

Approved: March 16, 2009
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on March 4, 2009, in Room 545-N of the Capitol.

All members were present except
Senator Emler, excused

Committee staff present:

Mike Corrigan, Office of the Revisor of Statutes
Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Ann McMorris, Committee Assistant

Conferees appearing before the committee:
Joe Harkins, Commissioner, KCC

Others attending:
See attached list.

Chairman Apple opened the meeting.

Presentation on Federal Stimulus Package, Energy and Rate Making

Joe Harkins, Commissioner, Kansas Corporation Commission, outlined the goals and strategies focused on by KCC in the economic stimulus energy efficiency initiatives being funneled into Kansas through the KCC. There are three goals: (1) reduce energy consumption (electricity and natural gas); (2) reduce emissions of carbon dioxide and other pollutants; and (3) stimulate local economies. Strategies are (1) expand existing and develop additional comprehensive programs to increase energy conservation and efficiency in buildings for all classes of utility customers; and (2) encourage development of dynamic pricing. (Attachment 1)

Time did not allow for sufficient discussion and the Chair invited Commissioner Harkins to appear at the March 5, 2009 meeting. Commissioner Harkins accepted.

The next meeting is scheduled for March 5, 2009.

The meeting was adjourned at 2:30 p.m

Respectfully submitted,

Ann McMorris
Committee Assistant

Attachments - 1

Economic Stimulus Energy Efficiency Initiatives: KCC Goals and Strategies

Kansas Corporation Commission (KCC) Briefing
Senate Utilities Committee, March 4, 2009

The goals and strategies outlined below are based on and consistent with (1) policy guidance contained in KCC dockets 441 and 442, (2) the existing State Facility Conservation Improvement Program (FCIP), and (3) the Governor's policy directives.

GOALS

- 1) Reduce Energy Consumption (Electricity and Natural Gas).
- 2) Reduce Emissions of Carbon Dioxide and Other Pollutants.
- 3) Stimulate Local Economies.

ESTIMATED FUNDING TO KCC STATE ENERGY OFFICE

1) Energy Efficiency & Conservation Block Grant (EECBG):

\$4.2 million + \$5.6 million (for cities under 35,000 and counties under 200,000).

2) State Energy Program (SEP): \$38 million.

3) Appliance Efficiency Rebates: \$3.7 million (if direct grant); may be a competitive grant.

Department of Energy (DOE) has 60 days for rule-making; funds anticipated on or before 4-17-09.

STRATEGY 1

Expand existing and develop additional comprehensive programs to increase energy conservation and efficiency in buildings for all classes of utility customers.

- Special emphasis will be placed on existing residential and small commercial buildings.
- Low-income residential customers will be targeted.
- Residential rental properties will be targeted.

Existing Programs and Providers

- A. **Large Industrial Buildings:** Encourage expanded use of private Energy Service Companies (ESCOs).
- B. **Large Commercial Buildings:** Encourage expanded use of private Energy Service Companies (ESCOs).
- C. **Public Buildings:** Encourage expanded use of private Energy Service Companies (ESCOs) through State Facility Conservation Improvement Program (FCIP).
- D. **Low-income Residential Buildings:** Expand the capacity to audit, modify, finance, and evaluate Kansas Weatherization Assistance Program (WAP), operated by Kansas Housing Resources Corporation (KHRC).

KANSAVE*

- E. **Small Commercial Buildings:** Develop capacity to audit, modify, finance, and evaluate comprehensive programs.
- F. **Residential Buildings:** Develop capacity to audit, modify, finance, and evaluate comprehensive programs.
 - Midwest Energy's How\$martSM is considered a prototype utility program.
 - Program creates functional relationship between KCC State Energy Office and KHRC:
 - KCC and KHRC will collaborate in operating the **KANSAVE** loan program; current KHRC program (KEEP) will be folded into new program.
 - Kansas Development Finance Authority (KDFFA) is KHRC's "banker."
 - KCC and KHRC will cooperate to train energy auditors for both KHRC's Weatherization Assistance Program (WAP) and KCC's **KANSAVE** program.

Strategy 1 achieves KCC goals of (1) reduced energy usage, (2) reduced emissions of carbon dioxide and other pollutants, and (3) stimulating economic activity by increasing the application of comprehensive, sound building science practices in existing buildings.

STRATEGY 2: Encourage development of dynamic pricing, a critical component of an effective statewide energy efficiency initiative, which gives energy consumers clear price signals that allow them to make better-informed choices about energy consumption and end-use devices.

- Encourage utilities to propose dynamic pricing programs—rate designs such as time-of-use, critical peak, and seasonal price differentials—that send more accurate price signals to customers.
- Develop a collaborative project, as requested by the Governor in her 2009 State of the State address to the Legislature, involving KCC staff, utility staff, and other stakeholders to conduct a comprehensive study of dynamic pricing. Study would focus on:
 - 1) method of cost recovery,
 - 2) rate design,
 - 3) bill format,
 - 4) infrastructure (e.g., smart meters) requirements,
 - 5) modeling,
 - 6) pilot projects, and
 - 7) customer education requirements.

Strategy 2 achieves KCC goals of (1) reduced energy usage, (2) reduced emissions of carbon dioxide and other pollutants, and (3) stimulating economic activity by using highly effective, market-based method for reducing consumer demand for electricity.

* Working name for program.