

Before the House Energy, Utilities and Telecommunications Committee
Presented by Zack Pistora, Kansas Sierra Club
Proponent to HB 2588
2-1-24



Chairman Delperdang and Honorable Members of the Committee,

Thank you for the opportunity to submit testimony in support of HB 2588, which offers changes to the Net Metering and Easy Connection Act.

Our understanding is HB 2588 is a product of negotiations between the Clean Energy Business Council and investor-owned utilities following the debate of HB 2228 in the 2023 session. The Kansas Sierra Club was not part of these off-season negotiations, but we did receive the courtesy of being shared the bill draft ahead of formal introduction. To be clear, we very much appreciate the work of the parties to come to a compromise. As such, we are in support of HB 2588 because the legislation represents a positive improvement in our net metering law.

HB 2588 proposes improving the net-metering policy in a few different ways.

- 1) Allows net-metered systems to comprise more of the total generated capacity by increasing the threshold in relation to the utility's peak demand [Sec. 2.]
- 2) HB 2588 incorporates time-varying rates and time of use periods, as well as providing for excess generation credits to be applied to the next billing period [Sec. 3].
- 3) The bill expands the net-metering limits for newer customer-generators to 150kw [Sec. 4 2(b)]
- 4) HB 2588 streamlines different customer classes into one category (meaning all newer residential, commercial, industrial, schools, and governmental entities fall under 150kw limit) [Sec. 4 2(b)]

The Kansas Sierra Club has long supported improving Kansas' net metering policy to offer a better payback value for the excess energy that customer-generators (namely solar users) generate for their utility. With a better payback value, solar adopters see a quicker rate of return for their investment, while the utility and other customers benefit from added generation capacity and lowering high-priced costs of peak energy demand. This viewpoint was supported by AECOM in its rate study.

With the intent to help benefit Kansas ratepayers, the Legislature passed Sub. For SB 69 in 2019 and ordered two studies of electric rates. The second study, done by AECOM, analyzed 'advanced energy solutions' which included customer generation and solar PV generation specifically. Ultimately, AECOM concluded 'that solar PV generation will increasingly benefit Kansas ratepayers, and that these benefits could be improved through rate reform' (page 75). AECOM stated, *'While those adopting solar PV benefit from lower bills and the knowledge of using more emissions free electricity, utilities can also realize a range of benefits'* (page 66). AECOM details the value components and costs/benefits of solar adoption in Table 7 on pages 66-67. [See table on next page]. AECOM further goes on to say that *"equity between solar PV adopters and other ratepayers may be increased if rates were redesigned to better allocate utility benefits. Increasing their financial attractiveness would encourage higher solar PV adoption. As the cost of solar PV declines, the cost to all ratepayers could decline, subject to utility integration costs"* (page 74).

That said, it is obvious with this legislation that our utilities still do not fully embrace the opportunity and benefits that come with distributed generation resources to harden our electrical grid and provide low-cost generation capacity, especially during high-cost peak demand. Again, HB 2588 is a positive step and deserves legislative support, but there is more that can be done to benefit Kansas ratepayers.

HB 2588 adds new language that limits energy export capacity back to the utility [Sec. 4(c)]

Utilities still have their anti-distributed energy fingerprints on this bill by limiting energy capacity exported back to their system. At a time when Evergy is claiming they are in more need of generation capacity to meet future peak demand with upcoming economic development projects and coal retirements, why is Evergy unnecessarily stopping solar users from providing available excess capacity? We know that peak electricity demand in the summer happens because of air conditioning on hot summer days when the solar energy resource is at its strongest. Capturing the full potential of distributed solar will aid the resource capacity of the grid and reduce the need for expensive capital investments that harm ratepayers.

HB 2588 is a step in the right direction, but a ‘bigger step’ by the Legislature could leverage better opportunity to improve our electrical system and save ratepayers costs over the long run.

While Kansas is a top 10 state for the sun (solar resource), we are among the bottom states for the total amount of solar energy produced. As such, our state is losing out in capturing this homegrown resource that would help our state achieve energy self-sufficiency, gain new jobs, lower electric rates, save water, and reduce pollution. Net metering is a valuable tool in helping solar users achieve fair compensation for their benefit to the utility. More can be done for beneficial rate reform, but perhaps we have that conversation after we establish a new baseline with HB 2588.

Sincerely,

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Value Component Benefit/Cost Description

Generation		
Energy	Benefit	Avoided purchase of energy that would otherwise be needed, for renewable or carbon emissions requirements
	Cost	Integration cost
	Cost	Higher marginal cost of emissions due to intermittent resources
Generation Capacity	Benefit	Provides Resource Adequacy
	Cost	Increases need to intra-hour flexibility
Financial Risk	Benefit	Reduces Fuel Price Risk
	Neutral	Increases energy price volatility
	Neutral	Assigned criteria pollutant Emission Reduction Credits are sunk cost (no financial impact)
Variable Operating Cost	Benefit	Decreased thermal power plant operations will decrease variable operating costs (i.e., water, waste, etc.)
	Cost	Increased power plant standby/station power costs and higher operations and maintenance (O&M) costs due to cycling
Environmental		
Criteria Emission Reductions	Benefit	Overall decreased emissions contribute to societal benefits
Carbon Emission Reductions	Benefit	Benefits of reducing carbon emissions beyond those achieved in support of SMUD's compliance with California cap and trade system (Recommendation #1)
Land and Water Use	Benefit	Use of the built environment, water use reductions
Societal		
Equity	Benefit	Reduced energy burden for low income customers who have solar/storage
Resilience	Benefit	Customer can meet critical needs during outage if the system is configured to function during grid outages
Transmission		
Transmission Capacity	Benefit	Reduces daytime demand and may reduce traditional upgrades
Transmission Line Losses	Benefit	Local generation reduces losses on transmission grid