

## HOUSE BILL No. 2664

By Representatives Neelly, Buehler, Johnson and Proctor

2-3

1 AN ACT concerning energy; enacting the private energy campus and  
2 industrial host site generation act; authorizing the sales of electricity  
3 and the provision of ancillary services to private industrial and data  
4 center enterprises located on a private energy campus; exempting such  
5 sales and services from public utility regulation; authorizing an electric  
6 public utility to enter into interconnection and energy services  
7 agreements with a private energy campus; exempting a private energy  
8 campus from parallel generation and net metering requirements;  
9 defining a private energy campus; amending K.S.A. 66-1,170 and  
10 K.S.A. 2025 Supp. 66-104, 66-1,184 and 66-1264 and repealing the  
11 existing sections.

12

13 WHEREAS, The state of Kansas is experiencing an increasing demand  
14 for firm, dispatchable electric power driven by emerging and expanding  
15 industrial sectors, including, but not limited to, hydrogen production,  
16 ammonia synthesis, data center operations and advanced manufacturing;  
17 and

18 WHEREAS, Regulated electric public utilities have publicly identified  
19 a growing deficit in dispatchable generation capacity necessary to reliably  
20 meet current and projected load demand forecasts; and

21 WHEREAS, Preserving the exclusive service territories of electric  
22 public utilities is essential to maintaining reliable and affordable electric  
23 service for residential and small commercial ratepayers; and

24 WHEREAS, Allowing voluntary, negotiated arrangements between a  
25 private energy campus and electric public utilities for emergency support,  
26 standby service, energy exports and grid reliability enhances the resilience  
27 of the electric system and benefits all electric customers.

28 Now, therefore:

29 *Be it enacted by the Legislature of the State of Kansas:*

30 New Section 1. (a) This act shall be known and may be cited as the  
31 private energy campus and industrial host-site generation act.

32 (b) It is the intent of the legislature to enable and encourage private  
33 industrial self-generation that complements rather than competes with  
34 electric public utilities by:

35 (1) Promoting private investment in industrial scale generation and  
36 microgrid systems that are confined to a single private energy campus

1 located on contiguous private property;

2 (2) providing statutory certainty that no capacity limitation shall  
3 prohibit a private energy campus from interconnecting such campus'  
4 generation assets to a public utility's electrical system;

5 (3) preserving the state corporation commission's jurisdiction over  
6 interconnection and service requirements when a private energy campus  
7 interconnects to and receives services from the electrical system of an  
8 electric public utility regulated by the commission;

9 (4) preserving the jurisdiction of the governing body an electric  
10 cooperative public utility or municipal electric utility over interconnection  
11 and service requirements when a private energy campus interconnects to  
12 the and receives services from the electrical system of any such utility; and

13 (5) authorizing sales of electricity and the provision of ancillary  
14 services to private industrial and data center enterprises located on a  
15 private energy campus.

16 (c) A private energy campus may:

17 (1) Sell electricity pursuant to private power purchase agreements and  
18 provide ancillary services exclusively to private industrial or data center  
19 enterprises that are located on such private energy campus; and

20 (2) enter into interconnection and other service agreements pursuant  
21 to subsection (d) with the electric public utility that provides retail electric  
22 service in the territory where the private energy campus is located.

23 (d) No sale, transfer or delivery of electricity by a private energy  
24 campus shall be made to any entity located outside the physical boundaries  
25 of the private energy campus or across any public right-of-way, easement  
26 or noncontiguous parcel.

27 (e) Any electric public utility may enter into interconnection and  
28 other service agreements with a private energy campus to provide standby  
29 or emergency electric services to the private energy campus and authorize  
30 the private energy campus to export energy to the utility's electrical  
31 system. Any such agreements shall be voluntary and negotiated in good  
32 faith between the utility and the private energy campus.

33 (f) (1) Any agreement between an electric public utility that is subject  
34 to the jurisdiction of the state corporation commission and a private energy  
35 campus shall be approved by the commission. The commission may adopt  
36 rules and regulations to govern such agreements and establish  
37 requirements with respect to interconnection, standby or emergency  
38 electric services and energy exports to the utility's electrical system.  
39 Nothing in this subsection shall be construed to grant the commission  
40 jurisdiction over the rates, terms or conditions of private power purchase  
41 agreements entered into solely between a private energy campus and a  
42 private industrial or data center enterprise located on such campus.

