

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairperson Pat Apple at 1:30 p.m. on Thursday, March 20, 2014, 548-S of the Capitol.

All members were present

Committee staff present:

Matt Sterling, Office of Revisor
Linda Herrick, Committee Assistant
Heather O'Hara, Legislative Research
Tamera Lawrence, Office of Revisor
Edward Penner, Legislative Research

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Chairman Apple noted there are several bills which the Committee may take final action upon today. The first bill was **HB 2480--Repealing the review of TeleKansas I**, which was heard by the Committee on March 12. He suggested that wording be changed from "and be in force from and after its publication in the statute book" to "...its publication in the Kansas Register." Committee staff indicated there would be only a small cost to make this change.

After this discussion,

It was moved by Senator Longbine and seconded by Senator Hawk to change this verbiage as indicated above. The motion carried.

*It was then moved by Senator Longbine and seconded by Senator Olson that **HB2480** be passed favorably, as amended. The Committee voted and the motion carried.*

The next bill for action was **HB 2487--Construction of electric transmission lines and certificates of public convenience and necessity**. This bill was heard by the Committee on March 12. Chairman Apple noted that both this bill and **HB2482--Authority of state corporation commission to intervene in court proceedings** pertain to the Kansas Corporation Commission. Chairman Apple suggested the contents of **HB2482** could be added to the contents of **HB2487** and retained as **HB2487**. After this,

It was moved by Senator Lynn and seconded by Senator Olson to approve the combining of these bills as noted above. In discussion, it was noted that the title of the bill should be changed as well. The motion carried.

It was then moved by Senator Lynn and seconded by Senator Olson that the HB2487 be passed favorably as amended above. The motion carried.

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SB 374--Enacting the energy efficiency investment act was the next bill to be considered. A balloon amendment ([Attachment 1](#)) was distributed and explained by Tamera Lawrence. Senator Apple explained that after the hearing on this bill, KCP&L, gas companies, and KCC met to work out differences, and this amendment prepared by staff is a result of those meetings. Tamera explained that the changes in red re-reflect deletions while the changes marked in blue reflect additions. After the discussion of the changes,

It was moved by Senator Lynn and seconded by Senator Olson to adopt the balloon amendment. The motion carried.

Senator Francisco suggested wording be changed in Line 9, Page 1, to eliminate the words "or shift" in the sentence, "An electric utility to reduce or shift the net consumption of electricity by a retail electric customer"... Senator Masterson suggested the change also be made in Line 11.

It was then moved by Senator Francisco to make this change in wording, seconded by Senator Masterson, and the motion carried.

A conceptual amendment ([Attachment 2](#)) was distributed to the Committee. Kansas Gas Service had an issue throughout the discussions of fuel switching for residential customers and the incenting of changes from natural gas to heat pumps. In discussions between KGS and KCP&L, it was agreed to add the following wording in the appropriate place as the Revisor determines: "Energy efficiency programs shall not include programs to incent fuel switching for residential heating system."

It was moved by Senator Longbine and seconded by Senator Lynn to adopt this conceptual amendment. After this discussion, the motion carried.

Chairman Apple suggested that **SB374**, with the addition of the balloon amendment and conceptual amendment above, be placed into **HB2482** (as the contents of this bill earlier in this meeting had been placed in **HB2487**). Senate Sub for **HB2482** would be renamed.

It was moved by Senator Olson and seconded by Senator Petersen that the above change be adopted. The motion carried.

Chairman Apple indicated staff will review the wording and modify as to the Committees intent. After this discussion,

*It was moved by Senator Olson, and seconded by Senator Francisco to pass favorably **HB2482** as amended. The motion carried.*

The next bill before the Committee was **HB2636--Secretary of health and environment and air**

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quality standards. Senator Francisco expressed concern about Page 1, Lines 17-19, "without any requirements about fuel switching" and to look at the best system of emission reduction. After discussion,

*It was moved by Senator Olson and seconded by Senator Masterson to pass **HB2636** favorably. The motion carried.* Senator Francisco and Senator Hawk requested to be recorded as voting no.

The next bill to be considered was **SB433--Repealing the renewable energy standards act.** Chairman Apple suggested that the contents of **HB2014** be removed and **SB433** inserted.

*Senator Olson made the motion that the bill content be moved as indicated into a Senate Substitute for **HB2014** and Senator Lynn seconded the motion. The motion carried.* Senator Francisco requested to be recorded as a no vote.

*Senator Olson then made the motion that **HB2014**, a Senate substitute bill, be passed favorably as amended and Senator Smith seconded the motion.*

Discussion followed. Senator Hawk said just repeating from the opponent testimony yesterday, it seems reasonable to have RPS standards, and he opposes this bill. Senator Francisco stated she did heard from testimony yesterday that passing this bill would not reduce the cost of electricity for any residential customers and asked if the maker of the motion could explain the positive aspects.

Senator Olson noted there are many reasons to support the bill. The proponents stated they did not know if passing this bill would reduce the rates but it would prolong rates from rising. The federal government has decided to discontinue the subsidy. Senator Olson added that House Utilities Chairman Holmes added this to the coal fired power plant bill in order to get it passed, and RPS otherwise never would have passed. He added that we never did get the coal-fired power plant. He added that his constituents want no more mandates by the state. Some wind farms were established before RPS, and will still be here after RPS. It is time for that industry to stand on its own.

Senator Francisco stated that wind is available and there is much more opportunity and much more productive wind in Kansas than other places. Passing this bill will not lower rates. RPS has increased jobs in Kansas. We need to be very careful that we are not putting barriers in front of economic development and making this state less attractive to national firms. The property tax exemption for wind farms is a different issue. She added that the real concern she has is the recent changes by SPP. We want some information and a report. A quick view of what might have been happening in the first few days of its day ahead market would be helpful. Wind generation is one of the great things in that market. Senator Apple said we are trying day ahead market starting March 1, but do not know how this would tie into RPS.

Senator Knox noted that a middle of the ground RPS bill failed. The federal tax credit is no longer

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there. In yesterdays testimony, there were positive points on both sides. The wind price was locked in for 20 years, but at a federal subsidy of 40-50%. If we have to build wind to cover RPS, it will cost us. There has been tremendous commitment to wind energy by not charging property tax for wind farms. Cities and counties have benefited but the federal government has been paying for it. Senator Knox said he supports this bill.

The motion carried. Senator Francisco and Senator Hawk requested to be recorded as voting no.

Chairman Apple thanked staff and Committee members for their work on Committee issues. This was the last Senate Committee on Utilities meeting for the year.

There being no further business, the meeting adjourned at 2:18 p.m.