

**Kansas Energy Council
Minutes, January 19, 2005**

The meeting was called to order at 10:08 a.m., Wednesday, January 19, 2005, at the KCC First Floor Hearing Room, Topeka, by Chair Lee Allison.

KEC members present:

Lee Allison, KEC Chair
Rick Anderson
David Dayvault
Sarah Dean
Steve Dillard
Colin Hansen
Donna Johnson
Lt. Gov. John Moore
Richard Nelson

Dave Phelps
Stuart Lowry
Sec. Adrian Polansky
Bruce Snead
David Springe
Tracy Streeter
Michael Volker
Curt Wright

Opening comments

Allison welcomed the members of the Kansas Energy Council. This is the first time we have had a full year for the energy council to carry out the mission without expectation to be reorganized. We have gone through three energy plans and reports, and have a full year to put together the plan. We will have roundtable discussions this afternoon about how the council should be operating, what we want to see in the report and plan, as we have time and resources. We are not going to break into standing committees but work as a committee as a whole. The Governor's policy is out on wind energy. Allison asked the KEC members and audience to introduce themselves.

Approval of minutes

Allison asked for approval of minutes from the November meeting. Motion was made and seconded, and the minutes were unanimously approved.

KEC Budget

The Governor appropriated \$150,000 for the fiscal year, the new budget has another \$150,000. KGS has provided a quarterly report to KCC. This budget information is as of January 17, 2005. We are at the midyear point and are on track, actually spending less than what we had planned. But we have been conservative. We are currently searching for a replacement for Liz Brosius. We have used a third of the budget so far. Allison explained the subcontracts in the budget - the mapping project was \$13,000, Robin Lehman has been hired as a consultant to prepare the siting guidelines, and that project is underway. The FY06 budget does have the same \$150,000 that comes through KCC, and we will likely make the same arrangements, if KCC is comfortable with that. Allison thanked the KCC staff for getting the 2005 report out, they produced it for us, and did an outstanding job. We have also put out 50 copies on CD, DASC can mass produce those. The House & Senate Utilities had a joint hearing, and I gave the 2005 report to them last Thursday. A number of legislators have requested to meet with Allison for specific questions. The report was delivered, and we received good feedback. Thanks to all of you that contributed to the sections. It is a good product.

Update on legislation

Allison said that he has heard that the bill for special priority for oil and gas will be introduced this week. Have also heard that there is some interest for the other recommendations from the Council, but haven't heard if they have been introduced. The utilities committee in the past has taken all the recommendations. Allison is to meet with staff tomorrow to see if they still intend to introduce all the recommendations or get legislators to introduce specific bills. As Allison is in Topeka each day, he has the opportunity to talk with legislators and push through the recommendations.

The Western Governor's Association has put together a renewable energy coalition. Kansas is affiliated, and the group has nominated Jim Ploger to serve on that. Jim will come back to us for recommendations, it has an aggressive agenda, they will be looking for people around Kansas to serve on committees. Clean Energy Development - Kansas should have good representation.

Snead asked if Allison will be involved to testify on legislation, as chair of the energy council.

Allison answered that some of the bills we have seen, there are some initiatives out there. Allison will represent the Governor, but what role the council will play and how we will do that when legislation comes up needs to be decided. Some issues come out of the blue, with short notice. We should think about how the council will handle those - may be able to do by e-mail, with an online vote. Do we have the authority to do that? Do we as a council want to be prepared to respond?

Dean asked about the two issues.

Allison said that he has been asked to sit down and talk with a legislator about the issue of transmission lines. The concept is out there. There is one bill on the table - H2048, where state agencies buy up to 5% of energy from renewable energy - it would be a mandate, every state agency would get 2 1/2% of their energy from renewable energy by 2007 and 5% by 2010. There would be fines if the utility couldn't provide renewable energy. We may take that bill and pass it around, and see if the council wants to take a position. There will be lots of bills come forward that may have a short time frame.

Springe noted that there are so many different bills that come down, it would be hard and not appropriate for KEC to not support them, but it turns us into a lobbying agency as opposed to policy creation group, now you are talking about taking a stand.

Snead said that we each have different jobs, and we may not be the representative to the energy council. Lee, you would be the one to do that. Would appreciate the focus for council members to know the progress.

Johnson remarked that we shouldn't get involved in a lot of issues. We will never agree, and will make us look disjointed. Could you put on the website a list of all energy bills, a quick and easy place to go to see if bills are related to oil and gas, renewables, and have a tracking mechanism. Would like to know when they come up, it is overnight sometimes.

