

Minutes

Kansas Energy Council

March 15, 2006, 10:00 a.m. to 4:00 p.m.

Introductions and Welcome to new members—Chairman Frahm

Members introduce themselves per the request of the Chair. Members present: Brian Moline, Jeffrey Kennedy, Tim Carr, Joe Dick, Sarah Dean, Gene Merry, Richard Anderson, Joe Harkins (staff), Galen Menard, Liz Brosius (staff), Jim Ploger, Mark Schreiber, Curt Wright, Stephen Dillard, David Dayvault, Bill Snead, Susan Duffy, Patty Clark, David Springe, and Michael Volker.

Plan Format and Chart Book—Joe Harkins

Harkins reviewed KEC planning schedule and plan taxonomy that were adopted at the December meeting. The plan is intended to give the Governor and Legislature an idea of who will do what, when, where, and how, not just a bright idea.

Harkins also outlined a companion publication, the Chart Book, which will be organized around the same chapters as the plan. The Chart Book will contain user-friendly charts and graphs based on all the available information. The goal is to make the information regarding issues easy to obtain by Kansans. Harkins noted that the Energy Office (KCC) is in charge of the chart book.

Merry said he thought this was a great idea; and Frahm concurred that making energy information user friendly is a good plan.

Asked to clarify the relationship between the KEC and the KCC, Harkins reviewed some of the previous history of the Energy Office and Energy Council. Although the KEC staff office is located in the KCC, the KEC is a free standing entity. The partnership with the Energy Office has given KEC access to an enormous amount of information. KEC is also collaborating with professional resources as well as the Dept. of Commerce, The University of Kansas, Kansas State University, and other state agencies.

Anderson asked about the new policy group proposed by the Legislature and Harkins noted that HB 2642 did not pass out of Committee.

Technical Assistance in plan development—Joe Harkins

Harkins outlined plan to contract with the Rocky Mountain Institute, Golden, CO, to supplement staff (Brosius and Harkins) as they are not energy experts. RMI will review the background studies and give advice, and they will sit down with KEC staff and contractors for a roundtable debriefing. All members are welcome to sit in on these discussions.

Frahm noted that KEC did not have a huge budget, saying staff had done well with existing funds.

Harkins referred to budget handout summarizing how much and where the KEC had allocated its resources. \$24,500 goes to KU for transportation study; \$75,000 to KSU for agriculture study; \$25,000 set aside for energy conservation studies if approved by Council. The RPS study being done at the KCC is an expensive one, for which KEC had expected to pay up to \$100,000. \$30,000 goes to work with the Rocky Mountain Institute. There are various forms of funding available by appropriations by the Dept. of Commerce and support coming from the KCC and funds from the Energy Office. The Energy Office at the KCC is using federal funding.

Schreiber asked why the Rocky Mountain Institute was chosen as consultant? Harkins said they were chosen due to experience with a similar project in Hawaii that they had done successfully. They enjoy a strong reputation throughout the country and had strong recommendations from Governor Richardson of New Mexico, former Secretary of Energy. There were no objections to hiring RMI to do this work for the KEC, so staff will proceed with contract.

Energy Use in Agriculture Study—Jim Mintert

Harkins introduced Jim Mintert, Extension State Leader, Department of Agricultural Economics, KSU, to brief the Council on the status and scope of the project they're undertaking.

Mintert described team members for the study on Energy Use in Kansas Agriculture, noting that the project is just getting started. The report will be out June 15. He then went through a PowerPoint presentation that was handed out to the council, which covered the overview and questions regarding the study.

Dean noted that the KEC working group had also discussed sales of electric energy as well as diesel and wondered if that was still part of proposed study. Brosius said she thought this was reflected in proposal. Dean said it needed to be both onsite and offsite.

Volker asked about water depletion and energy on farms? Dayvault said he didn't think it was a significant issue at the moment. He suggested they explore issues faced by irrigators by depletion of reservoirs in Western Kansas.

Susan Duffy, KCC Executive Director, noted the importance of maintaining a database so that information stays current.

Mintert thanked the Council and said he'd review their suggestions with his team.

RPS Study Status Report—John Cita

Harkins introduced John Cita, Chief of Economic Policy, KCC, to brief the Council on the status of their analysis, which was prompted by a request from Governor Sebelius to evaluate the impact on the state of 1,000 MW of wind energy development by 2015.

Cita acknowledged that he and the other KCC economists (Bob Glass and Jim Sanderson) knew little about wind energy when they began this project, and that they had learned a lot while putting together the benefit/cost analyses. Cita then went over his Power Point presentation, hard copies of which were handed out to the Council. The study was designed to answer the question: Would implementation of the RPS provide ratepayers with a less-costly path than the "business-as-usual" path? Cita gave a brief overview of the study design, results, and conclusions.

Council members had a number of questions about the study and discussion continued during the lunch break. The KCC final report is expected to be delivered to the Governor later in the spring.

