

SESSION OF 2002

**CONFERENCE COMMITTEE REPORT
HOUSE BILL NO. 2746**

As Agreed to May 9, 2002

Brief *

HB 2746 amends retail electric service statutes by defining station power and exempting it from being classified as retail electric service.

"Station power" is the electricity used by a generating facility owned by a utility or a generating plant operated as a merchant power plant as specified in subsection (e) of KSA 66-104 to operate generating equipment, but not electricity used for heating, lighting, air conditioning, or other general office needs of the generating facility. The provisions would apply only to those generating plants placed in use on or after January 1, 2002. The electricity could originate from the same generating facility or be provided through the electrical grid via transformation. Station power is also included in the definition of "distribution line."

HB 2746 also allows the Kansas Corporation Commission (KCC) to authorize an electric public utility to retain revenues from wholesale off-system sales of electricity generated from renewable power resources. Renewable resources include wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal, waste incineration, and landfill gas located in Kansas.

The bill permits, upon authorization by the KCC, an electric public utility to retain 65 percent of wholesale off-system electricity sales if the electricity was purchased at not less than the average price paid by the utility in contracts lasting five or more years. The bill also permits retention of 50 percent of net revenues from all other wholesale off-system electricity sales, provided that its source is a renewable technology. Revenues would also be retained from sales of renewable attributes, which are tradeable energy or tradeable emission credits, or other market instruments originating from renewable energy sources.

*Conference committee summary reports are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree.

Background

HB 2746 was introduced by the House Committee on Utilities. The bill removes a barrier of entry for wholesale electrical generating companies considering conducting business in Kansas. The legislation allows the generating facility to supply energy to the facility when the generator is offline due to maintenance or other reasons. When the facility's generator is online it can provide its own power needs. The incentive for attracting new generation facilities to Kansas lies in the fact that the bill makes station power wholesale power and not retail power.

The House Committee on Utilities amended the bill to define energy going to the generating facility as energy that could also be reduced in voltage. The committee also amended the bill to define energy as electricity that can originate from the same generating facility or be provided through the electrical grid via transformation.

The Senate Committee on Utilities amended the bill to include merchant power plants as specified in subsection (e) of KSA 66-104.

The Conference Committee amended the bill by including the provisions of section one of Sub. for HB 3017. Sub. for HB 3017 allows the Kansas Corporation Commission (KCC) to authorize an electric public utility to retain revenues from wholesale off-system sales of electricity generated from renewable power resources. Renewable resources include wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal, waste incineration, and landfill gas located in Kansas.

Sub. for HB 3017 also allows, upon authorization by the KCC, an electric public utility to retain 65 percent of wholesale off-system electricity sales if the electricity was purchased at not less than the average price paid by the utility in contracts lasting five or more years. The bill also permits retention of 50 percent of net revenues from all other wholesale off-system electricity sales, provided that its source is a renewable technology. Revenues would also be retained from sales of renewable attributes, which are tradeable energy or tradeable emission credits, or other market instruments originating from renewable energy sources. The House Committee of the Whole amended Sub. for HB 3017 to include renewable energy attributes.

The fiscal note on the original HB 2746 states that the Kansas Corporation Commission believes there is no fiscal impact.