

Kansas Energy Council August 13, 2008, Meeting Notes

KEC Members Attending:

Ken Frahm, Co-Chair	Deb Miller
Lt. Gov. Mark Parkinson, Co-Chair	Hans Nettelblad
Luke Bell	<i>Jessica Bowser (for Adrian Polansky)</i>
Rex Buchanan	Bill Riggins
Dave Dayvault	<i>Jesse Romo (for Deb Miller)</i>
Sarah Dean	Mark Schreiber
Joe Dick	Tom Sloan
Steve Dillard	Bruce Snead
Steve Johnson	Dave Springe
Jeff Kennedy	Josh Svaty
Dave Kerr	Mark Taddiken
Janis Lee	Michael Volker
Stuart Lowry	Curt Wright
Galen Menard	Tom Wright

KEC Staff: Liz Brosius, Michael Deupree, Ray Hammarlund, Corey Mohn, Jennifer Knorr

Opening remarks, introductions

Co-Chair Ken Frahm opens the meetings. Lt. Gov. Mark Parkinson thanks everyone for coming and acknowledges the work done by Frahm and Committee Chairs Lowry and Snead and thanks them and the Committee members for all the time they've devoted to the KEC process over the past months.

Update on KEC 2008 recommendations

KEC Director Liz Brosius update the Council on changes since the June meeting in the status of the programs and policies recommended in the 2008 *Kansas Energy Plan* (see summary in notebook): (1) KCC will hold workshop on August 26, 2008, to discuss issues of cost-recovery methods and incentives related to its ongoing energy efficiency investigations; (2) the low-interest loan program (KEEP) has made 68 loans (encumbered funds for 99) and expended \$303,438 in state funds (with \$379,088 encumbered); (3) Ray Hammarlund, Director of the KCC Energy Programs Division, is working with the League of Kansas Municipalities and a small advisory group to better understand the needs of local code officials and whether developing a model code would be useful; (4) KACEE is working with KEC staff to identify annual \$30,000 funding source for K-12 energy conservation education.

Regarding KACEE funding, Brosius noted that KACEE Executive Director Laura Downey wanted to make sure that the Council was supportive of KACEE pursuing funding from state agencies (rather than from State General Funds, as suggested in the original recommendation); there was no objection from the Council. Brosius said the KCC was one possibility, but KCC Executive Director Susan Duffy said she had not had any discussions with KACEE about this. Rick Brunetti, Director of the Bureau of Air and Radiation, KDHE, noted that they had teamed up with KACEE

and funded an educational effort related to recycling and water quality. Frahm noted that KACEE has been really effective with limited funds.

Curt Wright noted that the program established to assist petroleum bulk plant upgrades (stemming from a 2006 KEC recommendation) was working well and had resulted in the upgrade of 150 plants in the state. [Staff note: The *Kansas Energy Report 2006* included a recommendation to amend legislation to provide assistance for retail petroleum marketers to upgrade bulk plants to comply with new federal regulation for spill prevention. As of August 2008, KDHE estimated that they have received 236 applications for assistance, of which 177 have been approved with 53 pending. The number of submitted applications is expected to increase significantly by the December 31 deadline, as many marketers have held off on renovations due to changing EPA rules. In order to qualify for KDHE reimbursement, upgrades must be completed within two years of application; KDHE has currently received 78 requests for reimbursement, of which 69 have been approved, totaling \$1,035,705.19.]

KEC planning schedule, where we are in the process

Brosius outlined the KEC planning schedule and said that the KEC was at the point in the process where they considered the preliminary policy recommendations developed by the Committees and decided whether they have sufficient merit to go out for public review and comment. She noted that the public comment period begins on September 8th and runs through October 10th.

Regarding public hearings, Parkinson said he thought it would be good to hold hearings in Wichita and Topeka to give the KEC a broader perspective and to allow more people to participate. He said members could choose which one to attend. Janis Lee commented that holding the hearings in the eastern half of the state ignores rural Kansas; she said western Kansas knows we are up against a wall regarding energy production and we will feel the pressure before the rest of the state. Brosius said she would work with Co-Chairs to come up with dates and locations of public hearings.

Electricity Committee report

Frahm thanked Stuart Lowry, Chair of the Electricity Committee, and Bruce Snead, Chair of the Greenhouse Gas Policy Committee, for their hard work with the committees; he asked Lowry to report on the work of the Electricity Committee.

