

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:15 A.M. on January 30, 2008 in Room 783 of the Docking State Office Building.

All members were present except:

Dan Johnson- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Carol Toland, Kansas Legislative Research
Mary Torrence, Revisor's Office
Melissa Doebelin, Revisor's Office
Renaehansen, Committee Administrative Assistant

Conferees appearing before the committee:

Bill Smalley, Smalley Heating and Cooling

Others attending:

Sixty Nine including the attached list.

Representative Rob Olson moved to introduce a bill involving KCC charging expenses to make a ruling, involving K.S.A. 66-1502(b), seconded by Representative Tom Hawk. Motion to introduce carried.

Representative Annie Kuether takes over as the chair of the committee.

Bill Smalley, Smalley Heating and cooling, 37 years in business, (Attachment 1) presented information that would allow his company to co-generate to the grid involving residential generation using solar or wind. Additionally, he offered a brochure that explained how to produce energy in your own backyard that can be acquired by contacting Mr. Smalley. He noted that he has a good working relationship with Westar in working with inter-connection agreements. Shawnee County holds him to a maximum height of 60 foot towers for his wind generators.

Questions were asked and comments made by Representatives: Peggy Mast, Vaughn Flora, Vern Swanson, Carl Holmes, Tom Hawk, Rob Olson, Tom Sloan, Josh Svaty, Forrest Knox, Don Myers, and Terry McLachlan.

Some members questioned what costs were included in the costs for infrastructure and how that cost was met and accounted for. It was noted that perhaps we needed a briefing by an electric energy provider to determine how those costs are charged back to the customers.

Discussion on:

HB 2637-Telecommunications; pricing flexibility; lifeline service program.

Representative Tom Sloan explained his proposed amendment and reasons why he was offering some of the changes, noting that the most important part was that the Commission retain the ability to protect the POTS (Plain old telephone service).

Representative Tom Sloan moved to amend HB 2637, (Attachment 2), seconded by Representative Vern Swanson

Discussion ensued by Representatives: Vaughn Flora, Tom Sloan, Annie Kuether, Josh Svaty, Rob Olson, Don Myers, and Forrest Knox.

CONTINUATION SHEET

MINUTES OF THE House Energy and Utilities Committee at 9:15 A.M. on January 30, 2008 in Room 783 of the Docking State Office Building.

Representative Tom Sloan closed on the motion.

Motion to amend failed.

Representative Rob Olson moved to pass out **HB 2637**, seconded by Representative Tom Moxley. Motion carried..

Representative Rob Olson will carry the bill on the floor.

The next meeting is scheduled for January 31, 2008.

The meeting was adjourned at 10:41 a.m.

HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: January 30, 2008

NAME	REPRESENTING
Mike Murray	Embuing
Judy Gault	"
Carolyn Ganton	"
SCOTT SCHNEIDER	Cox Communications
Mike Dow	DTT
Dave Holthaus	KEC
MARK SCHREIBER	Westar
Joe Dick	KCKBPU
Mel Cantlin	KCBPU
Mark Jones	KCK BPU
SHAWN / ATKINS	NEX-TECH/RURAL TEL.
JOHN C. BORTENBERG	AT&T / WESTAR
Bill Smalley	Smalley Heating & Cooling
LARRY BEEG	MIDWEST ENERGY
Jenny Olson	American Inst of Architects
PAUL WAGES	KEPCO
DOUG SHEPARD	KEC
Dave Sprague	Chubb
Jim Engelke	DTT

HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: January 30, 2008

NAME	REPRESENTING
Cindy Zappala	AT&T
Paul Saider	KCPL
Tom Day	KCC

Net Metering for Small Wind/ Solar
For Kansas Residents

*Bill Smalley, owner
Smalley Heating and Cooling*

My company installs appliances and equipment that use energy. We are now able to offer residential customers a way to produce their own energy, save money and be environmentally friendly. However, the cost to install a small wind generator or solar panels is expensive. Homeowners need an incentive to help offset the cost of this investment.

New technology has allowed small wind systems to co-generate to the utility companies. The units are UL approved and safe. We recommend that all systems carry a 5-year manufacturer's warranty. All installers should be licensed contractors.