Proposal to add new chapters—Joe Harkins

Harkins directed Council's attention to the draft outline for a study of energy efficiency and conservation, included in member's meeting notebooks. He said that staff had been in discussion with Bruce Snead about the feasibility of completing plan development on Chapters 8-11 and believed that this could also be accomplished in this year's planning cycle. Harkins asked for the Council's approval to move forward with this work. Frahm asked for a motion and the Council unanimously approved the motion.

Energy Use in Transportation Study—Tom Mulinazzi

Harkins introduced Tom Mulinazzi, Chair of KU's Department of Civil, Environmental, and Architectural Engineering, who is serving as the PI for the Transportation study that KEC has contracted with the KU Transportation Center to do. Mulinazzi then went over his Power Point presentation, hard copies of which were handed out to the Council.

Following the presentation, Steve Dillard noted that there is an increase in use of diesel fuels; in Europe a high percentage of cars use diesel.

Legislative Update

HB 2642—Joe Harkins

House Bill 2642 was introduced for the intention of creating an Energy Office by law. It did not get out of committee. All the other bills relating to energy have met a similar fate. However, there will be a couple of bills that will come out of committee.

Representative Holmes' "Supply Side Initiative" —Joe Harkins

Harkins described the five bills recently introduced by Carl Holmes. These bills were part of a perspective about Kansas and energy that goes like this: Kansas used to be an exporter of energy and now it is an importer. Wind energy and ethanol will never make up for the declines in the Hugoton gas field. Kansas needs to import resources that the state can add value to. The bills (HB 2900-2904) were sent to two committees. They formed joint sub-committees. The committees reached a consensus and passed out 3 of the 5 and will take up the other two on March 16, 2006.

Status of KEC Recommendations—Liz Brosius

Brosius reviewed the Council's legislative recommendations in 2006, noting that only two (HB 2104 and HB 2756) passed out of the house and are being considered in the Senate. Brosius asked Patty Clark to describe the Community Wind project that Commerce, in conjunction with the Energy Office, was planning to undertake.

Clark said the goal is to provide a template for communities considering a Community Wind project so that they can make informed decisions. They need to get all of the information such as economic impact, risks, benefits, interest in a particular community. Not every community is suited for such a project. The template would also point out what other states are doing regarding Community Wind, and how that does (or does not) relate to the situation in Kansas.

Duffy and Frahm noted that it's important not to encourage the community to do something if it is not in their best interest. Jim Ploger, KCC Energy Office, said that just getting the information together is useful.

Dean asked about USDA Grants. Clark said these are grants that are applied by Coops and by organizations. It would be part of a resource directory in aforementioned template.

Harkins summarized some of the activities that the State was undertaking relative to the other recommendations for executive action. He referred to the existing FCIP programs through the Energy Office; noted that the State is going to issue RFPs for vehicle purchase (including more hybrids, more efficient vehicles); and said that the Energy Star program was being undertaken in the Department of Administration.

Regarding the recommendations for KEC action, Brosius noted that the KEC had adopted a new planning process in December that, to some extent, changed the Council's direction and priorities. The KEC is working to be better informed and working more closely with legislative energy committees.

FutureGen Update—Joe Harkins

Harkins noted that FutureGen had been on the radar screen for quite awhile. The most recent concept involved Kansas entering a partnership with Missouri to put together a bid to compete with other states (Harkins noted that legally creating such a partnership would be very complicated). Harkins noted that although the federal selection process was not supposed to be political, many felt that politics would play a role and that Kansas was unlikely to be the host site. Given the uncertainties and expense, the State decided not to pursue the FutureGen Project.

WGA Planning Activities—Jim Ploger

Ploger gave an overview of the Western Governor's Association, which includes 18 western states including Kansas, and passed out three reports—on wind energy, energy efficiency, and biomass (additional copies of WGA reports are available from the Energy Office). At the Denver conference, national, state, and regional issues were discussed, and he will share these with the Council via email within the next couple of weeks. Governor Richardson of New Mexico and Governor Schwarzenegger of California are the people in charge of the Western Governors Association.

Harkins pointed out that the WGA reports provide good background studies for the KEC to use in developing pieces of the plan. He asked permission to go ahead

and evaluate these reports and develop them into plan proposal for the Council to review at the summer meeting.

Frahm asked for a motion; Dillard moved that staff proceed to evaluate and work on these areas; Schreiber seconded; and the motion passed with no opposition.

Next Meeting Options—Ken Frahm, KEC Chairman

Frahm brought up the question of the 2-day meeting in June and asked whether Council would rather have the 27th and 28th of June or the 28th and 29th of June. The Council voted to have the June meeting on the 28th and 29th.

Other Business

Frahm asked if there was other business the Council needed to discuss. There was none and the meeting was adjourned at 3:17 p.m.