

Utilities Committee
Kansas Senate
Written Testimony of Bruce Snead
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Manhattan, Kansas
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SB 128

Mr. Chair and members of the committee, thank you for the opportunity to testify on this bill. I support this bill and would like to address several aspects of it and its benefits. The following section of my testimony is taken directly from the Kansas Energy Plan 2007 Policy and Program Recommendations presented to you on January 16 which was used to formulate the bill.

As a first step towards increasing energy conservation in the state, the state's electric utilities would be required to provide all of their customers with information about energy conservation opportunities and options, including information on energy-related services that are locally available.

Key features of this proposal are:

1. that all of the state's electric utilities participate;
2. that it is designed to increase general awareness and understanding of conservation opportunities;
3. that it is designed to further direct consumers so they may increase their understanding of particular conservation opportunities that are specific to their energy-use situations;
4. that separate "curricula" will be developed for the general public, K-12 students, local governments, as well as for the residential, commercial, and industrial utility classes, as well as the transportation sector;
5. that energy conservation information for residential customers will initially focus on the conservation measures listed in the Energy Efficiency Disclosure Form (see Attachment A), and
6. that the conduct of the utility-operated programs, including the release and content of all informational and promotional materials, will conform with standards developed by the Kansas Energy Office and advisory group (see Recommended Actions, below).

The program standards will include information about (1) how to access energy conservation services, such as energy audits, throughout the state; (2) financing energy conservation improvements; (3) existing government programs, such as the state's Weatherization Assistance Program and energy efficiency loan program (KEEP). Other details of the standards, including a consideration of relevant targets and goals, will be

developed during the initial planning phase by the advisory group. The advisory group may form separate committees to develop the different “curricula.”

Once the planning phase is completed and guidelines have been developed, jurisdictional utilities will be responsible for developing and delivering their own energy education and conservation promotion programs that comply with statewide guidelines.

Municipal utilities and cooperatives will also be responsible for delivering energy education and conservation promotion programs that comply with statewide guidelines. However, it will be the responsibility of the Kansas Energy Office, either by contracting with the state associations (Kansas Electric Cooperatives and/or Kansas Municipal Utilities) or with a non-profit or educational entity, to develop programs for the municipal utilities and cooperatives that are consistent with the guidelines.

The proposed program does not require or prohibit utilities from developing additional energy efficiency and conservation services charged to customers on a fee-for-service basis.

In order to monitor the effectiveness of this program, measurable goals (defined as a percentage of energy consumption) should be established. The Kansas Energy Office will consult with the advisory group prior to adopting baseline data and goals, data-collection methodology, and reporting formats. Reports should be generated annually by the utilities and presented to the Kansas Energy Council, the Kansas Energy Office, and the Legislature.

Recommended Actions

Responsible parties

The Kansas Corporation Commission will have oversight on the implementation of these educational and promotional programs offered by jurisdictional utilities.

The Kansas Energy Office will work with the advisory group to develop program guidelines during the planning phase. During the implementation phase, the Kansas Energy Office will monitor the implementation of the programs developed by (or for) the municipal utilities and cooperatives.

All Kansas electric utilities will be required to provide, to all classes of customers, energy education and conservation promotion programs that are consistent with statewide program guidelines.

Implementation timeline

The statewide programs will be implemented in two phases, with a separate budget for each phase. Phase 1, the planning phase, will begin on July 1, 2007, and Phase 2, the implementation, will begin on July 1, 2008.

Budget requirements

State funding of \$50,000 is estimated for the Phase 1 planning and development of the statewide program guidelines. The budget requirements for Phase 2 will be determined after the planning effort is completed. Costs incurred by the jurisdictional utilities may be reviewed by the KCC as part of the standard rate case procedures.

Advisory group

During Phase 1, an advisory group will work with the Kansas Energy Office to develop the statewide requirements and guidelines for the utility-operated energy education and conservation promotion programs. The advisory group will consist of (1) one representative from the municipal electric utilities, (2) one representative from the electric cooperatives, (3) two representatives from the investor-owned electric utilities, (4) two representatives from natural gas utilities (investor-owned and municipal), (5) one representative from the Citizens' Utility Ratepayer Board (CURB), (6) one representative from Kansas State University Engineering Extension, (7) two representatives from the KCC, (8) one representative from Kansas Housing Resources Corporation, and (9) one representative from the KU Transportation Center.

