

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2527**

As Agreed to April 1, 2024

Brief*

HB 2527 would establish new mechanisms for the recovery of costs associated with deferred depreciation and new gas-fired generating units; add and amend law regarding electric public utilities, nuclear-powered and coal-fired electric generating facilities, and the Kansas Corporation Commission (KCC); and amend the Net Metering and Easy Connection Act to further develop regulation and expand capacity for investor-owned utilities to connect customers' renewable energy generation systems to the electric grid.

Cost Recovery Mechanisms (HB 2527)

The bill would create new definitions and modify existing definitions pertaining to cost recovery and rate-making procedures before the KCC. The bill would establish new mechanisms for the recovery of costs associated with deferred depreciation and new gas-fired generating units. Further, the bill would modify the qualification requirement receiving a discounted electric rate and increase the term of the discount for certain facilities.

Definitions

The bill would establish new definitions for provisions related to a utility's recovery of cost for regulatory assets (e.g., power plants, transmission lines). Among the new definitions would be the following:

- "Qualifying electric plant" would mean all rate base additions by an electric public utility, but not including transmission facilities or new electric generating units;
- "Qualifying regulatory asset" would mean any regulatory asset balance arising from provisions related to the deferral of depreciation of qualifying electric plants, from the rate base cutoff date in the utility's most recent completed rate case to the cutoff date in the current general rate proceeding in which a revenue requirement impact cap is applied;

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- “Rate base cutoff” would mean the date rate base additions are accounted for in a general rate proceeding. In the absence of a commission order that specifies the rate base cutoff date, “rate base cutoff date” would mean the date as reflected in any jointly proposed procedural schedule submitted by the parties in a general rate proceeding or the date that is agreed to by the parties; and
- “Weighted average cost of capital” would mean the return on rate base used to determine the revenue requirement or that was approved to be used for regulatory accounting purposes in the public utility’s most recently ordered return on rate base in a general rate proceeding.

The bill would also provide a definition for “revenue requirement impact cap.” Beginning on July 1, 2024, this cap would limit the revenue requirement a utility could seek in a general rate proceeding for regulatory asset balances, and any excess to that cap would result in the regulatory asset balance being reduced. Calculating the impact cap bill would require multiplying 1/12 of 1.5 percent by the number of months between two dates: the effective date of new base rates in the utility’s most recent completed rate case and the effective date of new base rates in a general rate case where the cap was initially applied. The resulting value is then multiplied by the revenue requirement from the preceding completed rate case. This definition would only apply to electric public utilities utilizing provisions pertaining to the deferral of depreciation to regulatory assets.

Depreciation Deferrals, Cost Recovery and Return on Equity

Beginning July 1, 2024 and ending on December 31, 2030, the bill would allow an electric public utility to defer 90 percent of depreciation expenses and returns linked to qualifying electric plants in service as regulatory assets. This deferral would begin on July 1, 2024, once the utility notifies the KCC. Any remaining balances would be included in the utility’s rate base and recovered through rates without any adjustments. The KCC would have the authority to disallow balances it deems imprudent.

The bill would specify that the electric public utilities’ earnings on the deferred balances will be calculated using the weighted average cost of capital (previously defined) applied to the change in the rate base related to the qualifying electric plant, along with any relevant taxes. Additionally, any portions of deferred balances not included in the rate base would be mandated to be accounted for as carrying costs at the electric public utilities’ weighted average cost of capital, including applicable taxes.

The bill requires that regulatory asset balances established by its provisions must be recovered from rates over a 20-year period, starting from the date the balance is incorporated into electric utility rates.

The KCC would be authorized, upon receiving an application from a public utility utilizing a deferral before December 31, 2028, to permit the utility to extend such deferrals until December 31, 2036. The KCC must reach its decision on the extended deferrals within 240 days of the application’s filing and may conduct a hearing on the application if requested by relevant parties. If the KCC denies the application, the denial would affect only deferrals occurring after December 31, 2030.

