

Citizens' Utility Ratepayer Board

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SENATE UTILITIES COMMITTEE S.B. 383

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 13, 2012

Chairman Apple and members of the committee:

Senate Bill 383 changes the size of non-residential renewable generators that electric utilities are required to provide net metering service to under K.S.A. 2011 Supp. 66-1267(b) from the existing 200 kilowatt level to a new three mega-watt level. CURB is opposed to this bill for the following reasons.

Net metering is really just a subsidy. CURB has historically testified against legislation that requires electric utilities to provide full net metering (spinning the meter backwards) to customers. Because of the way electric rates are designed, (fixed utility costs recovered through volumetric energy rates) the effect of full net metering is to create a subsidy paid to the customer that can afford solar panels or wind turbines, and paid by the other customers of the utility, many of which cannot afford the luxury of a solar panel or a wind turbine.

Comprehensive energy legislation passed in Kansas in 2010 and full net metering was part of that package. The current net metering requirement, as set forth in K.S.A. 2011 Supp. 66-1267(b) is intentionally small. CURB views the current net metering level as recognition by the legislature that net metering creates a subsidy. While the legislature may have wanted to support small scale renewable generation, it seems clear that it also wanted to minimize the total level of subsidy and cost shifting that could result from this policy.

Changing the existing law from 200 kilowatts to three mega-watts is a substantial change. Non-residential customers make up the majority of electric utility annual volumetric energy sales: 67% for Westar. The fixed cost of providing service is recovered through these volumetric energy sales. Allowing net metering at the new three mega-watt level for non-residential customers has the potential to create a very noticeable subsidy, shifting a very large amount the fixed cost of serving the net metering customer onto the backs of the utility's other customers.

CURB opposes the change set forth in S.B. 383. Non-residential customers should not, through net metering, be allowed to avoid paying their fair share of the fixed costs electric utilities incur to provide safe, reliable and efficient service.