

SESSION OF 2009

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR SUBSTITUTE FOR
HOUSE BILL NO. 2014**

As Agreed to March 26, 2008

Brief*

Senate Sub. for Sub. for HB 2014 would:

- Enact new law regarding fuel efficiency for state-owned motor vehicles and energy efficiency of state-owned and leased space and equipment;
- Amend existing law to authorize large electric cooperatives to be deregulated under certain circumstances;
- Enact renewable energy standards;
- Enact the Net Metering and Easy Connection Act;
- Amend the Kansas Air Quality Act in regard to its relationship to federal law and in regard to appeals from decisions of and emergency powers of the Secretary of Health and Environment;
- Direct the Joint Committee on Energy and Environmental Policy to study the use of federal stimulus funds allocated for energy issues;
- Amend the Kansas Electric Transmission Authority Act authorizing collection of fees for certain activities and clarifying other Authority powers;

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- Enact new law establishing a timeframe for the Kansas Corporation Commission's action on certificates of public convenience;
- Amend existing law regarding entities that store hydrocarbons underground;
- Enact the Compressed Air Energy Storage Act;
- Enact new law creating access by municipal and cooperative electric utilities to new baseload electric generation capacity;
- Require purchase of Kansas coal by any new coal-fired electricity generating plant in Kansas, under certain circumstances; and
- Enact new law creating the Kansas Energy Resources Commission.

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

Elements of the bill are described below.

Energy Efficiency

The bill would require the Secretary of Administration to adopt rules and regulations within 18 months of the effective date of the Act:

- Requiring the average fuel efficiency for state-owned vehicles purchased during 2011 to be at least 10 percent higher than the fuel efficiency of state-owned vehicles purchased in 2008 if such purchases would be life-cycle cost-effective;

- Establishing energy efficiency guidelines for state agencies for the purchase of products and equipment such as appliances, lighting fixtures and bulbs and computers, that would be at least as energy efficient as similar products that qualify for the Energy Star® program if the avoided energy cost over the life of the product is equal to or greater than the additional cost paid for the more efficient product;
- Establishing energy efficiency performance standards for state-owned and leased real property, and requiring state agencies to conduct an energy audit at least every five years on all state-owned real property. On an annual basis, the Secretary would be required to submit an electronic report to the Legislature identifying properties where an excessive amount of energy is being used. The Joint Committee on State Building Construction, the House Committee on Energy and Utilities and the Senate Committee on Utilities would receive written copies of the report.

The Secretary would be prohibited from approving, renewing or extending building leases unless the lessor has submitted an energy audit for the building. Lessors would be required to address the performance standards based on the energy audit; and

- Prescribing energy efficiency performance standards for construction of state buildings. All new and, to the extent possible, renovated, state-owned buildings would have to be designed and constructed to achieve energy consumption levels that are at least the levels specified by the American Society of Heating Refrigeration and Air-Conditioning Engineers (ASHRAE) 90.1-2007 or the 2006 International Energy Conservation Code (IECC).

The Energy Office of the Kansas Corporation Commission (KCC) would be required to develop and increase participation of school districts and local governments in the Facility

Conservation Improvement Program (FCIP) to the extent that funds are appropriated for that purpose.

Deregulation of Large Electric Cooperatives

The bill would amend existing law to allow large electric cooperatives to remove themselves from the regulatory jurisdiction of the KCC regarding rates. Under the bill, the option to deregulate would be expanded to cover the following entities:

- Electric cooperatives with more than 15,000 members that primarily sell power at retail;
- Limited liability companies or corporations that provide wholesale electric service and are owned by four or more electric cooperatives that provide retail service in Kansas; and
- Any member-owned corporation formed prior to 2004.

The bill would amend existing law to require that, in the case of a generation and transmission cooperative that elected to be deregulated, a petition signed by at least 20 percent of that cooperative's members or by five percent of the aggregate retail customers of such members would trigger a KCC review of a rate change. In addition, the bill would require cooperatives that deregulate to notify customers of their right to request KCC review of a rate change. The bill would add clarifying language regarding the portion of members of a retail distribution cooperative who must sign a rate review petition, but that portion of members would remain as in current law.