Lowry recalled that several years ago, Joe Harkins talked about the process used to develop the Kansas Water Plan and the advisability of dealing with one issue at a time. Lowry said that the KEC had taken that advice when they adopted the current planning process; this year one of the key topics was electricity. Lowry said the Electricity Committee decided to focus on issues associated with base load generation and identified two primary goals: (1) to provide information (to the KEC and to the public) and (2) to develop specific recommendations.

Lowry talked about the summary of existing electric generation that staff had worked with the utilities to develop and noted the challenges with developing a true apples-to-apples comparison. He also described the status of the chart related to projected capacity and peak loads. He said that the presentations the Committee had received from the utilities showed that some would experience a shortfall in meeting demand in the near future. He said this illustrates that utilities will need to make some decisions regarding future demand in the next 5 to 10 years.

Lowry noted that the Council is not in a position to make resource allocations for the utilities, but we can identify policy areas or policy barriers for the pursuing the resource decisions. He said he put forward the EPRI-funded study as a basis for policy recommendations; the PRISM analysis is EPRI's response to how to meet increasing electricity demand while reducing greenhouse gas levels.

Review of existing generation and forecast capacity and load summaries—Brosius pointed to the latest version of the chart, “Kansas Electric Generation: Summary of Existing Power Plants,” in the meeting notebook. She noted that this was a nearly final version and asked the utilities representatives to let her know if they found anything that needed changing.

Brosius said Michael Deupree, KEC research assistant, had done the work on the initial compilation of information for the charts summarizing capacity and load forecasts. She said this was still a work in progress.

Mark Schreiber said that he'd emailed Jay Caspary at Southwest Power Pool (SPP) and they would be willing to provide an aggregated statewide picture of projected capacity and demand. Schreiber said he will follow up on the potential for them to produce an overview. Brosius asked if SPP would charge the KEC for this and suggested that the information could be compiled by staff from the EIA form (411).

Mark Taddiken noted that there were still a lot of blanks. Deupree said that some of the utilities have not supplied the data yet. Lee asked about the expiration of Power Purchase Agreements (PPA's); Brosius said this is reflected in the net PPAs information on the last chart.

Brosius said that some utilities questioned the accuracy of 20-year projections and suggested that it might be better to only aim for 10-year forecasts. She asked the Council for their guidance on how to proceed. Lowry said that the longer the planning horizon, the more likely the projections will be wrong, and while utilities have legitimate concerns about negative reactions to their long-range predictions, it's still important to try to estimate demand and capacity out 20 years given the long lives of some generation assets. Schreiber said that the EIA only asks for 10 year forecasts and wondered if the KEC should follow that example. Hans Nettelblad asked if the wild card is future legislation (related to carbon emissions)? Schreiber said the length of the forecast is the problem, mostly. Lee asked, if utilities can only project out 10 years, how a nuclear power plant ever becomes part of a generation plan? Schreiber said that is a problem. Tom Sloan said it is not just nuclear, but clean coal and capture and other generation options; he said whether it's accurate or not, let's try for the 20-year forecast. Unless we just go with wind turbines and natural gas, we need the longer-term forecast.

Parkinson said the accepted view is that we need more base-load capacity. The chart suggests that most of the utilities in the state have more capacity than they need in 2013, with a few utilities who are facing a short fall. He asked Lowry what he was missing? Lowry pointed out that the state's utilities don't function and operate on a collective basis. It is utility by utility that the picture comes through. For some utilities, the need for additional capacity comes up much faster. Westar is best able to wait it out. Michael Volker noted that the chart shows the net

capacity rather than the base-load capacity. The amount under “Capacity Responsibility” includes the 12% margin required by SPP. Lee pointed out that by 2011 Sunflower is short. Parkinson said it was clear that some utilities would need additional capacity, but the often-stated assumption is that there is a huge need for new base-load generation, and the chart information challenges this assumption. Lowry said it depends on where you live. Sloan said not all the generation could be distributed throughout the state. Luke Bell noted that a lot of the plants were pretty old, built in the 1950’s (referring to summary of existing generation) and wondered how many of them would be retired. Staff noted that any planned retirements were included in the forecasts.

Nettelblad asked if the forecasts included renewable energy? Brosius and Deupree explained that, although the existing generation chart excludes intermittent resources because the focus was on dispatchable energy, the forecast charts include the accredited capacity of the existing and planned wind generation. Lowry explained that wind receives a capacity rating from SPP. Volker said it’s different for each wind farm and based on historical performance; for Gray County, it’s 5%. Smoky Hill has not been rated. Most get less than 10% of capacity (perhaps in the range of 4%).

