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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Chairman Olson and Members of the Senate Committee on Utilities
From: Matt Sterling, Assistant Revisor of Statutes
Date: February 6, 2018
RE: Senate Bill 347

SB 347 would amend the Kansas Energy Efficiency and Investment Act. Under current law, it is the policy of Kansas to promote the implementation and expansion of cost-effective demand-side programs and investments in Kansas and to value such investments equal to traditional investments in supply and delivery infrastructure.

SB 347 would set energy efficiency savings goals beginning in 2019 for electric utilities to have annual incremental energy efficiency savings from demand-side programs of at least 1.0% of the prior year's total retail electric sales and incremental peak demand savings of at least 30% of the forecasted average annual growth in electric peak demand over the following 10 years. For natural gas utilities the goal would be to achieve annual incremental energy efficiency savings from demand-side programs equivalent to at least 0.75% of the prior year's total retail natural gas sales.

Under current law, the Kansas Corporation Commission has the authority to accept or reject any proposed establishment, continuation or modification of a demand-side program or associated cost-recovery or incentive mechanisms.

SB 347 would require the commission to allow recovery of the reasonable costs associated with delivering commission-approved demand-side programs if the program results in energy or demand savings and is beneficial to customers in the customer class for which the programs were implemented. To determine the appropriate test for evaluating the cost-effectiveness of a demand-side program, the commission would be required to utilize the first edition of the national standard practice manual.