

Kansas House Energy, Utilities and Telecommunications Committee
Testimony of Citizens' Utility Ratepayer Board
Written and Oral Testimony
Proponent of HB 2381
February 23, 2021

Mr. Chairman and members of the House Energy, Utilities and Telecommunications Committee, thank you for this opportunity to support House Bill (HB) 2381. My name is David Nickel. I am the Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB).

HB 2381 is designed to develop a comprehensive energy plan for Kansas. CURB enthusiastically supports this House Bill and commends Ranking Minority Member Kuether and Vice-Chair Schreiber for their work on this bill, forming a task force to address this important goal before the Kansas Legislature. CURB considers it a privilege to be part of the task force.

If HB 2381 is enacted and the Kansas Legislature adopts a comprehensive energy plan developed by the task force, Kansas would join several other states that have an energy plan. Below, CURB will explain its support for HB 2381, particularly in view of its emphasis on promoting affordable utility rates. In these regards, CURB believes that, among other important goals, a comprehensive energy plan should address the plight of low-income ratepayers' inability to afford their energy needs.

Kansas would benefit significantly from a comprehensive energy plan. According to the National Conference of State Legislatures, "A comprehensive energy plan serves as the state roadmap for meeting changing energy needs; promoting economic growth; and ensuring access to affordable, diverse and reliable energy." The Missouri Energy Initiative, in 2014, posited that, by having an energy plan, reviewed and tracked regularly, a state could be at the forefront of developing and securing affordable, reliable, and sustainable energy sources. The National Association of State Energy Officials (NASEO) maintains, "A well-constructed state energy plan provides an assessment of current and future energy supply and demand, examines existing energy policies, and identifies emerging energy challenges and opportunities."

In forming a comprehensive energy plan, a task force should proceed in a methodical and inclusive manner, taking into account the needs of all affected stakeholders. HB 2381 requires that structure. It calls for inclusivity and transparency in the formation of recommendations to be provided regarding an energy plan. It is methodical and consistent with the manner in which NASEO suggests that states create energy plans. In short, HB 2381 provides an excellent framework by which Kansas can develop a comprehensive energy plan.

In these regards, NASEO outlines ten steps towards creating a comprehensive energy plan. They are:

- “Step 1: Establish a Requirement and Scope for a State Energy Plan
- Step 2: Convene the Planning Team
- Step 3: Collect and Analyze Data and Project Future Energy Needs
- Step 4: Develop the Vision for the State Energy Plan
- Step 5: Garner Public Input and Feedback
- Step 6: Outline Goals and Recommended Actions to Meet the Vision
- Step 7: Draft the State Energy Plan
- Step 8: Finalize and Adopt the Plan
- Step 9: Conduct Outreach and Marketing
- Step 10: Monitor Progress and Update the Plan.”

HB 2381 meets Step 1 of that outline. Regarding Step 2, it outlines the planning team which the House Bill contemplates will convene and generally follow Steps 3 through 7 as outlined by NASEO. Thus, HB 2381 presents a logical, straightforward framework towards the adoption of a comprehensive energy plan in Kansas.

CURB recognizes that the formation of an energy plan task force does not guarantee that an energy plan will be adopted by the Kansas Legislature. However, by drafting the energy plan so that it fairly helps all Kansans through input from a wide range of stakeholders, passage of a comprehensive energy plan is foreseeable. Moreover, CURB understands that HB 2381 does not particularly address Steps 9 and 10 as outlined by NASEO, but CURB believes that the task force can make recommendations towards these important steps in its final recommendation. Outreach and marketing are very important to effective implementation of an energy plan. Education and facilitation of Kansans who will benefit from an energy plan is clearly essential to wide success of the plan. Moreover, monitoring and updating the plan helps to ensure that the Kansas energy plan continues to meet Kansans' energy needs. CURB urges the task force and the Kansas Legislature to work through the steps outlined by NASEO in developing, adopting, implementing and evaluating a comprehensive energy plan in Kansas.

Kansas needs HB 2381 now. As noted earlier, several states have comprehensive energy plans that outline their energy policies and ensure that stakeholders can consistently meet policy goals. Indeed, in its report to the Kansas Legislature regarding Kansas retail electric utility rates, London Economics International (LEI) stated, “Notably, a state energy plan would outline state policy priorities and therefore provide high-level guidance for utility investments. With these legislative priorities established, the regulator has several tools to ensure cost-effective investments and operational expenditures.”

Having an effective energy plan not only is a best practice, it is essential to program success in addressing Kansas' energy future in a comprehensive manner. Experts broadly agree that strategic planning is a critical component of good management and governance. Planning helps keep an organization relevant and responsive to community needs. It fosters organizational stability and growth. Planning affords a basis for monitoring progress, assessing results and determining impact of programs. Planning aids in new program development.

According to the NASEO, a comprehensive energy plan serves public and private sectors in several ways:

- As a resource for policymakers – governors, legislators, agencies – the plan can aid in evaluating and justifying budget appropriation decisions and help prioritize policy directives and funding opportunities.
- As a guide to state utility regulators, it can clarify executive and legislative energy policy directives. Because most regulators are appointed and provided statutory direction, the plan can offer an additional basis for priority regulatory actions and utility planning.
- As a factor for the private sector in considering how policy will impact energy markets. The plan may indicate how public funds may be invested and subsequent policies and regulatory decisions will evolve.
- As an educational document for consumers and businesses, the plan can send a clear message that the state is cognizant of the importance of reliable, sustainable, and affordable energy.
- As a legacy framework for future policy and regulation, the state energy plan is a roadmap that provides recommendations and action items that establish shared priorities, opens market opportunities, and sets near- and long-term measurable goals.

