

HOUSE BILL No. 2731

By Committee on Taxation

3-8

9 AN ACT concerning utilities; using natural gas as the preferential fuel;
10 establishing a natural gas energy credits trading program.

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12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) As used in this section:

14 (1) "Commission" means the state corporation commission.

15 (2) "Electric public utility" means an electric public utility, as defined
16 in K.S.A. 66-101a, and amendments thereto, that is subject to rate reg-
17 ulation by the commission.

18 (3) "Natural gas technology" means any technology that relies on nat-
19 ural gas as a primary fuel source.

20 (b) It is the intent of the legislature that 20% of the megawatts of
21 generating capacity installed in this state after January 1, 2020, use natural
22 gas. To the extent permitted by law, the commission shall establish a
23 program to encourage electric public utilities to comply with this section
24 by using natural gas produced in this state as the preferential fuel. This
25 section does not apply to generating capacity for renewable energy
26 technologies.

27 (c) The commission shall establish a natural gas energy credits trading
28 program. Any electric public utility that does not satisfy the requirements
29 of subsection (b) by directly owning or purchasing capacity using natural
30 gas technologies shall purchase sufficient natural gas energy credits to
31 satisfy the requirements by holding natural gas energy credits in lieu of
32 capacity from natural gas energy technologies.

33 (d) Not later than January 1, 2011, the commission shall adopt rules
34 and regulations necessary to administer and enforce this section and to
35 perform any necessary studies. At a minimum, the rules shall:

36 (1) Establish the minimum annual natural gas generation require-
37 ment for each electric public utility operating in this state in a manner
38 reasonably calculated by the commission to produce, on a statewide basis,
39 compliance with the requirement prescribed by subsection (b); and

40 (2) specify reasonable performance standards that all natural gas ca-
41 pacity additions must meet to count against the requirement prescribed
42 by subsection (b) and that:

43 (A) Are designed and operated so as to maximize the energy output

1 from the capacity additions in accordance with then- current industry
2 standards and best industry standards; and

3 (B) encourage the development, construction and operation of new
4 natural gas energy projects at those sites in this state that have the greatest
5 economic potential for capture and development of this state's environ-
6 mentally beneficial natural gas resources.

7 (e) The commission shall adopt rules and regulations allowing and
8 encouraging electric public utilities to market electricity generated using
9 natural gas produced in this state as environmentally beneficial. The rules
10 and regulations shall allow such public utility to:

11 (1) Emphasize that natural gas produced in this state is the cleanest-
12 burning fossil fuel; and

13 (2) label the electricity generated using natural gas produced in this
14 state as "green" electricity.

15 Sec. 2. This act shall take effect and be in force from and after its
16 publication in the statute book.