

**Testimony of Kansans for Lower Electric Rates (KLER) and  
Kansas Industrial Consumers Group (KIC)  
In Support of Senate Bill 81  
Before the Senate Utilities Committee  
February 5, 2025**

The enabling legislation for Evergy's economic development rate (EDR) discounts passed in 2020, in large part because of the support from the Kansas Industrial Consumer Group (KIC). The program was further augmented last year, again with the support of KIC and Kansans for Lower Electric Rates.

The support in 2020 was centered on the need to attract large-volume energy users to Kansas to help put downward pressure on rates and rate growth. Last year's updates created a new category for very large customers and importantly it eliminated program cost liability for existing customers.

One of the industry areas contemplated was data centers. When the legislation was first passed in 2020, Evergy had plenty of power to offer and data centers were generally 20-50MW. Today's new data centers, caught up in an AI frenzy, can be 10 to 20 times that size. And, Evergy cannot currently serve them, as evidenced by the request to build two new gas plants and additional renewable resources.

It raises important questions: Why are we discounting power to any company right now while in a supply constraint? How is Evergy prioritizing who gets discounts?

SB 81 seeks to reserve the EDR discounts for long-term job producers. The bill sets up two important thresholds or requirements for customers with a 40MW+ load to receive discounts:

1. The customer must take power on a new data center or large-load tariff, and;
2. The customer must have more than 200 ongoing employees

Both requirements have clear policy rationales. The first concerns data center or large-load tariffs. These new large-load customers require a significant level of generation and grid improvements. New tariffs under review at the KCC will ensure new large-load customers will pay for the facilities to serve them, protecting existing ratepayers. Other states, like Ohio, are actively pursuing or have approved similar tariffs that require new large-load customers to make pre-payments for the investments to serve them.

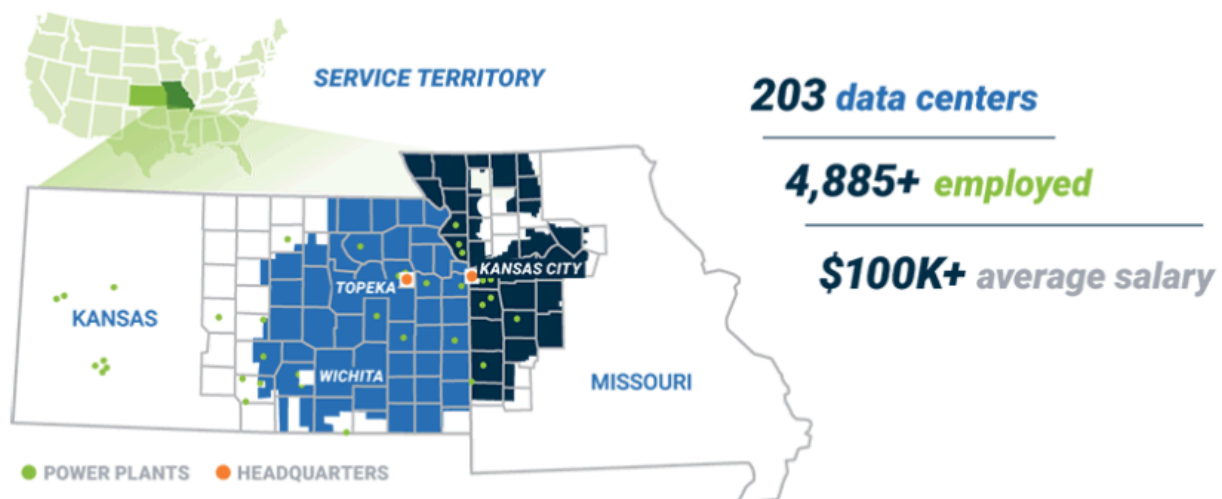
Ratepayer discounts should also be targeted to customers that will employ large numbers of Kansans, adding to our tax base and communities.

A simple search will yield hundreds of articles nationwide about large data centers and the challenges they bring to the electric grid. Here is a sampling:

- *AI, data center load could drive 'extraordinary' rise in US electricity bills: Bain analyst* – Utility Dive – 10/23/24  
<https://www.utilitydive.com/news/data-center-load-growth-us-electricity-bills-bain/730691/>
- *Rising data center loads pose grid reliability, residential cost risks: APS executive* – Utility Dive – 11/11/24  
<https://www.utilitydive.com/news/data-center-grid-reliability-residential-cost-aps-load-growth/732480/>
- *Serious concerns raised over proliferation of Ohio data centers* – Ohio Capital Journal – 1/13/25  
<https://ohiocapitaljournal.com/2025/01/13/serious-concerns-raised-over-proliferation-of-ohio-data-centers/>
- *As data center boom continues, Va. legislators broach new regulations* – Virginia Mercury – 1/14/25  
<https://viriniamercury.com/2025/01/14/as-data-center-boom-continues-va-legislators-broach-new-regulations/>

### **With all the concern, why encourage large data centers with ratepayer funds?**

Evergy already has hundreds of data center customers.



SB 81 does not impact any existing state or local incentives available to data centers or other large-load customers. It also does not impact existing legislative proposals for sales tax exemptions for large data centers.

SB 81 simply prioritizes electric rate discounts to long-term job producers and protects existing customers from unnecessary improvement costs. Please support this reasonable change.

#### **Contact:**

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*The Kansas Industrial Consumers Group (KIC) 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. Kansans for Lower Electric Rates (KLER) is an advocacy project of KIC with members of all sizes. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.*