Lee asked about the lack of net capacity information for KCPL after 2013; Bill Riggins said KCPL was working on getting those numbers to KEC staff. Dean said she understood that the Committee had decided not to include wind energy in the existing resources summary, but she wasn’t clear whether it was or was not included in the forecast summary. Brosius reiterated that the SPP-approved capacity was included in the forecasts, and that staff would work on a revised chart that was easier to understand.

Joe Dick said that KCBPU’s presentation included wind and hydro. Brosius said they would provide notes with the charts clarifying the different resources included in the summaries. Dick observed that there was no information from the Kansas Power Pool; Deupree said he had overlooked this; Brosius apologized for the omission and said they would get it included in the next version.

Galen Menard asked if it would be possible to separate out the wind generation, since industry needs electricity 24-7 and wind doesn’t provide that firm power. Brosius said they would try to clearly note the capacity that was based on wind generation, but that it would be included per the SPP’s accredited capacity rating. She said they would send out another draft version for review between now and the next meeting. Schreiber will follow up with SPP. Dean said the presentations from the utilities had been wonderful and now the Committee has a better understanding of the questions we want to ask. She wondered if there was a need for involvement from professional power engineers? Snead asked about the range of load growth for all utilities? Deupree said each utility provided their own estimates and the aggregate ranged from 1.5% to 2% growth. Dave Springe pointed out that peak demand is different than total demand, which grow at different rates and that the rates differ among utilities.

Electricity Committee preliminary policy recommendations

Lowry suggested that the Council discuss and vote on each recommendation separately. Brosius explained that the background information provided in the handouts along with preliminary

recommendation would be developed more fully for those policy recommendations that are approved during today's meeting. She said she would circulate the revised drafts to all KEC members prior to the public comment period.

Electricity Committee Recommendation 1: Encourage federal funding of research and development of generation technologies that can provide baseload power while achieving reduced CO₂ emissions.—Dean asked whether “generation technologies” included renewables since they will be in the mix in the future. Wright said he agreed that these technologies may be feasible in the future, but they are not proven today. Volker pointed out that the EPRI report, on which the recommendation was based, defined advanced technologies to include renewables. Springe said the wording of the recommendation appeared to be technologically neutral. Jeff Kennedy said that this vote was simply to put the recommendation out for public comment; he said he thought the public hearing was most helpful and shared the concern of getting out to the rural areas of state.

Frahm called for a vote and this recommendation was unanimously approved.

Electricity Committee Recommendation 2: Encourage the Kansas Bioscience Authority to allocate some of their funds to R&D related to biomass-fueled electric generation.—Parkinson said that KBA has a pool of financial resources that could be brought to the table and applied to the feasibility of biomass-fueled electric generation. Frahm said KBA has become very big and is doing an excellent job. Parkinson said if NBAF is not won, there will be a large amount of money for projects.

Sloan suggested that the recommendation include a requirement to analyze the carbon footprint. Josh Svaty said that generally energy from biomass is assumed to be carbon neutral. Sloan said he still thought it needed to be specified in the recommendation.

Taddiken said he would support the research, but didn't know that it is carbon-neutral. Dave Kerr said it might be better to encourage, rather than require, the KBA to look at carbon footprint. Sloan said he wanted it in the recommendation and moved to add the language. Dave Dayvault seconded. Nettelblad said it should be included as part of the environmental impact. Parkinson said KBA will either get interested or not, wording shouldn't matter, but he supported Sloan's amendment. The vote to add the language was unanimous. Brosius clarified that the additional clause should read “including the analysis of the carbon footprint.”

Frahm called for a vote and this recommendation, as revised, passed by large majority (1 opposed).

Encourage the Kansas Bioscience Authority to allocate some of their funds to R&D related to biomass-fueled electric generation, including the analysis of carbon footprint.

Kerr noted that Kansas was just named one of the top 10 bioscience states (5th and 6th in research and dollars) and this would not have happened without KBA.

Lowry said Susan Duffy had a few announcements. Duffy said the KCC and the Kansas Geological Survey were co-sponsoring an informational meeting on geologic sequestration of

CO₂; tentative date is December 16, AM. The KCC is also considering holding roundtables on solar energy and a second roundtable on nuclear energy.