In short, all Kansans can benefit if the Kansas Legislature enacts HB 2381 and Kansas subsequently develops a comprehensive energy plan. CURB urges the Kansas Legislature to take advantage of the opportunity presented by HB 2381.

To this point, most know that a comprehensive energy plan sets priorities and state policy. State policy on energy falls within the province of the Kansas Legislature. As noted by the National Conference of State Legislatures, "State legislatures play a critical role in creating an energy plan by defining the planning process, the scope of the plan and stakeholder engagement process." HB 2381 addresses this necessity by ensuring that the Kansas Legislature is involved, particularly by providing that the chairpersons, vice-chairpersons and ranking minority members of both the House Energy, Utilities and Telecommunications Committee and the Senate Utilities Committee serve on the task force. Indeed, the chairperson of the House Energy, Utilities and Telecommunications Committee serve as chairperson of the task force in odd years; the chairperson of the Senate Utilities Committee serve as chairperson of the task force in even years. HB 2381 envisions a good policy-making process.

It is important that the task force works to ensure that ratepayers materially benefit from any energy plan adopted in Kansas. The task force must be mindful that there are costs associated with the adoption of a comprehensive energy plan. In the aforementioned report to the Kansas Legislature, LEI notes the increased costs and regulatory burden associated with a comprehensive energy plan are borne by ratepayers. In other words, a comprehensive energy plan cannot become a grab bag of every stakeholder's wish list, adding costs to ratepayers without significant benefits being bestowed upon them. Therefore, energy plan policies must provide benefits that exceed costs.

Clearly, the task force contemplated by HB 2381 is designed to consider the costs and benefits associated with specific energy policy goals in recommending a comprehensive energy plan. HB 2381 envisions appropriate cost-benefit analyses. It involves non-voting stakeholders such as the Kansas Corporation Commission (KCC) which is very adept at analyzing these aspects of utility programs. HB 2381 also includes such non-voting stakeholders as the Kansas Commerce Department, Department of Transportation, and CURB, which represents the residential and small commercial ratepayers who will bear a large portion of costs and derive considerable benefits from a comprehensive energy plan. These non-voting stakeholders can aid the voting members of the task force envisioned by HB 2381 in determining cost-effective goals and policies by adding a wide array of perspectives.

The composition of voting members of the task force is appropriate to the scope and purposes of the strategic energy plan. The inclusivity of the energy plan task force meets the paradigm outlined by the National Conference of State Legislatures, namely, "An energy plan that results from an effective planning process will create cooperation toward common goals among the many diverse stakeholders that influence energy supply, production and delivery." In short, by having the extensive but reasonable list of voting and non-voting members of the task force, HB 2381 will implement the transparency and inclusivity that the bill hails as important. CURB pledges to help the task force in any manner requested so that a highly effectual and efficient energy plan can be developed in Kansas.

To CURB, one very important aspect of HB 2381 is the express goal that Kansas energy becomes and remains affordable. It should also remain competitively priced. This concept is inherent in many of the expressed goals of HB 2381, such as "stimulating economic development." HB 2381 specifically posits affordability as a goal. Based upon CURB's research on energy plans, CURB believes affordability is a core element in a state energy plan.

For example, consider the emphasis on energy affordability in the energy plan adopted by Iowa. Iowa issued an energy plan in December 2016. In its energy plan, Iowa expressed a vision

statement as follows:

“Iowa is committed to the development of an affordable, reliable and sustainable energy system that maximizes economic benefits for our state. We will continue to embrace energy efficiency, a mix of energy resources, infrastructure, and technologies to position all of Iowa – both rural and urban – for future growth. As a clean energy leader, our efforts will drive innovation, foster research and development, create business and career opportunities and promote environmental stewardship.”

This Iowa vision statement is simple, yet compelling. Iowa posits a number of objectives to meet this vision statement in line with certain guiding principles named in its energy plan.

Keeping energy affordable for all, including low-income and fixed income utility ratepayers, is consistent with good energy policy. According to research and policy analysis presented in a learned article published in *Progress in Energy*, energy policy designed to address energy burden entails three lenses of equity: procedural equity, distributive equity and intergenerational equity. Procedural equity is the concept of fairness and transparency in energy matters. It is an access issue. The second equity lens is distributive equity. It is the most known lens, calling for the fair distribution of resources. The final equity lens is intergenerational equity, which is ensuring that future generations fare better and not worse than the present generation on energy affordability, reliability and sustainability. The Kansas energy plan should be consistent with these equity lenses in keeping energy affordable for all Kansans, especially low-income utility ratepayers.

In short, Kansas' energy plan cannot ignore the energy burden that many Kansans face. According to some studies, 15 to 17 percent of all Kansans have high energy burdens. For these Kansans, utility bills compete with food, medicine and other essentials every month. Some Kansans have to decide whether to have heat and lights or buy needed medicine. While energy burden is a poverty issue, the effect of energy prices on these Kansans must be a focal point of a comprehensive energy plan. Affordability is key.

The Kansas Legislature must continue to strive, as it historically has, to keep energy affordable for all Kansans. A comprehensive energy plan is a good tool to meet the goals of improving the affordability, reliability and sustainability of energy in Kansas for future generations. In fact, without a comprehensive energy plan, these concerns will very likely go unaddressed.

Therefore, CURB wholeheartedly supports HB 2381. Again, CURB thanks Ranking Minority Member Kuether and Vice-Chair Schreiber for their work in drafting HB 2381.