

Kansas Energy Council Minutes, July 22, 2004

The first meeting of the new KEC was called to order at 10:08 a.m., Thursday, July 22, 2004, in the Kansas Corporation Commission, 1500 SW Arrowhead, Topeka, Kansas, by KEC Chair Lee Allison.

KEC Members Present:

Lee Allison, KEC Chair
Brian Moline, KEC Vice Chair
Richard Anderson
Sarah Dean
Spencer Depew
Steve Dillard
Colin Hansen
Mike Hayden
Donna Johnson
Greg Krissek
Galen Menard

Gene Merry
Lt. Gov. John Moore.
Richard Nelson
David Phelps
Adrian Polansky
Steve Rarrick (for David Springe)
Bruce Snead
Tracy Streeter
Michael Volker
Curt Wright

Welcome and self-introductions

Allison welcomed everyone and introduced himself as KGS Director and State Geologist, said the Governor had asked him to serve as KEC Chair for the coming year. He then asked that KEC members introduce themselves, as well as KEC staff and others attending the meeting.

Remarks by Lt. Governor John Moore

Allison introduced Moore to share his vision of the Governor's office.

Moore noted that during 2003, he and the Governor discussed ways to stimulate and strengthen the KS economy and initiated the prosperity summit process. They divided the state into 7 natural regions and asked educators and other people what was important for success or opportunities for success. All 7 regions identified the need for a comprehensive energy policy and emphasized the link between energy policy and economic development.

Moore noted the importance of traditional and emerging energy sources and the need to find a balance. He said the state's focus on energy was similar to the focus on water. Without adequate water and energy, the Kansas economy cannot thrive. The Governor's appointment of this new council indicates the importance she places on energy for economic vitality.

Chair and Vice Chair's messages

Brian Moline, KEC Vice Chair, noted that he has been involved in regulation for over 20 years, and he's learned that you cannot please everybody (and sometimes you don't please anyone). The KEC has a daunting task. The first thing is how far out do you want to go—short term, long term—for policy. Moline also noted the state of flux in the electrical industry with regard to transmission lines, generation, regulation. Said he was pleased to be allowed to be a member of this council.

Allison, KEC Chair, thanked everyone for serving on the new KEC. He agreed that the council will have major challenges, but noted that they had some successes to build on. The SERCC existed for a little over 2 years, with no budget, and was more successful than anyone thought we would be. We don't have to reinvent the wheel; we are likely ahead of some of the other states. Although the federal government hasn't been able to put together an integrated and effective energy policy, the states have an opportunity to take the lead. Allison highlighted the state water plan, developed by the Kansas Water Office and Water Authority, and said the KEC had a similar task, but with a lot less staff and funding.

Allison noted that the Executive Order calls for the KEC to develop a plan or report by the first of January for the Governor and the Legislature. The Governor has also given the KEC some short-term tasks.

Energy Council activities

Allison: For next half hour, we will run through the activities of some of the existing committees. Tim Carr, Kansas Geological Survey, will give us an overview of the FutureGen project (Carr and Alex Silver, Black & Veatch, are serving as co chairs of the FutureGen Working Group).

FutureGen Working Group: Carr distributed handout on FutureGen. FutureGen is a billion dollar federal effort to build a zero-emission, coal-fired power plant and sequester all the CO₂ off that plant. The working group is putting together a bid to have this built in Kansas. Working to form an entity to own the intellectual property and the power plant. Involves both utilities and transmission, oil and gas companies. Kansas is 60-70% dependent on coal. Big, big project. We have 3 of the engineering companies that would work on this plant.

Allison: It's a national competition. Already, a dozen states have come forward. Illinois has been very aggressive. They want to burn Illinois coal. Kansas would be bringing in coal from all over the country. We're centrally located and could easily bring in coal. Texas has already appropriated \$10M for this. Our legislature had a bill go through at the last minute to issue revenue bonds, so Kansas is looking very competitive. Have taken some steps that puts Kansas in the forefront. We have a large committee, large utilities. Gov. has contacted the U.S. Secretary of Energy.