Implications of Proposal

Pros

- Increases utility customer awareness of opportunities for saving energy (and, thus, money), and of particular energy conservation measures that are available to them and the potential energy savings and net dollar savings they may deliver.
- Increases utility customer awareness of the availability of energy conservation measures in their community.
- Increases utility customer awareness of options for financing energy conservation improvements (or of accessing free services if they meet income guidelines).
- May decrease statewide demand for electricity and natural gas, putting downward pressure on prices both now and in the future.
- May defer utility investments in new generation.
- Provides emission reductions generally associated with adoption of energy conservation practices.
- May increase utility customer satisfaction and goodwill toward the utility.

Cons

- Requires state funds.
- Requires additional staffing resources at the Kansas Energy Office.

Additional comments regarding the bill and its proposals:

- Statewide program formulation, coordination and directed delivery will be most efficient in message and impact and allow for economies in promotion and marketing, which are essential to any program's success
- It is a result of a year long KEC planning process with significant negotiation and discussion having occurred
- Electric utilities are identified as the primary delivery mechanism because almost everyone has electric service, not all have natural gas or propane service.
- Information on all end uses and fuels should be considered, not just electricity
- Formulation of programs, curricula, measures and goals should use the wealth of existing materials, resources and lessons learned in other states and programs
- A July 1, 2008 start date allows enough time to form these recommendations and enable program startup.
- Requiring utility reports beginning with the legislative session in 2010 allows only a year and a half of program operation to generate results, evaluate performance and measure progress towards goals. This is a minimum of time and some programs will be difficult to measure and see results in that period.
- Nothing in the bill prevents utilities from implementing other efficiency and conservation services on a for fee basis
- Cost recovery for the utilities to implement programs will be through the normal rate making process
- The Kansas Energy Office is the most logical administrative arm for this program and builds on existing capacity there.

Thank you for your interest and I will try to answer any questions.