43 (2) Any agreement between an electric public utility that is not

1 subject to the jurisdiction of the state corporation commission and a  
2 private energy campus shall be subject to approval by the governing body  
3 of such utility. The governing body of any such utility may establish tariffs  
4 or other requirements to govern such agreements and establish  
5 requirements with respect to interconnection, standby service, safety and  
6 energy exports the utility's electrical system.

7 (g) A private energy campus and the electric public utility that  
8 provides services to such private energy campus shall not be subject to  
9 parallel generation service requirements or limitations under K.S.A. 66-  
10 1,184, and amendments thereto, or any of the service requirements or  
11 limitations under the net metering and easy connection act, K.S.A. 66-  
12 1263 et seq., and amendments thereto.

13 (h) Notwithstanding any provision of law to the contrary, sales of  
14 electricity pursuant to a private power purchase agreement between a  
15 private energy campus and a private industrial or data center enterprise  
16 located on such campus shall not constitute the provision of retail electric  
17 service under Kansas law.

18 (i) As used in this section:

19 (1) "Electric public utility" means any electric public utility as  
20 defined in K.S.A. 66-101a, and amendments thereto, any cooperative as  
21 defined in K.S.A. 66-104d, and amendments thereto, wholly owned  
22 subsidiary of any such cooperative or a municipally owned or operated  
23 electric utility.

24 (2) "Private energy campus" means any buildings, equipment,  
25 structures or ancillary facilities that are:

26 (A) Located on one single site or adjacent and contiguous sites, all of  
27 which are owned or operated by the same common owner;

28 (B) developed and operated for the primary purpose of serving the  
29 energy needs of private industrial or data center enterprises located on  
30 such property using electric generation, energy storage and ancillary  
31 facilities that are located on such property;

32 (C) not intended, constructed or operated to provide retail electric  
33 service to residential or small commercial customers; and

34 (D) subject to the operational control of the owner of such site or  
35 sites, such that the owner has authority to direct the date-to-day  
36 management of the energy services provided by the electric generation,  
37 energy storage and ancillary facilities located on such property.

38 (3) "Private industrial or data center enterprise" means any medium to  
39 heavy industrial, data center, hydrogen, ammonia, advanced manufacturing  
40 or similar large enterprise that:

41 (A) Demands, processes or handles an exceptionally high volume of  
42 resources, energy or data; and

43 (B) is located on a private energy campus for the purpose of receiving

1 electric and other energy services that are provided by the electric  
2 generation, energy storage and ancillary facilities that are located on such  
3 private energy campus.

4 Sec. 2. K.S.A. 2025 Supp. 66-104 is hereby amended to read as  
5 follows: 66-104. (a) As used in this act, "public utility" means every  
6 corporation, company, individual, association of persons, their trustees,  
7 lessees or receivers, that now or hereafter may own, control, operate or  
8 manage, except for private use, any equipment, plant or generating  
9 machinery, or any part thereof, for the transmission of telephone messages  
10 or for the transmission of telegraph messages in or through any part of the  
11 state, or the conveyance of oil and gas through pipelines in or through any  
12 part of the state, except pipelines less than 15 miles in length and not  
13 operated in connection with or for the general commercial supply of gas or  
14 oil, and all companies for the production, transmission, delivery or  
15 furnishing of heat, light, water or power. No cooperative, cooperative  
16 society, nonprofit or mutual corporation or association that is engaged  
17 solely in furnishing telephone service to subscribers from one telephone  
18 line without owning or operating its own separate central office facilities,  
19 shall be subject to the jurisdiction and control of the commission as  
20 provided in this section, except that it shall not construct or extend its  
21 facilities across or beyond the territorial boundaries of any telephone  
22 company or cooperative without first obtaining approval of the  
23 commission. "Transmission of telephone messages" includes the  
24 transmission by wire or other means of any voice, data, signals or  
25 facsimile communications, including all such communications now in  
26 existence or as may be developed in the future.

27 (b) "Public utility" includes that portion of every municipally owned  
28 or operated electric or gas utility located in an area outside of and more  
29 than three miles from the corporate limits of such municipality, but  
30 regulation of the rates, charges, terms and conditions of service of such  
31 utility within such area shall be subject to commission regulation only as  
32 provided in K.S.A. 66-104f, and amendments thereto. Nothing in this act  
33 shall apply to a municipally owned or operated utility, or portion thereof,  
34 located within the corporate limits of such municipality or located outside  
35 of such corporate limits but within three miles thereof.

36 (c) Except as provided in this section, the power and authority to  
37 control and regulate all public utilities and common carriers situated and  
38 operated wholly or principally within any city or principally operated for  
39 the benefit of such city or its people, shall be vested exclusively in such  
40 city, subject only to the right to apply for relief to the corporation  
41 commission as provided in K.S.A. 66-133, and amendments thereto, and to  
42 the provisions of K.S.A. 66-104e, and amendments thereto. A transit  
43 system principally engaged in rendering local transportation service in and

1 between contiguous cities in this and another state by means of street  
2 railway, trolley bus and motor bus lines, or any combination thereof, shall  
3 be deemed to be a public utility as that term is used in this act and shall be  
4 subject to the jurisdiction of the commission.

5 (d) "Public utility" does not include any activity of:

6 (1) An otherwise jurisdictional corporation, company, individual,  
7 association of persons, their trustees, lessees or receivers as to the  
8 marketing or sale of:

9 (1)(A) Compressed natural gas for end use as motor vehicle fuel; or

10 (2)(B) electricity that is purchased through a retail electric supplier in  
11 the certified territory of such retail electric supplier, as such terms are  
12 defined in K.S.A. 66-1,170, and amendments thereto, for the sole purpose  
13 of the provision of electric vehicle charging service to end users; or

14 (2) *any person or entity that owns or operates a private energy*  
15 *campus as defined in section 1, and amendments thereto.*

16 (e) (1) Except as provided in paragraph (2), at the option of an  
17 otherwise jurisdictional entity, "public utility" does not include any activity  
18 or facility of such entity as to the generation, marketing and sale of  
19 electricity generated by an electric generation facility or addition to an  
20 electric generation facility that:

21 (A) Is newly constructed and placed in service on or after January 1,  
22 2001; and

23 (B) is not in the rate base of:

24 (i) An electric public utility that is subject to rate regulation by the  
25 state corporation commission;

26 (ii) any cooperative, as defined by K.S.A. 17-4603, and amendments  
27 thereto, or any nonstock member-owned cooperative corporation  
28 incorporated in this state; or

29 (iii) a municipally owned or operated electric utility.

30 (2) The provisions of this subsection shall not be construed to affect  
31 the authority of the state corporation commission to regulate any activity  
32 or facility of an otherwise jurisdictional entity with regard to wire stringing  
33 pursuant to K.S.A. 66-183 et seq., and amendments thereto.

34 (f) Additional generating capacity achieved through efficiency gains  
35 by refurbishing or replacing existing equipment at generating facilities  
36 placed in service before January 1, 2001, shall not qualify under  
37 subsection (e).

38 (g) For purposes of the authority to appropriate property through  
39 eminent domain, "public utility" does not include any activity for the siting  
40 or placement of:

41 (1) Wind powered electrical generators or turbines, including the  
42 towers; or

43 (2) solar powered electric generation equipment, including panels.

1        Sec. 3. K.S.A. 66-1,170 is hereby amended to read as follows: 66-  
2 1,170. As used in this act:

3        (a) "Distribution line" means an electric line used to furnish retail  
4 electric service, including any line from a distribution substation to an  
5 electric consuming facility; but such term does not include a transmission  
6 facility used for the bulk transfer of energy even if such energy is reduced  
7 in voltage and used as station power.

8        (b) "Electric consuming facility" means any entity ~~which~~ that utilizes  
9 electric energy from a central station service.

10       (c) "Commission" means the state corporation commission of the  
11 state of Kansas.

12       (d) "Retail electric supplier" means any person, firm, corporation,  
13 municipality, association or cooperative corporation engaged in the  
14 furnishing of retail electric service. *"Retail electric supplier" does not  
15 include any activity of any person or entity that owns or operates a private  
16 energy campus as defined in section 1, and amendments thereto.*

17       (e) "Certified territory" means an electric service territory certified to  
18 a retail electric supplier pursuant to this act.

19       (f) "Existing distribution line" means a distribution line ~~which~~ that is  
20 in existence on the effective date of this act; and ~~which~~ is being or has  
21 been used as such.

22       (g) "Single certified service territory" means that service area in  
23 which only one retail electric supplier has been granted a service  
24 certificate by the commission.

25       (h) "Dual certified service territory" means that service area where  
26 more than one retail electric supplier has been granted a service certificate  
27 by the commission.

