



*Testimony in Support*  
**Senate Utilities Committee**  
17 March 2025

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*Kansas Municipal Utilities*

### **Testimony in Support of House Substitute for HB 2149**

Chairman Fagg, Vice-Chairman Peterson, Ranking Member Francisco and committee members,

Kansas Municipal Utilities (KMU) is the statewide association representing Kansas communities and other not-for-profit organizations that own and operate community owned utilities across Kansas. Formed in 1928, KMU provides workforce training and educational programming, mutual aid, regulatory and legislative assistance and numerous other services toward the advancement of municipal utilities in Kansas. Our membership ranges in size from some of the largest utilities in the state such as those operated by the Kansas City Board of Public Utilities and the City of Wichita down to some of the smallest utility systems in the state serving fewer than 100 customers.

KMU stands in general support of House Substitute for HB 2149. This process has been frustrating for our membership, creates an exposure for some of our smaller utilities, but does add much-needed consumer protections for distributed generation customers and makes important changes to the state's long-standing parallel generation statutes.

As introduced, KMU stood in strong opposition to HB 2149. But through lengthy conversations with many stakeholders, many of KMU's concerns were alleviated including:

1. Consumer protections would apply to cash purchased or financed systems and those protections would be tied back to the Kansas consumer protection statutes.
2. The definition of avoided cost accurately quantifies the value of a kWh in real time such that non-DG customers are not paying a subsidy.
3. Parallel generation customers would no longer receive a 50% premium price for power, but rather 100% of avoided cost of generation exported to the grid.
4. Enacting a formula that puts an accurate value to what an appropriately sized system should be for a customer.

5. Allowing for the use of locational marginal pricing for the utilities with LMP calculation capability. LMP is the most accurate way to value a kWh. For utilities that can't utilize LMP, existing ratemaking formulas should apply.
6. In our testimony before the House Committee, KMU advocated for a 5% system cap on the number of parallel generation customers from the originally proposed 10%. Under the amended version of the bill, the system cap for parallel generation and net metered customers is 8% which is phased in on a stepped basis over the next two years, but there is still some concern from some of our members on the system cap issue.
7. Notification to the utility should be required in the case of certain system repairs and rebuilds that could alter the system's export capability.
8. New large industrial load is projected to come online across Kansas in the near term. The load size and scale will distort the system size of utilities particularly in small community owned utilities. It is imperative that the large loads do not create new disproportionate burdens on the existing customer base. As a result, language was added to House Sub for HB 2149 to address this very narrow, but important subject next session.

KMU said in our testimony before the House Energy & Utilities Committee that HB 2149 needed significant revisions to ensure that any changes to the parallel generation statutes do not have negative consequences on our customers, to safeguard the integrity and reliability of our utility systems, and to ensure system compliance with all federal rules and regulations and RTO policies. The amended bill before you today helps to accomplish these critical objectives. As such, KMU stands in general support of HB 2149 and is happy to answer any committee questions.