Kansas is # 3 in the nation for potential wind production. It only makes sense that Kansas should offer net metering to its residents. The Federal government mandates that utility companies buy back the excess power that a ratepayer produces. There are 3 reasons why net metering is important:

First, because wind energy is an intermittent resource, customers (a.k.a. Kansas voters) may not be using power as it is being generated, and net metering allows them to receive full value for the electricity they produce without installing expensive battery storage systems. This is important because it directly affects the economics and payback period for the investment.

Second, net metering reduces the installation costs for the Kansas customer by eliminating the need for a second energy meter. In the case where a second meter may be needed (whereas a utility reads their meters by remote radio frequency) the second meter should not be an expense to the customer. On this same note, a non-demand meter should be installed.

Third, net metering provides a simple, inexpensive, and easily administered mechanism for encouraging the use of small-scale wind energy systems, which provide local, national, and global benefits to the environment and the economy.

ENERGY AND HOUSE UTILITIES

DATE: 1/30/2008

ATTACHMENT 1-1

The only cost associated with net metering is indirect: the customer is buying less electricity from the utility, which means the utility is collecting less revenue from the customer. In most cases, the revenue loss is comparable to having the customer reducing electricity use by investing in energy efficiency measures, such as compact fluorescent lighting, efficient heating and cooling equipment or appliances.

Moreover, any utility revenue losses associated with net metering are at least offset by administrative and accounting savings, because without net metering, utilities have to separately process the accounts of customers with wind turbines.

You always here the argument that the electric companies have to bring in the transmission lines for wind. The lines are already in place and have been paid for by the ratepayers. This is small wind, residential and small farms, and not huge mega wind farms. There is no expense to the electric companies in this respect, and therefore this argument is null and void.

True net metering would allow for small co-generators to sell back their excess electricity at a rate the same as what they pay. Currently, homeowners only get a "wholesale" return on the power they sell back to the electric companies. Net metering could benefit the electric companies by supplying excess power at peak times. Many rural electric cooperatives have higher electric rates and costs, so they always need more capacity. Some rural electric cooperatives have installed remote controlled shut down devices on air conditioners and hot water heaters that cause them to shut down at high peak demand times. This causes nuisance emergency service calls. The customer's equipment is shutting down and they think something is wrong with their equipment. If more Kansas customers were sending electricity back into the system, this could help alleviate the low voltage situation.

All prospective buyers of small wind and solar units want to know "what is the State of Kansas going to do for me as a Kansas taxpayer?" The answer to that should be "Kansas offers net metering and the same incentive that The State of Kansas offered for the building of the three new wind farms." If the State would impose a surcharge or tax on green credits (green tags)* that are sold, used, or traded, this could gain revenue to offer tax incentives to residents who want to install wind or solar. For example, the

Federal government imposes a surcharge on refrigerants under the provisions of the Montreal Protocol. These surcharges are an income to the general fund. This same concept could be applied to green credits.

In closing, I would like to mention that we are involved in the "wind for schools" project in Kansas. Kansas State University is handling the application process, and currently gearing up to install small wind generators in rural schools. This is a great educational opportunity for students to learn more about small wind as a renewable energy.

I would like to thank the energy committee for hearing my ideas and recommendations on the topic of net metering and fairness for the ratepayers of Kansas.

