

House Committee on Energy, Utilities and Telecommunications
Testimony of Citizens' Utility Ratepayer Board
Oral and Written Testimony
Proponent of House Bill 2588
February 1, 2024

Chairman Delperdang and members of the House Committee on Energy, Utilities and Telecommunications, thank you for this opportunity to testify regarding House Bill (HB) 2588. My name is David Nickel. I am the Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB). CURB is the advocate for residential and small commercial ratepayers before the Kansas Corporation Commission (KCC) and the Kansas Legislature. My testimony reflects the interests of these utility ratepayer classes regarding HB 2588.

HB 2588 amends K.S.A. 66-1264, K.S.A. 66-1265, K.S.A. 66-1266 and K.S.A. 66-1267, all of which pertain to certain retail electric customers who choose to offset their electric utility bills with renewable energy resources located on their residential premises. These customers are defined by HB 2588 as "customer-generators." For the reasons described below, CURB believes HB 2588 is in the interest of the residential and small commercial ratepayers whom CURB represents.

Currently, K.S.A. 66-1265 provides that electric utilities shall make net-metering available on a first come, first served basis to customer-generators until the total rate generation capacity of all net metered systems equals 1% of the utility's peak demand from the prior year. HB 2588 incrementally raises that limit by 1% annually, starting July 1, 2024, and culminating with a cap of 5% commencing July 1, 2027. The KCC retains its ability to increase the total rated generating capacity of all net metered systems to an amount above the threshold after conducting a hearing pursuant to K.S.A. 66-101d.

HB 2588 also amends K.S.A. 66-1266 to include a formulation by which the utility can offer customer-generators time-varying rate plans. HB 2588 also raises the limitations on the capacity size of the generation facilities for which a utility must allow an interconnection agreement and establishes requirements for exporting power to a utility from a facility subject to net metering. Finally, it amends K.S.A. 66-1264 (which contains definitions of terms pertaining to the above statutes) to accord with the amendments to K.S.A. 66-1265, K.S.A. 66-1266 and K.S.A. 66-1267.

The amendments made by HB 2588 provide more favorable terms related to net-metering for customer-generators than provided under current Kansas statutes. Yet, HB 2588 also amends the pertinent statutes to provide protection of the utilities' ability to maintain adequate and low cost service to customers who are not customer-generators. The amendments to the pertinent

statutes were brought about through good-faith negotiation by Evergy, rural electric cooperatives and customer-generators. CURB perceives that these parties arrived at a reasonable solution to reducing disincentives that existed in the pertinent statutes that prevented customer generation from developing in Kansas, while protecting utility customers' interest in reliable and low-cost electric service.

Although HB 2588 may not provide as much relief as some customer-generators believe should be provided with respect to net-metering, the amendments are steps in the right direction and provide meaningful protection for the utility systems in CURB's view. Second, CURB is a strong supporter of the optional time-varying rates approved in Evergy's rate case, available to residential customers who choose to participate. Naturally, CURB is in favor of expanding the availability of those time-varying rate options to apply to customer-generators. Time-varying rate options better align with cost causation principles. Additionally, if consumers' behavior can be changed to use less electricity during peak hours, then the overall system cost of electricity may be reduced, potentially leading to reduced costs for all consumers.

Lastly, CURB does not perceive that HB 2588 will have any significant adverse effect upon the general residential and small commercial classes of ratepayers that CURB represents.

For the reasons stated above, CURB is a proponent of HB 2588.