

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE H.B. 2127

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 3, 2009

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2127. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

Sections 1 through Section 7 of HB 2127 mandate that Kansas electric utilities, except municipal utilities, acquire set levels of renewable energy by set dates in the future. CURB is supportive of the efforts of Kansas utilities to increase the level of renewable electric generation resources in their generation portfolios. Each Kansas utility, to varying degrees, has added wind resources to its resource portfolio in the last few years.

However, CURB does not support a prescriptive mandate as to (1) the level of renewable resources required, or (2) the timing of adding renewable resources to a utility's system. Each utility system is different from a resource perspective and from a finance perspective. Arbitrarily dictating the level and timing of adding resources, regardless of cost or other considerations, is not in the interest of consumers. HB 2127 is a prescriptive mandate that disregards what may be in the best interest of consumers. CURB has not supported other bills setting rigid renewable portfolio standards and does not believe that this bill offers anything to alleviate the agency's concerns.

Section 8 through Section 16 of the bill establishes the net metering and easy connection act, mandating that each electric utility make net metering available to all customer generators. The bill does appear to cap the requirement at 1% of the utility's peak demand, unless expanded by the commission, but the bill requires full retail tariff net metering, specifically precluding the charging of any standby, capacity, interconnection or other fee or charge. As with the other net metering bills this year and in previous years CURB opposes this bill because it creates subsidies for customers that can afford a very expensive renewable generator paid for by customers that cannot afford such generation. Full retail net metering ignores the fact that fixed costs are incurred to provide utility service, and must be paid by each customer.

CURB supports the current law at K.S.A. 66-1,184, the Kansas parallel generation act. After much debate, the legislature has determined that the economic incentives in the current law are correct.