

**Minutes**  
**Kansas Energy Council**  
**November 15, 2006, 10:00 a.m. to 4:00 p.m.**

**KEC Members Attending:**

Ken Frahm, Chair	<i>Ron Hammerschmidt</i>	Mark Schreiber
Tim Carr	<i>[for Roderick Bremby]</i>	Bruce Snead
<i>Niki Christopher</i>	Jeff Kennedy	Tom Sloan
<i>[for Dave Springe]</i>	Greg Krissek	Josh Svaty
Patty Clark	Stuart Lowry	Michael Volker
David Dayvault	Galen B. Menard	
Sarah Dean	Adrian Polansky	Steve Johnson (advisor)
Joe Dick	<i>Jesse Romo</i>	Mark Parkinson (Lt.
Steve Dillard	<i>[for Deb Miller]</i>	Governor-elect)

**Opening remarks**

KEC Chair Ken Frahm called the meeting to order at 10:06 a.m. He reminded Council that they would further review and discuss plan drafts and postpone vote until December. He mentioned that the museum would be open to them all day.

Frahm called attention to the press release from the Governor in which she appoints Mark Parkinson to be co-chair of the Council.

Parkinson said the Governor wants to pursue renewable energy and conservation in Kansas, noting that both can have major impacts in rural parts of the State. He said that both he and the Governor felt that the best way to pursue this was to have him sit on the council rather than begin a new committee. Parkinson said he looked forward to learning more about energy issues and working with Frahm.

Frahm asked the council introduce themselves.

Frahm passed out a letter he received from the Governor, in which she asks the Council to form a standing committee to provide leadership for the State in the development of a biomass/biofuels industry. Frahm said that he had appointed Carl Holmes as chair of this new standing committee and would appoint other committee members in the near future.

**Discussion of public comment and comment process**

KEC Director Liz Brosius reminded the Council that the public comment process was intended as a way to gather more information and improve the initial plan drafts; it was not intended as a referendum. She noted that in addition to the October 13<sup>th</sup> public hearing, KEC staff also participated in daylong forums on the four priority topics (Agricultural Energy Use, Wind Energy, Energy Conservation and Efficiency, and Transportation Energy Use) at the September 27<sup>th</sup> renewable energy conference and met on October 25<sup>th</sup> with a group of interested citizens in Lawrence.

Frahm mentioned that there was a wide range in the comments, from those that supported the drafts to those that had major criticisms. Brosius also noted that the Council received a number of comments expressing opposition to the three coal-fired power plants that Sunflower plans to build near Holcomb.

Dean asked how she and Joe went through the comments and analyzed and processed the comments? Harkins answered by saying that they went through every comment and these comments helped as they revised the drafts.

Dean asked if they can raise questions over changes that have been made in the drafts and Brosius said of course, questions are welcome.

**Discussion and possible modification of revised drafts for Kansas Energy Plan**  
Energy Conservation

Brosius referred to the revised plan draft for Energy Conservation and noted that this was the most detailed of the drafts, consisting of two recommendations requiring legislative action, one requiring ongoing study, and two requiring administrative action.

Brosius summarized the first recommendation calling for the establishment of a statewide utility-operated energy education and conservation promotion program, noting that although this education and conservation promotion effort would be delivered by all utilities, the municipalities and cooperatives would be assisted in the development of the program by funds administered through the Kansas Energy Office.

Harkins added that the utilities would be required to offer educational programs, but the KCC would not interfere with their creativity in developing this or other conservation and energy efficiency programs.

Kennedy asked if the Energy Office had enough staff and resources to administer the program for the munis and coops? Harkins said that they didn't currently, but that the plan called for additional State funding to provide the necessary resources.

Mark Schreiber noted that the program was limited to the state's electric utilities and asked if there had been consideration of including the gas utilities? Brosius and Harkins noted that they'd settled on just the electric utilities to prevent duplication of effort and because essentially all Kansans are electric utility customers but not all use natural gas.