Economic Development Rates; Requirements

The bill would add to the list of facilities eligible to receive a discounted rate the facilities with a projected peak demand of 25 megawatts (MW) within two years of service under the discounted rate. Demand projections could not be the result of shifting existing demand from the customer's other facilities in the utility's certified service territory.

Further, the bill would clarify how long certain facilities would be eligible to receive discounted rates and extend the discounted rate from 5 to 10 years for facilities with a projected peak demand of 25 MW. The bill would stipulate the maximum average discount for these facilities could not exceed 40 percent, but discounts could range between 20 percent and 50 percent in the first five-year period. In the second five-year period, the maximum average discount could not exceed 20 percent, but discounts could be between 10 percent and 30 percent in such period.

The bill would also prohibit the inclusion in the calculation of the public utilities revenue requirements any variance in revenues resulting from discounted rates, compared with what revenues would have been without the discounts.

The bill would provide an exception for any reduction in revenue resulting from any discount that was tracked by the public utility and deferred to a regulatory asset prior to July 1, 2024, by allowing such reduction to be recoverable in any general rate proceeding initiated on or after July 1, 2024, through an equal percentage adjustment to the revenue requirement responsibility for all customer classes of the public utility, including the customer classes that include customers that qualify for discounts pursuant in continuing law.

Continuation of Discount Rates for Certain Facilities

Electric public utilities would only be authorized to offer discount rates for facilities with a projected peak demand of 25 MW until December 31, 2030, unless they apply to the KCC for continued authorization of the discounted rate until December 31, 2036. An application for continued authorization would be required to be received on or before December 31, 2028. The KCC would be required to make determination within 240 days of the application's filing and could conduct a hearing on the application if requested by relevant parties. If the KCC denies the application, the denial would affect only discounted rates that would have occurred after December 31, 2030.

Removal of Tracking Requirements

The bill would remove the requirements for a utility to track reductions in revenue as a result of the discounted rate and defer those reductions in revenue to a regulatory asset.

Rate-making, Generally

The bill would modify the definition of "contract" to increasing the threshold at which a utility would need to receive a KCC determination on rate-making principles from \$5.0 million to \$10.0 million. The bill would also clarify that a public utility could file with the KCC for a determination of rate-making principles for cost recovery when it acquires a stake in a generating facility.

Rate-making Principles for New Gas-fired Generation

The bill would establish rules for how a gas-fired power plant's costs could be covered by utility rates. If the KCC decides it is reasonable for the utility to invest in the plant, the utility would be able to recover 100 percent of construction costs at the weighted average cost of capital, not to exceed the cost estimate found reasonable by the KCC. The cost recovery from customers could begin no sooner than 365 days after construction begins and within 60 days of filing to utilize the cost recovery mechanism. The rates could be adjusted every six months until new base rates reflecting the plant's costs are established.

Electric public utilities would only be authorized to recover construction costs with this mechanism until December 31, 2030, unless they make application to the KCC for continued authorization of the cost recovery mechanism before December 31, 2036. An application for continued authorization would be required to be received on or before December 31, 2028. The KCC would be required to make determination within 240 days of the application's filing and could conduct a hearing on the application if requested by relevant parties. If the KCC denies the application, the denial would affect only discounted rates that would have occurred after December 31, 2030.

The KCC would have the authority, after a hearing, to require a public utility to issue a refund to customers if it utilizes a mechanism to recover costs of a facility under construction and subsequently terminates the initiative to acquire a stake in the facility.

Legislative Intent and KCC Rate-making Procedures

The bill would express legislative intent as it applies to petitions for determination of rate-making principles for the construction of transmission and generating facilities and increase from 180 days to 240 days the amount of time the KCC would have to make a determination on petitions.

The bill would establish the following requirements for the KCC in regard to such matters:

- Issue a determination on such petitions expeditiously;
- Attempt to issue a determination in less than the 240-day deadline;
- Provide notice of the public utility's intent to file a petition to each party or intervenor involved in the utility's most recent rate case;
- Petitions to intervene would be submitted after a public utility files the petition; and
- Adopt a procedural schedule within 30 days a petition is filed.

