

## HOUSE BILL No. 2038

By Committee on Energy and Utilities

1-20

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9 AN ACT concerning utilities; relating to fossil-fuel electric generation  
10 standards and innovative renewable, distributive generation and trans-  
11 mission technology.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) As used in this section:

15 (1) "Commission" means the state corporation commission.

16 (2) "Digital smart grid technology" means technology that has been  
17 laboratory proven or successfully used by any utility in the United States,  
18 Europe or Asia and that permits interactive communications between  
19 customer devices and the electric system and between components of the  
20 distribution and transmission systems with system operators to increase  
21 the efficiency and performance of the electric system.

22 (3) "Utility" means every electric public utility, as defined by K.S.A.  
23 66-101a, and amendments thereto, and any municipally owned or oper-  
24 ated electric utility.

25 (b) New fossil-fuel generation units, construction of which com-  
26 mences in the state on or after January 1, 2009, shall operate emissions  
27 controls for mercury, sulfur dioxide and nitrogen oxides to capture and  
28 sequester or use for documented commercial purposes at least 90% of  
29 potential emissions or meet emission standards established by the United  
30 States environmental protection agency, whichever is greater. Records  
31 documenting the capture and sequestration or use of these greenhouse  
32 gases shall be retained on-site of the generation units and at the office of  
33 the principal place of business in the state. These records shall be made  
34 available for inspection by the department of health and environment  
35 upon request. The department of health and environment shall adopt  
36 rules and regulations establishing a fine for each failure to comply with  
37 the requirements of this subsection.

38 (c) New fossil fuel generation units, construction of which com-  
39 mences in the state on or after January 1, 2009, shall capture and se-  
40 quester or use in commercial processes at a minimum 45% of flue gas  
41 carbon. Such units should be retrofitted to capture and sequester or com-  
42 mercially utilize higher percentages of flue gas carbon, as the department  
43 of health and environment or the United States environmental protection

- 1 agency identify as cost-effective technologies and increase the standard.
- 2 (d) The commission shall permit full cost recovery and a return on  
3 investment for any electric utility that adopts technologies to increase  
4 generation efficiency, capture or sequestration or commercial use of any  
5 greenhouse gas or that increases the efficiency of the electric transmission  
6 and distribution systems by at least 5% through digital smart grid  
7 technology.
- 8 (e) Any utility seeking electric power purchase after the effective date  
9 of this act shall give preference to purchase from baseload plants that  
10 utilize carbon capture and sequestration or use of the captured carbon  
11 for commercial purposes. If the commission determines the cost of such  
12 energy purchase will increase rates to consumers by more than 15%,  
13 purchases from those sources shall not be mandated.
- 14 (f) Fossil-fuel generation units, construction of which commenced in  
15 the state before January 1, 2009, and based on generator performance as  
16 of January 1, 2007, shall put in place emissions controls for carbon dioxide  
17 to achieve at least 20% reduction, capture and sequestration of or use for  
18 documented commercial purposes by January 1, 2015, or off-set with  
19 renewable energy or documented energy conservation savings in excess  
20 of any other statutory requirements. These units shall also achieve re-  
21 ductions of at least 5% of the discharges for sulfur dioxide, nitrogen oxides  
22 and mercury permitted by the environmental protection agency on Jan-  
23 uary 1, 2009. Records documenting the capture and disposal of these  
24 discharges, or the additional renewable energy generation or energy con-  
25 servation savings, shall be retained on-site of the generation units and at  
26 the office of the principal place of business in the state. These records  
27 shall be made available for inspection by the department of health and  
28 environment upon request. The department of health and environment  
29 shall adopt rules and regulations establishing a fine for each failure to  
30 comply with the requirements in this subsection.
- 31 (g) (1) On or before July 1, 2015, for each electric generator in excess  
32 of 50 megawatts, located in the state and serving wholesale or retail cus-  
33 tomers, the energy generated from renewable electric generation facilities  
34 included in the utility's total energy portfolio sold at retail, whether owned  
35 by the utility or contracted for energy purchase by the utility, shall be no  
36 less than 15% of the utility's peak load, expressed in megawatts, in the  
37 state of Kansas, for a three-year average for the 2011, 2012 and 2013  
38 calendar years.
- 39 (2) On or before July 1, 2018, for each electric generator in excess of  
40 50 megawatts, located in the state and serving wholesale or retail custom-  
41 ers, the energy generated from renewable electric generation facilities  
42 included in the utility's total energy portfolio sold at retail, whether owned  
43 by the utility or contracted for energy purchase by the utility, shall be no

1 less than 18% of the utility's peak load, expressed in megawatts, in the  
2 state of Kansas, for a three-year average for the 2014, 2015 and 2016  
3 calendar years.

4 (3) On or before July 1, 2020, for each electric generator in excess of  
5 50 megawatts, located in the state and serving wholesale or retail custom-  
6 ers, the energy generated from renewable electric generation facilities  
7 included in the utility's total energy portfolio sold at retail, whether owned  
8 by the utility or contracted for energy purchase by the utility, shall be no  
9 less than 20% of the utility's peak load, expressed in megawatts, in the  
10 state of Kansas, for a three-year average for the 2016, 2017 and 2018  
11 calendar years.

12 (4) To meet the requirements of this subsection, the electric gener-  
13 ator shall acquire 5% of the generator's renewable energy requirements  
14 from Kansas-owned generators of 5 megawatts or less.

15 (h) On or before January 1, 2011, and annually thereafter, the de-  
16 partment of health and environment shall propose and submit to the  
17 legislature, or establish through rules and regulations, carbon dioxide air  
18 emission standards for carbon emitters for which carbon capture or re-  
19 duction technologies are available and cost-effective. The department  
20 shall establish verifiable standards of available and cost-effective  
21 technologies.

22 (i) New fossil-fuel generation units, construction of which com-  
23 menced in the state after January 1, 2009, shall invest at least 10% of the  
24 total cost to construct the generation in new or upgraded transmission  
25 lines with an operating voltage of 345 kilovolts or more. This investment  
26 shall not include construction of lines that are necessary to interconnect  
27 the generation unit to the grid. The additional transmission lines shall:

28 (1) Improve transmission connections between Kansas and other  
29 states;

30 (2) improve transmission connections between eastern and western  
31 Kansas; or

32 (3) assist in a more efficient delivery of renewable energy generated  
33 in the state to the grid.

34 All proposed transmission lines must be approved by the southwest  
35 power pool.

36 Sec. 2. (a) The Kansas bioscience authority, the state corporation  
37 commission or the department of health and environment may request  
38 the school of engineering of any institution under the supervision and  
39 control of the state board of regents to evaluate any innovative renewable  
40 or distributive generation technology, or innovative transmission tech-  
41 nology, patented by a Kansas resident. Upon such request, the school  
42 shall conduct an evaluation of the technology and report the technological  
43 feasibility of the technology to the requesting entity. If the school iden-

1 tifies the technology as feasible, the requesting entity shall refer the tech-  
2 nology to the department of commerce and to the Kansas technology  
3 enterprise corporation for possible commercial development.

4 (b) Annually on or before the first day of each regular legislative ses-  
5 sion, the school of engineering of each institution under the supervision  
6 and control of the state board of regents shall submit to the house stand-  
7 ing committee on energy and utilities and the senate standing committee  
8 on utilities, or their successors, a written report of all requests made to  
9 the school pursuant to this section and the school's report on the tech-  
10 nological feasibility of the technology.

11 Sec. 3. This act shall take effect and be in force from and after its  
12 publication in the statute book.