



Testimony of Westar Energy Opposed to SB322

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Before the Senate Utilities Committee
February 7, 2018

In 2014, Kansas lawmakers passed a bill that represented a compromise between the state's investor-owned utilities and a variety of environmental groups, which preserved the state's Net Metering and Easy Connection Act. It allowed Kansans who wanted to continue generating their own electricity to do so and to be fairly compensated for it. The Legislature's passage of Senate Substitute for House Bill 2101 paved the way for stability in the industry when it comes to private distributed generation (DG) systems like solar and small-scale wind. It also created a roadmap for the orderly development of the private DG market in Kansas by giving utilities permission to approach the Kansas Corporation Commission (KCC) with a separate rate structure for DG customers.

Prior to the 2014 net metering bill, customers who self-generated received from the utility a retail price for a wholesale commodity. With that arrangement, net-metered customers were avoiding the cost of paying for the infrastructure required to serve them. The result was that all traditional customers (non-self-generators) covered those costs. The 2014 law enabled the KCC to address the cross-subsidization issue and allow the utility industry to move forward with formalizing a process for how DG customers should be charged for their unique use of the electrical system.

To that end, in July of 2016, the KCC opened a generic docket to examine issues surrounding rate design for private DG customers. In that docket, the KCC found that "...the unique identification of DG customers within a class or sub-class is the key to properly recognizing the cost and quantifiable benefits of DG¹". The KCC also stated that, "Specific to Westar, the Commission finds Westar's Distributed Generation Residential Rate Schedule implemented in Westar's last rate case shall remain in place and effective for all residential customers installing distributed generation on or after October 28, 2015, and shall be treated as a separate class for purposes of future class cost of service studies and ratemaking generally²".

¹KCC, Final Order in Docket No. 16-GIME-403-GIE, pg. 8, paragraph 20

²KCC, Final Order in Docket No. 16-GIME-403-GIE, pg. 8, paragraph 21

As renewable systems become less expensive and the technology improves, more residential and commercial customers will install DG systems, and what had been a relatively small impact will grow to become a burden on customers who do not participate in private DG. Indeed, the longer it takes to modernize the rate structure, the higher the number of customers who will be impacted. That is why the 2014 legislation, and the related 2017 KCC order in the generic proceeding, are so important.

Westar fully believes that customers should have the option to install DG systems at their homes and businesses, and we welcome the opportunity to continue to help them fulfill that choice. What we want to ensure is that when customers do make that choice, that they are paying their fair share for the cost of an electric grid that provides service 24/7 whether the sun is shining or the wind is blowing.

The 2014 net-metering law is working as intended. The utilities and a variety of environmental groups worked together that year, each making great compromise to come to agreement that ensures renewable energy has the opportunity to grow in Kansas while also considering the interests of Kansas ratepayers. It is disappointing some of those same signatories are now proposing to go backward on what is working so well. Therefore, we urge the Committee to not act on Senate Bill 322. Thank you for the opportunity to provide our perspective.

¹KCC, Final Order in Docket No. 16-GIME-403-GIE, pg. 8, paragraph 20

²KCC, Final Order in Docket No. 16-GIME-403-GIE, pg. 8, paragraph 21