There was some discussion of the required inclusion of information about energy audits and the need for more auditors if demand for residential energy audits goes up. Brosius said. Bruce Snead said that audits help people become more energy efficient and mentioned that this is what the FCIP program does at the KCC. Brosius said that KEC staff believed the audits were an essential part of energy conservation efforts and that was why information about audits was to be included in the educational program.

David Dayvault raised a question about where the additional State funding would come from, and Harkins proposed that it would come from State general funds.

Patty Clark asked where the education would be focused. Harkins said that it would be intended for all electric utility customers all involved. Brosius noted that separate curricula would be needed—for example, the education and promotion package for schoolchildren would be different from the one developed for local governments

Volker expressed support for this plan. Snead commented that the recommendation is a great first step.

Frahm asked Brosius if there were any additional changes from the first draft. Brosius said the biggest change was not having all utilities offer audits and financing facilitation, but instead delivering energy education and conservation promotion programs.

Dean asked if there would be instructions for the advisory group? Will the advisory group establish goals or will the KEC? Harkins said that setting goals (e.g., finite targets) at this point would be arbitrary. Also that the advisory group will form goals and KEC can recommend goals as well. Dean suggested adding language to the draft that would make development of goals one of the requirements for the group. Brosius noted that this particular recommendation works with the other four recommendations and is not intended to stand on its own. It is a first step.

Galen Menard asked Volker about energy auditors and what it takes to become a certified energy advisor. Volker deferred to Snead who said that it is a weeklong training through KBSI in Manhattan. Bruce noted that information about the HERS index and RESNET Standards are included on the last page of the handout (as part of the sample disclosure form).

Harkins asked Frahm if they could get a sense of the Council's approval of this first recommendation. The majority of the Council voted in support of the current draft recommendation.

Moving on to the legislative recommendation to amend current laws regarding the energy efficiency disclosure for new homes, Brosius said that this was essentially the same draft as the one presented in August, requiring disclosure at the time of listing (by the realtor). And that the disclosure form would be removed from the body of the statute so that it could be updated by the Kansas Energy Office as needed.

Sloan asked if the recommendation applies to condos or apartments, and Brosius referenced the language of the existing statute, which states that it applies to “single or multifamily units, three floors and under.”

Brosius also pointed out that the law needed to be amended to authorize the Kansas Energy Office to propose guidelines for local residential energy efficiency standards (that would be adopted voluntarily (see later recommendation).

Council is unanimous in support of this draft recommendation.

Brosius summarized the recommendation that the KEC monitor the two KCC generic dockets on energy efficiency and rate design to see if additional KCC study is merited.

Volker said he would suggest some revised language to Brosius regarding the description of the rate designs.

Steve Johnson asked if the KEC can be a party to the KCC dockets?. Harkins said that the council should not be involved in the regulatory process.

Tom Sloan suggested a deadline for KCC determination on individual issues in the dockets be suggested. Staff will add language suggesting a deadline of October 1, 2007, in order to have time to prepare legislative recommendations for '08 session, if needed.

Harkins requested feedback on this recommendation to monitor the docket process. Brosius noted that the wording of the recommendation would be revised to better reflect that KEC is not asking the KCC to open another docket; also the draft would be revised to include monitoring not just of rate design questions, but also of other more general questions regarding utility-sponsored energy efficiency programs.

Council is unanimous in approval of this draft recommendation for ongoing study.

Brosius asked Snead to summarize the next recommendation since he had worked as a KEC contractor on ways to encourage local municipalities to adopt minimum energy efficiency standards for new construction. Snead noted that the effort is to encourage local government to be more involved with energy conservation and efficiency and to indicate where they could play a role.

Council is unanimous in approval of this draft recommendation for administrative action.

Brosius summarized the final recommendation, calling for the state to encourage utility implementation of PAYS and PAYS-type pilot programs. She noted that although PAYS looks like a promising approach to financing energy conservation improvements, it is a relatively new program and it's prudent to test with a pilot program. The fact that Midwest Energy already has plans to pilot such a program is a great first step and the hope is that other utilities will be interested in conducting their own pilots.