Renewable Energy Standards

The bill would enact renewable energy standards. It would require electric public utilities, except municipally owned electric

utilities, to generate or purchase specified amounts of electricity generated from renewable resources.

Renewable energy could be generated by wind, solar, photovoltaic, biomass, hydropower, geothermal, waste incineration, landfill gas resources or technologies, municipal or other solid waste and animal waste.

For each public utility, the nameplate capacity of the renewable generation facilities included in the public utility's portfolio, whether owned or contracted for energy purchase, shall be at least:

- 10 percent of the three-year average (calendar year 2009, 2010 and 2011) peak retail load, expressed in megawatts, in the State of Kansas, by 2013;
- 15 percent of the three-year average (2013-2015) peak retail load by 2017; and
- 20 percent of the three-year average (2017-2019) peak retail load by 2021.

Each megawatt of eligible capacity generated in Kansas would count as 1.25 megawatts for purposes of compliance with the renewable energy requirement. Each megawatt of eligible capacity that is generated in Kansas using equipment manufactured in Kansas would count as 1.5 megawatts for purposes of compliance with the requirement. The Department of Commerce would be required to adopt rules and regulations within 18 months of the effective date of the Act establishing criteria for determining and certifying that equipment was manufactured in Kansas. In order to meet the requirement, not less than 51 percent of the cost of the equipment used must be attributable to manufacturing located in Kansas.

If the Secretary of Commerce determines the public utility has met the criteria, the Secretary would certify that compliance to the Kansas Corporation Commission. The capacity of any net

metering systems interconnected with the affected utilities under the Net Metering and Easy Connection Act, which is also part of the substitute bill, would count toward compliance with the renewable energy requirement.

As determined by the Commission, a utility would be able to delay compliance with the renewable energy requirement beginning in 2021 if the utility would have to make unreasonable expenditures because transmission capacity is not available for the renewable energy.

The Commission would be required to establish rules and regulations within 18 months of the effective date of the Act to govern reporting requirements and prevent duplication of the application of the requirements, as well as for administration of a certification process for renewable electric generation facilities.

Net Metering and Easy Connection Act

The bill would create the Net Metering and Easy Connection Act and would amend the parallel generation statute. The Act would require any municipal electric utility, electric cooperative, or electric public utility to make net metering available to customer-generators under certain circumstances. "Net metering" would be defined to mean use of metering equipment to measure the difference between the electricity supplied to a customer-generator by a retail electric supplier and the electricity supplied by the customer-generator to the supplier during a billing period.

Renewable energy resources that could be used to generate electricity under the Act include wind, solar, photovoltaic, biomass, hydropower, geothermal, waste incineration, landfill gas resources or technologies, municipal or other solid waste and animal waste.

The KCC would be required to adopt rules and regulations within 18 months of the effective date of the Act within 18

months of the effective date of the Act for administration of the Act in regard to regulated utilities. Governing bodies of non-regulated utilities would be required to adopt policies required by the Act. Customer-generators would be able to utilize either the parallel generation statute or the Net Metering Act. Net generation capacity could be counted toward any renewable energy requirement that a supplier would have. Suppliers would be authorized to recover costs incurred under the Act in the supplier's rate structure.

The Act would provide that retail electric suppliers would measure the net power produced and consumed by the customer-generator during a billing period by using a bidirectional meter, multiple meters, or alternative technology. If the supplier provides the customer-generator with more power during a billing period than the customer generates, the customer would be billed for the net amount provided by the supplier. If the amount of electricity generated by the customer during a billing period exceeds the amount provided by the supplier, the customer would be billed for applicable customer or demand charges, or both. Excess electricity generated by the customer during a billing period would be retained by the supplier as a contribution to the fixed costs associated with owning and maintaining the facilities required to provide electric service to the customer.

