

SESSION OF 2008

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2632

As Amended by Senate Committee on
Utilities

Brief*

HB 2632 would amend existing law related to approvals and permits for emission stationary sources by the Secretary of the Kansas Department of Health and Environment. It would require the Secretary, in considering an application for issuance or renewal of any permit for an electric generating unit, to consider and apply the same standards and criteria the Secretary considered in acting on the application for a construction permit for a new pulverized coal electricity generating facility to be constructed in Kansas having 1400 megawatts or more nameplate capacity and co-located with an existing coal-fired electric generating unit in western Kansas that has greater than 325 megawatts nameplate capacity (Holcomb). This provision would not apply to nuclear generation facilities or to electric generating units owned or operated by a municipality.

The bill also would amend current law to require the Kansas Corporation Commission (KCC) to allow requesting utilities to capitalize and add to their rate base investments in and expenditures for energy efficiency, conservation, and demand management programs. Any such programs must be approved by the KCC.

The bill would become effective upon publication in the *Kansas Register*.

Background

At the hearing held by the House Committee on Energy and Utilities, the bill was supported by representatives of

*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>

Westar Energy, Kansas City Power and Light, the Climate and Energy Project of the Land Institute, the Kansas Chapter of the Sierra Club, and the Mid-America Regional Council. The Greater Kansas City Chamber of Commerce and the Olathe School District provided written testimony in support of the bill. Representatives of the Kansas Corporation Commission (KCC) and the Citizens' Utility Ratepayer Board (CURB) testified in opposition to the bill. AARP provided written testimony in opposition to the bill.

The Senate Committee on Utilities amended the bill to incorporate a provision related to approvals and permits for emission stationary sources by the Secretary of the Kansas Department of Health and Environment. This provision would require the Secretary, in considering an application for issuance or renewal of any permit for an electric generating unit, to consider and apply the same standards and criteria the secretary considered in acting on the application for a construction permit for a new pulverized coal electricity generating facility to be constructed in Kansas having 1400 megawatts or more nameplate capacity and co-located with an existing coal-fired electric generating unit in western Kansas that has greater than 325 megawatts nameplate capacity (Holcomb). This provision would not apply to nuclear generation facilities or to electric generating units owned or operated by a municipality.

The Senate Committee also amended the bill to become effective upon publication in the *Kansas Register*, and made technical amendments.

The fiscal note prepared by the Division of the Budget indicates that passage of the bill would have little or no fiscal effect on the operations of the KCC or CURB. According to the note, CURB believes mandating the inclusion of energy efficiency expenditures in the rate base of utilities would result in higher rates for consumers.