Energy Generating Facilities (SB 455)

The bill would add and amend law regarding electric public utilities, nuclear-powered and coal-fired electric generating facilities, and the KCC.

Requirements for Nuclear-Powered and Coal-Fired Electric Generating Facilities

The bill would include nuclear-powered and coal-fired electric generating facilities, if determined by the KCC to be just, reasonable, and necessary for the provision of sufficient and efficient service.

Additionally, the bill would require nuclear-powered and coal-fired electric generating facilities to do the following:

- Retain rate base appropriate to the facility;
- Recover expenses associated with operational costs to provide greater certainty that generating capacity will be available to all customers, including during extreme weather events; and
- Recover any portion of the rate base and expenses that are necessary for generation facilities to operate at a low-capacity factor or to provide additional capacity while remaining offline during normal operating conditions.

Abandonment or Retirement of Nuclear-Powered or Fossil Fuel-Fired Electric Generating Units

The bill would prohibit the KCC from approving the retirement of a unit, authorizing surcharges or issuance of bonds for the decommissioning of a unit, or taking any other action that would authorize or allow for the recovery of costs related to the retirement of a unit, including stranded asset recovery, unless:

- The utility demonstrates that the public utility would be able to meet current and reasonably anticipated future resource adequacy requirements of the regional transmission organization or independent system operator; and
- The abandonment or retirement of the unit will not harm the utility's ratepayers or decrease the utility's regional rate competitiveness, unless the KCC determines higher costs are justified in specified factors and are consistent with the integrated resource planning framework. The utility would be required to provide the KCC with evidence of all known direct and indirect costs related to the retirement or abandonment of the unit and demonstrate such cost savings or avoided or mitigated cost increases to customers will occur as a result.

Petition for Determination of Rate-making Principles and Treatment

The bill would amend current law by extending the timeline from 180 days to 240 days for the KCC to make a determination of rate-making principles and treatment proposed by a petitioning public utility.

The bill would also establish guidelines for the KCC upon the instance a public utility files a petition for a determination of rate-making principles and treatment, requiring the following:

- The issuance of a determination in an expeditious manner; and

- When circumstances allow, issue a determination in a time frame shorter than the 240-day deadline.

The bill would also require a public utility to provide the KCC a notice no less than 30 days before the filing of a petition. The bill would require the KCC, upon receipt of the notice, to provide a notice of the public utility's intent to file a petition to each person or entity involved in the public utility's most recently concluded base rate case.

The bill would also establish proceedings guidelines, requiring:

- The application for intervention in any proceedings to be submitted no later than 10 days after the public utility's filing of a petition for determination of rate-making principles and treatments; and
- The KCC to adopt a procedural schedule for the proceedings no later than 30 days after a petition is filed for a determination of rate-making principles and treatments.

[*Note:* Similar provisions regarding petitions for determination of rate-making principles were included in HB 2527, as amended by the House Committee on Energy, Utilities and Telecommunications and passed by the House.]

Annual Reports

The bill would require the KCC to prepare and submit to the Legislature by December 1 of each year an annual report based on the preceding calendar year that provides:

- The number of unit retirement requests in the state;
- The nameplate capacity of each of the requested units;
- Whether the request was approved or denied by the KCC;
- The impact of any KCC-approved retirement of a unit on the:
 - Utility's and state's generation capacity by fuel type;
 - Required capacity reserve margins for the utility and the overall capacity reserve margin within the state;
 - The utility's need for capacity additions or expansions at new or existing facilities as a result of a unit retirement; and
 - The utility's need for additional power or capacity reserve arrangements; and
- Whether the retirement resulted in stranded costs for ratepayers that will be recovered by the utility through securitization or through some other charge on the customer bill.

The provisions of this section of the bill would expire on July 1, 2034.