The maximum capacity of generating equipment allowed for use by customer-generators under the Act would be 100 kilowatts. Generating equipment would have to meet other specifications established by the Act including being appropriately sized to the customer-generator's electrical load and meeting specified safety, performance, interconnection and reliability standards. If the customer-generator's meter equipment does not meet the requirements, the retail electric supplier may charge the customer-generator for the cost to purchase and install additional equipment. Generation systems of 10 kilowatts or less capacity would only have to meet the statutory standards. Larger systems could be required to meet additional standards established by the KCC or the supplier's governing body. The Act would provide that for any cause of

action relating to damages to property or persons caused by the generation unit of a customer-generator or its inter-connection, the supplier would not be liable in the absence of clear and convincing evidence of fault on the part of the supplier.

The Act would establish a maximum amount of net generation capacity that a supplier must accept on its system during a calendar year at one percent of the supplier's single-hour peak load during the prior year. Overall, a supplier would not have to make net metering available to additional customers once the total net metering capacity on the supplier's system reaches five percent of the supplier's single-hour peak load during the prior year.

The bill also would amend the parallel generation statute to add a definition of "avoided energy cost." That phrase would be defined to mean the current average cost of fuel and purchased energy for the preceding month for a utility or for a non-generating utility's wholesale power supplier. That defined term would replace the phrase "monthly system average cost of energy per kilowatt hour" in the statute as the basis for compensation for excess energy provided to utilities by parallel generators. The statute also would be amended to authorize customer-generators, as defined in the Net Metering Act, to choose to either utilize that Act or the parallel generation statute. Once the choice is filed with the utility, the customer would not be able to change the method chosen.

The KCC would be authorized in the parallel generation statute to approve net metering tariffs requested by electric utilities for other methods of renewable generation not described in the Net Metering Act. Finally, the statute would be amended to delete a reference to the Governor's goals for production of energy from wind and to include in its place a reference to a renewable portfolio target or mandate.

Kansas Air Quality Act Amendments

The bill would amend the Kansas Air Quality Act to prohibit the Secretary of Health and Environment from promulgating rules and regulations that are more stringent than required by the federal Clean Air Act or rules and regulations authorized by that Act. The restriction in the bill would not apply to a plan for a nonattainment area under the federal Clean Air Act. The bill also would prohibit rules and regulations under the State Act from being enforced in any area of the State prior to the time required under the federal Act. Counties would be prohibited from utilizing home rule authority to create exemptions from or change the application of the Kansas Air Quality Act.

The Secretary would be prohibited from denying or delaying issuance of a permit required under the State Act if the requirements of that Act have been met by the applicant.

If requested by the applicant, the Secretary would be required to reconsider an action on a permit, filed after January 1, 2006 and prior to the effective date of the Act, that remains pending in any administrative or judicial review proceeding. The application for reconsideration would have to be filed with the Secretary within 60 days of the effective date of the Act, and the Secretary would have 15 days during which to act on the request. The Secretary's reconsideration and determination would be governed by the Act as amended by the bill. If the Secretary fails to act within the 15 day period, the party who requested review would be entitled to seek a writ of mandamus from the Court of Appeals.

An applicant aggrieved by the Secretary's action after the reconsideration would be able to file a petition for review with the Kansas Court of Appeals within 30 days of the Secretary's determination. The Court's review would be conducted in accordance with the Act for Judicial Review and Civil Enforcement of Agency Actions but without any requirement to exhaust other administrative remedies.

KSA 65-3012 would be amended to establish a procedure for addressing air pollution emissions that pose an imminent and substantial danger to public health or welfare or to the environment. The procedure also would be applicable to an imminent or actual violation of the Kansas Air Quality Act. The new provision would authorize the Secretary of Health and Environment to issue a temporary order directing the owner or operation or the pollution source to take steps necessary to prevent the offending act or to eliminate the offending practice. The order could not exceed 72 hours in duration.