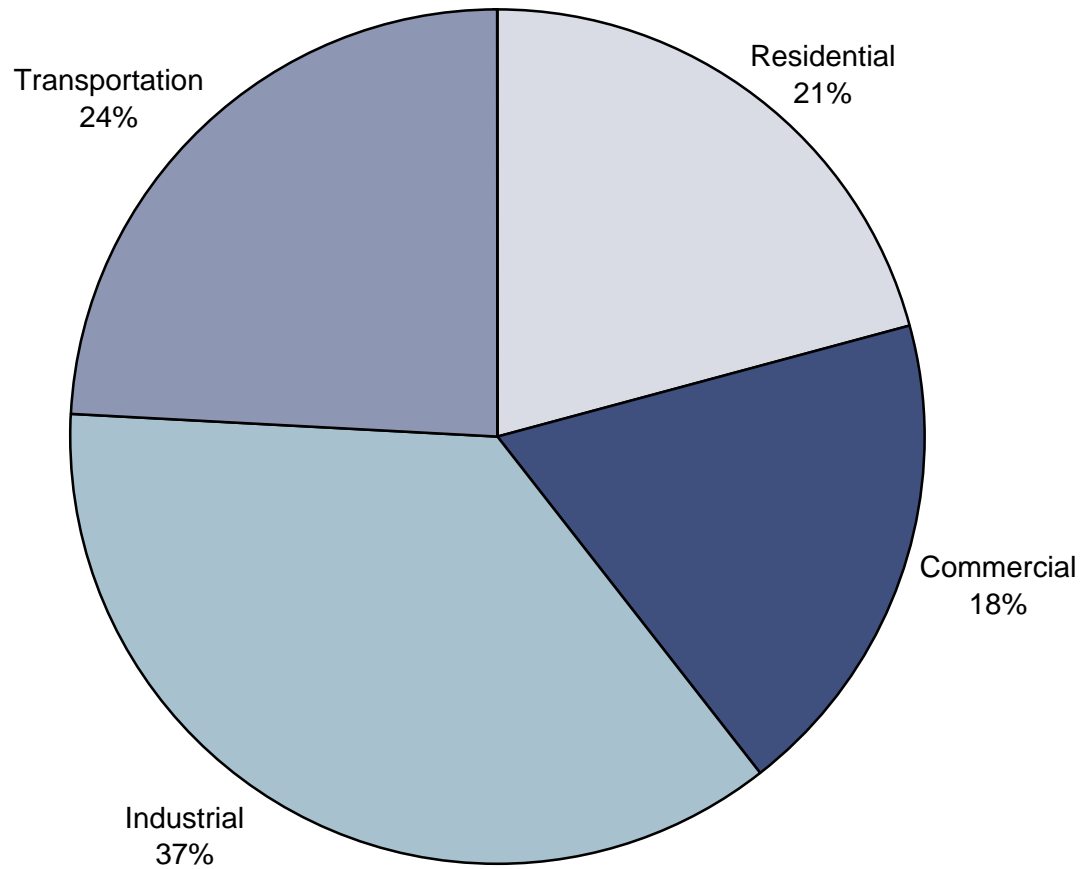
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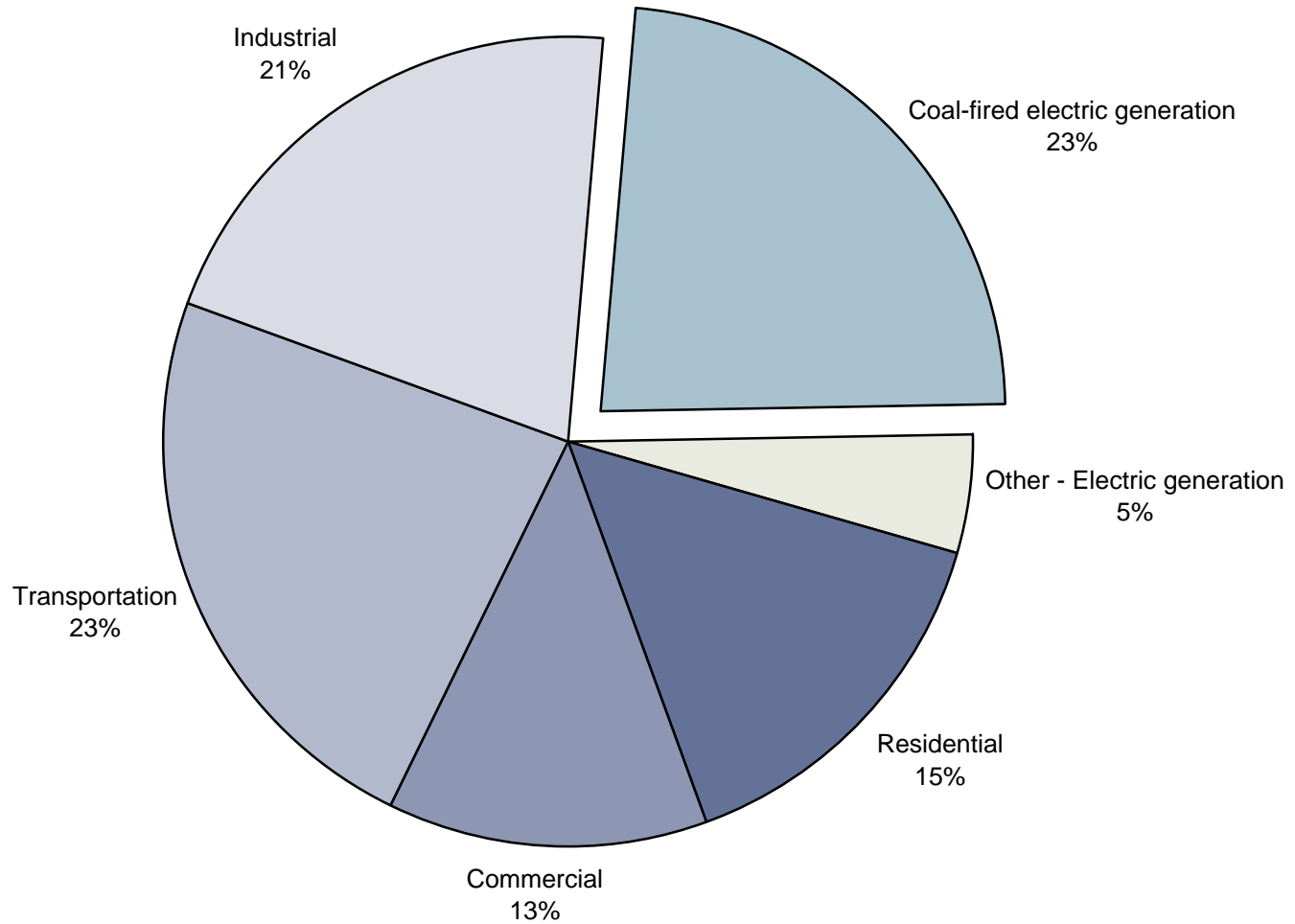
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Kansas Direct Energy Consumption by Sector, 2002



Agriculture sector consumption is negligible and not separated out in these data.

U.S. CO₂ Emissions from Coal-fired Electric Generation, 2003



Kansas Average Annual Household Energy Expenditures