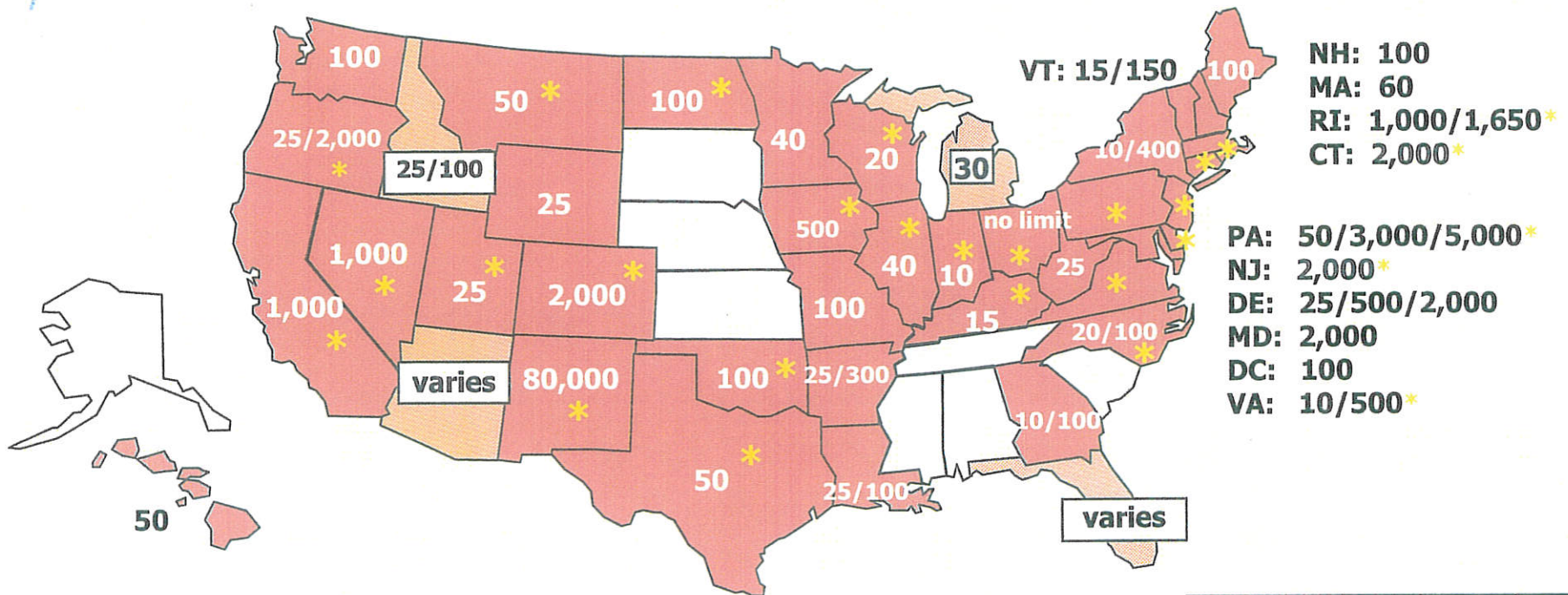
Renewable Energy Certificates:

Renewable energy certificates (RECs), also known as green certificates, green tags, green credits, or tradable renewable certificates, represent the environmental attributes of the power produced from renewable energy projects and are sold separate from commodity electricity. Customers can buy green certificates whether or not they have access to green power through their local utility or a competitive electricity marketer. They can purchase green certificates without having to switch electricity suppliers.
(U.S. Dept of Energy)

www.dsireusa.org

August 2007

Net Metering



Net metering is available in 42 states + D.C.

- State-wide net metering for all utility types
- State-wide net metering for certain utility types (e.g., investor-owned utilities only)
- Net metering offered by one or more individual utilities

(Numbers indicate individual system size limit in kilowatts. Some states' limits vary by customer type, as shown)





Interconnection Standards

Incentive Type: Interconnection

Eligible Renewable/Other Technologies: Solar Thermal Electric, Photovoltaics, Wind, Fuel Cells using Renewable Fuels

Applicable Sectors: Commercial, Industrial, Residential, Nonprofit, Schools, Local Government, State Government, Fed. Government, Institutional

Special Rules for Net-Metered Systems? Yes

Limit on System Size/Overall Enrollment: 100 kW / 5% of a utility's single-hour peak load during the previous year

Standard Interconnection Agreement? Yes

Additional Insurance Requirements? For systems up to 10 kW: no; for systems greater than 10 kW: yes

External Disconnect Required? Utilities are authorized to require a disconnect switch

Rules for Non-Net-Metered DG? No

Authority 1: [SB 54 of 2007](#)

Date Enacted: 6/25/2007

Effective Date: 1/1/2008

Website: <http://www.sos.mo.gov/adrules/csr/current/4csr/4c240-20.pdf>

Summary:

Note: The Missouri Public Service Commission will develop rules to implement SB 54 by October 1, 2008.