Richard Anderson: What is timetable?

Carr: Nothing until after the November election. The consortium for this project, consisting of large utilities and coal companies, still doesn't have a formal contract with DOE. Our group is trying to form the entity to join the consortium. Of course, there's lots of politics involved. Texas, Illinois, Ohio, W. Virginia. Heavy movers and shakers, with strong connections.

Carr noted that he was excited about the technology, linking of industries. Lots of economic spin-offs. Kansas has good railways and good pipelines.

Allison: The original plan was that DOE would review potential sites this fall, with final decision in 2006. This timetable has been pushed back, so it will probably be 2 years before a site is

identified. We are ready to put one or more sites on the table. Whoever gets this power plant will be an energy technology leader for the next generation. A billion dollars invested upfront, but long-term possibilities are great.

Carr: The plant could generate hydrogen, lots of spin-offs. This would be the entry for the hydrogen economy.

Allison: Last summer we put together a transmission task force and asked them to look at what the state can do to relieve transmission constraints. Then the blackout happened and we also asked them to look at the security of the state's electrical grid. The transmission task force is continuing their work and Larry Holloway, KCC, has agreed to give us an update on some additional transmission developments in the region.

Update on state, regional, and federal transmission activities: Holloway distributed handout on recent transmission developments. He noted that so many things had happened on the transmission front that go beyond the task force, so he wanted to give an update on the regional, federal, and state level. The Southwest Power Pool (SPP) board met in April and developed an independent board of directors. KCC Docket was opened in April into the involvement of Kansas utilities in the SPP Regional Transmission Organization (RTO). The KCC is also a representative on the Regional State Committee (RSC). The KCC held a Roundtable discussion on what direction Kansas should take. Also sponsored two public workshops to bring in people that may not be involved in transmission issues, so they can get background and information and could then give the KCC feedback. Presentations from the June 21 workshop are on the KCC web site. July 30 workshop will be held at KCC.

Holloway also mentioned a few transmission enhancements: Aquila, Midwest Energy. SPP completed a study of transmission problems in western Kansas that outlines several alternative enhancements, \$400 M enhancements. The big question is how will they be funded?

Moline commented that these are very important issues: the state's authority and utilities' role in transmission decisions. It deserves a full scale session to understand why we are where we are. This used to be done on a state by state basis, but it was decided was too important, and was moved to regional entity. FERCC has approved SPP becoming a regional transmission entity. My questions is who is going to pay for this? I get told that issues will be worked out later, that we will worry about who pays later, but my experience tells me we need to worry about it now.

Holloway: need to figure out how the transmission task force work comes into play in this group, need direction. Currently, he has about 5 meetings or discussions a week about transmission.

Anderson: These RTO's, does FERCC do those?

Holloway: FERCC would be approving the rates, SPP would be approving the operation of the RTO's.

Moline: Hopefully, the owners of the transmission system will have some say.

Allison: We will ask the transmission task force to keep up with this. Will ask them how to interact.

Working Group on Energy Incentives: Michael Volker, Midwest Energy, distributed handouts and summarized the group's work on incentives. Volker noted that the original SERCC goal was to balance energy supply and demand. Kansas has extremely high potential for renewable energy and renewable generation could improve the balance between import and export of energy. The incentive methods discussed include a systems benefit charge (SBC), renewable portfolio standards (RPS), and green tags or renewable energy credits (REC's).

The group spent a lot of time discussing the systems benefit charge and reported to SERCC on the pros and cons of a small charge on electric bills. Advantages are that such a system is easily managed, relatively painless; disadvantages center around how these monies will be used, the potential for them being used for things that don't directly benefit electric utility customers. Also CURB questioned adding another charge to utility bills.

