

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Vice Chairman Tom Sloan at 9:05 a.m. on February 11, 2002 in Room 526-S of the Capitol.

All members were present except: Representative Carl Holmes
Representative Bonnie Huy

Committee staff present: Robert Chapman, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Donna Johnson, Pinnacle Technologies
Bob Courtney, Olathe School District
Christine Casares, Metro Care
Greg Bryant
Scott Keith, UtiliCorp United
Bruce Graham, Kansas Electric Power Cooperatives
Tim Rush, Kansas City Power & Light
Colin Hansen, Kansas Municipal Utilities
Doug Lawrence, Westar Energy
Jon Miles, Kansas Electric Cooperative

Others attending: See Attached List

HB 2713 - Net metering provided for electric utility customer-generators

Vice Chairman Sloan opened the hearing on **HB 2713**. Robert Chapman, Fiscal Analyst, provided an introduction and explanation of net metering (Attachment 1). Mr. Chapman outlined the advantages and disadvantages associated with net metering. He also told of other states that have enacted net metering legislation.

The first conferee appearing in support of **HB 2713** was Donna Johnson, President of Pinnacle Technology, Inc. (Attachment 2). Ms. Johnson stated that the passage of this bill would position Kansas as one of the states actively supporting renewable energy generation. She stated that the primary objective for implementation was to encourage private investment in renewable energy resources.

Bob Courtney, Energy Manager for the Olathe School District, addressed the committee as a proponent of **HB 2713** (Attachment 3). Mr. Courtney explained that the major reason to insist on net metering is to secure the individual's right to make and distribute electric power. He outlined three reasons net metering is important. Mr. Courtney provided a chart showing the other states' net metering programs.

Christine Casares, Co-Founder of MetroCARE, testified in support of **HB 2713** (Attachment 4). Ms. Casares explained that faith based organizations would like the encouragement to install renewable energy systems and this legislation could do that.

Mr. Greg Bryant, Robinson, Kansas, appeared in support of **HB 2713** (Attachment 5). Mr. Bryant stated that he and his wife hoped to install a residential-scale wind turbine at their home to help reduce consumption of natural resources. He said it would provide enormous benefits to him while protecting the utilities and distributors from having to "shoulder too much of the burden."

Bill Griffith, appearing on behalf of the Sierra Club, spoke in support of **HB 2713** (Attachment 6). Mr. Griffith outlined several states' progress in supporting renewable energy and included in his testimony an article about net metering in Utah.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:05 a.m. on February 11, 2002.

Bruce Graham, Vice President of Member Services and External Affairs for Kansas Electric Power Cooperative, testified as an opponent to **HB 2713 (Attachment 7)**. Mr. Graham stated that current law already permits a customer to self generate with any production in excess of immediate needs to be purchased by the utility at 150% of its monthly system average cost. This proposed legislation is asking for more. Mr. Graham also shared their concern about the provision that permits net metering loads to accumulate to one percent of the state's actual peak electricity demand.

Scott Keith, Manager of Electric Tariffs for UtiliCorp United, appeared in opposition to **HB 2713 (Attachment 8)**. Mr. Keith listed three concerns they had about this proposed legislation: 1. The scope is much too broad and grants to the corporation commission the power to contract on behalf of utilities; 2. It appears to exclude a number of utilities; and 3. It would cause a utility to pay more than its avoided cost for energy provided by customer owned generation.

Tim Rush, Director of Regulatory Affairs for Kansas City Power & Light Company, spoke in opposition to **HB 2713 (Attachment 9)**. Mr. Rush stated that this legislation would result in undue subsidization by the utility and customers for customer generation. Mr. Rush outlined portions of the bill they believe are unclear and asked the committee to consider amendments that would clarify them.

Colin Hansen, Executive Director of Kansas Municipal Utilities, testified as an opponent to **HB 2713 (Attachment 10)**. Mr. Hansen also addressed the concerns about cost to customers. He expressed a concern about utility employee safety in the area of untrained customers operating a distribution system.

Doug Lawrence, Vice President for Public Affairs for Westar Energy, appeared in opposition to **HB 2713 (Attachment 11)**. Mr. Lawrence stated that net metering is a one sided transaction that brings no benefits to a utility system or customers, yet increases their expenses.

Jon Miles, Vice President of Governmental and Technical Services for Kansas Electric Cooperatives, spoke in opposition to **HB 2713 (Attachment 12)**. Mr. Miles stated that the compensation in the bill creates a subsidy for the customer-generator at the expense of other consumers, with the utility's loss being covered by the ratepayers.

The conferees responded to questions from the committee.

Vice Chairman Sloan closed the hearing on **HB 2713**.

The meeting adjourned at 10:46.

The next meeting will be February 12, 2002.