

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 92** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 8 through 36;

On page 2, by striking all in lines 1 through 7; following line 7, by inserting:

"Section 1. K.S.A. 2025 Supp. 66-1,184 is hereby amended to read as follows: 66-1,184. (a) As used in this section:

(1) "Avoided cost" means the incremental cost to a utility of electric energy that such utility would generate itself or purchase from another source and as such term is interpreted by the federal energy regulatory commission from time to time.

(2) "Distributed energy system" means any device or assembly of devices and supporting facilities that are capable of feeding excess electric power generated by a customer's energy producing system into the utility's system, such that all energy output and all other services will be fully consumed by the customer or the utility.

(3) "Export" means power that flows from a customer's electrical system through such customer's billing meter and onto the utility's electricity lines. "Export" includes the sum of power on all phase conductors.

(4) "Interconnected" means a listed system that is designed to export power and attached or connected on the customer's side of the retail meter at the customer's delivery point.

(5) "Listed" means that the device or equipment has been tested and certified to meet the institute of electrical and electronics engineers safety standards that specifically pertain to the intended function of the device or equipment.

(6) "Locational marginal price" means the hourly average market price of alternating current energy per kilowatt hour established by the applicable locational marginal price pricing node of the southwest power pool.

(7) "Monthly system average cost of energy per kilowatt hour" means the sum of all volumetric costs incurred by an electric utility during a calendar month or similar billing period as billed to the utility by generation and transmission providers and any volumetric generation costs incurred by the utility to generate energy divided by the total amount of retail kilowatt-hours that the utility sold in such month or billing period.

(8) "Permission to operate" means the operational date of the customer's distributed energy system as determined by the utility.

(9) "Utility" means any electric public utility as defined in K.S.A. 66-101a, and amendments thereto, cooperative as defined in K.S.A. 17-4603, and amendments thereto, electric utility owned by one or more such cooperatives, nonstock member-owned electric cooperative corporation incorporated in this state or municipally owned or operated electric utility.

(10) "Witness test" means an authorized representative of the electric utility who measures or verifies a specific setting or operational condition.

(b) Except as otherwise provided in this section, every utility that provides retail electric service in this state shall enter into a contract for parallel generation service with any person who is a customer in good standing with such utility that authorizes such customer to attach or connect to the utility's delivery and metering system a listed device for the purpose of exporting excess electrical power generated by such customer's distributed energy system to the utility's system. No such device shall cause damage to the public utility's system or equipment or present an undue hazard to utility personnel.

(c) (1) A utility may require any customer who is seeking to construct and install a

distributed energy system to submit an application prior to any connection of the distributed energy system with the utility's system, notify the utility of the proposed distributed energy system and verify that such system is constructed, installed and operated in accordance with all applicable standards and codes.

(2) Any customer that submits an application to construct, install and operate a distributed energy system shall have the option to remain on a retail rate tariff that is identical to the same rate class for which such customer would otherwise qualify as a retail customer who is not otherwise receiving service under a parallel generation service tariff or net metering tariff.

(3) A utility shall provide written notice of receipt of any application submitted pursuant to this section to the applicant within 30 days following such receipt. A utility shall approve or deny any such application or a request for system certification pursuant to such an application within 90 calendar days following receipt of such application or request. If one or more additional studies are required, a utility shall not be subject to such 90-day deadline but shall provide the applicant with an estimated time frame for action on such application and act on such application as soon as practicable after any such studies are completed. If the utility denies such application or request, the utility shall provide to the applicant a list of the reasons for such denial and the corrective actions needed for approval.

(4) A utility may assess upon any customer requesting to install a distributed energy system:

(A) A fair and reasonable nonrefundable interconnection application fee;

(B) any applicable costs incurred by the utility for any study conducted to verify and allow the requested export capacity to be interconnected at the customer's point of delivery, including, but not limited to, costs incurred as a result of the southwest power pool's study processes; and

(C) costs associated with any related system upgrade costs, devices and equipment required to be furnished by the utility for the provision of accepting the requested export capacity.

(d) (1) Every contract for parallel generation service shall include provisions relating to fair and equitable compensation for energy exported to the utility by such customer. Except as authorized pursuant to paragraph (4), such compensation shall be not less than 100% of the utility's monthly avoided cost.