28       (i) "Station power" means electric energy used for operating  
29 equipment necessary for the process of generating electricity at any  
30 generating plant owned by a utility or a generating plant specified in  
31 ~~subsection (e) of~~ K.S.A. 66-104(e), and amendments thereto, and placed in  
32 use on or after January 1, 2002, whether such electrical energy is generated  
33 at such generating plant or provided through the adjacent transformation  
34 and transmission interconnect, but does not include electric energy used  
35 for heating, lighting, air conditioning and office needs of the buildings at a  
36 generating plant site.

37       Sec. 4. K.S.A. 2025 Supp. 66-1,184 is hereby amended to read as  
38 follows: 66-1,184. (a) As used in this section:

39       (1) "Avoided cost" means the incremental cost to a utility of electric  
40 energy that such utility would generate itself or purchase from another  
41 source and as such term is interpreted by the federal energy regulatory  
42 commission from time to time.

43       (2) "Distributed energy system" means any device or assembly of

1 devices and supporting facilities that are capable of feeding excess electric  
2 power generated by a customer's energy producing system into the utility's  
3 system, such that all energy output and all other services will be fully  
4 consumed by the customer or the utility. *"Distributed energy system" does*  
5 *not include a private energy campus as defined in section 1, and*  
6 *amendments thereto, or any of the electric generation, energy storage or*  
7 *ancillary facilities located on such property.*

8 (3) "Export" means power that flows from a customer's electrical  
9 system through such customer's billing meter and onto the utility's  
10 electricity lines. "Export" includes the sum of power on all phase  
11 conductors.

12 (4) "Interconnected" means a listed system that is designed to export  
13 power and attached or connected on the customer's side of the retail meter  
14 at the customer's delivery point.

15 (5) "Listed" means that the device or equipment has been tested and  
16 certified to meet the institute of electrical and electronics engineers safety  
17 standards that specifically pertain to the intended function of the device or  
18 equipment.

19 (6) "Locational marginal price" means the hourly average market  
20 price of alternating current energy per kilowatt hour established by the  
21 applicable locational marginal price pricing node of the southwest power  
22 pool.

23 (7) "Monthly system average cost of energy per kilowatt hour" means  
24 the sum of all volumetric costs incurred by an electric utility during a  
25 calendar month or similar billing period as billed to the utility by  
26 generation and transmission providers and any volumetric generation costs  
27 incurred by the utility to generate energy divided by the total amount of  
28 retail kilowatt-hours that the utility sold in such month or billing period.

29 (8) "Permission to operate" means the operational date of the  
30 customer's distributed energy system as determined by the utility.

31 (9) "Utility" means any electric public utility as defined in K.S.A. 66-  
32 101a, and amendments thereto, cooperative as defined in K.S.A. 17-4603,  
33 and amendments thereto, electric utility owned by one or more such  
34 cooperatives, nonstock member-owned electric cooperative corporation  
35 incorporated in this state or municipally owned or operated electric utility.

36 (10) "Witness test" means an authorized representative of the electric  
37 utility who measures or verifies a specific setting or operational condition.

38 (b) Except as otherwise provided in this section, every utility that  
39 provides retail electric service in this state shall enter into a contract for  
40 parallel generation service with any person who is a customer in good  
41 standing with such utility that authorizes such customer to attach or  
42 connect to the utility's delivery and metering system a listed device for the  
43 purpose of exporting excess electrical power generated by such customer's

1 distributed energy system to the utility's system. No such device shall  
2 cause damage to the public utility's system or equipment or present an  
3 undue hazard to utility personnel.

4 (c) (1) A utility may require any customer who is seeking to construct  
5 and install a distributed energy system to submit an application prior to  
6 any connection of the distributed energy system with the utility's system,  
7 notify the utility of the proposed distributed energy system and verify that  
8 such system is constructed, installed and operated in accordance with all  
9 applicable standards and codes.

10 (2) Any customer that submits an application to construct, install and  
11 operate a distributed energy system shall have the option to remain on a  
12 retail rate tariff that is identical to the same rate class for which such  
13 customer would otherwise qualify as a retail customer who is not  
14 otherwise receiving service under a parallel generation service tariff or net  
15 metering tariff.

