

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 a.m. on February 5, 2009, in Room 783 of the Docking State Office Building.

All members were present.

Committee staff present:

Melissa Doeblin, Office of the Revisor of Statutes  
Sean Ostrow, Office of the Revisor of Statutes  
Mary Torrence, Office of the Revisor of Statutes  
Mary Galligan, Kansas Legislative Research Department  
Cindy Lash, Kansas Legislative Research Department  
Renaë Hansen, Committee Assistant

Conferees appearing before the committee:

Ray Dean, KU Professor, retired  
Tom Thompson, Sierra Club  
Joe Spease, Windsahoy  
Wayne Penrod, Sunflower  
Colin Hansen, Kansas Municipal Utilities

Others attending:

Thirty-nine including the attached list.

Continued hearing on:

**HB 2182 - Requiring the Kansas air quality act to be consistent and uniform with the federal clean air act.**

Questions were asked and comments made by Representatives: Dan Johnson, Tom Sloan, Milack Talia, Josh Svaty, and Joe Seiwert.

The hearing on **HB 2182** was closed.

Hearing on:

**HB 2224 - Compressed air energy storage.**

Mary Galligan explained **HB 2224** before the House Energy and Utilities committee.

Questions were asked and comments made by Representatives: Tom Sloan, and Carl Holmes.

Proponents:

Ray Dean, KU Professor, retired (Attachment 1), presented testimony in support of **HB 2224** noting that he is hopeful that any regulation put in effect would be consistent with those for water wells, oil and gas wells, waste water re-injection wells, enhanced oil recover operations and carbon sequestration wells and operations.

Tom Thompson, Sierra Club (Attachment 2), offered testimony in support of **HB 2224** commenting that they believe that compressed air storage will become a vital component in the quickly developing wind energy industry in Kansas.

Joe Spease, WindSoHy and Energy Storage and Power LLC, (Attachment 3 & 4), offered testimony in support of **HB 2224**.

CONTINUATION SHEET

Minutes of the House Energy And Utilities Committee at 9:00 a.m. on February 5, 2009, in Room 783 of the Docking State Office Building.

Neutral:

Tom Day, KCC, commented that they are not commenting on this bill as it is new technology that they are not familiar with. Additionally, they believe they will pattern these regulations after other regulations they have for CO<sub>2</sub> gas and carbon sequestration. They noted that only South Carolina and Denmark has current knowledge on compressed air storage.

Questions were asked and comments made by Representatives: Carl Holmes, and Tom Sloan.

The hearing on **HB 2224** was closed.

Hearing on:

**HB 2225 - Granting certain utilities the option to purchase power from new pulverized coal electricity generating facilities.**

Cindy Lash, Kansas Revisors office, explained **HB 2225** to the committee.

Proponents:

Colin Hansen, Kansas Municipal Utilities (Attachment 5), spoke to the committee in support of **HB 2225**. They believe that there is a need for reliable, affordable, and long-term sources of electricity, and is therefore in support of new base load generation in the state of Kansas. He noted that because of last year's legislation, a study was commissioned to research the municipalities future needs for energy. The preliminary study shows that a need for 372 more megawatts of energy was necessary by 2019 and 653 megawatts by 2029. He noted that a majority of that additional need would be for KMU members.

Wayne Penrod, Sunflower (Attachment 6), offered testimony in support of **HB 2225**. Additionally, he offered a recommendation for change in the language of **HB 2225**.

Questions were asked and comments made by Representatives: Tom Sloan, Tom Moxley, Forrest Knox, Carl Holmes, and Rob Olson.

The hearing on **HB 2225** was closed.

Representative Holmes noted we will not have a meeting tomorrow but we will meet on Monday and have two hearings. Additionally, we have sub-committee meetings today at noon and tomorrow at 9:00 a.m.

The next meeting is scheduled for February 9, 2009.

The meeting was adjourned at 10:30 a.m.

# HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: February 5, 2009

NAME	REPRESENTING
JEFF GLENNING	KS Chamber
AMY BENKOVIC	"
Joe Mosimann	Hein Law Firm
Ray Dean	Self
M. Hines	CEP
Mari Tucker	Dept of Commerce
LARRY BFR	MIDWEST ENERGY
SCOTT JONES	KCP&L
Matt Casey	GBA
Mark Salera	Senflower
Dave Holburn	KCC
PAUL WAGES	KCP&CO
MARIC SCHARIBER	WESTAR
Bob Johnson	SEPC
TOM DAY	KCC
LON STANTON	NORTHERN NATURAL GAS Co
John D. Pinegar	Pinegar Smith & Assoc. Inc.
Kimberly Marcus Saly	KMCI
M. Peth	KCC



HOUSE BILL 2224  
Committee on Energy and Utilities  
Act concerning the state corporation commission; relating to compressed air energy  
storage

February 5, 2009

Testimony by:

Raymond H. Dean, Prof. Emeritus, EECS, Univ. of Kansas

Thank you for this opportunity to testify.