Allison said that Scott and he will talk to see if we have staffing to do that.

Lowry suggested that we contact Jo Cook and her Senate counterpart and get on her distribution list.

Springe said that won't cover what goes to the Agriculture or different committees.

Allison requested that if you hear things in your area, to please forward to us. We also have the listserv set up, everyone here would get that. It will take some staffing time to track the bills.

White said that he could set up a page, and could update as he hears about issues or you can inform him, but cannot do minute by minute.

Springe told members that they can use the bill tracking system on the legislative website.

Allison said that we will track those bills that come out of the energy council recommendations, and also will try to be a clearinghouse to track other bills. We ask you folks to help keep track also. We should focus on developing long term policy rather than be activists. If something comes forward, bring it to the councils attention.

Johnson suggested that we keep a list of bills that have been introduced, and we all can track them ourselves.

Allison said that we will see what we can do on the staff level, we may post, and do a routine update, just need to make sure people know how to track. We will keep the council informed., but will call on you to be an advocate and speak.

Governor's Policy Report

Allison summarized the Governor's Policy report with a powerpoint presentation. Allison served as the Governor's spokesperson, did a press conference and followed up with reporters. The whole thing started with the Energy Council. The Governor released her policy last Friday - using the balance of the Flint Hills, will take advantage of the vast wind resources that Kansas has. The wind energy map of Kansas shows wind resources for the southern Flint Hills, the untilled areas and wind resources on the same page, and Allison also showed the existing and proposed wind energy projects map. The Governor's goals - develop principles, guidelines, best practices and tools for local government, preserve the remaining untilled tallgrass prairie, encourage wind energy where appropriate, and full and aggressive wind development. Out of the Task Force were options - have a wind moratorium, have a state regulation, and have a 7-mile buffer around the Flint Hills. The Cabinet Team review - the Governor took the maps that KBS and DASC did and also the recommendations and gave them to the team in her cabinet. She asked them to synthesize and come to her on how to implement policies, and asked that recommendations be made to the Governor by mid-November. The Governor reviewed them, but she wanted to wait for the KEC report, and she was getting a lot of stakeholder input. It was integrated into policy last Friday. The Goals of the Governor's policy - respect local decision and private property rights, preserve ranching heritage and tallgrass prairie, assist local governments with tools, have guidelines to make informed decisions at the local government

level. It is not the Governor's intent to interfere with local government. The policies she outlined: accept recommendations of the cabinet team, endorse recommendations of KEC, and establish a vision for renewable energy in Kansas. 1. Accept recommendation of the Cabinet team - adopt the heart of the Flint Hills as a focus area-using restraint while we provide tools and assistance. Provide siting guidelines for local government - compilation standards are in preparation, and we will make into a booklet. Robin Lehman is working to do that, the target is the end of January. Some pieces are complex, may go beyond that. She comes from a background to be able to do in short notice. She was working on special projects, strategic planning, but also pulling together documents, etc. Robin worked for the Lawrence Home Builders Assoc., and also was a city/county commissioner from Western Kansas. The Governor has also accepted doing an economic assessment of the Flint Hills - this is a Commerce project due in April to June. Commerce has contracted with a company to do that, they are on the ground right now. There is controversy and complaints - those running eco-tourism businesses are concerned that wind turbines could impact their business. The group hired by Commerce is looking at the impacts on business, but also outside of eco-tourism. The initial reports are that they are getting good reception. The cabinet recommended conservation easements - \$800,000 budget request, with a 2:1 federal match. There has not been state monies available in the past. They are hoping to have \$2.4 million available in the next year to buy easements.

Clark added that conservation has been focused on, but not putting it into wind energy, but could be developed into other types of developments. The Siting guidelines should cover viewshed, scenic highways, untitled, intact prairie, tilled prairie habitat, ranching culture, and eco-tourism potential. On conservation easements - this is a program we are targeting and is new to the U.S. and to Kansas. We haven't been able to put money into this yet. Farm Bill 2002 - Farm & Ranchland Protection Program-FRPP - the state would put up 25%, the landowner would put up 25% in land value. Then do an appraisal of the land, and come up with the development value, and the federal government would put up 50%, if the landowner takes 25% of the value and donate to this mix. NRCS runs the program. It is voluntary but keep lands in agriculture, a 50% federal match, 25% landowner contribution; it is tax deductible. There is \$600,000 federal dollars available, but it can be increased. The money has been returned to other states in prior years because Kansas didn't have anything to match with. The Grasslands Reserve Program is voluntary. It preserves native and natural grasslands, supporting grazing operations, with 100% federal dollars put up, and with \$250,000 as add-on targeted to the Flint Hills. We are trying to raise the profile of this program.