16 (3) A utility shall provide written notice of receipt of any application  
17 submitted pursuant to this section to the applicant within 30 days  
18 following such receipt. A utility shall approve or deny any such application  
19 or a request for system certification pursuant to such an application within  
20 90 calendar days following receipt of such application or request. If one or  
21 more additional studies are required, a utility shall not be subject to such  
22 90-day deadline but shall provide the applicant with an estimated time  
23 frame for action on such application and act on such application as soon as  
24 practicable after any such studies are completed. If the utility denies such  
25 application or request, the utility shall provide to the applicant a list of the  
26 reasons for such denial and the corrective actions needed for approval.

27 (4) A utility may assess upon any customer requesting to install a  
28 distributed energy system:

29 (A) A fair and reasonable nonrefundable interconnection application  
30 fee;

31 (B) any applicable costs incurred by the utility for any study  
32 conducted to verify and allow the requested export capacity to be  
33 interconnected at the customer's point of delivery, including, but not  
34 limited to, costs incurred as a result of the southwest power pool's study  
35 processes; and

36 (C) costs associated with any related system upgrade costs, devices  
37 and equipment required to be furnished by the utility for the provision of  
38 accepting the requested export capacity.

39 (d) (1) Every contract for parallel generation service shall include  
40 provisions relating to fair and equitable compensation for energy exported  
41 to the utility by such customer. Except as authorized pursuant to paragraph  
42 (4), such compensation shall be not less than 100% of the utility's monthly  
43 avoided cost.

1       (2) A utility shall credit such compensation to the customer's account.  
2       (3) A utility shall disclose to any customer the formula that the utility  
3 uses to determine the compensation that the utility provides pursuant to a  
4 contract for parallel generation service.

5       (4) (A) A utility may use locational marginal price or the monthly  
6 system average cost of energy per kilowatt hour to determine  
7 compensation for energy exported to the utility by the customer. Any such  
8 utility that uses locational marginal price or monthly system average cost  
9 of energy per kilowatt hour shall compensate the customer for the energy  
10 exported to the utility at least annually. Such compensation may be paid to  
11 such customer or credited to the customer's account. When determining  
12 compensation pursuant to this paragraph, in no case shall a utility issue an  
13 invoice for energy exported to the utility by the customer's distributed  
14 energy system. Upon the request of any customer who is subject to such  
15 locational marginal price compensation pursuant to this paragraph, the  
16 utility shall disclose the locational marginal price and the corresponding  
17 amount of energy exported to the utility by the customer's distributed  
18 energy system.

19       (B) The provisions of this paragraph shall expire on July 1, 2030.

20       (e) A customer-generator of any investor-owned utility shall have the  
21 option of entering into a contract pursuant to this section or utilizing the  
22 net metering and easy connection act. The customer-generator shall  
23 exercise the option in writing, filed with the utility.

24       (f) The following terms and conditions shall apply to contracts for  
25 parallel generation service:

26       (1) The utility shall furnish, own and maintain, at the utility's  
27 expense, all necessary meters and associated equipment utilized for  
28 billing;

29       (2) the utility may install, at the utility's expense, load research meters  
30 and equipment to monitor customer generation and load. The customer  
31 shall provide, at no expense to the utility, a suitable location for such  
32 meters and equipment;

33       (3) for the purposes of ensuring the safety and quality of utility  
34 system power, the utility shall have the right to require the customer, at  
35 certain times and as electrical operating conditions warrant, to limit the  
36 production of electrical energy from the generating facility to an amount  
37 no greater than the load at the customer's facility of which the generating  
38 facility is a part;

39       (4) the customer shall furnish, install, operate and maintain in good  
40 order and repair, at the customer's expense, a listed device that is suitable  
41 for the operation of the customer's distributed energy system in parallel  
42 with the utility's system;:

43       (5) the utility may install, own and maintain a disconnecting device

1 located near the electric meter or meters or may require that a customer's  
2 distributed energy system contain a switch, circuit breaker, fuse or other  
3 device or feature that may be accessed by the utility at any time and would  
4 provide an authorized utility worker the ability to manually disconnect the  
5 customer's distributed energy system from the utility's electric distribution  
6 system;

7 (6) interconnection facilities between the customer's and the utility's  
8 equipment shall be accessible at all reasonable times to utility personnel;

9 (7) the customer shall notify the utility prior to the initial energizing  
10 and start-up testing of the customer's distributed energy system;

11 (8) prior to granting permission to operate, the utility may require:

12 (A) A witness test of the customer's distributed energy system and  
13 interconnection facilities;