Volker also summarized advantages and disadvantages of RPS and REC's, stating that REC's seem like a promising option to him because of their flexibility.

Sarah Dean asked for clarification of the disadvantages of SBC and Volker said some of the possible uses included funding incentives for clean, renewable generation; conservation. In other states, list is endless about number of things that SBC can be used for.

Dean noted that in Wind and Prairie Task Force report, some people opposed renewable energy credits. They didn't go into why. Volker said he hadn't read the report. Bruce Snead mentioned the study funded by the KCC energy office on public benefits charges.

Allison introduced Jerry Karr, co-chair of the Wind and Prairie Task Force (WPTF).

Wind and Prairie Task Force: Karr thanked Lee and Liz Brosius for staff support provided to WPTF. He summarized the dual request the task force received from the Governor in December (to promote wind power in Kansas and protect the Tallgrass Prairie/Flint Hills region). The task force was set up in January, and had a deadline of May 31 for report and recommendations. Karr and Jerry Lonergan, KS Inc., were co-chairs, and they had an excellent cross section of individuals to serve on task force and as technical advisors. Kansas has two very significant treasures—one is its great wind potential; the other is its untilled Tallgrass Prairie and Flint Hills region. Karr noted that existing electric transmission lines can not move power from western part of states to markets.

Karr acknowledged the strong feelings and diverging opinions about how to promote wind and preserve the Tallgrass Prairie for the benefit of the state's economy. The task force also took tourism into consideration. In the end, the WPTF agreed to go forward with two options for the Governor to consider: Options A and B. Karr noted that discussions of moratoriums on wind development in the Flint Hills raised issues of state vs. local control of land use decisions. Currently, the counties pretty much have control, though only about half of Kansas counties are

zoned. Also raises questions of private property rights: wind companies are looking to lease land from private landowners.

Karr pointed out that the task force did find areas of agreement and made strong recommendations on tourism, the need for better mapping, and the need to preserve untilled Tallgrass Prairie. Option A could be viewed as the strong preservationist approach, while Option B is more of a middle ground approach that offers a way to do both in the Flint Hills. The report is not the end of this discussion; it's been passed on to the Governor and to this energy council. The mapping project needs to start right away. Everyone on task force thinks there needs to be a Kansas energy policy. Both wind proponents and those that are less enthusiastic about wind believe that renewable energy plays a big part in Kansas energy future.

Moline said he felt there had to be some decision about which of the options to go forward with, and Karr concurred that resolving the question of a moratorium or tax issues would make it easier for things to move forward. Need to have good mapping database to help with land-use decisions in the Flint Hills so we know what is pristine prairie and what isn't. Moline raised the question of putting oil wells in pristine areas, and Karr noted other development such as coal bed methane operations and large housing developments like in Butler county. Those are some of the issues that will show up in county elections.

Gene Merry noted that 18 counties turned down the Wolf Creek Nuclear power plant, and now all of them would like to have it. Said it wasn't economically feasible to have tax credits right now, hated to see moratoriums, thought there is a tax issue. Would rather see taxes on utilities.

Karr also mentioned the public forum format the WPTF used to gather public opinion in Manhattan and El Dorado.

Allison said he couldn't say enough about the great work of the co-chairs in producing this report. When we started this process last December, he didn't think they would be able to bring groups together and have a report. Group met many times over 5 months. This task force was set up under SERCC. They brought forward transmission issues. Both sets of recommendations talked about mapping of the Flint hills. We had DASC (based at KGS) put together basic mapping layers, using the generalized Nature Conservancy map to show untilled/tilled areas. We are going to work with DASC taking the lead, KS Biological Survey and KSU to develop a detailed map to identify pristine tallgrass prairie and key wildlife preservation areas. Allison mentioned ongoing negotiations with NatureServe (passed around brochure), very innovative and robust software package that helps to make decisions. Wants to bring software to Kansas as a beta test site, form partnership with them, will be one of the first places in the country to use this.