Allison went back to the Governor's Policy Report - 2. Endorse recommendations of the KEC - the State Production Tax Credit. We would make this contingent if the federal tax credit expired prior to 2005, then have the state tax credit come in at 1/2%, with K DFA financing for renewable energy projects (for all energy projects, not just renewable). We would clarify contribution negotiations, renewable portfolio and public benefit fund studies to see if there are ways that might be market driven and if there is a consensus for a PBS. 3. Voluntary goal of 1,000 MW renewable energy installed capacity by 2015 - to help utilities achieve this we are asking the energy council to look at two study items - look at the impact and cost of having state government (agencies) purchase 2.5-5% renewable energy statewide. Also asking us to look at voluntary green tags. What would it take? The consumer would have some part of their energy come from renewable and pay for that, also asked KCC to analyze benefits from renewable

energy, do we increase the tax base, develop jobs, develop resources in the state? KCC has been asked to call upon other state agencies. There is a letter from the Governor today to Brian Moline to provide guidance, asking KCC to use their authority to look at, and also predetermination investing for utilities. For that 1,000 MW - like at Montezuma, in Gray Co. 110 MW at the Empire farm, Butler Co. is a 150MW, Sunflower in Wichita Co. is 30 MW, KCPL - tbd-200 MW, with a total of 490 MW. The 2005 installed capacity is 10,400 MW. 1000 MW recommended are already planned today. The utility green tag or green pricing activities - there are a large number of states with these programs. The Governor wants to know what it would take to put this in place in Kansas. What is the impact? Allison asked Scott White to do some research on what other states are doing, should be able to pull the information together fairly readily. Something that did not come out last Friday was there is no repeal for property tax exemption on wind, and it will not be taken off the table by her. The Governor has also written letters to SPP and FERC to facilitate a transmission grid for wind energy. She is also sending a letter to the Kansas congressional delegation for support to extend the federal production tax credit. The Governor is the leader in the nation to call for this. One of the problems is that PTC extends at the end of 2005, if wind developers lose out on the tax credit they will not proceed. Unfortunately, our congressional delegation do not sit on committees looking at this. The Governor has asked for restraint by wind developers in the Flint Hills until the siting guidelines are out, and the economic assessment is done, and resolved. There should be a public process.

Dean asked if members could have a copy of the powerpoint presentation. It would be useful to answer questions about what the Governor is doing. On the conservation easements-how does the governor envision this, what proportion, if expend funds you envision, what would be covered within the heart of the Flint Hills.

Allison reported that the powerpoint presentation can be posted on the website. On the conservation easements, there is a question on who holds them. The Governor wants \$800,000 put into the Conservation Commission, buying development rights. I had a four hour meeting yesterday with the cabinet group. The state would not be holding conservation easements, they would be a pass through to a federal agency - arrange for purchase of these but the development would be held by a land trust like the Nature Conservancy, Sunflower Land Trust, or the Kansas Land Trust. The state could set up a program to put money into, it would be held by a non profit group. This is new to the state, there are a lot of questions to answer, also on how to implement. Hopefully, this is not a one-time budget allocation, we hope it is ongoing. Do appraisal of land, value, how much is for economic development opportunities, depends on each parcel of land, the location, and opportunities. The Flint Hills could be \$200 per acre for development.

Streeter asked if it doesn't take into consideration for wind development?

Allison answered that it varies tremendously.

Dean suggested that the percentage be 10% of the heart of the Flint Hills over 10-20 years, not 50%.

Allison stated that there has to be willing buyers, not a target of numbers. The Governor has set aside money. I will ask Robin Lehman to comment on the development of the siting guidelines.

Lehman said that she used the Wind and Prairie task force guidelines as a starting point. Plugging in the three counties, anyone looking at it can see what is happening in Kansas, so they can make a decision. Lehman said she expected to be done by the end of January.

Allison said that this is not anything new, we already have three different sets of guidelines, but that Robin is integrating them into a handbook so anyone in Kansas can look at topics but also on how to implement.

States asked about what counties are not in those three, what counties not zoned, and what can a county legally do.

Lehman answered that she can't address the legal part, but that she had talked to a lot of people. Unzoned counties use these without having a legal standing. It gives them a checklist to use.

