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MEMORANDUM

To: Chairman Hedke and members of the House Energy and Environment Committee
From: Matt Sterling, Assistant Revisor of Statutes
Date: February 14, 2013
Subject: House Bill 2241

HB 2241 amends K.S.A. 66-1258 concerning the renewable energy standards act. Under current law, the Kansas Corporation Commission was required to establish a portfolio requirement, by rules and regulations, for all affected utilities to generate or purchase electricity generated from renewable energy resources or purchase renewable energy credits. The portfolio requirement requires net renewable generation capacity of at least 10% of the affected utility's peak demand by 2011, at least 15% by 2016, and at least 20% by 2020. A utility's peak demand is based on the average demand of the prior three years of requirements. The affected utility uses its actual capacity factor from its owned renewable generation¹ from the immediately previous calendar year. Renewable energy credits may only be used to meet a portion of an affected utility's portfolio requirements for the years 2011, 2016, and 2020. The portfolio requirements apply to all power sold to Kansas retail consumers.

HB 2241 would amend K.S.A. 66-1258 by delaying the 15% requirement for affected utilities until 2018 and eliminating the 20% requirement. The KCC would have the authority to delay the 15% portfolio requirement for a specified period of time for an affected utility upon demonstration of good cause by the utility. Good cause includes the availability of firm transmission and excessive costs to retail consumers. The bill also would not include any new generation installed by an affected utility after 2020 in the utility's portfolio requirement. I have attached an amendment to my memo that I believe clarifies the intent of this provision.

¹ "Capacity from generation" means the net capacity of renewable generation resources owned or leased by a utility. Net capacity is the gross capacity minus auxiliary power required to operate the resource as determined in a test conducted as soon as possible after commercial operation begins. This test shall reflect operation of the resource over a four-hour period under conditions that do not limit performance due to ambient conditions, equipment, or operating or regulatory restrictions. The determination for a multiunit resource, including a wind farm, may be made through tests for a representative sample of at least 10% of the units. If the tests specified in this subsection are not practicable, the nameplate capacity of the resource minus the associated auxiliary power may be used as the net capacity unless there are factors that would prevent the resource from achieving nameplate capacity, other than ambient conditions, equipment, or operating or regulatory restrictions. K.A.R. 82-16-1(c).

"Nameplate capacity" means the maximum rated output of a generator under specific conditions designated by the manufacturer, generally indicated in units of kilowatts (kW) on a nameplate attached to the generator. K.A.R. 82-16-1(j).

HOUSE BILL No. 2241

By Committee on Energy and Environment

2-6

1 AN ACT concerning energy; relating to renewable energy portfolio
2 standards; amending K.S.A. 2012 Supp. 66-1258 and repealing the
3 existing section.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2012 Supp. 66-1258 is hereby amended to read as
7 follows: 66-1258. (a) The commission shall establish by rules and
8 regulations a portfolio requirement for all affected utilities to generate or
9 purchase electricity generated from renewable energy resources or
10 purchase renewable energy credits. For the purposes of calculating the
11 capacity from renewable energy credit purchases, the affected utility shall
12 use its actual capacity factor from its owned renewable generation from
13 the immediately previous calendar year. Renewable energy credits may
14 only be used to meet a portion of portfolio requirements for the years
15 2011, ~~2016 and 2020~~ and 2018, unless otherwise allowed by the
16 commission. Such portfolio requirement shall provide net renewable
17 generation capacity that shall constitute the following portion of each
18 affected utility's peak demand:

19 (1) Not less than 10% of the affected utility's peak demand for
20 calendar years 2011 through ~~2015~~ 2017, based on the average demand of
21 the prior three years of each year's requirement; and

22 (2) not less than 15% of the affected utility's peak demand for
23 ~~beginning in calendar years 2016 through 2019~~ year 2018, based on the
24 average demand of the prior three years of each year's requirements. ~~Any~~
25 ~~new generation added to an affected utility's portfolio after calendar year~~
26 ~~2020 shall not be included in determining the utility's portfolio~~
27 ~~requirement. The commission may delay the 15% portfolio requirement for~~
28 ~~an affected utility for a specified period of time upon a showing of good~~
29 ~~cause. Good cause includes, but is not limited to, the availability of firm~~
30 ~~transmission service or excessive costs to retail electric customers; and~~

31 ~~(3) not less than 20% of the affected utility's peak demand for each~~
32 ~~calendar year beginning in 2020, based on the average demand of the prior~~
33 ~~three years of each year's requirement.~~

34 (b) The portfolio requirements described in subsection (a) shall apply
35 to all power sold to Kansas retail consumers whether such power is self-
36 generated or purchased from another source in or outside of the state. The

After calendar year 2020, an affected utility's portfolio requirement shall be based on what such utility's average demand was for the utility to meet the portfolio requirements for calendar year 2020.