When the temporary order is issued, the Secretary would be authorized to file an action in district court to enjoin the offending activity. Alternatively, the Secretary could request the Attorney General or the appropriate county or district attorney to file for the injunction. The court could issue a temporary or permanent injunction if the Secretary shows that the offending condition or situation exists. Persons aggrieved by an order of the Secretary issued under the new procedure would be entitled to review of the Secretary's action under the Act for Judicial Review and Civil Enforcement of Agency Actions. The aggrieved party would not be required to exhaust other or additional administrative remedies available within the agency. A petition for review under the new provision would have precedence over other cases in regard to order of trial.

Joint Committee on Energy and Environmental Policy

The bill would require the Joint Committee on Energy and Environmental Policy to study and make recommendations regarding the use of moneys received under the American Recovery and Reinvestment Act of 2009 for energy efficiency, weatherization, energy conservation, alternative fuel vehicles and state energy programs. The results of these studies would be submitted to the Legislature in 2010 and 2011 as part of the Committee's annual reports.

Kansas Electric Transmission Authority

The bill would authorize the Kansas Electric Transmission Authority (KETA) to establish and charge reasonable fees, rates, tariffs or other charges for use of facilities owned, financed or administered by KETA and for services rendered by KETA, provided that such costs are not recoverable through tariffs authorized by the Southwest Power Pool or the Kansas Corporation Commission. Such fees could only be charged to the entity or entities that request services from KETA.

The amendment also would clarify that KETA's statutory rights and powers extend to electric transmission lines that have been deemed compatible with plans adopted by the Southwest Power Pool, as well as to transmission lines with an operating voltage of 60 kilovolts or more which have been approved by the Southwest Power Pool.

Certificates of Convenience

The bill would establish a timeframe for the KCC to grant, deny or amend certificates of public convenience. The Commission would have to issue a decision within 180 days from receipt of the application, unless the applicant extends the time in writing. The requirement would not apply to decisions to grant or deny a certificate in cases involving acquisitions and mergers of utilities.

Underground Hydrocarbon Storage Wells

The bill would amend current law regarding underground hydrocarbon storage wells by adding a definition for "company or operator." The term would be defined as any form of legal entity, including a corporation, limited liability company, and limited or general partnerships.

Compressed Air Energy Storage Act (CAES)

The bill would establish a system of regulation for the injection of compressed air into storage wells and the maintenance of underground storage of compressed air.

The Kansas Corporation Commission (KCC) would be required to adopt rules and regulations within 18 months of the effective date of the Act addressing issues such as site selection, design and operation criteria, and requirements for monitoring, safety and closure. The KCC would be authorized to establish rules and regulations within 18 months of the effective date of the Act establishing fees for permitting, monitoring and inspecting operators; moneys received would be deposited in the Compressed Air Energy Storage Fund, which would be created by the Act, and used to pay the costs of regulation.

The Kansas Department of Health and Environment (KDHE) would be required to adopt rules and regulations within 18 months of the effective date of the Act related to air emissions from compressed air energy storage wells and storage facilities to ensure compliance with the Kansas Air Quality Act. The KCC and KDHE would be authorized to enter into a memorandum of understanding concerning implementation of the Act.

The bill would create financial penalties for violations of the Act.

Access to New Baseload Generation Capacity

The bill would require any public utility that builds a new fossil fuel or nuclear baseload electric generating facility in Kansas to provide to any municipal or cooperative electric utility an option to own a portion of the facility or enter into an agreement to purchase a portion of the power generated, or both. The portion available to municipal or cooperative utilities would be a maximum of 15 percent of the rated capacity of the

facility or 200 megawatts of power, whichever is less, that is not dedicated to Kansas consumers. The aggregate amount of purchased power by all municipal utilities and cooperatives could not exceed 200 megawatts.

If the facility developer proceeds with construction of the new generating facility, any municipal or cooperative electric utility in the State would have six months from the date of issuance of the construction permit under the Kansas Air Quality Act for the facility, or nine months from the effective date of this Act, whichever occurs first, to exercise the option to purchase an ownership interest in or to enter into an agreement to purchase power from the new facility. The terms and conditions of the sale or the power purchase agreement would have to be the same as those for other participants in the facility, other than the developer.