Allison also noted his plan to establish a KEC working group to put together a series of incentives for wind (and other renewable energy), which Richard Nelson has agreed to chair that committee.

KS Inc. Research and Development Proposal

Donna Johnson, member of Kansas Inc. board, said most of you know that Don Schnacke has been very active in Kansas on oil and gas issues. He presented a resolution to the Kansas Inc board to have an energy center at KU. Board was reluctant to act before the KEC had met and referred the proposal to the KEC.

Allison said he had had a chance to review this resolution and suggested looking at a broad R & D energy group across state, not just one focused on fossil energy. Said the council could discuss it further in the afternoon.

Johnson said that Kansas Inc. board wanted the KEC to discuss this before they made their decision.

Allison said Kansas Inc. would pull together the key players across state.

Johnson agreed that it needed to include all areas of R & D, not just oil and gas.

Allison said they would look at this later and take see if the council wants to take formal action or hand off to committee.

Decision was made to postpone member roundtable until after lunch and postpone the summaries of SERCC history, state energy programs, and federal energy legislation until the next meeting.

Lunch break at 12:00 p.m.

Reconvened at 12:45 p.m.

Roundtable discussion of member's goals and issues

Allison asked members to go around the table and talk briefly about their ideas and goals for the energy council.

Donna Johnson said she was put on the council to represent renewables, which in Kansas is primarily wind generators. One of the questions is do we have wind development in the Flint Hills? Western Kansas doesn't have transmission lines. Kansas may find itself in a position where it has to purchase wind power.

Spencer Depew said his primary interests are to preserve oil and gas industry in Kansas as we know it and hopefully provide incentives to keep production going as well as find new reserves to economically benefit state.

Adrian Polansky said he was looking at broader issue of balanced energy sources, and noted that renewable energy, whether it be wind or biofuels, could benefit Kansas agriculture. As Secretary of Agriculture, his role is to maximize use of various energy resources.

Richard Anderson said his charge is to represent Kansas Municipalities with respect to wholesale electric rates and transmission charges. Independently from that, he said he was confused about the KEC goal of returning to its status as an exporter and wanted to understand what our focus is.

With all the coal we're bringing in, even if we ramp up production, Kansas will still be an importer of energy. The bottom line, he said, is that the consumer pays the bill and we need to keep in mind that it may be in the consumer's interest for Kansas to import some energy.

Allison responded to Anderson's question, saying that the original energy council established under former Governor Graves, did have a primary goal of returning Kansas to self sufficiency, but the council realized this could mean higher prices for consumers. The new Executive Order includes the revised council goal of providing "low cost, reliable, and sustainable energy produced within state to the fullest extent possible."

Anderson said he agreed with all those things.

Gene Merry said he was interested in seeing Kansas transition from pioneering in oil and gas to hybrid systems.

Colin Hansen said he represented municipal utilities and followed utilities issues closely (some of which were discussed this morning). Like Anderson, he wants to look out for customers. Also thinks it's important to follow the SPP RTO process, where the transmission system is heading within the state and region.

Steve Rerrick, attending KEC for David Springe, CURB, said he had concerns with regard to incentives. That it's important to first identify credible projects and then fund them.

Galen Menard said his role is to represent the refining industry, which has been a dying animal in the state. Only three refineries Kansas and 3 adjacent states have no refineries, so they provide market for oil and gas produced in state. Noted that refineries are also large consumers of natural gas, electricity, and that they are struggling to meet EPA regulations. He'd like to send a message to Washington, that gas is now clean enough.

Greg Krissek said he comes to council with knowledge of various renewable energy sources, though he's now with ethanol. Consumers expect wide variety of low-cost energy sources. Emphasized need to educate consumers and sees role for traditional and renewable energy sources to work together.