Net Metering and Easy Connection Act (HB 2588)

The bill would amend the Net Metering and Easy Connection Act (Act) to further develop regulation and expand capacity for investor-owned utilities (IOUs) to connect customers' renewable energy generation systems, such as rooftop solar panels systems, to the electric grid. The bill would amend definitions and establish new definitions within the Act. Further, it would increase over 4 years the total percentage of allowed net metered interconnections for IOUs to 5.0 percent of peak demand. The bill would establish the methodology for monthly billing calculation of certain customer-generators using time-varying rates (different billing rates for the use of electricity at certain times of the day). The bill would require that customer-generators be "appropriately sized," would codify the formula used to determine the appropriate size, and would establish requirements on exporting capacity to the electric grid. The bill also would make conforming technical changes.

Definitions

The bill would add several defined terms, including:

- "Export" would mean electricity transmitted from a customer-generator to the electric grid;
- "Generating capacity" would mean excess electricity generated by net metered facilities;
- "Permission to operate" would mean the operational date of the customer-generator's net metered facility;
- "Supplied" would mean electricity provided by an IOU to a net metered electrical system; and
- "Witness test" would mean an on-site measurement or verification by a utility representative.

The bill would revise the definition of "customer-generator" to specify that the customer-generator will fully deliver remaining energy output to the utility.

The bill also would amend the definition of "customer-generator" to add provisions requiring the installed mechanism responsible for interrupting electricity flow be certified by Underwriter Laboratories, an accredited safety organization.

Allowable Net Metered Interconnections

The bill would amend eligibility for an IOU net metering option by requiring a customer-generator to be in good standing with the utility.

The bill would increase the threshold of generating capacity produced by all net metered systems from the current 1.0 percent by 1.0 percent annually until 2027. From 2027 and each following year, the cap would be limited to 5.0 percent of the utility's historic highest annual peak

demand since 2014. The bill would authorize the KCC to increase the 5.0 percent cap after conducting a hearing authorized by continuing law.

The bill would authorize an IOU to introduce incentive programs for customer-generators that began operation after July 1, 2024.

Monthly Variable Time-of-use Billing for Certain Customer Generators

The bill would establish criteria for billing net metered facilities for electricity supplied by the IOU and crediting a net metered facility/system for energy exported to the utility in a given billing cycle for those net metered facilities that began operating on or after July 1, 2024, and are participating in an optional time-varying rate (rate).

The bill would require the utility to measure the net energy supplied or exported for each time-of-use period established by the optional rate in the same manner as it measures supplied energy to other customers in the same class of service (residential, business, or industrial). Customer-generators would be billed for net supplied energy exceeding their exported energy using the same time-of-use periods, to include all other charges applied to non-customer-generators in a given customer class. If the energy exported from the customer-generator exceeds the energy supplied during a time-of-use period, the IOU would be required to credit a customer-generator at least 100 percent of the IOU monthly system average cost of energy per kilowatt (kW) hour, with any net credit, and net of all other charges applied to the same customer class. The credit would be applied to the next billing period.

In essence, a customer-generator consuming more energy than it produces will be billed for the difference. If the customer-generator produces more energy than it consumes, the utility will apply the difference in cost as a credit on the customer-generator's next bill.

Appropriate Net Metered System Size

For customer-generators that began to operate after July 1, 2014, the bill would amend the export limitations to remove the delineation between classes of service and increase the amount of electricity subject to net metering to 150 kW for all classes.

The bill also would codify the formula used to calculate the appropriate size of a customer-generator's export capacity in kW-hours using 12 months of historic consumption. If a customer-generator does not have historic consumption, the bill would require the export capacity to be calculated by 7.15 kW-hours per square foot of conditioned space, which would be rounded up to the nearest standard size:

- By 2 kW for facilities with capacity between 2 and 20 kW; and
- By 5 kW for facilities with capacity between 20 and 150 kW.

The bill would also establish the following limitation to a net metered facility's export capacity for those customer-generators that begin operating a net-metered facility/system on or after July 1, 2026:

- Export generating capacity shall not exceed 50 percent; and

- Energy storage capacity, including electric vehicles, and portable storage devices, are not to be included in the sizing formula unless the device has the ability to add export capacity.

The bill would require customer-generators that operate a net-metered facility/system designed to export an amount of power that differs from the system's generating capacity to comply with the following:

- Own and maintain necessary export limiting devices (which control the power generation of a generator, such as a solar panel);
- Restrict the export limiting device settings to qualified individuals;
- Allow the utility to require a witness test of the export limiting device function prior to operation;
- Seek approval from the utility prior to increasing the systems export capacity;
- Allow the utility to conduct periodic testing of the export limiting device; and
- Cease operation if the export limiting device's settings are incorrect or if the device fails to limit the export of power below the designed capacity for a period exceeding 15 minutes in a single event.

The bill would also clarify that a utility cannot restrict the brand or model of an export limiting device if the device is approved for use by the system manufacturer or Underwriter Laboratories.

Technical and Conforming Changes

Technical and conforming changes would be made throughout the bill.

Conference Committee Action

The Conference Committee agreed to the provisions of HB 2527, as amended by the Senate, regarding cost recovery mechanisms and agreed to add the contents of:

- SB 455, as amended by the House, regarding energy generating facilities; and
- HB 2588, as amended by the Senate, regarding the Net Metering and Easy Connection Act.

Background

The Conference Committee agreed to the provisions of HB 2527, as amended by the Senate, and to add the provisions of SB 455, and HB 2588. The background and fiscal information for each bill follows below. [Note: SB 455 contains some provisions of SB 456 and its background and fiscal information also follow below.]

HB 2527 (Cost Recovery Mechanisms)

The bill was introduced by the House Committee on Energy, Utilities and Telecommunications at the request of a representative of Evergy.

House Committee on Energy, Utilities and Telecommunications

In the House Committee hearing, **proponent** testimony was provided by representatives of Evergy, Greater Topeka Chamber, and Salina County Economic Development, stating the bill would grow the state's capacity for energy generation, which will invite capital investment and encourage economic growth. The proponents also explained the legislation would make Kansas more competitive with neighboring states for economic development.

Written-only proponent testimony was provided by representatives of Block Real Estate Services, LLC; Greater Wichita Partnership; Hutchinson/Reno County Chamber; IBEW Local Union 124 & 271; JQ Resources, LLC; Kansas City Chamber of Commerce; Kansas City Area Development Council; Kansas Economic Development Alliance; Leawood Chamber; Liberty Utility; LiUNA Local Union 1290; Construction & General Laborers; Mid-America Carpenters Regional Council; North Point Development; Overland Park Chamber; and Shawnee Chamber of Commerce.

Opponent testimony was provided by representatives of Kansas Industrial Consumers Group (KIC), Kansans for Lower Electric Rights (KLER), Citizens' Utility Ratepayer Board (CURB), KCC, Americans for Prosperity (AFP), and AARP Kansas. The opponents raised concerns with Section 2 of the bill, pertaining to provider control of setting return on equity and with the likelihood of increased costs to customers.

Written-only opponent testimony was provided by representatives of Kansas Chamber; Kansas Agribusiness Retailers Association, Kansas Grain and Feed Association, and Renew Kansas Biofuels Association; and Wichita Public Schools.

Neutral testimony was provided by a representative of WindSoHy, LCC.

Written-only neutral testimony was provided by a representative of the Wichita Regional Chamber of Commerce.

On March 5, 2024, the House Committee discussed a proposed amendment to the bill and received testimony in support of the amendment from representatives of Evergy and the Kansas Chamber, who stated that stakeholders were able to find compromise by removing the contents of New Section 2 of the original bill and by making other amendments.

Further testimony on the amendment was provided by representatives of CURB, KCC, KLER, and the Kansas Sierra Club, who expressed that pieces of the original legislation with which they had concerns had been edited by the proposed amendment and, consequently, they considered themselves neutral on the bill.

The House Committee amended the bill to:

- Add a definition for "qualifying electric plant";

- Remove provisions that prescribed how the KCC would establish a utilities revenue requirement and return on equity in a general proceeding;
- Change the amount of depreciation that could be deferred to a regulatory asset to 90 percent;
- Establish sunset and extension mechanisms for provisions related to deferred depreciation, certain discount rates, and recovery of cost for gas-fired generation units under construction;
- Express legislative intent and set forth requirements for KCC procedures related to petitions to construct transmission and generating facilities; and
- Make technical and conforming changes.