The bill would provide that if more than one municipal or cooperative electric utility exercises the option described in the bill, in the absence of a mutual agreement otherwise, the amount of power available would be allocated equally among those utilities, but an option could not be exercised for less than 25 megawatts.

Kansas Coal Requirement

Any new coal-fired electricity generation facility in Kansas constructed after the effective date of the Act would be required to purchase at least five percent of its coal from Kansas coal mines. This requirement would apply only if the Kansas coal was cost-competitive to out-of-state coal, was sold on comparable terms and specifications, and was of an acceptable quality for use in the facility. The requirement would not apply if it would cause the facility to violate its air permit or a contractual obligation.

Kansas Energy Resources Commission

The bill would create the Kansas Energy Resources Commission, a seven-member body that would make annual reports to the Governor and the Legislature. The charge to the Commission would be as follows:

- Develop strategies to maximize productive use of the existing energy resources in Kansas;
- Identify means of sustaining and, if possible, increasing production and use of identified energy resources;
- Identify emerging technologies and opportunities relevant to Kansas energy resources and recommend state investment in specific research projects;
- Investigate scientific literature on the public health impacts of emissions, and the technological ability to capture or reduce emissions; and
- Pursue other issues Commission members deem necessary.

Six members of the Commission would be appointed by legislative leadership, and one member would be appointed by the Governor. Members would be required to be residents of Kansas; recognized for their breadth of knowledge on energy issues and initiatives, with expertise in the matters assigned for commission review; and to possess either terminal professional degrees or a minimum of five years experience in their field. Initial appointments would be for staggered terms of office; thereafter members would have four-year terms. Members would receive reimbursement for certain expenses, but would not receive compensation.

The Commission would meet at least quarterly and would submit a preliminary report by September 1, 2010. Legislative branch agencies would be required to provide assistance as

requested by the Commission and authorized by the Legislative Coordinating Council. The KCC also would be required to provide any assistance requested by the Council.

Conference Committee Action

The Conference Committee agreed to the Senate version of 2014, with the following changes:

- State agencies would be required to conduct an energy audit at least every five years on all state-owned real property. The Senate-passed requirement for the Secretary of Administration to collect data on energy consumption and costs for all state-owned or leased real property would be eliminated;
- The definition of renewable resources would be expanded to include waste incineration, municipal and solid waste and animal waste, as in the House version of the bill;
- A House-passed provision would be altered to require the Kansas Corporation Commission to adopt rules and regulations within 18 months of the effective date of the Act for administration of a certification process for renewable electric generation facilities; and
- The requirement for a new coal-fired electricity generating facility in Kansas to purchase Kansas coal for at least five percent of its coal requirements would be conditioned on the Kansas coal being cost-competitive with out-of-state coal, sold on comparable terms, and of acceptable quality. In addition, such purchase would not be required if caused the facility to violate its air quality permit or a contractual obligation.

Background

The Senate Committee of the Whole amended the bill to:

- Include a fuel economy requirement for State vehicles purchased in 2011;
- Create a process for determining and certifying that equipment used to generate wind in Kansas also was manufactured in Kansas;
- Base renewable energy standards on peak retail load;
- Require the Joint Committee on Energy and Environmental Policy to conduct a two-year study and make recommendations regarding expenditure of federal stimulus funds for energy efficiency and related purposes;
- Authorize KETA to charge fees to beneficiaries of certain services it provides and to clarify the KETA Act regarding inclusion of KETA projects in the plans of the Southwest Power Pool;
- Establish a timeframe for KCC action on certificates of convenience;
- Amend current law regarding underground hydrocarbon storage wells;
- Enact the Compressed Air Energy Storage Act;
- Create access by municipal and cooperative electric utilities to new baseload electric generation capacity;
- Create a requirement for certain electricity generation plants to purchase Kansas coal; and
- Create the Kansas Energy Resources Commission.

