC's responses are unable to be incorporated before the deadline arrives.
- 4) Eliminate the need for both the KDHE and KCC to conduct separate public hearings on the state compliance plan.

KCP&L, Westar Energy and Empire have met with staff from the KDHE and KCC on Senate Bill 151, and all have agreed the ultimate goal is to prevent Kansas from receiving a federal compliance plan, which, as I stated previously, results in Kansas losing all control over compliance measures and requires us to comply with the demands the EPA places within that plan. The only disagreements we have had are those associated with ensuring any additional statutory requirements do not compromise the ability of KDHE to issue a state plan within the one-year timeframe required by the EPA. We believe our suggested adjustments to the legislation allow for interagency dialogue and input that could ensure a state plan deadline would be met.

Thank you for your consideration of these comments, and I can respond at the appropriate time to any questions the Committee may have.