(2) A utility shall credit such compensation to the customer's account.

(3) A utility shall disclose to any customer the formula that the utility uses to determine the compensation that the utility provides pursuant to a contract for parallel generation service.

(4) (A) A utility may use locational marginal price or the monthly system average cost of energy per kilowatt hour to determine compensation for energy exported to the utility by the customer. Any such utility that uses locational marginal price or monthly system average cost of energy per kilowatt hour shall compensate the customer for the energy exported to the utility at least annually. Such compensation may be paid to such customer or credited to the customer's account. When determining compensation pursuant to this paragraph, in no case shall a utility issue an invoice for energy exported to the utility by the customer's distributed energy system. Upon the request of any customer who is subject to such locational marginal price compensation pursuant to this paragraph, the utility shall disclose the locational marginal price and the corresponding amount of energy exported to the utility by the customer's distributed energy system.

(B) The provisions of this paragraph shall expire on July 1, 2030.

(e) A customer-generator of any investor-owned utility shall have the option of entering into a contract pursuant to this section or utilizing the net metering and easy connection act. The

customer-generator shall exercise the option in writing, filed with the utility.

(f) The following terms and conditions shall apply to contracts for parallel generation service:

(1) The utility shall furnish, own and maintain, at the utility's expense, all necessary meters and associated equipment utilized for billing;

(2) the utility may install, at the utility's expense, load research meters and equipment to monitor customer generation and load. The customer shall provide, at no expense to the utility, a suitable location for such meters and equipment;

(3) for the purposes of ensuring the safety and quality of utility system power, the utility shall have the right to require the customer, at certain times and as electrical operating conditions warrant, to limit the production of electrical energy from the generating facility to an amount no greater than the load at the customer's facility of which the generating facility is a part;

(4) the customer shall furnish, install, operate and maintain in good order and repair, at the customer's expense, a listed device that is suitable for the operation of the customer's distributed energy system in parallel with the utility's system;

(5) the utility may install, own and maintain a disconnecting device located near the electric meter or meters or may require that a customer's distributed energy system contain a switch, circuit breaker, fuse or other device or feature that may be accessed by the utility at any time and would provide an authorized utility worker the ability to manually disconnect the customer's distributed energy system from the utility's electric distribution system;

(6) interconnection facilities between the customer's and the utility's equipment shall be accessible at all reasonable times to utility personnel;

(7) the customer shall notify the utility prior to the initial energizing and start-up testing

of the customer's distributed energy system;

(8) prior to granting permission to operate, the utility may require:

(A) A witness test of the customer's distributed energy system and interconnection facilities;

(B) the customer to provide the certificate of inspection of the customer's distributed energy system completed pursuant to any municipal ordinance or code requirements or a certification from an electrician or electrical engineer licensed in this state that the system is installed according to applicable codes and standards; and

(C) the customer to provide documentation that the customer's distributed energy system was constructed and installed under the direction of a person who is certified by the north American board of certified energy practitioners or either a master electrician or electrical contractor licensed under the provisions of K.S.A. 12-1525 et seq., and amendments thereto;

(9) the utility may periodically require a witness test of the customer's distributed energy system and interconnection facilities throughout the provision of parallel generation service;

(10) the utility shall have the right and authority to disconnect and isolate a customer's distributed energy system without notice and at utility's sole discretion when:

(A) Electric service to a customer's premises is discontinued for any reason;

(B) adverse electrical effects, such as power quality problems, are occurring or are believed to be occurring on the utility's system or the electrical equipment of other utility customers;

(C) hazardous conditions on the utility's system are occurring or are believed to be occurring as a result of the operation of the distributed energy system or protective equipment;

(D) the utility identifies uninspected or unapproved equipment or modifications to the

distributed energy system after initial approval;

(E) there is recurring abnormal operation, substandard operation or inadequate maintenance of the distributed energy system;

(F) the customer fails to remit payment to the utility for any amounts owed, including, but not limited to, amounts invoiced;

(G) the customer does not comply with the obligations of the interconnection agreement, except that, if such noncompliance is not an emergency situation, the utility shall give a customer 90 days to cure the noncompliance prior to disconnecting and isolating the distributed energy system; or

(H) such disconnection is necessary due to emergency or maintenance purposes. In the event that the utility disconnects the distributed energy system for maintenance, the utility shall make reasonable efforts to reconnect the distributed generating system as soon as practicable; and

(11) the customer shall retain the authority to temporarily disconnect such customer's distributed energy system from the utility's system at any time. Any such temporary disconnection shall not be construed as a customer's termination of the interconnection agreement without an express action to terminate such agreement pursuant to the terms and conditions of the agreement.

