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Shawn Sullivan, Director of the Budget

Sam Brownback, Governor

February 10, 2017

The Honorable Joe Seiwert, Chairperson
House Committee on Energy, Utilities and Telecommunications
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2190 by House Committee on Energy, Utilities and Telecommunications

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2190 is respectfully submitted to your committee.

HB 2190 would amend current law regarding the sale of renewable energy to allow an exemption for any renewable energy supplier from the statutory definitions of a "public utility" and a "retail electric supplier." The bill would allow any electric customer with aggregate electric demand equal to or greater than 200 KW to purchase electricity directly from a renewable energy supplier after giving 180-day notice and demonstrating to the incumbent public utility that the electricity will be used to meet and not exceed the customer's expected need. Upon receiving notice, the public utility would have the right of first refusal to provide renewable energy under the same terms and conditions as offered by the renewable energy supplier.

The bill would allow the renewable energy customer to receive electricity at multiple, separately metered locations and to aggregate multiple, separately metered renewable energy suppliers. The renewable energy provided could be delivered from facilities located both on and off the customer's premises. HB 2190 would establish requirements for renewable energy customers concerning the provision and maintenance of equipment suitable for the transmission and distribution of electricity on the utility's system. The bill would also require the customer to meet all applicable safety, performance, interconnection and reliability standards currently established by national organizations and local governing authorities. The bill would allow the Kansas Corporation Commission (KCC) to establish criteria for determining a renewable energy facility's generating capacity and the customer's expected monthly consumption. The Commission would be required to approved "just and reasonable cost-based tariffs" for the purchased power and establish terms and conditions for contracts where customers and utilities cannot come to an agreement.

The KCC indicates that depending on the number of affected customers, the number of disputed contracts, and the scope of the analysis required for implementation, enactment of the bill could result in the agency needing to fill an additional 2.00 additional FTE positions at a cost of $161,370 in FY 2018 from the agency fee funds. This amount includes $149,690 for salaries and wages, $4,462 for phone and Internet connections, $2,658 for computers and $4,560 for office space. In FY 2019, the amount would be reduced to $154,250, also from the agency fee funds. Any fiscal effect associated with HB 2190 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc: Amy Green, KCC