Electricity Committee Recommendation 3: Support policies in Kansas that promote the development of advanced generation facilities and promote the economic transfer of baseload and intermittent electric power on a regional basis.—Lowry said this was a broad recommendation, derived from the EPRI study. It's an attempt to provide a policy framework to allow Kansas utilities to work with other states in our region; he asked if the recommendation language is too broad? Springe said that the proposal was very general and seems to target two different things: (1) advanced generation facilities and (2) regional transfer of power. I am concerned that we are not specifying a policy. He noted that the first part seems very similar to the previous recommendation on R&D; the second part could mean a number of things; it is very unclear. Springe suggested that the two proposals be separated into separate recommendations and then clarified or one of the two parts omitted.

Lowry agreed that the recommendation was very broad; the purpose was to try and syndicate risk and distribute costs regionally. Springe said yes, but Kansas ratepayers would be the ones to pay. Lee said, in reality, the general public will pay for it one way or the other.

Sloan suggested new language and after some discussion, the following revision was proposed:

Endorse collaborative development of advanced generation technologies in Kansas that can provide baseload power while achieving reductions in GHG emissions. Such collaboration could be between Kansas utilities, regional utilities and other investors.

This new language would replace the current wording. Sloan moved, and Springe seconded the adoption of the new language to replace first part of original. Motion passed by large majority (one opposed).

Regarding the second part of the original recommendation, Lowry said we would like to have technology development in Kansas and be able to export power in the region. Would like to have support for regional collaboration. Springe asked if this to encourage transmission policy? What are we talking about? Lowry said he sees it as a supply issue, not just transmission. Springe suggested that the think this should be made #4 and other numbers adjusted accordingly. Dean said we need to be more specific; this will confuse the public. Volker said the second part was related to how you get the product to market and included advanced transmission, especially if the project is regional in nature. He said he wouldn't mind if it were completely removed. Lee asked if a wind farm would be a collaborative development that fits this language? Volker said it would have to have storage attached or some new technology. Brosius said that the intent was to use the EPRI definition of advanced generation.

Frahm called for a vote and the proposal, as amended, passed unanimously.

Electricity Committee Recommendation 4: Support policies that promote true regional declines in GHG emissions, not policies that merely shift emissions within or between regions.—Rex Buchanan asked if this recommendation wasn't similar to the first recommendation from the GHG Policy Committee? Volker said this one was more general. Buchanan asked Snead if he

thought GHG#1 could be eliminated if this recommendation passes? Snead said he thought they were sufficiently different. Dean wondered if the word “true” was needed? Also, she said she wasn’t sure what was meant by the phrase “not policies that merely shift emissions within or between regions.” Lee said she thought it referred to policies that allow other states to develop power generation when Kansas doesn’t allow that development. Bell said he’d like to see “regional” changed to “national” or “global.” He also suggested that cost should be addressed. Volker said those were two different issues. Parkinson asked whether the GHG Recommendation #1 make this one moot? Volker said he would argue the opposite, that it is better because it is broader and doesn’t apply only to cap-and-trade. Sloan suggested merging the two.

Svaty made a substitute motion not to adopt this motion and deal with the issue with GHG Recommendation #1. Parkinson seconds motion.

Lowry said the intent is to address state policies, regardless of federal regulation. It is intended to give direction to state policymakers. He said he thought this policy and GHG Recommendation #1 were complementary. Snead asked if the issue of shifting of emissions was being addressed by MGA? Hammarlund said the MGA was considering the issue of leakage and shifting of costs and emissions.

Frahm called for a vote on the motion to eliminate. Motion fails (14 to 9).

Kennedy suggested that the language, “problem of the commons” be removed from the background language. Buchanan asked if this addressed state-specific issues. Lowry said they could amend to read “state policies.” Dayvault asked if we should change language to read “elsewhere” instead of “within or between regions”?

Wright noted that the first word in GHG #1 was “if” because GHG emissions might not be regulated at all. Volker moved to change “support” to “endorse,” take “regional” out, and take “true” out. Sloan seconded.

Brosius asked if the language wasn’t too broad: did the Council really want to endorse any and all policies that promoted such declines or did they want to establish a criterion for evaluating policies?

Bell said the proposal could be interpreted as an endorsement of a federal cap and trade. I would word negatively: “oppose policies” that merely shift emissions. Motion by Sloan to accept negatively worded alternative. Motion died for lack of a second.