(g) The export capacity of a customer's renewable energy system shall be appropriately sized for such customer's anticipated electric load as follows:

(1) (A) Divide the customer's historic consumption in kilowatt-hours for the previous 12-month period by 8,760 and divide such quotient by a capacity factor of:

- (i) 0.144 when such customer is in the service territory of an investor-owned utility; and
- (ii) 0.288 when such customer is in the service territory of a cooperative as defined in

K.S.A. 17-4603, and amendments thereto, an electric utility owned by one or more of such cooperatives, a nonstock member-owned electric cooperative corporation incorporated in this state or a municipally owned or operated electric utility; or

(B) if the customer does not have historic consumption data that adequately reflects the customer's consumption at such premises, the customer's historic consumption for the previous 12-month period shall be 7.15 kilowatt-hours per square foot of conditioned space; and

(2) round the amount determined pursuant to paragraph (1) up to the nearest one kilowatt alternating current power increment.

(h) (1) Except as provided in subsection (i), each utility shall, make parallel generation service available to customers who are in good standing with the utility, on a first-come, first-served basis, until the utility's aggregate export capacity from all distributed energy systems, including systems that are subject to a parallel generation service tariff established pursuant to this section and systems that are subject to a net metering tariff that was either voluntarily established by the utility or pursuant to K.S.A. 66-1263 et seq., and amendments thereto, equals or exceeds the following:

- (A) Commencing on July 1, 2025, 6% of the utility's historic peak demand;
- (B) commencing on July 1, 2026, 7% of the utility's historic peak demand; and
- (C) commencing on July 1, 2027, and each year thereafter, 8% of the utility's historic peak demand.

(2) The utility may limit the export capacity of additional distributed energy systems to be connected to the utility's system due to the capacity of the distribution line to which such distributed energy system will be connected.

(i) (1) A utility shall not be required to make parallel generation service available to any customer who has a new or expanded facility that receives electric service at a voltage of 34.5

kilovolts or higher and commences such electric service on or after July 1, 2025.

(2) To determine a utility's historic peak demand for purposes of subsection (h), a utility's peak demand shall not include the additional demand of any new or expanded facility of an industrial, commercial or data center customer that receives electric service at a voltage of 34.5 kilovolts or higher and commences such electric service on or after July 1, 2025.

(3) The provisions of this subsection shall expire on July 1, ~~2026~~ 2027.

(j) For any customer with a distributed energy system:

(1) The customer shall own and maintain any necessary export-limiting device;

(2) protections shall be in place to restrict the export-limiting device settings to qualified persons;

(3) the utility shall have the option to require a witness test of the export-limiting device's functions or settings prior to granting permission to operate and at any time while the distributed energy system is connected to the utility's system;

(4) the export capacity of the system shall not be increased without prior approval of the utility;

(5) the customer shall allow the utility to perform periodic witness tests of the export-limiting device's functions or settings upon request;

(6) if the export-limiting device's functions or settings are incorrect or if the device fails to limit the export of power below the designed export capacity for more than 15 minutes in any single event, the customer shall cease operation of the system until repair or reprogramming of the export-limiting device is completed. For purposes of this subparagraph, the utility may require and conduct a witness test prior to authorizing the customer to resume operation of the system; and

(7) the utility shall not restrict the brand or model of the export-limiting device if the

device is approved by the manufacturer of a listed distributed energy system or is listed to perform such operations in conjunction with the customer's system.

