

SENATE BILL No. 299

By Committee on Utilities

2-9

AN ACT relating to the promotion of energy efficiency; providing certain income tax credits; establishing a program to provide net metering.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) As used in this section:

(1) "Eligible customer-generator" means a customer who owns and operates an electrical generating facility with a capacity of not more than 100 kilowatts powered by renewable energy, that is located on the customer's premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electricity requirements; and

(2) "net energy metering" means measuring the difference between the electricity supplied by the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over an annual billing period.

(b) Net energy metering shall be accomplished using a single meter, capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, except that it is not at the expense of the customer-generator. If an additional meter or meters are installed, the net energy metering calculation shall yield the same result as when a single meter is used. The net energy metering calculation shall be made by taking the difference between the electricity supplied by the electric grid and the electricity generated by the eligible customer-generator and fed back to the electric grid over an annual billing period.

(c) The state corporation commission, shall develop a simple and standard contract providing for net energy metering and made available to eligible customer-generators on a first-come, first-served basis until the total rated generating capacity owned and operated by eligible customer-generators, statewide, equals 10,000 kilowatts or 10% percent of the state's actual peak electricity demand for calendar year 2001, whichever is less.

(d) Net energy metering shall be carried out under the following requirements:

1 (1) Each net energy metering contract or tariff shall be identical, with
2 respect to energy rates, rate structure and monthly charges, to the con-
3 tract or tariff to which the same customer would be assigned if such
4 customer were not an eligible customer-generator; and

5 (2) no new or additional “demand,” “stand-by,” “customer,” “mini-
6 mum monthly” or other charges shall be assessed that would serve to
7 increase a customer-generator’s minimum monthly charge to an amount
8 greater than that of other customers in the rate class to which the eligible
9 customer-generator would otherwise be assigned.

10 (e) The period during which the net energy measurement is calcu-
11 lated shall be annualized. The following provisions shall apply to the an-
12 nualized net energy measurement:

13 (1) The net energy produced or consumed on a monthly basis shall
14 be measured in accordance with normal metering practices;

15 (2) where the electricity supplied by the electric distribution system
16 exceeds the electricity generated by the customer-generator during the
17 month, the customer-generator shall be billed for the net energy supplied
18 in accordance with subsection (d);

19 (3) where the electricity generated by the customer-generator ex-
20 ceeds the electricity supplied by the electric grid, the customer-generator
21 shall be credited for the excess kilowatt-hours generated in accordance
22 with subsection (d). This kilowatt-hour credit shall appear on the next
23 monthly bill;

24 (4) at the end of the annual period, any remaining unused credit for
25 the excess kilowatt hours generated by the customer-generator during the
26 prior year shall be purchased by the local utility or distribution company
27 at its avoided cost.

28 (f) Electric systems using renewable energy sources employed by cus-
29 tomer-generators shall meet safety and power quality and interconnection
30 codes and standards established by the national electrical code, institute
31 of electrical and electronics engineers and accredited testing laboratories
32 such as underwriters laboratories.

33 (g) The state corporation commission may adopt, by rules and regu-
34 lations, standardized control and testing requirements for customer-gen-
35 erators that the commission determines are necessary to protect public
36 safety and system reliability.

37 (h) No electric utility shall require a customer-generator whose re-
38 newable energy electric system or systems meet the standards of subsec-
39 tions (f) and (g) to install additional controls, perform or pay for additional
40 tests or purchase additional liability insurance.

41 (i) Applications by a customer-generator for interconnection to the
42 distribution system shall be reviewed and responded to by the distribution
43 utility within 30 days. If the application for interconnection is approved

1 by the distribution utility, the distribution utility shall complete the interconnection within 15 days, unless a later date is mutually agreeable to both the customer-generator and the distribution utility.

4 Sec. 2. As used in sections 2 through 6, and amendments thereto:

5 (a) "Energy efficiency improvements" means improvements made to a building related to the building envelope, heating and cooling and ventilation system or systems and lighting system or systems. This includes, but is not limited to adding insulation, caulking, sealing of air ducts, purchase and installation of higher efficiency heating and cooling devices, energy management systems, lighting systems and controls, daylighting or elements of a passive solar building design. Improvements in the efficiency of work-related processes or machinery are not eligible;

13 (b) "certified home energy rating technician" means a person certified to conduct home energy audits by a home energy rating system recognized by national secondary home mortgage lenders;

16 (c) "commercial building" means buildings occupied for assembly, business, education, institutions, merchants and storage that use energy primarily to provide human comfort;

19 (d) "department" means the department of health and environment;

20 (e) "eligible customer-generator" means a customer who owns and operates an electrical generating facility with a capacity of not more than 100 kilowatts powered by renewable energy, as defined by the department rules and regulations, that is located on the customer's premises, and is intended primarily to offset part or all of the customer's own electricity requirements;

26 (f) "low rise residence" means one family and multi-family residential structures three stories or less in height;

28 (g) "nonlow rise residence" means a residential structure with more than three stories;

30 (h) "renewable energy" means usable energy recovered from solar, wind, biomass and other sources as the department may promulgate by rules and regulations;

33 (i) "residential unit" means a structurally distinct single-family home or a dwelling area within a building containing multiple single-family dwelling areas, such as one apartment in an apartment building or a single condominium unit in a condominium development; and

37 (j) "solar electric generating equipment" means equipment which, when installed at a residence, uses solar energy for the purpose of generating electricity for use in such residence.

40 Sec. 3. (a) There shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act an amount equal to 25% of the documented costs, but not to exceed \$2,000 per home or residential unit in a multi-family structure located in Kansas, incurred by

1 the taxpayer for energy efficiency improvements purchased and imple-
2 mented after January 1, 2001.

3 (b) To be eligible for the credit under subsection (a), energy effi-
4 ciency improvements implemented in an existing residential unit must
5 result in at least a 25% home energy usage savings over the pre-improve-
6 ment home energy usage as determined by a certified home energy rating
7 technician.

8 (c) The credit under subsection (a), may also be granted for that por-
9 tion of the cost of a new residential unit located in Kansas as attributable
10 to energy efficiency improvements which exceed the requirements of the
11 latest edition of the model energy code, as revised in the international
12 code council's international residential code, so long as the residential
13 unit is determined by a certified home energy rating technician to exceed
14 the energy efficiency levels of a like home built to the above referenced
15 standards by 30% or more.

16 (d) A one-time additional credit not to exceed \$250 per residential
17 unit toward the documented cost of services of a certified home energy
18 rating technician is allowed in conjunction with the credit earned through
19 purchase and implementation of energy efficiency improvements. The
20 department may determine eligible costs for multiple residential units
21 located within one residential structure.

22 (e) Any taxpayer applying for a credit under this section, shall make
23 application to the director of taxation. Such application shall be accom-
24 panied by a certification by the department that the energy efficiency
25 improvements have been verified by properly certified home energy rat-
26 ing technicians.

27 (f) If the amount of the credit allowed by this section exceeds the
28 taxpayer's income tax liability for the taxable year, the amount which ex-
29 ceeds the tax liability may be carried over for deduction from the tax-
30 payer's income tax liability in the next succeeding taxable year or years
31 until the total amount of the tax credit has been deducted from tax lia-
32 bility, except that no such tax credit shall be carried over for deduction
33 after the third taxable year succeeding the taxable year in which the ex-
34 penditures are made.

35 (g) The provisions of this section shall be applicable to all taxable
36 years commencing after December 31, 2000.

37 Sec. 4. (a) There shall be allowed as a credit against the tax liability
38 of a taxpayer imposed under the Kansas income tax act an amount equal
39 to 25% of documented costs, but not to exceed \$250,000 per eligible
40 building located in Kansas, incurred for energy efficiency improvements
41 purchased and implemented after January 1, 2001. To be eligible for this
42 credit, energy efficiency improvements implemented in an existing non-
43 low-rise residential building or commercial building located in Kansas

1 must result in at least a 25% energy usage savings as determined by use
2 of such nationally recognized energy analysis process as designated by the
3 department.

4 (b) This credit may also be granted for that portion of the cost of an
5 eligible new nonlow-rise residential or commercial building located in
6 Kansas as attributable to energy efficiency measures which exceed the
7 requirements of the latest edition of the applicable building energy code
8 as revised in the international code council's international energy conser-
9 vation code, if it is determined by a licensed professional architect or
10 engineer that the building exceeds the energy efficiency levels of a like
11 building built to the above referenced standards by 30% or more.

12 (c) Identification and verification of energy efficiency improvements
13 and the resulting reduction in energy use for existing and new buildings
14 must be performed through a technical energy study conducted by a
15 licensed professional architect or engineer.

16 (d) Any taxpayer applying for a credit under this section, shall make
17 application to the director of taxation. Such application shall be accom-
18 panied by a certification by the department that the energy efficiency
19 improvements have been implemented consistent with plans approved
20 by the department and verified by a Kansas licensed professional engineer
21 or architect according to nationally accepted protocols approved by the
22 department. The department shall have final authority in approving tech-
23 nical energy studies.

24 (e) If the amount of the credit allowed by this section exceeds the
25 taxpayer's income tax liability for the taxable year, the amount which ex-
26 ceeds the tax liability may be carried over for deduction from the tax-
27 payer's income tax liability in the next succeeding taxable year or years
28 until the total amount of the tax credit has been deducted from tax li-
29 ability, except that no such tax credit shall be carried over for deduction
30 after the third taxable year succeeding the taxable year in which the ex-
31 penditures are made.

32 (f) The provisions of this section shall be applicable to all taxable years
33 commencing after December 31, 2000.

34 Sec. 5. (a) There shall be allowed as a credit against the tax liability
35 of a taxpayer imposed under the Kansas income tax act an amount equal
36 to 25% of the costs, but not to exceed \$3,750, for qualified solar electric
37 generating equipment expenditures.

38 (b) For expenditures related to the installation of solar electric gen-
39 erating equipment to be eligible for the tax credits authorized by this
40 section, the following conditions must be met:

41 (1) The owner of the residence has submitted plans and specifica-
42 tions, and expected costs, as described by the department;

43 (2) the plans and specifications, have been approved by the

1 department;

2 (3) no expenditures for the purchase or installation of the solar elec-
3 tric generating equipment have been incurred prior to the department's
4 approval of the plans and specifications;

5 (4) the solar electric generating equipment is installed on the owner/
6 taxpayer's residential property;

7 (5) such component reasonably can be expected to remain in use for
8 at least five years;

9 (6) the property is located in Kansas;

10 (7) the property is used by the taxpayer as such taxpayer's principal
11 residence at the time the solar electric generating equipment is placed in
12 service;

13 (8) upon completion of the installation, on a form specified by the
14 department, the taxpayer is to submit to the department a notice of com-
15 pleted installation providing information on the solar electric generating
16 equipment, as installed, including documentation of the qualified ex-
17 penditures eligible for the tax credit; and

18 (9) any taxpayer applying for a credit under this section, shall make
19 application to the director of taxation. Such application shall be accom-
20 panied by a certification by the department, after review of the notice of
21 completion, the approved plans and specifications, and other verification
22 that may be deemed necessary by the department, of the amount of the
23 tax credit the taxpayer can claim.

24 (c) Expenditures eligible for this tax credit cannot exceed the number
25 of watts included in the rated capacity of the solar electric generating
26 equipment multiplied by \$6 multiplied by 0.25.

27 (d) Qualified expenditures include expenditures for materials, labor
28 costs properly allocable to on-site preparation, assembly and original in-
29 stallation, architectural and engineering services and designs and plans
30 directly related to the construction or installation of the solar electric
31 generating equipment. Such qualified expenditures shall not include in-
32 terest or other finance charges.

33 (e) If the amount of the credit allowed by this section exceeds the
34 taxpayer's income tax liability for the taxable year, the amount which ex-
35 ceeds the tax liability may be carried over for deduction from the tax-
36 payer's income tax liability in the next succeeding taxable year or years
37 until the total amount of the tax credit has been deducted from tax li-
38 ability, except that no such tax credit shall be carried over for deduction
39 after the third taxable year succeeding the taxable year in which the ex-
40 penditures are made.

41 (f) The provisions of this section shall be applicable to all taxable years
42 commencing after December 31, 2000.

43 Sec. 6. (a) There shall be allowed as a credit against the tax liability

1 of an individual taxpayer imposed under the Kansas income tax act an
2 amount equal to 25% of the costs, but not to exceed \$2,000 for qualified
3 renewable energy equipment expenditures.

4 (b) There shall be allowed as a credit against the tax liability of a
5 business taxpayer imposed under the Kansas income tax act an amount
6 equal to 35% of the costs, but not to exceed \$250,000 for qualified re-
7 newable energy expenditures.

8 (c) For expenditures related to the installation of renewable energy
9 equipment to be eligible for the tax credits authorized by this section, the
10 following conditions must be met:

11 (1) The owner has submitted plans and specifications, and expected
12 costs, as described by the department;

13 (2) the plans and specifications, have been approved by the
14 department;

15 (3) no expenditures for the purchase or installation of the renewable
16 energy equipment have been incurred prior to the department's approval
17 of the plans and specifications;

18 (4) the renewable energy equipment is installed on the owner/tax-
19 payer's property;

20 (5) such component reasonably can be expected to remain in use for
21 at least five years;

22 (6) the property is located in Kansas;

23 (7) upon completion of the installation, on a form specified by the
24 department, the taxpayer is to submit to the department a notice of com-
25 pleted installation providing information on the renewable energy equip-
26 ment, as installed, including documentation of the qualified expenditures
27 eligible for the tax credit; and

28 (8) any taxpayer applying for a credit under this section, shall make
29 application to the director of taxation. Such application shall be accom-
30 panied by a certification by the department, after review of the notice of
31 completion, the approved plans and specifications, and other verification
32 that may be deemed necessary by the department, of the amount of the
33 tax credit the taxpayer can claim.

34 (c) Qualified expenditures include expenditures for materials, labor
35 costs properly allocable to on-site preparation, assembly and original in-
36 stallation, architectural and engineering services and designs and plans
37 directly related to the construction or installation of the solar electric
38 generating equipment. Such qualified expenditures shall not include in-
39 terest or other finance charges.

40 (d) If the amount of the credit allowed by this section exceeds the
41 taxpayer's income tax liability for the taxable year, the amount which ex-
42 ceeds the tax liability may be carried over for deduction from the tax-
43 payer's income tax liability in the next succeeding taxable year or years

1 until the total amount of the tax credit has been deducted from tax lia-
2 bility, except that no such tax credit shall be carried over for deduction
3 after the third taxable year succeeding the taxable year in which the ex-
4 penditures are made.

5 (e) The provisions of this section shall be applicable to all taxable
6 years commencing after December 31, 2000.

7 Sec. 7. This act shall take effect and be in force from and after its
8 publication in the statute book.

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