Frahm called for a vote and the proposal, as revised, passed by a large majority (one opposed).

Endorse policies that promote declines in greenhouse gas emissions, not policies that merely shift emissions within or between regions.

[Lunch break]

Electricity Committee Recommendation 5: The Kansas Legislature and KCC should encourage utility investments in base load generation plants’ energy conservation and efficiency and

carbon capture experiments and technologies by granting cost recovery and earnings approval, including an incentive rate of return as allowed by KSA 66-177(e).—Frahm called the meeting back to order and opened the discussion of the final recommendation brought forward by the Electricity Committee.

Steve Johnson asked if the background information would be adjusted; Brosius said it would and Council would have a chance to review before the public comment period. Bell suggested that costs information be included in the background information.

Springe noted that this proposal was a last minute recommendation made during the online discussion of another proposal; only seven Committee members voted on this; moreover, the wording of the proposal was confusing. Sloan said the proposal targets efficiency improvements at power plants. Springe said these improvements are taking place; we don't need a policy on this; the troubling piece is the last phrase, dealing with providing an "incentive rate of return," which translates into an increase of shareholder return between 2% and 4%; with KCPL rates up to 10 cents /kWh as of today, KEC should not be promoting this. Volker said Midwest Energy is a coop, so we can't take advantage of incentive rate of return; he said Sloan was the primary author of this proposal, but the idea is to encourage efficiency on the supply side. Sloan said the language is offered to show that a major place to obtain efficiencies is on supply side and that the removal of the incentive rate of return was OK. Svaty said it didn't seem that an incentive was needed on the supply side, since these improvements should make the utility more profitable. Svaty moved to not adopt recommendation; Springe seconds.

Following more discussion of whether utilities needed to be encouraged to invest in efficiency upgrades at their power plants, Springe said that the demand side is important, but this isn't the issue at hand; 66-117(e) is already in place. What we are really talking about is rate making, and I don't think that is appropriate. Lowry noted that no one had addressed the carbon capture piece of the proposal; the policy question is whether we ignore GHG emissions and go with the least-cost alternative or pursue the dual purpose that will cost more; if it's the latter, the choice is mandate or incentives. Kennedy said this me as problematic; seems like this is going further than it needs to go; suggest you cut off language after "technologies." Steve Dillard said he was glad to see that we are owning up to the fact that rates will increase; someone needs to tell the ratepayers this is coming out of their pockets. Kennedy said he didn't think tying the KCC's hands is a good idea. Sloan said he thought this is an important concept to keep before the public since it encourages energy conservation; he encouraged the rejection of the Svaty motion. Parkinson asked Svaty if he still had a problem if we take the last statement off? Svaty said he agreed with Dillard, that without the last piece this is essentially a meaningless statement. Dayvault said he was concerned that ratepayers have the burden of paying for carbon capture experiments, which are more typically carried by taxpayers or others. Johnson said he didn't think the proposal would tie the KCC's hands.

Frahm called for a vote and the motion passed (12 to 11).

Snead asked if there was a policy statement we can now craft to fill the void and provide energy efficiency language? Parkinson suggested ending sentence after "technologies"; Sloan suggested

addition of the phrase, “In addition to demand side management” at the beginning. Parkinson moved to adopt the amended language; Sloan seconded.

Springe said if you put a coma after plants, the whole statement changes: I read this very narrowly as supporting efficiency at baseload plants, but I don’t know if that is the intent. Snead said that according to Schreiber, baseload plants have the most potential; seems it would be wise to address whole market. Springe said current language applies only to baseload plants. Dean suggested ending sentence after the word “efficiency,” noting that she was uncomfortable with this R&D favoritism. I don’t know why you are favoring coal plants. Springe said not much R& D is paid for by rate payers. Dean said it points only to CO2 capture. Sloan said we should provide incentives to existing plants for risk taking, updating, and carbon capture. Frahm called for a vote and the amended proposal passed 16 to 7.

In addition to demand-side management, the Kansas Legislature and KCC should encourage utility investments in base-load generation plants’ energy conservation and efficiency and carbon capture experiments and technologies.

Greenhouse Gas Policy Committee report

Committee Chair Snead outlined the history of the committee and its evolution from a narrow focus on the activities of the Midwestern Governors Association Greenhouse Gas Accord to a broader consideration of greenhouse gas policy and its adoption of objectives that included both a consideration of federal policy options as well as state-level actions. He noted that the Kansas Environmental and Energy Policy Advisory Group (KEEP) was considering roughly 360 state-level policy options.

