

SESSION OF 2014

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2101**

As Amended by Senate Committee on Utilities

Brief*

Senate Sub. for HB 2101 would amend the Net Metering and Easy Connection Act and law regarding parallel generation.

For customer-generators that have installed net metering systems **prior** to July 1, 2014, the bill would allow them to continue operating their systems according to current standards, with the following exceptions:

- The bill would place a sunset of January 1, 2030, on provisions allowing customer-generators to carry forward from month-to-month the net excess energy (NEG) produced in excess of the customer-generator's consumption. Prior to January 1, 2030, NEG credits would expire on March 31 of each year. After January 1, 2030, any NEG credits remaining in the customer's account at the end of each billing period would expire;
- Credit for NEG would be transferable and continue in place until January 1, 2030, regardless of a change in possession or ownership of the property on which the renewable energy resource is located;
- Any NEG resulting from renewable energy resources that are installed on or after July 1, 2014, but are part of a renewable energy resource

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

that was operating prior to July 1, 2014, would be carried forward and credited to the customer as if they had begun operation prior to July 1, 2014; and

- The utility would be required to offer to the customer-generator a tariff or contract that would be 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 and could not charge the customer-generator 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.

For customer-generators that will have installed net metering systems **after** July 1, 2014, the bill would:

- Require the credit of any NEG credits remaining in the customer's account at the end of each billing period be credited to the customer at a rate of 100 percent of the utility's monthly system average cost of energy per kilowatt hour;
- Authorize the utility to bill the customer-generator for the net electricity supplied by the utility, if the electricity supplied by the utility exceeds the electricity generated by the customer-generator during a billing period;
- Place a limit on net metering for residential customer-generators of 15 kilowatts. For commercial, industrial, religious institution, agricultural, industrial, and local, state, and federal government customer-generators, the limit would be 100 kilowatts, unless otherwise agreed to by the utility and the customer-generator. For schools, the limit would be 150 kilowatts.

- Provide that nothing in the Act should be construed to prevent customer-generators from installing additional renewable energy resources after July 1, 2014;
- Remove the requirement that a utility shall offer to the customer-generator a 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 and would not charge the customer-generator 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; and
- Provide an option for the utility to propose, within an appropriate rate proceeding, the application of time-of-use rates, minimum bills, or other rate structures that would apply to all such customer-generators prospectively.

For all customer-generators, on or after January 1, 2030, the bill would:

- Authorize the utility to bill the customer-generator for the net electricity supplied by the utility, if the electricity supplied by the utility exceeds the electricity generated by the customer-generator during a billing period; and
- Require the credit of any NEG credits remaining in the customer's account at the end of each billing period be credited to the customer at a rate of 100 percent of the utility's monthly system average cost of energy per kilowatt hour.

The bill also would amend existing law to say each kilowatt of nameplate capacity of net metered facilities and

parallel generation of electricity would count as 1.10 kilowatts toward the compliance of the affected utility with the Renewable Energy Standards Act.

Background

The contents of the bill were originally contained in SB 280, which was introduced by the Senate Committee on Utilities.

At the Senate Committee hearing on SB 280, proponents included representatives from Empire District Electric Company, KCP&L, and Westar Energy. Opponents providing testimony included representatives of Brightergy, Cromwell Solar, Kansans for Clean Energy, Mid-America Bank, The Alliance for Solar Choice, and Vote Solar Initiative, and eight private citizens. Neutral testimony was provided by the Kansas Corporation Commission (KCC).

The Senate Committee adopted eight amendments to the bill, including keeping current customers under current law; allowing net metered systems to stay with the property should ownership change; the expiration dates of NEG credits; reduction of capacity; clarifying language regarding counting nameplate capacity toward a utility's renewable energy standards; and removing authority for fixed charges. The Senate Committee elected to delete the contents of HB 2101 and insert the contents of SB 280, as amended by the Senate Committee, into HB 2101 as a Senate substitute bill.

The substitute bill was reported favorably by the Senate Committee on Utilities on February 26, 2014; however, the bill was withdrawn from the Senate Calendar on February 28, 2014, and re-referred to the Senate Committee on Utilities.

The Senate Committee amended the substitute bill by adopting several technical amendments suggested by the Office of Revisor of Statutes staff. In addition, other amendments were approved regarding rate structures,

crediting excess generation to customers at the end of month, and the generation limits for those customer-generators who begin operating a renewable energy resource under an interconnect agreement with the utility after July 1, 2014.

HB 2101, as amended by the House Committee on Energy and Environment, would have enacted an Interstate Transmission Line Siting Compact, a national structure under which states could cooperate on a regional basis to facilitate siting of interstate power lines.

The fiscal notes on the original versions of both SB 280 and HB 2101 state the bills would have no fiscal effect on KCC and the Citizens' Utility Ratepayer Board operations.