

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 128

As Amended by House Committee on
Energy and Utilities

Brief*

SB 128 would require the Kansas Corporation Commission (KCC) to require that all electric public utilities doing business in Kansas deliver energy education and conservation promotion programs that are consistent with the energy conservation education programs and goals developed by the Kansas Energy Office of the KCC. The Kansas Energy Office would be permitted to administer the same type of program for municipal electric utilities and electric cooperative utilities through contracts.

The bill also would create the Energy Conservation Education Advisory Group to develop statewide goals for the energy education and energy conservation promotion programs. The Advisory Group would be appointed by the Governor as follows:

- One member representing municipal electric utilities;
- One member representing electric cooperative utilities;
- Two members representing investor-owned electric utilities;
- One member representing investor-owned natural gas utilities;
- One member representing municipal natural gas utilities;

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- One member who is an employee of the Citizens' Utility Ratepayer Board;
- One member who is an employee of Kansas State University in the Division of Engineering Extension;
- One member representing the Kansas Department of Transportation;
- One member representing the propane industry;
- One member representing the Kansas Association for Conservation and Environmental Education;
- One member representing the residential construction industry;
- One member representing the factory built housing industry;
- One member representing the real estate industry;
- One member who is a certified energy star inspector;
- One member representing certified heating, ventilation, and air conditioning contractors; and
- One member representing agricultural production.

The Advisory Group would be required to perform duties prescribed by the Energy Office to implement the Act including:

- Prescribing information to be included in program goals;
- Developing separate energy conservation materials for the general public, public school students, local governments, residential, commercial, and utility classes and the transportation sector;

- Recommending mechanisms by which utilities could recover costs associated with the program;
- Recommending methods for effective communication with energy customers; and
- Recommending performance measures for determining the effectiveness of programs. The Energy Office would consult with the Group before adopting baseline data and goals, data collection methodology, and reporting formats.

Beginning July 1, 2008, each electric utility, municipal electric utility, and electric cooperative utility doing business in Kansas would be required to provide its consumers with information concerning energy conservation opportunities and options in accordance with and subject to the goals prescribed by the Advisory Group and the Energy Office.

The bill also would require the Energy Office and the Kansas Energy Council, in consultation with electric public utilities, to annually submit, beginning in 2009, a written report on the performance measures and goal outcomes of the energy education and energy conservation promotion programs. The report must be submitted to the House and Senate Utilities Committees by the start of each regular legislative session.

Nothing in the bill would prohibit an electric utility, municipal electric utility, or electric cooperative utility from developing additional energy efficiency and conservation services.

In addition, the bill states that regulated utilities would be expected to pursue cost recovery for design, development, implementation, promotion, ongoing expenses, and evaluation costs of the energy education and energy conservation promotion programs through the normal rate-making process.

The Energy Office would be authorized to enter into contracts with the state electric cooperative association or the

state municipal utility association, or both, or with a not-for-profit or educational entity, to develop energy education and energy conservation promotion programs.

Background

At the Senate Committee hearing on the bill, proponents included representatives of the Kansas Corporation Commission, the Kansas Energy Council, Kansas City Power & Light, Kansas Catholic Conference, Kansas Municipal Utilities, Westar Energy, the Kansas Chapter of the Sierra Club, and the Citizens' Utility Ratepayer Board. Opponents included representatives of the League of Kansas Municipalities and the Kansas Building Industry Association. Conferees indicated that the bill was a recommendation of the Kansas Energy Council.

The Senate Committee amended the bill to:

- Clarify that the KCC is to require electric utilities to deliver energy education and conservation promotion programs and not to develop them;
- Permit rather than require that the Kansas Energy Office administer energy education and conservation programs for municipal electric utilities and electric cooperative utilities;
- Add the following members to the Energy Conservation Education Advisory Group:
 - One member representing the residential construction industry;
 - One member representing the factory built housing industry;
 - One member representing the real estate industry;
 - One member who is a certified energy star inspector;
 - One member representing heating, ventilation, and air conditioning contractors; and
 - One member who represents agricultural production.

- Eliminate language which would have required that the performance measures and goals to monitor the effectiveness of the programs be defined as a percentage of energy consumption;
- Add language to authorize the Kansas Energy Office and the Kansas Energy Council to annually submit a written report to the Legislature on or before the beginning of the 2010 Legislative Session to the House and Senate Utilities Committees on the performance measures and goal outcomes of the energy education and energy conservation promotion programs;
- Clarify language which permits the development of additional energy efficiency and conservation services by eliminating language which would have limited those services to those which would be for sale to consumers on a fee for service basis; and
- Allow regulated electric utilities to pursue cost recovery for design, implementation, promotion, ongoing expenses, and evaluation costs and not just “development” through the normal rate-making process for the energy education and energy conservation promotion programs.

At the House Committee hearing, proponents of the bill included representatives of the Kansas Energy Council, the Kansas Corporation Commission, the Citizens' Utility Ratepayer Board, the Kansas Association for Conservation and Environmental Education, KCPL, and Westar Energy. Additional testimony was provided by a representatives of the Kansas Cooperative Council and the Kansas Association of Realtors. A representative of the Kansas Manufactured Housing Association suggested an amendment to the bill. No opponents to the bill presented testimony to the House Committee.

The House Committee amended the bill to:

- Change references to education and conservation “standards” throughout the bill to “goals”;
- Specify that the Energy Office would be authorized to administer the program for municipal and cooperative utilities through contracts;
- Require appointment of the Advisory Group by the Governor rather than by the Energy Office;
- Change membership of the Advisory Group by adding representatives of the Department of Transportation, the propane industry, and the Kansas Association for Conservation and Environmental Education; and eliminating representatives of the Kansas Housing Resources Corporation, the KU Transportation Center, and the Corporation Commission;
- Require the Advisory Group to recommend mechanisms for recovery of program costs by participating utilities and methods of effectively communicating with energy consumers; and
- Require the first annual report to be presented at the beginning of the 2009 rather than the 2010 Session.

The fiscal note on the introduced version of the bill states that the Kansas Corporation Commission and the Citizens’ Utility Ratepayer Board believe that any additional expenditures associated with the implementation of SB 128 would be negligible. Amendments to the bill would not appear to alter the assessment of potential fiscal impact.