Kansas Industrial Consumers Group

Testimony of Kansas Industrial Consumers Group

Opposition to SB347
Before the Senate Utilities Committee
February 7, 2018

The Kansas Industrial Consumers Group (KICG) is a coalition of large-volume energy users in Kansas. The members collectively represent billions of dollars of investment in the state and employ thousands of Kansans. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.

KICG supports energy efficiency. Our members have invested millions of dollars in energy efficiency improvements at their facilities. They have done so, and will do so, for the same reason any Kansan would invest in energy efficiency – to save money on energy bills. And there are many worthwhile aspects of energy efficiency, such as job creation and environment benefits, that KICG also supports.

Unfortunately, KICG must oppose Senate Bill 347, which amends certain portions of K.S.A. 66-1238 governing the approval of energy efficiency and demand side management programs in Kansas. KICG is concerned the proposed amendments unnecessarily restrict the ratemaking authority of the Kansas Corporation Commission (KCC). These restrictions will limit the KCC's ability to protect customers and set just and reasonable utility rates. More specifically, the proposed amendments would limit the KCC's discretion to determine the cost-effectiveness of energy efficiency programs and would force the KCC to consider cost recovery mechanisms that favor utility shareholders over utility customers.

The bill also sets new incremental energy efficiency goals for public utilities, and it creates new "performance incentives" to encourage investments in energy efficiency. These initiatives – along with their attendant costs to ratepayers – are largely unnecessary, as most utilities are currently experiencing little to no load growth. Efficiency programs work best when they are delaying or negating new investments in generation. KCP&L and Westar do not currently need new generation.

Again, KICG does not oppose energy efficiency programs. However, these programs should be pursued when they are cost effective (i.e., lower-cost alternatives to expansion of current resources). Unnecessary investment in demand side management programs has the potential to materially increase rates. Therefore, the KCC must have significant discretion to consider the costs and benefits of such programs when setting rates. This bill limits that discretion.

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