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REVISOR of STATUTES

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MEMORANDUM

To: Chairman Olson and Members of the Senate Committee on Utilities
From: Matt Sterling, Assistant Revisor of Statutes
Date: 02/19/2015
Subject: Senate Bill 170

SB 170 would implement a multistep process for the development and submission of a state implementation plan for the Clean Power Plan. The bill would prohibit the Kansas Corporation Commission and the Secretary of Health and Environment from preparing, drafting, submitting, or implementing a state implementation plan pursuant to any rule proposed by the Environmental Protection Agency as part of the Clean Power Plan. This prohibition would be in effect until the KCC and the KDHE determined that the legal issues concerning the federal regulation of existing electric generating units pursuant to the Clean Power Plan rule had been fully resolved.

Once the legal issues were resolved, the secretary could develop a state implementation plan, but the secretary would be required to submit the plan to the Senate Committee on Utilities and the House of Representatives Committee on Energy and Environment for each committee's review and approval before submitting the plan to the EPA. Each committee would review the impact of the plan, as well as the implementation of the rule proposed by the EPA on the affordability and reliability of the electric system for Kansas ratepayers. The committees would then submit a report including the committee's findings and recommendations concerning the plan to the legislature. The KCC and the Federal Energy Regulatory Commission would also have to certify that implementation of the proposed rule would still permit electric utilities in Kansas to meet the reliability standards established by the FERC prior to the secretary submitting the state implementation plan.

Lastly, the KCC and the KDHE would review the state implementation plan developed for the Clean Power Plan, and would be required to:

- (1) Condition any decision related to electricity generation and distribution on least-cost proposals;
- (2) ensure that all existing electric generating units were operated consistent with the initial design life of the EGU;
- (3) cap non-fuel rate increases associated with greenhouse gas regulations at 1.5%; and
- (4) not allow EGU's to be retired prior to a unit's engineering lifetime if the unit was required to maintain the reliability of the electric grid or the owners of the unit had fully recouped the cost of constructing and financing the unit and the replacement generation would result in lower electric costs to ratepayers.

Senate Utilities Committee

Date: 2-19-15

Attachment #: 1