Greenhouse Gas Policy Committee preliminary policy recommendations

Snead said that the 5 recommendations adopted by the Committee were presented today as 9 proposals and opened the discussion of the first proposal.

GHG Policy Committee Recommendation 1: If a cap-and-trade policy or carbon tax is passed, it should be done at the federal level.—There was a brief discussion of a potential problem in the background information, related to the conversion of a tax per ton of carbon to a tax per ton of CO2. [Staff note: following further discussion with Wayne Penrod, Sunflower, it became clear that the error was not with the impact on electricity and gasoline prices, but with the conversion factor: a \$30 tax per ton of carbon equates to a \$8.17 tax per ton of CO2.]

Deb Miller moved to adopt the recommendation; Mike Kelley seconded. Frahm called for a vote and the recommendation was adopted unanimously.

GHG Policy Committee Recommendation 2: Reduce maximum speed limit from 70 mph to 65 mph on Kansas highways.—Volker said he thought it was more effective to build a better mousetrap with fuel efficiency standards (CAFE), etc., than to lower speed limits. Lee said this proposal will not pass the legislature. She said she voted against the 10-mph exemption because she thinks it teaches our children that it’s OK to cheat. Miller said 8 % of the state’s highway miles have 70 mph speed limits and these carry 26% of the traffic. Parkinson said he was in favor of approving this proposal today, simply to allow for public discussion.

Frahm called for a vote and the recommendation was approved (17 to 8).

GHG Policy Committee Recommendation 3: Increase fines for speeding (consider revoking “10-mile exemption”).—Frahm asked Sec. Miller about the level of enforcement of speeding violations; Miller said she didn’t think she could answer that. Sloan asked if they wanted to include specifics about how much to increase the fines: 10%, 50% and 100%?

Kelley suggested the recommendation be divided into two proposals. Parkinson moved to split the recommendation as follows:

3a. Increase fines for speeding by 50%.

3b. Reduce exemption for speeding violations to 5 mph over limit.

Vote on first recommendation (50% increase in fines) passed 19 to 6. Vote on second recommendation (reduce exemption to 5 mph over limit) passed 17 to 8. It was agreed that staff would renumber as separate recommendations.

GHG Policy Committee Recommendation 4: Undertake statewide initiative (public-private) to promote optimal driving speeds.—Sloan noted that the background information focused on other issues, not speeding. Brosius agreed that the intent of the proposal was to promote optimal driving behaviors, not just speeding. Kennedy suggested using language from goal statement: “to promote more energy efficient driving” and this amendment was accepted by consensus. Kelley described the use of their trucking fleet for various ad campaigns (message on side of trucks).

The recommendation, as reworded, passed unanimously:

Undertake statewide initiative (public-private) to promote more energy-efficient driving.”

GHG Policy Committee Recommendation 5: Establish minimum energy efficiency standard for all State-funded new construction (standard to be selected by full Council and might include LEED Platinum, 20% above IECC 2006).—Brosius said that this recommendation is somewhat similar to one of the recommendations the Council passed last year. Sloan raised the question of whether schools that receive state funding and leased buildings should be included, noting he supported such inclusion. Lee said some schools receive state assistance; it depends on property wealth per student. She said the school districts opposed a mandate for minimum EE standards last year. Regarding renovation, Brosius mentioned that the Governor’s executive directive requires that all new state-funded renovation over \$100,000 be reviewed for inclusion in FCIP.

Following additional discussion, a motion was made to change “State-funded” to “majority State-funded” and that amendment passed. Sloan moved to add renovation over \$100,000 to recommendation. Parkinson clarified that such projects were already covered by the Governor’s Exec. Directive. Sloan withdrew his motion. Frahm called for a vote on the recommendation, as amended, and it was approved by large majority (one opposed):

Establish minimum energy efficiency standard for all majority State-funded new construction (standards under consideration include LEED Platinum, 20% above IECC 2006).

GHG Policy Committee Recommendation 6: *Encourage State agencies and managers to develop guidelines for telecommuting for appropriate state employees, giving broad discretion to managers on how such an option would be applied.*—Brosius noted that the Dept. of Administration is currently considering this issue and that some State agencies already have internal policies allowing some employees this option. Sloan asked if it really results in energy savings: electricity use is simply moved to employee’s home. Snead said this would be interesting to discuss during public comment period. Miller said telecommuting, which KDOT allows, does little in terms of saving energy for the agency, though it would in the private sector. The energy savings comes from the transportation side of the equation.

