Testimony in Opposition to HB 2228
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For the House Committee on Energy, Utilities and Telecommunications

February 7, 2023

Thank you, Mr. Chairman and members of the committee. Evergy strongly opposes this bill because it will raise rates and shift costs from our lowest income customers to our more affluent customers.

This bill seeks to increase the allowable size of net metering systems. This does away with a compromise this legislature authorized in 2014 that limited the size of solar systems to be equal to the amount of historic load used by a customer up to 15 kw for residential, 100 kw for commercial, and 150 kw for schools. This current arrangement allows the customer to replace the energy they use through renewables, but not become an excess generator.

The net effect of allowing customers to become excess generators is that Evergy would be forced to buy from these customers energy we do not need at a significantly higher rate—those costs are then passed on to every other Evergy customer. Evergy cannot count residential solar as a resource when planning for our generation needs. Thus, this energy does not replace any existing resources; it is simply *in addition* to what we already have. That amount is paid for by Evergy, but ultimately by our customers. This will increase rates. Evergy has spent the last several years making good progress in lowering rates.

Since 2018, Evergy's rates in Kansas have gone up less than one percent. That is better than every single state that borders Kansas. In addition, Evergy's rates and bills have improved relative to neighboring states and are now about average compared to neighboring states. This bill would take us in the wrong direction. It will raise rates on most customers. It does not create any new generation that Evergy can rely on to supply customers. It does not mean residential and commercial customers will use the electrical grid less. It does not make Evergy's generation portfolio any greener or more sustainable. All this legislation does is allow more affluent residential and business customers to shift costs to other customers.

The bill also seeks to increase the 1% cap on the amount of net metering on our system. This was put in place to limit the cross-subsidization of customers who do not have solar to those that do. In plain English, those who have solar systems do not pay their fair share of costs for the grid. That is because rather than using a fixed charge, Evergy collects those costs volumetrically. Meaning that as you use more energy, that price is a part of your bill.

Given the price of solar systems, mostly wealthy individuals are able to afford them. By avoiding their fair share of the costs to run the grid, those costs are borne by individuals without the means to afford solar.

Arbitrarily proposing to set the limit from 1% to 10% on page 2, lines 2 & 5, undermines the Commission's authority that is already granted to them in the current language. This limit should only be modified after the Commission thoroughly investigates the need for such a change and all parties have submitted evidence that supports the need for a change. For the proponents of this bill to arbitrarily propose this adjustment, I believe that the burden to show impacts to non-participants is necessary.

At the current rate of growth, we believe it will be another five years before we reach the 1% cap. However, the 1% cap increases annually. Because it is based on our peak demand it increases every year, it is not a static number.

The truth is that Kansas is already an attractive option for solar installation. In the last five years we have gone from five solar installers to 50 today. Kansas outpaces Missouri for solar installation, even though there are more incentives for installing solar in Missouri.

A couple of other thoughts on specific proposals in this bill. The removal of K.S.A. 66-1265(d) is unnecessary. This is the section that gives us the ability to legally propose rate structures at the KCC to address the subsidy that has been proven to exist in favor of distributed-generation (DG) customers.

There is also no reason to strike the sections addressing net excess energy treatment change after January 1, 2030. This section just removes the grandfathered increased subsidy from systems installed prior to July 1, 2014. These systems will have been in place for over 15 years before the grandfathered treatment is removed. This has already been addressed and approved previously and is a long term glidepath toward not perpetuating the subsidy of this fixed cost recovery by continuing the process of rolling over net excess energy generation.

Additionally, an earlier strike on page 3, starting on line 21, is unnecessary from our view. We have been mitigating this subsidy on interconnect agreements since July 1, 2014, by addressing net excess energy monthly and at the monthly system average costs of energy per kwh. Striking this is regressive in efforts to mitigate the subsidy by non-solar customers.

If Kansas is looking to update its net metering policy, it should also look at requiring installers to be licensed to replace some of the bad actors that exist in this area. It should also require customers be in good standing before adding a net metering system. We should also have an appropriate way to ensure that cross subsidization does not harm customers who do not have a solar system.

Mr. Chairman and Committee, we appreciate this opportunity to present our view. Net metering is one of the most difficult topics that a utility in any state faces. We believe there are reasonable changes that could be looked at in this area, but this bill is not it. I am pleased to stand for questions.