Missouri enacted legislation (SB 54) in June 2007 requiring all of the state's electric utilities -- including municipal utilities and electric cooperatives -- to offer net metering to customers with systems up to 100 kilowatts (kW) in capacity that generate electricity using wind energy, solar-thermal energy, hydroelectric energy, photovoltaics (PV), fuel cells using hydrogen produced by any of these resources, and other sources of energy certified as renewable by the Missouri Department of Natural Resources. Systems must be intended primarily to offset part or all of a customer's own electrical energy requirements, and must be located on a facility owned, operated, leased or otherwise controlled by the customer.

Utilities must offer a net-metering tariff or contract that is identical in electrical energy rates, rate structure, and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator. Utilities may not charge the customer any additional standby, capacity, interconnection, or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator.

Systems must meet all applicable safety, performance, interconnection and reliability standards established by any local code authorities, the National Electrical Code (NEC), the National Electrical Safety Code (NESC), the Institute of Electrical and Electronics Engineers (IEEE), and Underwriters Laboratories (UL) for distributed generation. Utilities may require customers to provide a switch, circuit breaker, fuse or other easily accessible device or feature that allows the utility to manually disconnect the system.

No additional liability insurance is required for systems up to 10 kW in capacity. For systems greater than 10 kW, the Missouri Public Service Commission (PSC) and utilities not regulated by the PSC must (1) adopt safety, performance, and reliability standards and requirements; and (2) establish the qualifications for exemption from a requirement to install additional controls, perform or pay for additional tests or distribution equipment, or purchase additional liability insurance. All system owners must indemnify the utility.

Applications for interconnection must be accompanied by a plan for the customer's system, including a wiring diagram and specifications for the generating unit. Utilities must review and respond to the customer within 30 days for systems up to 10 kW, and within 90 days for systems greater than 10 kW. Prior to interconnection, a customer must furnish the utility with certification from a qualified professional electrician or engineer that the installation complies with the established safety and operating requirements.

Any costs incurred by a utility under Missouri's net-metering statute are recoverable in the utility's rate structure. The estimated generating capacity of all net-metered systems counts towards the respective utility's accomplishment of any renewable-energy portfolio target or mandate adopted by Missouri. Each utility must file an annual report describing the status of its program.

1-5

The Missouri Public Service Commission (PSC) and utilities not regulated by the commission are required to adopt initial rules by October 1, 2008, including regulations ensuring that simple contracts will be used for interconnection and net metering. For systems up to 10 kW, the application process includes all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions.

** Prior to the June 2007 legislation, Missouri required certain utilities to offer "dual metering" to consumers. "Dual metering" is much less favorable to consumers than net metering.*

Contact:

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Web site: <http://www.dnr.mo.gov/energy>

Dan Beck
Missouri Public Service Commission
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Phone: (573) 751-7522
Fax: (573) 751-0429
E-Mail: > dan.beck@psc.mo.gov
Web site: <http://www.psc.state.mo.us>

If the commission denies or modifies the rates filed, the commission shall order a refund of any excess rates paid.

1 ulated services in the miscellaneous services basket, the switched access
2 services basket, and the residential and single-line business basket.

3 (o) Subsequent to the adoption of guidelines pursuant to subsection
4 (n), the commission shall initiate a petitioning procedure under which the
5 local exchange carrier may request rate range pricing. The commission
6 shall act upon a petition within 21 days, subject to a 30-day extension.
7 The prices within a rate range shall be tariffed and shall apply to all
8 customers in a nondiscriminatory manner in an exchange or group of
9 exchanges.

10 (p) A local exchange carrier may petition the commission to designate
11 an individual service or service category, if any, within the miscellaneous
12 services basket, the switched access services basket or the residential and
13 single-line business basket for reduced regulation. The commission shall
14 act upon a petition for reduced regulation within 21 days, subject to an
15 extension period of an additional 30 days, and upon a good cause showing
16 of the commission in the extension order, or within such shorter time as
17 the commission shall approve. The commission shall issue a final order
18 within the 21-day period or within a 51-day period if an extension has
19 been issued. Following an order granting reduced regulation of an indi-
20 vidual service or service category, the commission shall act on any request
21 for price reductions within seven days subject to a 30-day extension. The
22 commission shall act on other requests for price cap adjustments, adjust-
23 ments within price cap plans and on new service offerings within 21 days
24 subject to a 30-day extension. Such a change will be presumed lawful
25 unless it is determined the prices are below the price floor or that the
26 price cap for a category, if any, within the entire basket has been
27 exceeded.