Sloan asked Volker if Midwest Energy will be able to make profit on the PAYS program, and Volker that they expect to be granted the same rate of return on this investment as on any other.

Schreiber clarified that this is an encouragement and not a recommendation to the utilities, and Brosius confirmed this.

Brosius also noted that both the PAYS and PAYS-type financing approaches would be linked to the State's new low-interest loan program (KEEP). Christine Reimler, KHRC,

described the new loan program and said a press release launching the program would go out in the next few days. She described that Sunflower Bank had agreed to work with their staff on loan program, and that KHRC would provide loans up to \$7500 for energy efficiency and conservation projects. The KHRC funds would be offered at 0% interest and would cover half the costs of the qualified energy improvements, thus cutting the interest rate in half.

Council is unanimous in approval of this draft recommendation for administrative action.

#### Wind Energy

Harkins summarized the revised draft plan for wind energy development. He noted that although wind-based electricity generally costs more than coal-fired electricity, there are benefits associated with wind. The revised recommendation would authorize the KCC to take into consideration the health effects and costs to Kansans of burning coal.

Tim Carr commented that there are many externalities, some that reflect negatively on wind, and questioned the focus on the single EPA study. Harkins said that this is a recommendation to promote wind energy in Kansas, to encourage the KCC to approve more renewable energy in Kansas, and that the externalities were the justification.

Patty Clark agreed with Carr in that there are dozens of externalities.

Jeff Kennedy said that he is completely in favor of wind development and thought Elk River was fascinating and good overall, but would like to change direction of the existing draft to avoid discussion of externalities.

Volker said he agreed with Kennedy and with Carr regarding the inclusion of only one set of health-related externalities, rather than both positive and negative. He said he had a problem with the way it seemed to pick on coal with only a negative externality and would be more comfortable with discussion of carbon costs.

Niki Christopher said the KCC lacked the expertise to determine health-related costs, adding that this proposal would bog down KCC proceedings with all sorts of testimony.

Josh Svaty expressed agreement with Volker and noted that Carl Holmes had a package of incentives for introduction in the next session.

Schreiber noted that Bush's Clear Skies initiative has not passed.

Volker said he wanted to stay away from externalities.

Dean asked if staff included all other studies of wind energy to come up with this recommendation, had they considered the economic benefits such as jobs in rural communities? Harkins said they gave consideration to comments received during the public hearing and public comment process.

Dean cited the Stern report on global warming and read over the list of economists who worked on the report. She encouraged the KEC to consider the inclusion of externalities. She stated that she felt that the KEC draft plan is deprecating to wind at this point, though she liked the statement of the potential benefits from wind on page 4.

Snead noted that some are uncomfortable with the externalities issue. Harkins suggested that a small advisory committee be formed to work with staff on this issue. Svaty asks that wind incentives be introduced into draft. After some more discussion, Harkins suggested that staff would revise wind energy draft to remove language about externalities from the recommendation and to present incentives as another option.

Sloan said that the issues for IGCC were similar and suggested Council forego discussion of that plan draft. This was agreed, as was the staff plan for revision of the wind plan draft.

Prior to lunch there was some discussion of the controversy around the proposed coal-fired power plants near Holcomb. Polansky wanted to point out that the coal plant was not granted new water rights but was using existing ones, that it was simply a change in ownership of water rights. Lowry said that the permitted use for the power plant is lower than the agricultural use. Hammerschmidt wanted it noted that he did not participate in any of this discussion.

### **Lunch break.**

Frahm reconvened the meeting at 12:57 p.m.

### **Discussion and possible modification of revised drafts for Kansas Energy Plan, cont.** Energy Use in the Transportation Sector

Harkins gave a quick overview of the four recommendations for State administrative action on issues related to transportation energy efficiency: (1) conduct statewide planning conference on ways to reduce Vehicle Miles Traveled, (2) develop plan for increased park and ride facilities, (3) include energy efficiency information in driver education, and (4) develop strategy to reduce truck idling.

Frahm asks for comments and indication of Council's approval. Council is unanimous in its approval of this direction.