14 (B) the customer to provide the certificate of inspection of the  
15 customer's distributed energy system completed pursuant to any municipal  
16 ordinance or code requirements or a certification from an electrician or  
17 electrical engineer licensed in this state that the system is installed  
18 according to applicable codes and standards; and

19 (C) the customer to provide documentation that the customer's  
20 distributed energy system was constructed and installed under the direction  
21 of a person who is certified by the north American board of certified  
22 energy practitioners or either a master electrician or electrical contractor  
23 licensed under the provisions of K.S.A. 12-1525 et seq., and amendments  
24 thereto;

25 (9) the utility may periodically require a witness test of the customer's  
26 distributed energy system and interconnection facilities throughout the  
27 provision of parallel generation service;

28 (10) the utility shall have the right and authority to disconnect and  
29 isolate a customer's distributed energy system without notice and at  
30 utility's sole discretion when:

31 (A) Electric service to a customer's premises is discontinued for any  
32 reason;

33 (B) adverse electrical effects, such as power quality problems, are  
34 occurring or are believed to be occurring on the utility's system or the  
35 electrical equipment of other utility customers;

36 (C) hazardous conditions on the utility's system are occurring or are  
37 believed to be occurring as a result of the operation of the distributed  
38 energy system or protective equipment;

39 (D) the utility identifies uninspected or unapproved equipment or  
40 modifications to the distributed energy system after initial approval;

41 (E) there is recurring abnormal operation, substandard operation or  
42 inadequate maintenance of the distributed energy system;

43 (F) the customer fails to remit payment to the utility for any amounts

1 owed, including, but not limited to, amounts invoiced;

2 (G) the customer does not comply with the obligations of the  
3 interconnection agreement, except that, if such noncompliance is not an  
4 emergency situation, the utility shall give a customer 90 days to cure the  
5 noncompliance prior to disconnecting and isolating the distributed energy  
6 system; or

7 (H) such disconnection is necessary due to emergency or  
8 maintenance purposes. In the event that the utility disconnects the  
9 distributed energy system for maintenance, the utility shall make  
10 reasonable efforts to reconnect the distributed generating system as soon as  
11 practicable; and

12 (11) the customer shall retain the authority to temporarily disconnect  
13 such customer's distributed energy system from the utility's system at any  
14 time. Any such temporary disconnection shall not be construed as a  
15 customer's termination of the interconnection agreement without an  
16 express action to terminate such agreement pursuant to the terms and  
17 conditions of the agreement.

18 (g) The export capacity of a customer's renewable energy system  
19 shall be appropriately sized for such customer's anticipated electric load as  
20 follows:

21 (1) (A) Divide the customer's historic consumption in kilowatt-hours  
22 for the previous 12-month period by 8,760 and divide such quotient by a  
23 capacity factor of:

24 (i) 0.144 when such customer is in the service territory of an investor-  
25 owned utility; and

26 (ii) 0.288 when such customer is in the service territory of a  
27 cooperative as defined in K.S.A. 17-4603, and amendments thereto, an  
28 electric utility owned by one or more of such cooperatives, a nonstock  
29 member-owned electric cooperative corporation incorporated in this state  
30 or a municipally owned or operated electric utility; or

31 (B) if the customer does not have historic consumption data that  
32 adequately reflects the customer's consumption at such premises, the  
33 customer's historic consumption for the previous 12-month period shall be  
34 7.15 kilowatt-hours per square foot of conditioned space; and

35 (2) round the amount determined pursuant to paragraph (1) up to the  
36 nearest one kilowatt alternating current power increment.

37 (h) (1) Except as provided in subsection (i), each utility shall, make  
38 parallel generation service available to customers who are in good  
39 standing with the utility, on a first-come, first-served basis, until the  
40 utility's aggregate export capacity from all distributed energy systems,  
41 including systems that are subject to a parallel generation service tariff  
42 established pursuant to this section and systems that are subject to a net  
43 metering tariff that was either voluntarily established by the utility or

1 pursuant to K.S.A. 66-1263 et seq., and amendments thereto, equals or  
2 exceeds the following:

3       (A) Commencing on July 1, 2025, 6% of the utility's historic peak  
4 demand;

5       (B) commencing on July 1, 2026, 7% of the utility's historic peak  
6 demand; and

7       (C) commencing on July 1, 2027, and each year thereafter, 8% of the  
8 utility's historic peak demand.

9       (2) The utility may limit the export capacity of additional distributed  
10 energy systems to be connected to the utility's system due to the capacity  
11 of the distribution line to which such distributed energy system will be  
12 connected.