Allison noted the linked energy systems involved with Russell ethanol plant, CO2 plant, and use of CO2 for tertiary oil recovery. Kansas leader in nation for linked systems, using next generation technology. Mentioned report on Nebraska's successful ethanol industry that was prepared for Senate President Dave Kerr. Are there things that we can do like building ethanol plants?

Krissek noted that 8 plants being opened this year in the U.S. Strong rural development package to areas.

David Phelps said he had a long career in electricity utilities and his expertise was power generation. Said KEC policies should focus on delivering low-cost, on-demand energy.

Tracy Streeter referred to John Moore's comments during the morning on the importance of water and energy policy. As acting director of the Kansas Water Office, Streeter said he wanted to make sure energy policy development is integrated with water policy.

Curt Wright said he represented petroleum marketers on the council. Have fairly efficient distribution system to get to consumers. Also emphasized importance of considering consumers.

Steve Dillard said his goals were similar to Depew's, to maximize recovery of Kansas oil and gas reserves, using technology and incentives where applicable. Wants to prevent imposition of barriers. Said his pet peeve is the erosion of value of state's natural gas reserve.

Richard Nelson, director of KSU Engineering Extension (in a statement read by Bruce Snead), said biomass, wind, and solar energy can and should be developed and will provide economic benefits to the state. His chief goal is to advance ideas, programs to tap the state's vast potential.

Bruce Snead said he represented energy efficiency on the council, and area he's worked in for 22 years, helping consumers with information that is available. Said the council's work here should be long term and noted that Kansas has put together reports on energy policy in the past (1975 Kansas energy policy study, 1993 Finney report). Kansas is behind the curve right now; energy policy is implemented in an ad hoc manner. Kansas is woefully behind in energy efficiency and development of new energy sources. Kansas ranks 50 (or 51) in the nation in investment in energy efficiency, which is the least-cost way to enhance electrical generation. Said he would push hard for renewables and efficiency. Emphasized that there is no way the state can have effective energy policy without a funding source; said the Governor was wise to provide \$150K for activities this year. He acknowledged the volunteer time given by KGS staff Lee, Liz, and others. Can't do without funding. Many programs out there to learn from. SBC fund has to be found.

Sarah Dean said she was very interested in implementing goals in the Executive Order, and very interested in long-term planning. She noted she had years of experience in long-term planning with respect to assets, agriculture planning, and financial planning.

Michael Volker said he came to group originally as an energy economist, though that is currently not a big part of his life. Liked what Gene Merry said, agreed the council needs to think big and focus on long-term policies. How do we get to a plan for providing low-cost, sustainable energy?

Depew noted that under SERCC we were told we had to be revenue neutral and asked if this were still true? Allison said that, during SERCC's first year, we were advised to bring forward only recommendations that wouldn't cost the state anything. Last year and at the present time, there are no such restrictions.

Moline observed that the council goal of low-cost, reliable, sustainable energy is something of an oxymoron. Suggested the use of incentives to affect consumption behavior (demand-side management).

Discussion of KEC goals

Meeting the challenge of the Executive Order: Allison pointed out that over the last couple of years, the energy council took advantage of targets of opportunities, in order to get the annual plan to the Governor and Legislature by the second week of January. We've been asked to get our recommendations out prior to the beginning of the legislative session, so that they could be prepared to move ahead on them. This council needs to discuss how we do this, what it is we want to achieve. Liz Brosius works with us at KGS, pulled her off her regular job and made her chief of staff for KEC. She's continuing in that role, key person working behind scenes in pulling together.