Allison said that Robin met with the Assoc. of Counties. A county can develop guidelines without having zoning, but we wonder how enforceable they are.

Volker stated that he understands the governors renewable energy idea, but how did she come up with 1,000 MW?

Allison said she looked at the time frame for utilities to put into a planning process. She listened to Westar when they decided not to go forward with the RFP because it was not cost effective. A 10-year time frame seemed reasonable, and think that 1,000 MW is something we can meet, it could be higher than that if others come forward. We wanted a goal that was challenging but could be achieved. I might provide incentives, and partnerships. We talked to various constituencies.

Volker stated that there is no basis on a cost benefit analysis, just planning.

Allison asked what could be done to help facilitate, and for those that might not be quite economic right now, see what we can do to make economic.

Johnson reiterated her point that Robin has no background in wind, and since numbers were put into this, think should have a wind person doing this, so that a community that has the most impact has a chance to look at it.

Allison said that presumes we are creating something new, we are not. This is not a wind issue, compiling rules and regulations in those three counties already adopted, use as a model. If you want to edit that, then you are saying that those counties should have done something, not a mandate, not a statewide policy. You can fill in the blanks at what counties have already done.

Johnson said her concern is that once you put a number in writing, it becomes implied.

Allison answered that you are asking for each of these to be a two-year process by counties, and that we at the state are rewriting. This is a document that states what these three counties have already done. We stayed away from anything new. The intent is to give counties without zoning something that shows what those three counties have done, can choose a combination or variation of what those three counties have done for their own public vetting at the county level.

Johnson said she disagreed with the timeline, but not going to debate today.

Snead asked Lehman about her working with the Assoc. of Counties - if you have 15 counties that need these siting guidelines ASAP, that speaks to the speed of compilation. In perspective, is KEC coming out and speaking to this?

Allison stated that we haven't come out, and don't want to speak to that. We can develop siting guidelines in an unzoned county. We support referring to the local government rather than being a state regulatory. We are getting feedback from the counties that would like to work with us., we are trying to get something to them quick.

Snead asked if there would be a review of the document? Would the Council provide feedback?

Allison said he hadn't thought about having the council look at it, could make sure there is not a fatal flaw.

Allison asked if there were any audience questions.

Benjamin asked if there was an analogy for conservation easements for a shopping center as opposed to a wind farm. It seems there is a small percentage for wind farm. Is the conservation easement only for the actual footprint for the wind farm? The wind farm doesn't take land out of agricultural use.

Allison stated the analogy would be for oil and gas development, it doesn't take land out of agriculture use. The land owner doesn't have to put up all of their land, just a portion. The development rights you are selling are spelled out and also specifics about what you can do with your land. You can preserve the character of the land, keep the rural and farming character.

Streeter said that it depends on the landowners objective, excludes all development - housing, wind, oil, gas. There is no cart blanche answer. One could go in and say they want to protect their land.

Benjamin asked what other states have done for wind.

Streeter stated that there are 22 states, motivated by different land use proposals. This came from suburban encroachment.

Polansky added that this is not necessarily above ground but also pipelines. There are easements in place for this program. The pipeline would have to go around. This would be used to

preserve the use of the land as well as other aesthetics. This would be operated according to federal guidelines, a passthrough for those regulations are already in place.

Colleen asked about if a person entered into this, like if her son inherits the land, does this go with the land, forever and forever?

Allison answered that it would be permanent, it would be turned over to a private non profit entity.

Colleen then asked if it can't be bought back?

Dean stated that it is forever. Land trusts currently own these easements in the Flint Hills, also in Douglas Co. One person put up his land for easement in DG Co forever in order to preclude highway development. If he had the easement, the state would not be favorable to go through that area, would go around. Dean then asked about how we are going to handle transmission lines?

Colleen stated that they have two pipelines going through their property, they can't tell where they are except for green flags and shutoffs.

Allison stated that the conservation easements putting money up from the state. Would have federal guidelines to follow. Easements would allow for a 20-30 year lease, with a small annual payment, would eventually go away. The Kansas Livestock Association wants those options available. The federal government has allowed some lease arrangements, but have had more requests for permanent arrangements.

Dayvault asked about what happens if the easement money is oversubscribed.

Allison stated that all of them are oversubscribed by 20-30%.

Streeter added that the Landtrust doesn't have the money. Kansas has not had matching money, the program was underutilized, and the money went back to the feds.

Dayvault asked who makes the decision on who gets the money.

Allison answered that the feds have ways to help us set state priorities and goals. The State Conservation Commission is looking to their advisory board to help make decisions.

