

Only the largest of the state's 119 municipal electric utilities, Kansas City Board of Public of Utilities (KCBPU), currently owns and operates baseload facilities. The rest of the state's public power systems operate as wholesale consumers, purchasing their electricity need on the open market through wholesale contracts. As such, municipal electric utilities are extremely sensitive to the availability of baseload energy. With many of our members' wholesale contracts expiring, we have had to become much more attuned to wholesale and baseload markets. Because of the difficulty in obtaining baseload energy, municipal systems have joined forces through state-authorized joint action agencies to aggregate loads of sufficient size to gain the attention of generators with baseload supplies.

In fact, a coalition of twenty-two municipal electric utilities is working directly with Sunflower Electric Power Corporation as joint owners in the Holcomb expansion project. The cities, formerly served at wholesale by Aquila, are participating in the second Energy Management Project (EMP #2), an initiative of the Kansas Municipal Energy Agency (KMEA). Their much-needed ownership share in the Holcomb expansion would equal 40 MW.

In addition, 63 municipal electric utilities own and operate local generating plants. The vast majority of these power plants operate small diesel or natural gas fired units that only operate during peak times or when transmission service is lost. Their function is to reduce the cost of capacity and in turn the overall cost of electricity to the citizens of the community. They also play a critical role in bolstering the reliability of the grid locally, regionally, and in several instances, statewide. Recent ice storms have illustrated the value of these locally-owned and operated power plants. We do not believe that it is the intent of this legislation to incorporate these small, largely backup units into the same regulatory standards as large baseload units.

KMU member utilities have expressed concerns about the proposed legislation. Most of the discussions have centered on the areas of solar net metering, the application of CO₂ emission standards, and the issue of regulatory certainty. As the Legislature works through this complex legislation, we would ask that the interests of the municipal systems be considered, particularly the many smaller systems that we represent and how they may be impacted by being required to comply with these difficult and potentially costly mandates.

In summary, the KMU membership recognizes that energy conservation and renewable energy need to be a key component in any utility's energy strategy. However, the need for low-cost and reliable baseload power remains a necessary reality. All of these components, as well as the reliability and peaking capacity provided by local municipally-owned power plants, need to be incorporated into a diversified and balanced electricity generation portfolio for the State of Kansas.