Review SERCC 2004 action items: Brosius summarized the action items laid out in the *2004 Energy Plan*. The first item, developing detailed language for system benefits charge to fund an effective state energy program, was a high priority for former council and is currently assigned to Volker's working group. The next item, an inventory of KS energy activities, is based on our knowledge that there are other entities out there involved with energy issues and policy and we need to be better informed about these in order to produce a coordinated plan. The third item, to work with existing organizations to develop outreach programs, is fairly self-explanatory. We've had preliminary discussions with KACEE and some contact with the KIOGA education foundation, on how we can partner to increase public awareness and understanding of energy. The fourth item involves the continued support of the transmission task force; in light of Larry Holloway's overview, the council may want to reconsider how the transmission task force proceeds. The fifth item, review options and develop recommendations for organizational approaches to meet KS energy policy planning needs, is still on the table and hasn't been directly addressed so far this year. Similarly, the next item, developing a roadmap for renewable energy development, has not been acted upon thus far this year. The last two items have been addressed by the council this year. SERCC held an initial planning meeting and established the FutureGen Working Group to work with the congressional delegation and private sector to put together a bid for the FutureGen project. And the WPTF, as part of its final report, developed guidelines for the siting of wind-energy development in Kansas.

Achieving goals: reports, legislation, activities, outreach, education, website: Allison noted that some of these action items have been on hold awaiting the reconstituting of the energy council. Said it's up to the new KEC to decide if they want to continue with those, do you want new ones? We will be producing 2005 report. What other reports or activities should we be doing? Heard you talk about your priorities. What would you like to see us do?

Johnson asked for clarification of what the council was required to do. Allison said we are required to provide the Governor and Legislature with a 2005 plan. We now have some money for staff; before we were pulling people off projects. The content of the report is up to us, but we have to do it in next 5 months.

Johnson noted that previous energy plans, and the 2005 one, were not comprehensive state plans, and Allison concurred.

Dean noted that "reports, legislation, activities, etc." are short term items; she said she'd vote for doing long-term plan first, then come back and revisit the committees, etc.

Allison agreed to defer this discussion until group developed clearer sense of its goals.

KEC organization, committees: Allison proposed dividing council into three standing committees: (1) Electric Utilities, (2) Petroleum & Natural Gas, and (3) Renewable Energy. These committees would meet during KEC meetings and report back to council. Allison also proposed a series of external ad hoc committees: e.g., the FutureGen Working Group and Wind and Prairie Task Force (which was dissolved in June). Said he'd also like to establish a Wind-energy Incentives Working Group. Allison suggested creation of a budget oversight committee to oversee the \$150K from KCC budget that was approved by the Governor to fund KEC.

Moline suggested creating the budget oversight committee as an Executive Committee because things could happen very quickly.

Allison said he'd thought of having one person from each of the three standing committees serve on the budget oversight, but agreed that forming an Executive Committee made sense. Maybe have those three people serve on exec. Comm. As for the ad-hoc committees, the FutureGen group will continue its work, the WPTF is dissolved. Proposed the wind energy incentive group to work with recommendations from WPTF report. The Transmission Task Force (TTF) could continue, but after Larry Holloway's report this morning, we may want to either dissolve or reconstitute.

Holloway: We can provide status updates to TTF, but the concern is that a lot of people involved in that may be involved in these fast-developing issues on transmission. By the end of September, Kansas may have decided to become RTO member.

Allison noted that we also have the Renewable Energy Incentives group.

Anderson said he was having trouble getting holistic idea of what we are trying to do. Are we trying to model this after the Water Office. If so, \$150K won't cut it. How can KEC provide comprehensive policy and planning without more money?

Moline: That \$150K is not out of state money, coming out of utilities, if have more funding than that, we will have lawsuit.

Snead said this subject has been discussed during other energy council meetings.

Anderson: If we are to be a viable group, need additional funding, the Water Plan gets \$.03 per 1,000 gallons of water used.

Johnson: That is a systems benefit charge.

Anderson: We need to take to legislature and have approved.

Moline: For this first year, we will have to limp along on what we have, after that may ask legislature to extend funding.

Allison noted that SERCC was set up by executive order because they couldn't get it through the legislature because of fear that it was going to be a new state agency. Didn't want an energy office. To do the level of planning called for does require more resources. But we have been able to do more than expected with limited resources and this year we have more than we've ever had.