Frahm called for a vote and the recommendation was approved unanimously.

GHG Policy Committee Recommendation 7: *Encourage Kansas business and industries to develop telecommuting options, where appropriate.*—Johnson said he didn’t know how the KEC could encourage the private sector. Lee agreed this was mostly a “feel-good” statement. Parkinson said he didn’t see the government telling the private sector how to run things. Kennedy concurred, noting the private sector is already doing this. Kerr said it doesn’t mandate anything.

Motion was made to adopt and seconded; Frahm called for a vote. Motion failed 12 to 10.

GHG Policy Committee Recommendation 8: *Urge Congressional delegation to include agricultural sequestration as an offset in any federal cap-and-trade policy.*—Dean voiced concern over this recommendation and referenced several papers that raise questions about using no-till as a tillage practice to sequester CO₂ and thus as an offset in a carbon trading scheme. Frahm said he didn’t know where the academics were on this issue, but Chicago Climate Exchange (CCX) has established a market for soil carbon sequestration; he said he didn’t think they would be doing that if people do not sequester. Dean acknowledged that farmers were taking advantage of the CCX market. Springe said if there is a market that exists, then we don’t need to create it. Hammarlund commented on the MGA discussion and lack of agreement on agricultural offset. Parkinson said the central question was whether the state wanted to encourage the Congressional delegation to include this provision in greenhouse gas policy.

Frahm called for a vote, and the recommendation was approved by large majority (one opposed; one abstained).

GHG Policy Committee Recommendation 9: *Increase state agency and private sector efforts to educate farmers (and agricultural landowners) about the benefits—reduced CO₂ emissions, energy and dollar savings—associated with no-till agriculture and existing state and federal conservation programs.*—Dean said that although she supports no-till agriculture, permanent CRP may be more effective for long-term carbon sequestration. She moved to remove phrase “reduced CO₂ emissions” from the language. Motion died for lack of a second. Sloan asked if this should be more specific in its direction to the Secretary of Agriculture. Parkinson said that Sec. Polansky thought this recommendation would be helpful at the Committee meeting on July 18. Brosius suggested that she would coordinate with Jessica Bowser on more detailed information to be included in the background information.

Kerr moved to adopt; Kennedy seconded, and the recommendation is adopted by large majority (one opposed).

Energy efficiency potential study and discussion of EE goals

Energy Efficiency Statewide Goal Recommendation: *Adopt statewide “goal” or “target” for increasing energy efficiency and/or reducing energy consumption.*—Brosius said that this broad recommendation had come out of the GHG Policy Committee, and that Michael Volker, Dave Springe, and Bruce Snead—as members of last year’s Energy Conservation and Efficiency Committee—had agreed to work on developing a goal statement based on the Summit Blue EE potential report. Volker and Springe had taken the lead on digging into the Summit Blue final numbers, identifying problems, and developing the following broad goal statement for electricity consumption:

Reduce electricity peak load and total demand growth by 50% by 2028, relative to the forecasted peak load and total demand growth through 2028.

Springe and Volker discussed some of the problems they’d encountered with translating the Summit Blue conclusions into goal statements. They said they’d decided to state the goal as a percentage of growth in both peak load and total demand and that they’d assumed a 1% rate of growth for peak demand.

Following some discussion, it was agreed to amend the goal statement to read:

The State of Kansas should adopt a goal of increasing energy efficiency such that the rate of growth in electricity peak demand and total energy is 50% less than it would have been absent the energy efficiency initiative.

The amended recommendation was approved by majority (17 to 2).

There was some discussion regarding a similar statement for natural gas consumption. No proposal was made.

Other business, announcements

Brosius noted that there would be a meeting of the Special Committee on Energy and Environmental Policy on August 20, 9:00 a.m. She pointed out the two other events/meetings listed on the agenda:

- Meeting to discuss research priorities and funding needs at Regents institutions, August 19, 2008, 2 p.m. to 4:00 p.m., Kansas Geological Survey, Lawrence
- Presentation on Greenhouse Gas Policy by Robert Repetto, September 3, 2:00 p.m. to 4:00 p.m., Auditorium A, Eisenhower State Office Building, Topeka

Meeting was adjourned at 4:00 p.m.