

*National Action Plan  
for Energy Efficiency –  
and the State of Kansas*

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**NASEO Annual Meeting - Seattle**

Tuesday, September 12, 2006

11:00 am to Noon

**By Jim Ploger, Director**

Kansas Energy Office

The Kansas Corporation Commission (KCC) was one of 82 public and private organizations nationally making a commitment to support the National Action Plan for Energy Efficiency when it was announced on July 31 in San Francisco at the National Association of Regulatory Utility Commissioners (NARUC) annual meeting.

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*The Kansas Corporation Commission endorsed the National Action Plan recommendations*

# Kansas Energy Office

## NEWS RELEASE

August 4, 2006

**"Call to Action" for Energy Efficiency**  
**KCC Endorses National Energy Efficiency (Action Plan)** was announced July 31 at the National Association of Regulatory Utility Commissioners (NARUC) summer meeting in San Francisco, California. The Action Plan presents policy recommendations for creating a sustainable, aggressive national commitment to energy efficiency through gas and electric utilities, utility regulators, and partner organizations.

The Kansas Corporation Commission (KCC) is one of the many organizations who publicly endorsed the goals and objectives of the Action Plan. The Action Plan provides five recommendations as ways to overcome many of the perceived barriers that have limited greater investment in programs to deliver energy efficiency to customers of electric and natural gas utilities. The recommendations are:

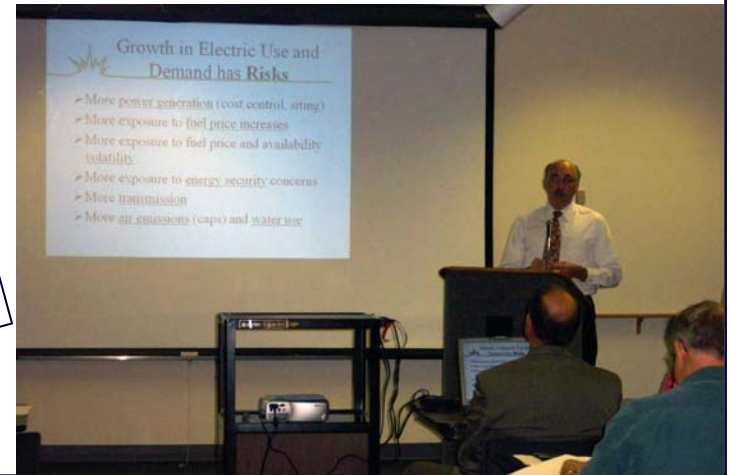
- Recognize energy efficiency as a high-priority energy resource;
- Make a strong, long-term commitment to implement cost-effective energy efficiency as a resource;
- Broadly communicate the benefits of and opportunities for energy efficiency to customers of electric and natural gas utilities. The recommendations are:
  - Promote sufficient, timely and stable program funding to deliver energy efficiency where cost-effective; and
  - Modify policies to align utility incentives with the delivery of cost-effective energy efficiency and modify ratemaking practices to promote energy efficiency investments.

The Action Plan is a "call to action" to bring diverse stakeholders together at the national, regional, state and utility level to foster discussion, decision-making and commitments necessary to take investment in energy efficiency to a new level," stated KCC Chair Brian Moline.

"Developing a Kansas Energy Efficiency Plan will be a major undertaking for the KCC and the utilities we regulate," said Chair Moline. To begin the process, the KCC has scheduled an Energy Efficiency Conference to be held Wednesday, August 9, 2006, from 8:30 a.m. to 5:00 p.m., at the Kansas History Museum, 6425 SW 6th Avenue, Topeka, Kansas. The conference objective is to bring together all the stakeholders and decision-makers to evaluate the national standards and determine the direction and manner Kansas can effectively move toward energy efficiency.

**"Developing a Kansas Energy Efficiency Plan will be a major undertaking by the KCC and the utilities we regulate."**

*KCC Chair Brian Moline*



### **HISTORY:**

Reacting to high commodity costs and risks associated with needing new electrical generation, the KCC approach the Regulatory Assistance Project (RAP) to conduct a private workshop for staff in January of this year.

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RAP is a non-profit organization committed to fostering regulatory and market policies for the electric industry that encourage economic efficiency, protect environmental quality, assure system reliability, and allocate system benefits fairly to all customers.

### **August 9, 2006:**

A public workshop was held in Topeka with over 100 people in attendance – moderated by RAP officials. Attendees included utility representatives, consumer groups, environmental leaders, and government officials.

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### **Insight from Workshop:**

A strong sense that energy efficiency is a power resource in the view of utilities. But, utilities are constrained in implementation by fear of a slip in cost recovery.

### **KEY QUOTATIONS:**

“KCC has the authority to order energy efficiency programs under its general authorities.”

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“Important of helping out Kansas legislators in advance of next session with ideas and consensus-building efforts to enable success in the midst of a busy session.”

*Rep. Carl Holmes, Kansas State Representative  
Chair of House Utilities Committee  
National Council on Electricity Policy Board Member*

### **KEY QUOTATIONS:**

“Leaders are called on to lead, and this may be one of those times.”

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“Hence, this is why the Kansas Corporation Commission endorsed the National Action Plan.”

*Chair Brian Moline  
Kansas Corporation Commission*

### **CONCERNS:**

Some believe general ratepayers do not benefit when a utility helps a customer to be more energy efficient.

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Driven by a sense of justice that objects if some subset of utility customers get a benefit that others don't receive, there is a disconnect between energy efficiency and accumulated benefits that can avoid new power plants.

### CONCERNS:

This disconnect leads some to advocate the RIM\* test to the exclusion of other tests.

\*Ratepayer Impact Measure – i.e., no ratepayer is worse off than before  
*(concern about “cross subsidy” between classes of ratepayers)*

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Attention is needed to bring these two issues into focus so that it is the resource value of efficiency that will trump other purposes.

### **ACTIONS:**

The KCC is currently conducting a study on renewable generation of electricity that considers external costs – such as additional health care costs

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### **ACTIONS:**

The KCC is opening a generic docket to explore energy efficiency programs of Kansas utilities

Provides mechanism to provide financial support

### **ACTIONS:**

The Kansas Energy Office is included in ongoing planning and implementation of energy efficiency programs

Plan to involve the National Council on Electricity Policy

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### **ACTIONS:**

The Kansas Energy Council, appointed by the Governor and a policy planning body, is also aggressively planning to make recommendations to the 2007 legislature and Governor on a state-wide energy efficiency program

***THANK YOU!***

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***Questions?***