### Energy Use in the Agriculture Sector

Harkins reviewed proposal to encourage greater adoption of no-till agriculture through the expansion of existing state programs, specifically the Kansas Watershed Restoration and Protection Strategy (WRAPS).

Polansky discussed the history of moving people to adopt no till. He also noted that the emerging market for carbon credits seemed essentially risk free for farmers.

Clark raised the issue that promoting cellulosic ethanol development may be at odds with promoting more no-till agriculture in the state.

Frahm asks for comments and indication of Council's approval. Council is unanimous in its approval of this direction.

That is the end of the draft discussion and there will be a final vote on the December 13 meeting.

**Potential topics for 2007 planning cycle**

Frahm again discussed Governor's directive to form a KEC standing committee on biomass and noted that Carl Holmes had agreed to serve as chair. The Committee will include representatives from K-TEC, Biosciences Authority as well as KEC members). Sloan suggested using NREL's biomass research center as resource and for possible collaboration. He also urged that biomass be defined broadly, not just to include biofuels, and Frahm said that he thought that was the intent.

Frahm asks Harkins what the Governor wants from the council. Harkins says that the council needs to figure out what makes sense to Kansas regarding ethanol. Frahm said that he was amazed at how the ethanol industry has grown recently.

Sarah Dean asked if the committee wanted to hear different opinions. Frahm says that although he probably wouldn't appoint an anti-biomass person to the committee, the committee should be exposed to different viewpoints.

Bruce Snead noted sentence in Governor's letter regarding importance of energy conservation and asked how much input she had in the letter. Harkins said that she was well aware of energy issues, especially the work of this council. Harkins confirmed that although the Governor had specifically asked for the biomass standing committee, she was interested in all KEC discussions and priorities.

Frahm confirmed his enthusiasm regarding the appointment of Mark Parkinson to the Council.

Brosius said other issues that might be considered for next year's planning cycle were RPS and net metering. Although we discussed RPS this year, we agreed to wait until release of KCC staff analysis for Governor, and see if further study was needed on questions such as what an RPS could look like in Kansas. The issue of net metering was raised in public comments—many feel that Kansas wind development is hampered by the absence of this incentive.

Someone commented that net metering was not likely to make it through the legislature, and Frahm said that although the job of this group is to propose ideas that have some chance of legislative success, this doesn't mean that the Council does not need to know about certain issues. Schreiber concurred, saying that Kansas does need to learn more about it and educate the public as well.

Brosius noted that these issues are just potential topics. Energy conservation might be another priority for the 2007 planning cycle. Snead referenced the KCC generic docket on energy efficiency, and Kennedy said that the council will need to read this docket. Volker said that the KCC is asking the right questions, even if you don't agree with their decision.

Schreiber suggested having the utilities come in mid-year to update KEC on their energy conservation and efficiency activities. Frahm said that this seemed like a good idea.

Council agreed that it would monitor KCC generic dockets for all energy efficiency and conservation issues.

Other topics brought up for consideration:

- Presentation from KETA on electric transmission system and issues in Kansas.
- Solar—its potential in Kansas.
- Nuclear energy.
- Incentives for coalbed methane
- Development of overall KEC goals to guide long-term planning process
- Examination of the role of environmental concerns in energy decisions (e.g., decisions regarding new power plants)
- Substituting rail for trucking
- Commuter rail lines
- Presentation from Steve Miller, Sunflower, regarding Holcomb power plants

### **Chart book update**

Brosius showed Council examples of charts for the Kansas Energy Chart Book that will accompany the Kansas Energy Plan and thanked the KCC for their support in the development of this online resource.

### **Other business**

Snead mentioned the upcoming KDHE public hearing in Lawrence on the Sunflower's proposed power plants.

Brosius pointed out updated KEC contact list and planning schedule in Council member's packets. She also mentioned that she was now a full-time employee at the KCC.

Brosius reminded Council members to bring calendars to the next KEC meeting on December 13<sup>th</sup>, so that they can set meeting schedule for 2007.

### **Adjourn**