Allison announced that it was a good point to break for lunch, that everyone is free to go where you want on your own, and to reconvene at 1:30, with strategic planning.

Reconvene: 1:38 p.m.

KSU Technical Assistance

Allison stated that we should try to make a plan this afternoon on what we want to achieve this year. The Executive order says we are to put out a comprehensive report, but we have never

been able to do that. How do we get to where we want to go? We have never addressed the conservation and efficiency issue.

Nelson talked about the conservation and efficiency issue - will break into 2 parts - a strategic plan, and a plan for 2005. Nelson said that he had been at the K-State Engineering Extension for 24 years, working with Bruce Snead, and provides technical assistance to Kansans. He is soft money funded, on grants and contracts from DOE and EPA. Nelson said that he had to have new ideas each year for grants. This years grant was \$45,000. Nelson stated that he had discussed with Lee about assisting Scott and Lee and the Energy Council.

Allison stated that this would provide additional study and staff assistance. These are complex issues, and Scott is half time, which isn't enough to get into the depth we need. We need more staff support. The offer from Richard would be helpful.

Nelson said that it all depends on what the council wants to accomplish. Nelson said he showed Commerce the study on analysis. We have to decide what the focus is for next year.

Allison said that during the discussion, they talked about renewable energy, and a road map. One of the things the council said they wanted to do was have a renewable energy road map, a study on corporate conservation efficiency planning, renewable energy credits, and portfolio standards. This would mean more technical staff than we have now, but would bring more back to the council. Richard, this sounds like it is good to go. We will have a better sense after this meeting where we want to go.

Strategic Planning

Nelson went over the Strategic planning - last fall Sarah led a small working group. They came up with how to create the goals the council wants to achieve, how to get there, and what resources are needed. Sarah, one of the things you felt strong about was a facilitator for strategic planning. Correct?

Dean stated that the working group was Nelson, Volker and Dean. The first step was expectations from the Governor or you. That will determine the scope of what we try to do, or if we need a facilitator. We need to determine what are the expectations of what you want to come out of this. A fairer statement, and then if we need a facilitator or contract. If it is a 2-page document, we don't need a facilitator but if it is something that guides Kansas over the next 25 years, it is likely that we do.

Allison said that he had asked Robin to stay for this afternoon. She worked on strategic planning at KU for a diverse set of groups. I would like her to share her thoughts, and offer suggestions.

Lehman said that she had worked for nonprofit as well. When everyone can come together and decide on the broad goals, then drill down to objectives, then action steps, in that process and as the document is adopted, it allows discussion to take place so everyone is in agreement about where they should be headed. The nice thing is to do a 3-5 yr. long period and then an annual tactical plan, deciding who is responsible for what. Then if you have a lead person to achieve a certain thing they are then accountable.

Dean said that she thinks when we first saw the formulation of the committee, she interpreted that we were not talking about 5 years, that it was fairly short. Dean said that she doesn't think that we should start out limiting it to 5 years.

Lehman said that is part of the vision statement, with short narratives, and indicate what this group is trying to do.

Dean said that part of the vision and she also saw in the Governor's statement, it was not just renewables. Dean said that they were told that they should look at long term visioning and then work back about how to get there, not 5 years. Think that there are different interpretations. We should have had that discussion before going anywhere.

Lehman answered that a lot of organizations do a 5 year plan, then go back and review it.

Johnson stated that this is not good for energy, it may be good for KU, but long term would be good for energy, like 10-20 years. Johnson said that she can't imagine utilities look at transmission that way, 5 years would be short.

Snead said that he agrees, and think we should look at where you want to be in 2015. Then what is the vision for 2050, and what it will take. Then look at near term.

Volker stated that there is more variability related to weather for utilities, the planning horizon has to be longer than 5 years.

Allison said that he was going to ask Tracy Streeter about the Water Office. The Water Plan is out to 2040. They lay out to make sure we have water 30-40 years down the road, how many dams, conservation efforts.

Volker said that DOE is 25 years out.

Anderson said that from a municipal perspective, they already know what they are going to do in the next 5 years, they have to know far beyond that.

Nelson said that it is more than just electricity.

Clark stated that this is broader than just Kansas, we need to look at other states.

Moline said that 5 years is a lifetime, a lifetime in politics. Five years from now you may have discussions on transmission, or in 5 years may have transmission taken away from you. There are a lot of things that can happen between now and then.

Allison said that going back to the Water Plan, they have good buy in, policy, no one comes in and messes with it.

