

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 8, 2008 in Room 526-S of the Capitol.

Committee members absent: Senator Petersen (excused)
Senator Taddiken (excused)

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:

Others in attendance: See attached list

Chair opened for discussion by the committee on **SB 515 -electric generation, transmission and efficiency and air emissions**

The committee had general questions regarding the bill.

1. Q. Is the reasoning behind some of the values for the offsets to encourage activity to take place in Kansas? A. Yes.
2. Q. Would it be appropriate to have amendments to make this distinction between in and out of state? A. If any committee members wish to offer amendments, they should get language for such amendments to the Revisors staff today so there is time to have it prepared for the consideration of the bill on Monday. Those amendments would be appropriate.
3. Q. What is the reasoning for the \$3/ton charge? If we are trying to reduce emissions, would we want a facility to be able to pay the charge rather than to reduce emissions? A. It's an incentive to do what the bill requires. The \$3 was based on the Chicago Exchange and was based upon the price on the day we wrote the bill.
4. Q. What is the cost of the other mitigation actions? Is the charge a penalty or is it an incentive to reduce or avoid emission. What is the cost per ton on developing the other offset mechanisms? A. The price is even less on the Chicago Exchange today.
5. Q. Are we able to compare the other offsets to the \$3 charge? Can we calculate this? Also, do we need to put a cap on the expenditures for energy efficiency? Could a facility spend \$2 on programs that are not productive to avoid the \$3 charge? A. The wording was taken from the KCPL agreement.
6. Q. We need to understand the cost of the various offset mechanisms to decide whether the charge could be removed and utilities asked to meet the limits. Senator Lee asked for additional calculations on economic benefits to a facility for the offset mechanisms.
7. Q. Is anyone working on an amendment to address the concerns of KDHE regarding enforcement of the entire Clean Air Act, etc? A. Unknown.

Senator Reitz feels nuclear energy will be the bottom line in the future. "My point on this issue is that no one has proven to me it is absolutely vital that we have coal." He also feels cost of new nuclear or coal plants will increase and the cost of energy will go to the customer. He plans on presenting an amendment.

Question directed to Westar. What cost would a utility have to take advantage of the opportunities for offsets offered in the bill? A. Mark Schreiber will check with their environment services group to get range on emission offset costs.

Senator Pine asked for more information on the integrated biocenter as it seems to offer potential for opportunity to reduce some of the emissions we are talking about. We need to hear the whole story. He will be offering an amendment to remove the word "certified" from the bill.

Senator Apple requested those who have offered amendments to work with the revisor so the committee would have this information on Monday.

Chairman Emler noted Sunflower and KCC have given him some language for an amendment and he will pass it on to the revisor.

Approval of the minutes for six meetings was postponed till Monday to allow time for the committee to read them.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: FEBRUARY 8, 2008

Name	Representing
- Carol McDowell	Tallgrass Ranchers
- Karl Winger	Kearney's Associates
Mark Schreiber	Westar
LARRY BERG	MIDWEST ENERGY
Wes Ashton	Aquila
Joe Dick	KCBPU
Laey Lawrence	Capitol Consulting Group
Nate Michel	Hein Law Firm
Earnie Lehman	Midwest Energy, Inc.
STUART LOWRY	KANSAS ELEC. CO-OPS.
Paul Snider	KCPK
DAVE HOLTHAUS	KEC
Wendy Williams	KAPA-KRMCA
Mark Tallman	Ks Assoc of School Boards
TOM DAY	KCC
Steve Kearney	AII TEL
Nelson Kraeger	PAR Electric
Van DeFever	SQE
Shari Albrecht	KS HE
Bill Brady	Capitol Selection

Tom Thompson, Sierra Club