13       (i) (1) A utility shall not be required to make parallel generation  
14 service available to any customer who has a new or expanded facility that  
15 receives electric service at a voltage of 34.5 kilovolts or higher and  
16 commences such electric service on or after July 1, 2025.

17       (2) To determine a utility's historic peak demand for purposes of  
18 subsection (h), a utility's peak demand shall not include the additional  
19 demand of any new or expanded facility of an industrial, commercial or  
20 data center customer that receives electric service at a voltage of 34.5  
21 kilovolts or higher and commences such electric service on or after July 1,  
22 2025.

23       (3) The provisions of this subsection shall expire on July 1, 2026.

24       (j) For any customer with a distributed energy system:

25       (1) The customer shall own and maintain any necessary export-  
26 limiting device;

27       (2) protections shall be in place to restrict the export-limiting device  
28 settings to qualified persons;

29       (3) the utility shall have the option to require a witness test of the  
30 export-limiting device's functions or settings prior to granting permission  
31 to operate and at any time while the distributed energy system is connected  
32 to the utility's system;

33       (4) the export capacity of the system shall not be increased without  
34 prior approval of the utility;

35       (5) the customer shall allow the utility to perform periodic witness  
36 tests of the export-limiting device's functions or settings upon request;

37       (6) if the export-limiting device's functions or settings are incorrect or  
38 if the device fails to limit the export of power below the designed export  
39 capacity for more than 15 minutes in any single event, the customer shall  
40 cease operation of the system until repair or reprogramming of the export-  
41 limiting device is completed. For purposes of this subparagraph, the utility  
42 may require and conduct a witness test prior to authorizing the customer to  
43 resume operation of the system; and

1       (7) the utility shall not restrict the brand or model of the export-  
2 limiting device if the device is approved by the manufacturer of a listed  
3 distributed energy system or is listed to perform such operations in  
4 conjunction with the customer's system.

5       (k) (1) (A) For a utility that is subject to the jurisdiction, regulation,  
6 supervision and control of the state corporation commission, service under  
7 any parallel generation service contract shall be subject to either the  
8 utility's rules and regulations on file with the state corporation  
9 commission, which shall include a standard interconnection process and  
10 requirements for such utility's system, or the current federal energy  
11 regulatory commission interconnection procedures and regulations.

12       (B) For a utility that is not subject to the jurisdiction, regulation,  
13 supervision and control of the state corporation commission, service under  
14 any parallel generation service contract shall be subject to the current  
15 federal energy regulatory commission interconnection procedures and  
16 regulations.

17       (2) In any case where the customer and a utility that is subject to the  
18 jurisdiction, regulation, supervision and control of the state corporation  
19 commission cannot agree to terms and conditions of any contract provided  
20 for by this section, the state corporation commission shall establish the  
21 terms and conditions for such contract.

22       (l) A utility shall not impose any additional fees, charges or  
23 requirements for the provision of parallel generation service unless  
24 expressly authorized pursuant to this section. Nothing in this section shall  
25 be construed to:

26           (1) Prohibit a utility from charging a distributed energy customer for  
27 the use of the utility's system; and

28           (2) authorize a utility to charge a distributed energy customer for  
29 power exported to the utility by such customer.

30       (m) (1) Any customer who has received approval from a utility to  
31 construct or operate a distributed energy system pursuant to this section  
32 shall notify the utility within 30 calendar days following the date that the  
33 construction has been canceled or the system is permanently shut down.  
34 Upon receipt of such notice, the utility shall cancel the parallel generation  
35 service contract with such customer.

36       (2) If a utility has reason to suspect that a customer's distributed  
37 energy system has been abandoned and is no longer producing energy,  
38 such utility may request verification from the customer that the system is  
39 still functioning, or that the customer has a reasonable plan to reenergize  
40 the system. If the customer fails to repair the system or provide a  
41 reasonable plan to complete such repairs within six months, the utility  
42 shall have the option to cancel the parallel generation service contract with  
43 such customer.

1       (3) Upon cancellation of any parallel generation service contract  
2 pursuant to this subsection, the utility shall not be obligated to refund any  
3 fees previously paid by the customer.

4       (n) (1) A customer shall have the right to repair or rebuild such  
5 customer's distributed energy system with listed equipment as long as such  
6 repair or rebuilding does not cause an increase in export capacity.