28 (q) (1) Beginning July 1, 2006, price regulation of telecommunica-
29 tions services in the residential and single-line business service basket and
30 the miscellaneous services basket for local exchange carriers subject to
31 price cap regulation shall be as follows:

32 (A) Packages or bundles of services shall be price deregulated state-
33 wide, however the individual telecommunication service components of
34 such packages or bundles shall remain available for purchase on an in-
35 dividual basis at prices subject to price cap regulation in any exchange in
36 which the standards in subsection (q)(1)(B), (C) or (D) have not been
37 met. If standards in subsection (q)(1)(B), (C) or (D) have been met, the
38 individual telecommunication service components of such packages or
39 bundles shall remain available for purchase on an individual basis and
40 prices for packages or bundles shall not exceed the sum of the highest
41 prices of the ala carte components of the package or bundle;

42 (B) in any exchange in which there are 75,000 or more local exchange
43 access lines served by all providers, rates for all telecommunications serv-

Such procedure shall allow the carrier to adjust its rates upward or downward as it determines appropriate, with tariffs deemed effective upon filing the petition with the commission.

The carrier may adjust its rates upward or downward as it determines appropriate immediately upon filing any such request and pending the commission's action. If the commission denies or modifies the rate change, the commission shall order a refund of any excess rates paid.

1 ices shall be price deregulated;

2 (C) in any exchange in which there are fewer than 75,000 local
3 exchange access lines served by all providers, the commission shall price
4 deregulate all business telecommunication services upon a demonstration
5 by the requesting local telecommunications carrier that there are two or
6 more nonaffiliated telecommunications carriers or other entities, that are
7 nonaffiliated with the local exchange carrier, providing local telecom-
8 munications service to business customers, regardless of whether the en-
9 tity provides local service in conjunction with other services in that
10 exchange area. One of such nonaffiliated carriers or entities shall be re-
11 quired to be a facilities-based carrier or entity and not more than one of
12 such nonaffiliated carriers or entities shall be a provider of commercial
13 mobile radio services in that exchange;

14 (D) in any exchange in which there are fewer than 75,000 local
15 exchange access lines served by all providers, the commission shall price
16 deregulate all residential telecommunication services upon a demonstra-
17 tion by the requesting local telecommunications carrier that there are two
18 or more nonaffiliated telecommunications carriers or other entities, that
19 are nonaffiliated with the local exchange carrier, providing local telecom-
20 munications service to residential customers, regardless of whether the
21 entity provides local service in conjunction with other services in that
22 exchange area. One of such nonaffiliated carriers or entities shall be re-
23 quired to be a facilities-based carrier or entity and not more than one of
24 such nonaffiliated carriers or entities shall be a provider of commercial
25 mobile radio services in that exchange;

26 (E) rates for lifeline services shall remain subject to price cap
27 regulation;

28 (F) ~~up to and continuing until July 1, 2008,~~ rates for the initial resi-
29 dential local exchange access line and up to four business local exchange
30 access lines at one location shall remain subject to price cap regulation.
31 Such rates shall not be affected by purchase of one or more of the fol-
32 lowing: Call management services, intraLATA long distance service or
33 interLATA long distance service; and

34 (G) local exchange carriers shall offer a uniform price throughout
35 each such exchange for services subject to price deregulation, under this
36 subsection, including packages or bundles of services, except as provided
37 in subsection (1) or as otherwise approved by the commission.

38 (2) For the purposes of this subsection:

39 (A) Any entity providing voice service shall be considered as a local
40 telecommunications service provider regardless of whether such entity is
41 subject to regulation by the commission;

42 (B) a provider of local telecommunications service that requires the
43 use of a third party, unaffiliated broadband network or dial-up internet