I favor regulation that protects air and water. The effect of this regulation should be to protect air and water quality. But it should not create a bias against compressed air energy storage, which represents a relatively clean way to make renewable energy sources like wind and solar fully dispatchable.

The regulation should be consistent with regulation covering other kinds of wells, including:

Water wells

Oil and gas wells

Waste water re-injection wells

Enhanced oil recovery operations

Carbon sequestration wells and operations

The regulation should be consistent with regulations that cover comparable risks. The most active components injected into compressed air energy storage (CAES) wells are the oxygen and relatively pure water vapor in our atmosphere. Normal CAES operations automatically remove much of the water from the air before pushing the dried air underground. Regulations should recognize the relatively benign nature of CAES injections, and they should balance the risk of CAES injections with the risks of whatever is injected in other kinds of underground operations regulated in Kansas.

Thank you.

*HOUSE ENERGY AND UTILITIES*

DATE: 2/5/2009

ATTACHMENT 1



**Testimony before the House Energy and Utilities Committee  
February 5, 2009  
Supporting H.B. 2224**

Chairperson Holmes and Honorable Members of the Committee:

My name is Tom Thompson and I represent the Kansas Chapter of the Sierra Club. I have come today to speak in support of H.B. 2224.

The Sierra Club believes that compressed air storage will become a vital component in the quickly developing wind energy industry in Kansas. Compressed air technology has the potential to make wind energy part of the baseload. This would allow Kansas to further develop its potential for producing clean renewable energy decreasing the need for green house gas emitting coal plants.

Sierra Club supports having KDHE establish rules and regulations for compressed air technology to be used. It also supports KCC establishing necessary fees for administering and enforcing rules and regulations. It is important that these be developed in such a way as to allow the wind and compressed air industry to develop safely in Kansas. If there is any concern that Sierra Club has it is that rules, regulations and fees not be developed that unnecessarily impede this industries development.

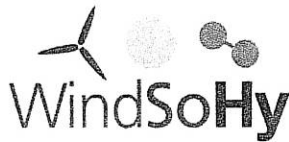
The Sierra Club encourages the committee to support HB 2224.

Thank you for this opportunity and your time.

Sincerely

Tom Thompson  
Sierra Club

*HOUSE ENERGY AND UTILITIES*  
DATE: 2/5/2009  
ATTACHMENT 2



**TO: House Energy and Utilities Committee**  
**FROM: Joe Spease**  
**DATE: February 5, 2009**  
**SUBJECT: Testimony in support of HB 2224**

**Mr. Chairman and members of the committee,**

**As a wind/CAES project developer I want to thank you for creating this bill. It provides the regulatory guidance needed to protect the environment and the citizens of Kansas while allowing for the development of this technology.**

**Windsohy is working with the world's leading authority on CAES, Energy Storage and Power, and together we are exploring sites for projects. We believe the potential for new jobs, especially in western Kansas, from this technology is tremendous. Wind/CAES will provide the lowest-cost baseload rates from any new electricity generating source going forward. And that will be accomplished with wind power so that environmental impacts will be minimized. We thank you for this bill and urge the committee to pass it.**

Joe Spease, CEO  
8527 Bluejacket St.  
Overland Park, KS 66214  
(913) 481-2869  
jspease@windsohy.com

*HOUSE ENERGY AND UTILITIES*  
DATE: 2/5/2009  
ATTACHMENT 4



# kansas municipal utilities

*Submitted testimony provided the  
House Energy & Utilities Committee  
February 5, 2009*