Johnson referred to last year's discussion of an SBC to fund a true energy program for future, how to raise money, where, who gets charged, but said the council couldn't come to consensus.

Merry: In 2005 plan, we should identify what those costs are going to be.

Snead said we should formulate a SBC, may not get through legislature the first year, may have to try again, and again. But legislature is best way to go.

Volker noted that we couldn't get a SBC approved by SERCC, so could not go forward to legislature. We don't agree on how to spend, who gets charged, etc. Idea of funding, start with small amount is better than one. Water Plan didn't start off with a big amount.

Allison returned discussion to KEC organization and proposed 3 internal standing committees, as well as external committees: TTF (maybe?), energy incentives. But we didn't talk about research and development or education. Then there's conservation and efficiency.

Volker said he couldn't understand having a wind incentives committee and also a committee for renewables incentives; this should be one committee.

Moline reminded everyone that we only have 5 months, and we're all busy people. Difficult to meet as many times as it sounds like you're proposing.

Volker: We need to differentiate between what we do in next 5 months and what we would produce in 2 years.

Phelps said he thought the three interest group structure (utilities, petroleum, renewables) worked well. Thought also that there was to be a more long term plan.

Krissek talked about need to differentiate between short- and long-term objectives. As for structure, he suggested we might want to look at the model used for water planning (ask Streeter to share). In the short term, we have to have a report ready in December.

Allison: We can do that; we only have to have the 5 years projections and forecasts.

Brosius noted that the council has never been able to develop the comprehensive plan. The Executive Order is a tall order. Gave background on the 2003 Kansas Energy Plan: in addition to the production and consumption forecasts, it was essentially a summary to bring the council and others up to speed on where Kansas is on energy. The 2004 plan had more recommendations, but was still not a comprehensive plan.

Streeter said he don't profess to have the Water Office Water Plan figured out yet. We likely need to have a short-term structure, but be thinking of long-term issues. Being on two committees poses problems, you will never be at the right committee at the right time.

Anderson: Water Office has good management plan, get with stakeholders, take to general public, town hall meetings, if we are going to be making policy decisions for the state, we need to get stakeholders buy in.

Allison: It's been suggested we have a statewide energy conference. If we develop policies or suggestions here, do we take them out, statewide, in a daylong conferences to get the word out? Takes a lot of staff time, we've tentatively budgeted some money for such conferences.

Break: 2:30 p.m.

Reconvene: 2:45 p.m.

Allison reopened the discussion of KEC goals and implementation strategies, saying that we don't have to reinvent this report. We have a good, basic report framework, and just need to update, tweak, and fine-tune existing sections for the January 2005 plan (similar to what the Water Office does with their 200-page report). Update energy plan with new forecast, new legislation, new section on wind energy or renewable energy incentives. Start with current plan and modify.

Snead: There's a real logic in this approach. Updating projections and forecasts should be minimal effort, \$5K to do that. Don't think we need to put a lot of effort into that.

Snead said he had concerns about the sector committee approach, that it is polarizing for new council. He suggested that for the next meeting, to help council meet its charge, that members review the Executive Order and compile individual list of initiatives and priorities. This could be sent to staff 5 days before the next meeting to be compiled and organized, and council could then work these up into short-term and long-term objectives.

Depew said, historically, he didn't think individuals got anything done between meetings.

Volker: Committees are going to have to evaluate items with other committees.

Allison suggested they consider dissolving the transmission task force, which is not currently active, because things are changing so quickly. Assign task of monitoring what is happening on transmission to the Electric Utilities Committee.

Dean asked if there was any way to keep getting transmission updates, since information is so important?

Holloway: His intention would be to provide a status report on transmission to energy council. He encouraged KEC members to attend the next KCC workshop on transmission issues, as a

good way to begin to get educated on these issues. Presentations will be available on KCC website.