7       (2) If a customer repairs or replaces a distributed energy system, the  
8 customer shall notify the utility prior to such repair or replacement and  
9 provide proof that the new equipment complies with the same rules,  
10 regulations and approved capacity as the original installation. The utility  
11 shall have the right to require and conduct a witness test prior to  
12 authorizing operation of the system. A customer who repairs or replaces a  
13 system pursuant to this paragraph shall not be required to submit a new  
14 parallel generation service application to the utility.

15       (3) A customer shall not repair or replace a distributed energy system  
16 in a way that increases the export capacity of the system without providing  
17 prior notification to the utility. The utility may require the customer to  
18 submit a new parallel generation service application to include the new  
19 provisions and requirements relating to such system.

20       (o) (1) The governing body of any school desiring to proceed under  
21 this section shall, prior to taking any action permitted by this section, make  
22 a finding that either:

23           (A) Net energy cost savings will accrue to the school from such  
24 renewable generation over a 20-year period; or

25           (B) that such renewable generation is a science project being  
26 conducted for educational purposes and that such project may not recoup  
27 the expenses of the project through energy cost savings.

28       (2) Any school proceeding under this section may contract or enter  
29 into a finance, pledge, loan or lease-purchase agreement with the Kansas  
30 development finance authority as a means of financing the cost of such  
31 renewable generation.

32       (p) Nothing in this section shall be construed to require any  
33 cooperative as defined in K.S.A. 17-4603, and amendments thereto,  
34 electric utility owned by one or more such cooperatives, nonstock  
35 member-owned electric cooperative corporation incorporated in this state  
36 or municipally owned or operated electric utility to opt in to or otherwise  
37 participate in any demand response or distributed energy resource  
38 aggregation programs.

39       (q) The provisions of the net metering and easy connection act shall  
40 not preclude the state corporation commission from approving net  
41 metering tariffs upon request of an electric utility for other methods of  
42 renewable generation not prescribed in K.S.A. 66-1264(b)(1), and  
43 amendments thereto.

1        Sec. 5. K.S.A. 2025 Supp. 66-1264 is hereby amended to read as  
2 follows: 66-1264. As used in the net metering and easy connection act:

3            (a) "Commission" means the state corporation commission.

4            (b) (1) "Customer-generator" means the owner or operator of a net  
5 metered facility that:

6              (1)(A) Is powered by a renewable energy resource;

7              (2)(B) is located on a premises owned, operated, leased or otherwise  
8 controlled by the customer-generator;

9              (3)(C) is interconnected and operates in parallel phase and  
10 synchronization with an affected utility and is in compliance with the  
11 standards established by the affected utility;

12              (4)(D) is intended primarily to offset part or all of the customer-  
13 generator's own electrical energy requirements such that the customer-  
14 generator will fully consume the energy output or will deliver the  
15 remaining energy output and all other services to the utility; and

16              (5)(E) contains an underwriter laboratories listed mechanism,  
17 approved by the utility, that automatically disables the unit and interrupts  
18 the flow of electricity back onto the utility's electricity lines in the event  
19 that service to the customer-generator is interrupted.

20              (2) "Customer-generator" does not include any person or entity that  
21 owns or operates a private energy campus as defined in section 1, and  
22 amendments thereto, or the electric generation, energy storage or  
23 ancillary facilities located on such property.

24              (c) "Export" means power that flows from a customer-generator's  
25 electrical system through a customer's billing meter and onto the utility's  
26 electricity lines.

27              (d) "Generating capacity" means the maximum amount of alternating  
28 current power that a customer generator's net metered system can produce.

29              (e) "Peak demand" means the same as defined in K.S.A. 66-1257, and  
30 amendments thereto.

31              (f) "Permission to operate" means the operational date of the  
32 customer-generator's net metered facility.

33              (g) "Renewable energy resources" means the same as defined in  
34 K.S.A. 66-1257, and amendments thereto.

35              (h) "Supplied" means power that flows from the utility's electricity  
36 lines through a customer's billing meter and into a customer-generator's  
37 electrical system.

38              (i) "Utility" means investor-owned electric utility.

39              (j) "Witness test" means a representative of the utility is on-site to  
40 measure or verify a specific setting or operational condition.

41        Sec. 6. K.S.A. 66-1,170 and K.S.A. 2025 Supp. 66-104, 66-1,184 and  
42 66-1264 are hereby repealed.

43        Sec. 7. This act shall take effect and be in force from and after its

1 publication in the statute book.