

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE H.R. 6005

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
January 25, 2010

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.R. 6005. The Citizens' Utility Ratepayer Board is opposed to this resolution for the following reasons:

CURB appreciates the intent of HR 6005, which appears to set forth a set of targets related to energy production and consumption in the state of Kansas. Discussions about energy policy in Kansas are always educational and beneficial. Of particular interest to CURB is how those policies affect consumers.

However, the targets set forth in this resolution are not the result of public policy discussions and are not based on a consensus of relevant stakeholders. Further, the targets are extremely aggressive as compared to current Kansas policy, appear to be arbitrarily drawn and will be very expensive to achieve, increasing the utility rates of Kansas consumers and businesses.

For example, by 2020, the resolution requires:

- That at peak generation and consumption periods 20% of all electricity produced by Kansas generators and 20% of all electricity used by Kansas residential, commercial and industrial customers shall have been generated from renewable resources. The current Kansas requirement, passed only last year, requires 20% of "peak" load by 2021 be from renewable resources. Meeting the resolution target, which is based in energy, rather than the current law, which is based on peak, will require far higher expenditures than currently required for renewable resources.
- That 60% of wind generated energy shall be firmed for reliability and to permit dispatch. Further, the energy storage shall have at least an 80% capacity factor. Further discussion is necessary to determine whether this technically and/or economically possible to achieve.

- That growth in electric consumption be cut in half (7.5% of and assumed 15% increase in demand) through measurable programs, without consumers experiencing a quality of life degradation. While perhaps technically possible, further discussion would be needed to develop an economic profile for this target. Further, the costs to achieve this reduction will increase rates to some customers. Higher rates will lead to higher bills for some, making it impossible to meet the second requirement that quality of life not be degraded.
- That 1000 miles of transmission be approved and constructed. There is no guidance regarding whether Kansas needs 1000 miles of transmission built or where the 1000 miles of transmission would be built. This is an arbitrary target with no technical or economic support.
- That existing coal fired generation units shall reduce the rate of their carbon dioxide releases per BTU to equal or less than natural gas generation plants constructed in 2009. CURB knows of no technology at this time that could be used to meet this target.
- Finally, that as a result of Kansas' energy policies, consumers should not see increases in total energy costs exceeding 20% during the July 1, 2010 through December 31, 2020 period. CURB does not believe that the above targets set forth in this resolution can be met while keeping energy cost impacts below 20%.

While CURB welcomes the opportunity to discuss Kansas energy policy, including how different energy policy initiatives will affect Kansas consumers, CURB opposed this resolution and the arbitrary targets set forth therein.