*Colin Hansen, Executive Director  
Kansas Municipal Utilities*

## HOUSE BILL No. 2225

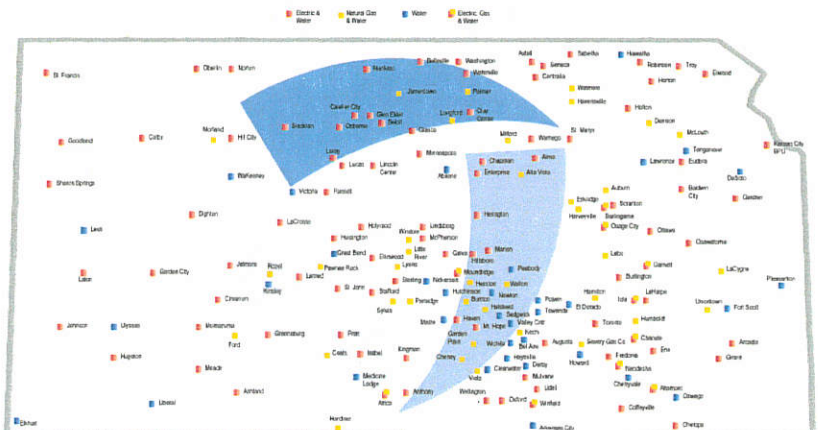
Kansas Municipal Utilities (KMU) is the statewide association that represents the interests of 176 municipal electric, natural gas, water and wastewater utilities.

It is our understanding that House Bill 2225 would require a public utility developing a new pulverized coal power plant to make available to the state's consumer-owned utility community either long-term purchase power agreements or a potential ownership stake. In Kansas, consumer-owned utilities include 119 municipal electric utilities as well as several dozen rural electric cooperatives.

Over the past several years, KMU has consistently communicated the need for additional baseload generating capacity and upgraded transmission capability in Kansas. While the generation needs of each of the state's public power systems are vastly different, we believe they do share a common characteristic. That is a need for a reliable, affordable and long-term source of electricity.

With the exception of state's largest municipal utility, the Kansas City Board of Public Utilities, KMU's members are wholesale customers and transmission-dependent utilities. As the long-term power supply agreements for many municipal utilities have expired or been terminated over the past five years, many of these utilities have been compelled into a highly uncompetitive wholesale power market. In those situations where a city has been able to secure a competitive source for power supply, they have often found insufficient transmission available to complete the transaction on a firm and reliable basis.

As such, KMU supports House Bill 2225. It is our belief that an ownership stake in baseload generation or fair and equitable power purchase agreements with the state's power suppliers is critical to the ongoing success and viability of municipal utilities in the state.



HOUSE ENERGY AND UTILITIES

DATE: 2/5/2009

ATTACHMENT 5





# SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

February 5, 2009

Before the House Energy and Utilities Committee

House Bill 2224  Relating to Electric Power Purchase

Conferee: Wayne Penrod, Executive Manager, Environment

**POSITION:** Sunflower Electric Power Corporation supports this legislation.

- Our primary comment on this bill is that the purchase should be limited to the larger of 15% of the installed nameplate capability of the plant or 25 MW. Otherwise, if a small coal plant of 300 MW were built, a municipality or cooperative could theoretically acquire 200 of the 300 megawatts of the plants capability. If this change were to be applied to the Holcomb Expansion project, the municipals and/or cooperatives could purchase as much as 210 megawatts if you accept this proposed change.
- Our suggested markups are indicated below.

Section 1. (a) Any electric public utility, as defined in K.S.A. 66-101a, and amendments thereto, which after the effective date of this act is developing a new pulverized coal electricity generating facility in Kansas shall provide to any municipally owned or operated electric utility in Kansas or Kansas corporation organized under the electric cooperative act, K.S.A. 17-4601 et seq., and amendments thereto, an option to own up to *15% of the plant's nameplate capability up to a maximum of 200 megawatts* or enter into a power purchase agreement to purchase up to *15% of the plant's nameplate capability up to a maximum of 200 megawatts* of power, or a combination thereof, which is not presently dedicated to Kansas consumers, from the new pulverized coal electricity generating facility. The aggregate amount of purchased power by all municipal utilities and cooperatives shall not exceed 200 megawatts.

(b) If the facility developer proceeds with construction of such generating facility, any municipally owned or operated electric utility in Kansas or corporation organized under the electric cooperative act, K.S.A. 17-4601 et seq., and amendments thereto, shall have six months from the date of issuance of the construction permit under the Kansas air quality act for such generating facility or nine months from the effective date of this act, whichever occurs first, to exercise the option by executing an agreement to purchase an ownership interest in or to enter into a power purchase agreement for up to *15% of the plant's nameplate capability up to a maximum of 200 megawatts*, or a combination thereof, from the facility developer upon the same terms and conditions as participants in the facility other than the facility developer.

HOUSE ENERGY AND UTILITIES

DATE: 2/5/2009

ATTACHMENT 6