The Senate Committee on Utilities removed the contents of Sub. for HB 2014 and replaced them with the contents of SB 265, as amended by the Committee. In comparison to Sub. for HB 2014, Senate Sub. for Sub for HB 2014 would make the following changes:

- Deletes a requirement establishing fuel efficiency standards for state-owned vehicles;
- Directs the Secretary of Administration to collect data on energy consumption and costs for all state-owned or leased real property, and clarifies reporting requirements related to that data, and deletes a requirement that state agencies conduct an energy audit of state-owned real property at least every five years, and instead;
- Establishes in statute ASHRAE 90.1-2007 and 2006 IECC as the design and construction standards for construction involving state buildings;
- Deletes a requirement for KCC to encourage state agencies to participate in the Facility Conservation Improvement Program by December 1, 2011;
- Deletes provisions related to underground hydrocarbon storage wells;
- Deletes provisions creating the Compressed Air Energy Storage Act;
- Deletes provisions establishing a deadline of 180 days for the KCC to make a decision on an application for a certificate of public convenience;
- Deletes provisions that would allow the Kansas Electric Transmission Authority to charge certain fees;
- Makes changes to renewable energy standards that delete reference to the purchase of renewable energy credits, narrow the definition of renewable energy resources, change the dates by which certain standards would have to be met and how the standards would be calculated, allow each megawatt of capacity generated in Kansas using equipment manufactured in Kansas to count as 1.5 megawatts for purposes of compliance with the requirement, delete a provision allowing utilities to count

savings from energy efficiency programs toward up to 25 percent of the renewable energy requirement, delete a requirement that utilities would be allowed to recover costs incurred in meeting the renewable energy requirement, limit the conditions under which the KCC could allow a utility to delay compliance with the requirements, and delete authorization for the KCC to take enforcement actions in response to non-compliance.

- Makes changes within the Net Metering and Easy Connection Act to delete the provision that would pre-empt any local prohibition on the use of solar technology, narrow the definition of renewable energy resources under the Act, lengthen from nine months to 18 months the timeframe for the KCC to adopt rules and regulations for the Act, delete a requirement for customer-generators to purchase liability insurance, authorize (rather than require) a retail electric supplier to charge a customer-generator for certain metering equipment, and delete a definition of peak load;
- Deletes provisions that would require a utility that builds a new fossil-fuel or nuclear baseload generating facility to offer municipal or cooperative electric utilities an option to own a portion of the facility or purchase a portion of the power generated;
- Deletes provisions that create the Kansas Energy Resources Commission; and
- Requires all rules and regulations described in the bill to be adopted within 18 months of the effective date of the bill.

The House Committee of the Whole amended the bill to make unenforceable any restrictive covenants, city ordinances or county resolutions that would prohibit or restrict the use of solar generating equipment on or adjacent to buildings. Other House amendments are technical in nature.

The substitute bill, as recommended by the House Energy and Utilities Committee, includes provisions and subject matter originally introduced as 2009 HB 2013, HB 2014, HB 2015, HB 2017, HB 2035, HB 2043, HB 2051, HB 2127, HB 2182, HB 2224, HB 2225, HB 2271, and 2008 HB 2639. All of the 2009 bills were heard by the House Committee on Energy and Utilities and additionally considered by subcommittees of that Committee prior to inclusion of the subject in the substitute bill. In most instances, provisions of the substitute bill are not identical to the introduced bills.

A fiscal note for the substitute bill was not available at the time the House Committee acted on the bill. Information provided by the Division of the Budget about the possible fiscal impact of various provisions of the bill, as introduced separately, is discussed below.

The fiscal note prepared by the Division of the Budget on the introduced version of HB 2015, regarding energy efficiency of state owned and leased buildings and state-owned vehicles, described a potential fiscal impact of \$152,000 for two employees and operating expenditures. The estimate includes \$86,000 for the salary of an engineer to review the new construction project plans to ensure that they meet the energy requirements, and \$50,000 for the salary of an administrator who would be responsible for data collection, analysis and reporting of the energy audits.

The fiscal note prepared by the Division of the Budget for the introduced version of HB 2271 regarding hydrocarbon storage wells indicates that there would be no fiscal effect on the Department of Health and Environment.