Clark stated she agreed with that, and if we allow the politics of the day, or year to hold sway over the assignment of this body, we won't do anything, waiting on bated breath for a change in administration or legislature.

Allison said we are in that mode, we are known for putting out a report summarizing what is going on, but not in the framework of long term. We have control over our destiny.

Snead said that this allows us to rise above the local current issues, and work for the long term.

Springe added that it is nice to talk about, but unless you have defined criteria, will not be successful. The politics of the day say renewables are the thing, look at the next 50 years, we need objective criteria. Springe asked what is objective criteria.

Allison said that is what we are doing in this strategic planning exercise. What do we need to do to provide the greatest flexibility?

Snead said we can look at projections, and revisit every 5 years.

Allison said that is why we are looking at the Water Plan. It is re-examined each year, it gets tweaked, we can do the same for our plan. The document that we start with, we can build on, and revisit routinely.

Snead said one way to move forward is to have a presentation of three other states long term plans. That would help us get rolling. We can pick 3 states, diverse states, that have a vision out for 50 years.

Nelson added that it would not have to be for 50 years, but long term, not just 5 years. It would enable us to see what assumptions have been made, what the projections are.

Allison said that we have done a lot of things that are rehydrated from what other states have done, because we haven't had the staff. This is another assignment for Scott. With Jim Ploger's office we can get some of that information. We can look at states that have comprehensive plans with long term plans.

Dean said she thought that was an excellent suggestion, to select 3 states and try to get a person from each of those states to come talk about their plan and process. We might get a sense of what we should be doing, they can answer questions about assumptions.

Allison stated that maybe not from each state, but know there are some national groups that watch these kinds of things.

Allison said that we need to move quickly in order to know how to spend the rest of the year, don't want to get to the end of the year, and need a report done. The next meeting is aimed at strategic planning, will put in context, and know what we are doing, then implement.

Snead said that he understands what Sarah is saying, and thinks we need to have a presentation at the next meeting from those three states. The Executive Council should decide what three states, diverse and debatable.

Allison added that we could make the strategic plan meetings with three models, to help develop strategic planning. Allison asked Lehman if this is a one day exercise or a workshop approach.

Lehman said that she did one recently where she provided worksheets and they completed the worksheets to expedite the process. It was an all day retreat. At the end of the day, they had a strategic plan, a work plan on how the strategic plan was going to take place, but the strategic plan was longer. Lehman stated that she is not sure you can be that focused in one days time, should have 5 goals.

Dean asked how much of next years resources can we dip into. How much can we devote?

Allison stated that we are in good shape, if we want to contract or facilitate, or pay for travel to bring people in, we have resources.

Dean said that we should do that first, see what others have done, lay out a plan on how we want to write our plan, visioning out to x amount of years. That will take more than a day, diverse opinions, need a good mix, and it will be work.

Snead said there were a number of other items that will affect the plan. Snead said that he sees a strategic plan will be part of each meeting agenda for this year, whether it is 15 minutes or a whole day. Snead said that he thinks we should go forward with 3 states to come and make presentation, formulate a plan.

Allison stated that Scott and Lee will work together to identify existing plans, put them together, evaluate, set a time frame, make recommendations on what to focus on, and maybe have more than 3 models to look at for the next meeting. The next meeting would be March.

White stated that the council needs to remember that we are short staff, no editing done as efficiently. White said that this is doable, but also have other things to do, PBS study, RPS study, need to prioritize what is important, where staff time is going, if not spending money on Liz's position we will have funds to bring folks in.

Allison said that we can bring some staff assistants in to help until get Liz replaced. We do have a number of things that we want to do.

Snead asked what is next, what is the priority, we haven't done this for the last 3 years, we need to make progress.

Allison asked if everyone was comfortable with what we talked about. He asked if there was anymore discussion on the strategic plan.

Renewable Energy roadmap

Allison stated that this was a recommendation from the council the year before last. We never got there, for half of a year we were not sure who was on the council. Public Benefit Program was a study item. Allison had asked Bruce Snead to look at incorporating conservation and efficiency planning into what we do. The Future Gen bid committee was a variety of folks pulled together to see how Kansas could compete for the project to be in Kansas. This issue is picking up again, siting guidelines, we may be gearing up and putting together a bid. Kansas was identified as one of few states to promote a small wind initiative. I think Kansas has a lot of opportunities, make Kansas a showpiece. The 2006 energy report - some of the projects we work on this year will go into that, but would like to hear back from you, from your constituents on what should be in the plan. We haven't really had an energy plan, we have put together a report. When are we going to put the energy plan together, need to decide when to meet, schedule meetings for the year so everyone knows when the meetings are.