(k) (1) (A) For a utility that is subject to the jurisdiction, regulation, supervision and control of the state corporation commission, service under any parallel generation service contract shall be subject to either the utility's rules and regulations on file with the state corporation commission, which shall include a standard interconnection process and requirements for such utility's system, or the current federal energy regulatory commission interconnection procedures and regulations.

(B) For a utility that is not subject to the jurisdiction, regulation, supervision and control of the state corporation commission, service under any parallel generation service contract shall be subject to the current federal energy regulatory commission interconnection procedures and regulations.

(2) In any case where the customer and a utility that is subject to the jurisdiction, regulation, supervision and control of the state corporation commission cannot agree to terms and conditions of any contract provided for by this section, the state corporation commission shall establish the terms and conditions for such contract.

(l) A utility shall not impose any additional fees, charges or requirements for the provision of parallel generation service unless expressly authorized pursuant to this section. Nothing in this section shall be construed to:

(1) Prohibit a utility from charging a distributed energy customer for the use of the utility's system; and

(2) authorize a utility to charge a distributed energy customer for power exported to the utility by such customer.

(m) (1) Any customer who has received approval from a utility to construct or operate a

distributed energy system pursuant to this section shall notify the utility within 30 calendar days following the date that the construction has been canceled or the system is permanently shut down. Upon receipt of such notice, the utility shall cancel the parallel generation service contract with such customer.

(2) If a utility has reason to suspect that a customer's distributed energy system has been abandoned and is no longer producing energy, such utility may request verification from the customer that the system is still functioning, or that the customer has a reasonable plan to reenergize the system. If the customer fails to repair the system or provide a reasonable plan to complete such repairs within six months, the utility shall have the option to cancel the parallel generation service contract with such customer.

(3) Upon cancellation of any parallel generation service contract pursuant to this subsection, the utility shall not be obligated to refund any fees previously paid by the customer.

(n) (1) A customer shall have the right to repair or rebuild such customer's distributed energy system with listed equipment as long as such repair or rebuilding does not cause an increase in export capacity.

(2) If a customer repairs or replaces a distributed energy system, the customer shall notify the utility prior to such repair or replacement and provide proof that the new equipment complies with the same rules, regulations and approved capacity as the original installation. The utility shall have the right to require and conduct a witness test prior to authorizing operation of the system. A customer who repairs or replaces a system pursuant to this paragraph shall not be required to submit a new parallel generation service application to the utility.

(3) A customer shall not repair or replace a distributed energy system in a way that increases the export capacity of the system without providing prior notification to the utility. The utility may require the customer to submit a new parallel generation service application to

include the new provisions and requirements relating to such system.

(o) (1) The governing body of any school desiring to proceed under this section shall, prior to taking any action permitted by this section, make a finding that either:

(A) Net energy cost savings will accrue to the school from such renewable generation over a 20-year period; or

(B) that such renewable generation is a science project being conducted for educational purposes and that such project may not recoup the expenses of the project through energy cost savings.

(2) Any school proceeding under this section may contract or enter into a finance, pledge, loan or lease-purchase agreement with the Kansas development finance authority as a means of financing the cost of such renewable generation.

(p) Nothing in this section shall be construed to require any cooperative as defined in K.S.A. 17-4603, and amendments thereto, electric utility owned by one or more such cooperatives, nonstock member-owned electric cooperative corporation incorporated in this state or municipally owned or operated electric utility to opt in to or otherwise participate in any demand response or distributed energy resource aggregation programs.

(q) The provisions of the net metering and easy connection act shall not preclude the state corporation commission from approving net metering tariffs upon request of an electric utility for other methods of renewable generation not prescribed in K.S.A. 66-1264(b)(1), and amendments thereto.";

Also on page 2, in line 8, by striking "66-1,178" and inserting "2025 Supp. 66-1,184";

On page 1, in the title, in line 1, by striking all after "concerning"; by striking all in lines 2 and 3; in line 4, by striking all before the semicolon and inserting "electric public utilities; relating to parallel generation; extending the expiration date for provisions that authorize a utility

to not offer parallel generation service to certain large load customers and exempt certain large load customers from the determination of a utility's peak demand"; also in line 4, by striking "66-1,178" and inserting "2025 Supp. 66-1,184";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate