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SENATE COMMITTEE ON UTILITIES

Neutral Testimony

HB 2588 – Amendments to the State Net Metering Statutes for Investor-Owned Utilities

Mar. 5, 2024

Presented by:

**Leslie Kaufman, Vice President of Government Relations & Legal Counsel
Kansas Electric Cooperatives, Inc.**

Chairman Fagg, Vice Chair Petersen, Ranking Member Francisco, and members of the Senate Committee on Utilities, thank you for the opportunity to provide neutral comments on HB 2588 amending the state’s net metering statute for investor-owned utilities (IOUs). I am Leslie Kaufman, Vice President of Government Relations & Legal Counsel for Kansas Electric Cooperatives, Inc. (KEC), the statewide service association for 29 member, not-for-profit cooperatives providing electric service in 103 of 105 Kansas counties.

KEC and our members are neutral on HB 2588 as it currently stands since it is specific to investor-owned utilities. Notwithstanding, we want to ensure the changes in HB 2588, especially certain definitions and the calculation of “appropriate size,” are not treated as the standard for all electric utilities.

Nearly all of KEC’s electric distribution members have voluntarily adopted net metering riders for consumer-members interconnecting self-generation (sometimes referred to as “distributed generation” or “DG”) based on balancing the interests of DG consumer-members with other factors. These factors include, but are not limited to, the interests of non-DG consumer-members, physical capabilities or constraints on the electric distribution system, power supply contractual parameters, and the overall best interests of the cooperative entity as a whole.

Electric cooperatives are governed by Trustees elected by the consumer-members who own the co-op and take service from the co-op. Trustees owe a fiduciary duty to the cooperative, thus they are obligated to act in the best interests of the cooperative – not a particular rate class, customer group or individual. No two electric co-ops are alike. They differ in many ways including geographic location, size of territory served, types of loads served, source of power supply (purchased wholesale or owned), the number of meters served in total, the percent of interconnected DG systems and the number of

meters served per line mile. That is why it is so important that co-ops have the ability to adapt to local needs.

That critical need for flexibility was a major reason we opposed 2023 legislation which would have forced cooperatives, municipalities, and IOUs under a “one-size-fits-all” statutory net metering construct (2023 HB 2228). That legislation did not move forward after utilities agreed to meet with solar interests to discuss net metering and distributed generation topics during the 2023 interim.

Cooperatives, like municipal and IOU electricity providers, did meet during the summer and fall with solar stakeholders. Those discussions, in relation to IOUs, resulted in the bill before you today. For cooperatives, the dialogue helped inform KEC as we updated our model Net Metering Rider (NMR) which was approved by the KEC Board in December 2023.

KEC’s NMR is not mandatory. Members may use it as a guide as they implement rate structures appropriate for their individual cooperative, and the past version of the model was a valuable tool for many. Our current NMR has some significant differences compared to HB 2588, particularly the definition/calculation of “appropriate size.” Consumer-members requesting to interconnect over-sized DG systems has become increasingly problematic for cooperatives. Additionally, when co-ops tested the impact of HB 2588’s appropriate size calculation, cases were identified where that problem was magnified. While that may not be a concern for a vertically integrated IOU, especially one that can fully utilize the excess generation from a DG system, it can pose substantial challenges for cooperatives.

We certainly respect the discussions that occurred between the investor-owned utilities and solar interests. We also respect the compromise they have agreed to in HB 2588 as it applies to IOUs. We do not seek to alter the agreements between those parties. However, we do respectfully request this committee recognize HB 2588 is specific to IOUs and is not a uniform standard, neither does it establish uniform definitions or calculations, to be applied to all retail electric suppliers, and in our case, particularly cooperatives.

Thank you for the opportunity to appear today. I will stand for questions at the appropriate time.

Leslie J. Kaufman

Vice President of Government Relations/Legal Counsel
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