Johnson stated that the two assignments from the Governor should be on this list.

Allison agreed and said that he was asking Scott to pull together green tags in other states, and compile the information. The Governor didn't set a time frame for doing this, and we don't need the legislature. Maybe we should sit down with utilities, or worst case working with KCC (formal process). We should encourage utilities to do these. I am assigning this to Scott.

Clark added that Jesse can offer assistance to Scott or your staff to help out.

Allison said that he has heard from other state agencies offering assistance for staffing. The second assignment from the Governor I have assigned to Scott - what state agencies are purchasing renewable energy from utilities. We will do as staff, and bring back to the council for input and review, give report to the Governor. Is there anything you want to offer.

Anderson asked if we have ever established a definition of renewable, nuclear, bio, etc.?

Allison answered that the council hasn't, don't think there is anything established in Kansas.

Moline said that he saw no point in defining.

Anderson answered that the Governor wants 1,000 MW of what? If she is talking nuclear, we are already there. Unless we define it, no one knows.

Allison said that some states are defining it, but some are not counting hydro.

Anderson said that if we are talking about setting goals, we need to define renewable at some point.

Nelson said that if we do a renewable energy roadmap, we will do that, we will have to.

Snead said that the 3rd item is in the purview of KCC, review of the green tag programs. Since that was last Friday, they probably are not aware.

Allison said that the letter just went out to KCC from the Governor yesterday.

Moline said that they had not assessed a process yet, we will want to come up with some kind of net advantages, throw into the mix, cost. If looking at wind power we have to look at transmission. Economically viable? Probably not. Short term, Western Resources have said they can't develop wind that would be cheaper. My point earlier, it may well be true in short term, but have to look beyond that. Long run, there may be advantages.

Nelson stated that Commerce contracted with him to do a study on renewable energy impact, went out and looked at 33 studies looking at renewable energy, boiled it down to 7. Job creation, revenue enhancement, 2010 to 2020. Came up with an idea to look at renewable resources roadmap instead of renewable energy roadmap. It will show what other states have done. Also looked at RPS, resources, sustainability, looked at resources assessment in Kansas, biomass, wind, solar. I have done a lot of work on this. Other states made general statements on resources.

Duffy said that for the last several years, the energy office has funded a number of studies, like biomass, probably now will be valuable to us, and then nothing. Now, it makes me feel good we have done this, we have a lot of background information, still timely. It may move us along quickly, not have to start from scratch. I will get the listing and get it to Scott. It may break into groups.

Springe asked about Nelson working on studies for KEC, and KCC was charged with almost the same thing, what is the distinction?

Nelson said he didn't know until today about the KCC charge, that makes this easier, will talk to Susan, will make the grant efforts easier.

Allison said there are a lot of other things going on, KCC said they would take the lead but bring in other agencies. This will help with staff assistance. It will be part of the roadmap. The Governor is talking about 1,000 MW electricity generation.

Clark said that we have a tendency to look at utilities, not as industry, about turning on a switch for light, but fuel prices were somewhat affordable. What we talked about a year ago with Richard was to make informed decisions. We discovered other studies and other states, and decided we need that info before we could put our roadmap together.

Dean asked about how the renewable roadmap fits in with the long term strategic planning and does it preempt anything we want to do.

Allison said that it is not just that, all the components need to fit in with the strategic plan. We need to put out on the table what we want to do, our goals, a policy, defacto adopting some of our strategic planning by piecemeal.

Moline said at some point these variables are going to be running smack dab into each other. The further out you get, the more you are going to find some of these things canceling each other out. There is no right answer.

Break: 2:50, back at 3:00 p.m.

Reconvene at 3:12 p.m.

Conservation and efficiency planning

Snead distributed a handout - action item in both 2004 and 2005 report. This was to develop a comprehensive energy efficiency and conservation agenda for KEC and determine how it should be implemented. I have put together suggested action steps to achieve that goal. There is a list of bulleted items - what should we do, how to go about it. I mentioned in August that there was a national best practices study being done in California. That was a \$250,000 study, a consultant spent time with major utilities, and came up with best practices. I know that we don't have funding. These materials are a summary for best practices for residential programs, executive summary for residential programs, and commercial programs. The project is going forward, serves as national best practices study. There are materials from Nebraska, and Vermont has an energy efficiency utility. There are resources we can use to evaluate what programs make sense, to see the potential in Kansas across the board, to help with low cost, sustainable energy resources in Kansas. I would be glad as Chair of the Energy Conservation and Efficiency committee, to have you provide names to me that could serve on a committee, can do by e-mail, happy to have you send names to Lee, and form the committee.

