



Liberty Utilities[®]

EMPIRE DISTRICT

TESTIMONY

TO: The Honorable Rob Olson, Chair
And Members of the Senate Committee on Utilities

FROM: Whitney Damron
On behalf of Liberty Utilities Empire District

RE: SB 322 – Net Metering

DATE: February 7, 2018

Chairman Olson and Members of the Committee:

I am Whitney Damron and I appear before you today on behalf of Liberty Utilities Empire District in opposition to SB 322, which effectively repeals net metering laws enacted in 2014 as a compromise between the state's three investor-owned electric companies and the state's leading clean energy advocates.

By way of history, the state's original net metering act was passed by the legislature in 2009 as part of a broader energy bill. In 2014, the three investor-owned electric utilities brought forth legislation to place certain limitations on net metering customers in effort to protect their traditional customers from unduly subsidizing net metering customers. SB 322 would effectively return the state's laws on net metering to 2009 standards.

Net metering customers do not detach themselves from the electric grid and remain dependent upon the ability to obtain firm electric service with the flick of a switch. When the wind is not blowing, the sun is not shining, or a net metering system is out of service, net metering customers rely on the ability to obtain power the same as their neighbors who are not involved with net metering. A utility is required to build and maintain capacity to serve all their customers at all times. Providing for this firm service has a cost: Generation, transmission, delivery, etc.

Empire believes net metering customers should be required to pay some portion of these costs, as they benefit from the availability of electricity 24/7, 365 days a year regardless of their net metering capabilities. Legislation passed in 2014 allows the KCC to determine whether a monthly charge is appropriate for net metering customers.

Under SB 322, a net metering customer has the right to send excess generation to the utility and receive credit against current and future bills on a one-to-one basis, which effectively provides the net metering customer a rate equal to the electric company for excess generation, subject to expiration at the end of the year. This reimbursement rate produces a windfall for the net metering generator, who receives credit as if they had all the same expenses as the electric company.

In 2014 Empire and the other IOU electric companies had become concerned that evolving technologies, specifically the expansion of solar energy systems would lead to their traditional customers subsidizing net metering customers who received reimbursement for generation put back into the grid at a rate equal to the rate of service charged by the electric company. Changes made in 2014 grandfathered existing net metering customers in at that reimbursement rate. However, new net metering customers would be compensated at a rate of 100% of the utility's monthly system average cost of energy per kilowatt hour and the Kansas Corporation Commission would be empowered to consider whether net metering customers should pay a monthly charge for the availability of firm service.

The investor-owned electric companies negotiated with clean energy advocates, including the lead proponent of this legislation on a compromise, which was endorsed and passed during the 2014 session. Attached to my testimony is a copy of a document approved by various parties in support of the compromise contained in HB 2101 that we believe appropriately balanced the interests of traditional electric customers and those who installed net metering generation.

Empire believes the compromise adopted in 2014 remains as an appropriate balance for all parties and SB 322 should be rejected as an inappropriate subsidy for those who seek to shift costs for firm service from themselves to traditional electric customers.

On behalf of Liberty Utilities Empire District, we appreciate the opportunity to provide this testimony to the Committee today.

Thank you.

WBD

www.empiredistrict.com

The Empire District Electric Company is a subsidiary of Liberty Utilities and provides electric, natural gas (through its wholly-owned subsidiary The Empire District Gas Company) and water service to approximately 218,000 customers in Missouri, Kansas, Oklahoma and Arkansas. Based in Joplin, Missouri, Empire serves as the headquarters of Liberty Utilities Central Region serving 340,000 customers in seven states.

Attachment

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**SENATE UTILITIES APPROVES NET METERING BILL;
CLEAN ENERGY ADVOCATES AND ELECTRIC UTILITIES SUPPORT COMPROMISE.**

Senate Substitute for HB 2101

On Tuesday, March 18, the Senate Committee on Utilities considered and unanimously approved a compromise net metering bill agreed to by all three Kansas investor-owned utilities (IOUs) and clean energy advocates and forwarded the bill to the full Senate for consideration.

Net metering is a cornerstone policy for rooftop solar and other renewable energy in Kansas and forty-two other states across the country that gives customers full retail credit for the power they generate to deliver to the grid. Even though rooftop solar in its infancy in Kansas, with only about 200 net metering customers in IOU territories today, utilities and legislators sought to reevaluate the state's net metering policy during the 2014 legislative session.

The compromise maintains net metering, grandfathers existing net meter customers, maintains reasonable size limits and provides a carve out for public and private post-secondary and K-12 schools.

Senate Substitute for HB 2101 represents a negotiated compromise between clean energy advocates, including Climate + Energy Project, Kansas Interfaith Power & Light, the Kansas Sierra Club, The Alliance for Solar Choice and Cromwell Solar, a Kansas-based solar energy company. These advocates worked with Westar Energy, KCP&L and The Empire District Electric Company to insure renewable energy has an opportunity to grow in Kansas, but also consider ratepayer interests.

On behalf of the parties to this agreement listed below, we ask Members of the Kansas Legislature to support Senate Substitute for HB 2101 as adopted by the Senate Committee on Utilities.

Please do not hesitate to contact anyone listed below if you have questions. Thank you.

Dorothy Barnett
Climate + Energy Project

Mark Schreiber/Laura Lutz
Westar Energy

Rabbi Moti Rieber
Kansas Interfaith Power & Light

Scott Jones
KCP&L

Kansas Sierra Club
Zack Pistora

Whitney Damron
The Empire District Electric Company

Aron Cromwell
Cromwell Solar

Bryan Miller
The Alliance for Solar Choice (TASC)