Allison noted that we are revamping the website for the energy council.

Merry suggested that with a bigger budget maybe we can make the energy plan available to a bigger population, libraries, etc.

Brosius: We produced about 200 copies, printed on our desktop printers, and bound by hand. Also available as a PDF file the day it is delivered to the governor.

Menard said he liked having the sector committees, to get issues out on table and hash them out.

Allison said there were benefits of combining both of these approaches, meeting as a group as a whole, but useful to break out into standing committees. Said he was going to go ahead and constitute standing committees: Donna Johnson will be chair of the Renewable Energy committee, Colin Hansen will chair the Electric Utilities Committee, and Steve Dillard will Chair Petroleum and Natural Gas Committee.

Brosius noted that we've tentatively scheduled next meeting for Monday, August 30. Allison said we're thinking that we'll need to meet monthly to get report done by mid-December. One of the problems we've had is putting report together over Christmas and New Years; we'd like to move process up.

Brosius: We are shooting for Dec. 15 to have this report written.

Brosius: Assignment for next month—everyone e-mail your issues, priorities, etc., to Liz by August 23. We'll compile these for discussion at the next meeting. From that discussion, it should be more clear which items need to be assigned to small committees.

Allison asked that council members also take a look at WPTF leasing and siting guidelines (WPTF report, Appendix 5, 6). We plan to bring forward at next meeting, and want you to consider formal adoption. Also hope to have a status report on mapping.

Snead asked the Governor's staff if there were other things the Governor wanted the KEC to follow up on with regard to the WPTF report. Troy Findley said that Lee had a good part of the puzzle for all of you. Will take what the council puts forward on the WPTF and pass on to the Governor prior to the legislative session.

Allison returned to discussion of standing committees, saying he thought it was fairly clear what committee most members would serve on, but told Streeter he wasn't sure which committee he would serve on.

Allison: Regarding the budget, we need to think about where more funding would come from. Originally, I'd asked Dave Phelps to chair the budget oversight committee, but I like Brian's suggestion to have an Executive Committee.

Allison passed out proposed budget. Since this money is coming from KCC, the council needs to approve how the money would be spent and KCC would be assured the money was being used appropriately. Allison summarized expenditures and concluded that this is just a first stab at budget. We don't have funds from KCC yet. First we adopt a budget here and approve it.

General discussion on how the money becomes available, restrictions on categories, etc.

Susan Duffy, Executive Director of the KCC, said they would treat this as a grant. Subject to audit by state, accounting side would be done by KEC. Allison clarified that the funds would be granted to the KGS for KEC use.

Snead said he thought it was a reasonable budget, given the 2 years that KGS has run the energy council without funding; glad to see Liz and Scott's name at top of list. Menard asked what the fiscal year was; Allison answered July 1 to June 30. Merry made a motion to approve budget. Volker seconded.

Allison asked if budget should be overseen by Executive Committee or a separate Budget Oversight Committee. Merry suggested amending the motion to include this, but Allison said he thought it was a separate issue. Original motion approved unanimously.

Allison then asked if we should set up this Exec. Committee or a budget committee? Snead moved to have chair, vice chair, and chairs of each committee as Exec. Comm. for budget. Phelps seconded and the motion passed unanimously.

Future Meetings

Allison: Liz sent out e-mail about the next two meetings being August 30 and Sept. 27. Where do we want to meet? A lot of Lawrence people are on council but there are other venues and entities. Council agreed to the following dates and locations:

August 30, 2004, 10:00–4:00, Topeka

Sept. 27, 2004, 10:00–4:00, Wichita [NOTE: subsequently rescheduled to Sept. 20]

October 19, 2004, 10:00–4:00, Location to be determined

November 23, , 2004, 10:00–4:00, Topeka

Following discussion of how to pay for lunches (can't be paid for out of state funds; KGS has been paying for lunches out of endowment account), meeting was adjourned at 3:50 p.m.