Allison thanked Bruce. He captured key elements, the first reaction is that I'm trying to set up an external committee, seems like asking members to serve on another committee is asking too much. On the old SERCC we had 4 or 5 external people serve as we only had one renewable energy person on SERCC. Bruce, if you want to continue to chair, lets see about appointing a diverse group of folks, see if council members have recommendations for people to serve, this group has been needed for a couple of years.

Snead said that he planned to put some time in to is what are the current design side management, efficiency, conservation programs at Kansas based investor-owned utilities, rural electric cooperatives, and municipal utilities.

Allison said that he will talk with the cabinet secretaries and the Lt. Gov. Are there any comments or questions about some of the other activities? Future Gen?

Volker asked for an update on Future Gen.

Allison said that it is a proposal that Bush put forward 2 years ago to build a zero emissions coal fired power plant, an Integrated Gas Combined Cycle. The key component is that CO2 is sequestered. There will be a national review of potential sites, an experimental plant, technology is coming along, but all components are not put together. It will test different types of coal, and see how the plant could be replicated. The costs are going to be higher, switching fuels, the Feds are putting up \$800M. The consortium was to sign an agreement last March, with a review of

sites by October. The agreement was never signed. They will choose the site, design the plant, and try to keep out of the political process. Private groups will design and build. Kansas is trying to be considered for the site. The interesting thing that came out in recent months is the map that came out from the consortium. It shows where companies operate, 35 or 36 states, Kansas is one that has no operations from any of these companies, companies make up the consortium. There is a group of states in eastern Appalachian coal states. This plant is supposed to use coal from all over the country, using different coals. There is a lot of jockeying in the national consortium. Kansas is the compromise candidate, no other company will get preferential treatment as they have no company in our state.

Volker said that he just recently read an Ohio article about Future Gen. The article said that Ohio had the best geological site.

Allison said that we saw that Kansas may be competitive because of geological attributes, sequestration, CO2 operation at Russell. I don't know what the criteria will be. We have a team to put the bid together.

Dayvault asked if Lee had a feel for where the site will be in Kansas.

Allison answered no, several places have been discussed. We have had utilities sit in on the meetings. And have had land offered up. The transmission would be some of the conditions. They will look at the geology, have oilfields or aquifers.

Dayvault said that the further west we have better mechanical integrity.

Allison said that late in the legislative year last year, we were able to get a bill through to allow KDFA to issue revenue bills for \$200M that has to be put up from the state. We have the authority to finance. Texas has put \$10M cash on the table. Other states are putting incentives out there. There is a lot of political support for different states. I would like to ask your thoughts on the 2005 plan, what should go into the 2006 plan. If you have heard feedback, comments on what people liked or didn't like, what was useful, what wasn't, let me know. I have started some notes on feedback I have received. One comment was that someone would like to see a map that shows power plants and what kinds they are.

Johnson said she thought that was not available because of security.

Allison answered that pipelines are not public.

Lowry said that the utility plan is also supposed to be secret.

Allison said that the group needs to set future meeting dates. We need to have the November meeting to finalize the plan, and get it done before the holidays. We can deliver a few weeks before the start of the session. We could have the October meeting where formal proposals would be presented and final voting on them would be done in November.

The next meeting will be March 17 at KCC in Topeka.

Future meeting dates are:

May 19 - Topeka

July 21 - Wichita

Sept. 15 - McPherson?

Oct. 20 - ?

Nov. 17 - Topeka

Allison asked if there was any other business.

Snead said he would like to prioritize some of the things we talked about.

Allison answered that we needed to do that. We haven't laid out for renewable road map other than Richard providing technical assistance. We also haven't talked about the Public Benefit program.

Snead said that what was just talked about would be the list for next time. We will do that in March, but will likely have a legislative update.

Dean asked if there was anyway to move things along for the strategic planning in March, Once we get to look at some plans, are we looking at 4 days, or one person?

Allison said that we should do as much as we can by e-mail, then when we get to the March meeting, we can do some brainstorming.

Dean stated she would be happy to help work on that.

Allison said that he and Scott will be talking about this, and about how much we put on his plate, and how many state agencies we will be calling on.

Adjourned at 3:48 p.m.