No fiscal note on the introduced version of HB 2224, that would enact the Compressed Air Energy Storage Act, was available at the time the House Committee took action on the substitute bill.

The fiscal note prepared by the Division of the Budget for the introduced version of HB 2017, that would establish a

deadline for KCC action on certificates of public convenience, stated that the Kansas Corporation Commission indicates that most applications could be processed within the time limitation that would be imposed by the bill. As described in the fiscal note, some complex cases, such as mergers of utility companies, involve significant changes in how the serving company operates, its cost structure, and financial picture. The fiscal note states that the Commission may not be able to adequately review the effects of a few applications within the time that would be allowed in the introduced version of the bill (240 days), and estimate that they may need to hire consultants to meet the deadline. Consulting fees of between \$25,000 and \$100,000 per application may be required, and would be financed by the Public Service Regulation Fund. Any increase in expenditures resulting from enactment of these provisions would be in addition to amounts recommended in *The FY 2010 Governor's Budget Report*. The substitute bill imposes a 180 day requirement on certificate actions and exempts those actions involving mergers and acquisitions of utilities.

The Division of the Budget's fiscal note on the introduced version of HB 2014 states that the KCC estimates that enactment of the bill, that would amend the Kansas Electric Transmission Authority Act, would have no fiscal effect on agency operations.

The fiscal note prepared by the Division of the Budget on the introduced version of HB 2035, regarding procedures for deregulation of large electric cooperatives, indicates that the fiscal effect of the bill on the KCC would be negligible.

The Division of the Budget's fiscal note on the introduced version of HB 2127, that would create a renewable energy requirement and enact a net metering procedure, estimates that enactment of those provisions would create a fiscal impact on the KCC of between \$80,000 and \$150,000 for professional services to assist with preparation of rules and regulations in subject areas in which the KCC does not currently have expertise. Those expenses would be paid from the Public Service Regulation Fund. The fiscal note states that any

increase in expenditures because of the passage of HB 2127 would be in addition to amounts recommended in the *FY 2010 Governor's Budget Report*.

The fiscal note prepared by the Division of the Budget on the introduced version of HB 2013, that would establish renewable portfolio standards, states that the KCC could develop rules and regulations within existing resources. As a result, the fiscal effect of the bill would be negligible.

The fiscal notes prepared by the Division of the Budget for the introduced versions of HB 2043 and HB 2051, regarding net metering, states that the KCC would be required to contract with consultants familiar with interconnection standards at an estimated cost of \$40,000 to \$75,000 from the Public Service Regulation Fund. The fiscal notes state that any increase in expenditures because of the passage of those bills would be in addition to amounts recommended in the *FY 2010 Governor's Budget Report*.

The fiscal note prepared by the Division of the Budget on the introduced version of HB 2182, that would amend the Kansas Air Quality Act, states that KDHE estimates that enactment of the bill may necessitate reconsideration of the construction permit application for Sunflower Electric Corporation's proposed Holcomb expansion. The fiscal note also says that any analysis done for the reconsideration could require considerable staff time within a longer than expected time-frame. The fiscal note states that KDHE could complete the required analysis within existing staff resources.

No fiscal note was available for HB 2225, regarding access of municipal and cooperative utilities to new baseload generation capacity, at the time the Committee took action on the substitute bill.

The fiscal note prepared by the Division of the Budget on the introduced version of 2008 HB 2639 regarding creation of the Kansas Energy Resources Commission, stated that Legislative Administrative Services estimated that enactment

would have resulted in additional State General fund expenditures of \$35,768 for eight two-day meetings in FY 2009. The substitute bill would authorize appropriations for the Commission from the Public Service Regulation Fund, and would not authorize payment of compensation to Commission members. The original fiscal note may not be relevant to the provisions included in the substitute bill.

Energy efficiency; deregulation of large electric cooperatives; renewable energy standards; net metering and easy connection act; Kansas air quality act amendments; KETA; Energy and Environment Policy; Certificates of convenience; underground hydrocarbon storage wells; CAES; access to new baseload generation capacity; kansas coal requirement; kansas energy resources commission;