[*Note:* The Conference Committee retained the amendments.]

Senate Committee on Utilities

In the Senate Committee hearing, **proponent** testimony was provided by a representative of Evergy, who stated that the bill would incentivize an increase to capital investment in utilities in Kansas. He also noted that the bill would enhance Kansas' electricity generation competitiveness with surrounding states while also maintaining energy reliability and lower costs to consumers.

Written-only proponent testimony was provided by representatives of Empire District Electric Company [*Note:* also known as Liberty Utilities in Kansas], Greater Kansas City Chamber of Commerce, Greater Topeka Chamber of Commerce, Hutchinson/Reno County Chamber of Commerce, International Brotherhood of Electrical Workers Local Unions 124 and 271, Kansas Chamber of Commerce, Kansas Economic Development Alliance, Overland Park Chamber of Commerce, Mid-America Carpenters Regional Council, Shawnee Chamber of Commerce, and Wichita Regional Chamber of Commerce.

Neutral testimony was provided by representatives of the KCC, KIC and KLER; and CURB. They stated that the bill, as amended by the House Committee, would be a compromise between stakeholders in the industry with the addition of consumer protections, sunset date, Planned Service in Accounting provisions, depreciation recovery, and allowing collection of fees on construction works in progress. The representative of KIC and KLER provided an amendment that would not allow customers to be charged for economic rate cost changes and discounts until after the next rate case on or after July 1, 2024.

Neutral written-only testimony was provided by a representative of the Kansas Sierra Club.

No other testimony was provided.

The Senate Committee amended the bill to:

- Include the proposed amendment by the representative of KIC and KLER, which would provide that any reduction in revenue resulting from discounts could not be added to customers' bills until after the next general rate proceeding on or after July

1, 2024, and only those changes in revenue prior to July 1, 2024 could be added during the general rate proceeding; and

- Make technical amendments.

[*Note:* The Conference Committee retained the amendments.]

SB 455 (Energy Generating Facilities)

SB 455 was introduced by the Senate Committee on Utilities at the request of a representative of Evergy.

[*Note:* The bill was amended by the Senate Committee on Utilities to include amended provisions of SB 456, the background of which is listed below.]

Senate Committee on Utilities

In the Senate Committee hearing, **proponent** testimony was provided by a representative of Evergy. The proponent indicated the bill would be a tool to provide flexibility for how Evergy manages its generation fleet. The proponent stated the language in the bill would allow a coal plant to run less but still be available for winter and summer peaks when needed for reliability. The proponent expressed that this legislation would prevent outside entities from forcing a coal plant to shut down due to inactivity.

Opponent testimony was provided by a representative of the Kansas Sierra Club. The representative indicated the Kansas Sierra Club is uncomfortable with policy proposals that would prolong coal plant use when more eco-friendly resources are available. Additionally, the representative indicated this legislation would not make a significant change to the current status quo of energy regulation, nor would it give Kansans or their leaders a comprehensive vision of Kansas' energy future.

Neutral testimony was provided by a representative of the Kansas Industrial Consumers Group and Kansans for Lower Energy Rates and a representative of the KCC. Both representatives expressed concern over the necessity of the bill at this time.

The Senate Committee amended the bill to:

- Require the KCC to issue a determination of rate-making principles and treatment within 240 days of the date of the petition being filed;
- Establish guidelines for the KCC regarding the retirement or abandonment of a fossil fuel-fired electric generating unit;
- Add language describing legislative intent in regards to the filing of a petition for a determination of rate-making principles and treatment; and
- Establish an annual report to be submitted by the KCC to the Legislature by December 1 of each year until July 1, 2034.

[*Note:* The Conference Committee retained the amendments.]

House Committee on Energy, Utilities and Telecommunications

In the House Committee hearing, **proponent** testimony was provided by representatives of Every, Kansans for Lower Electric Rates and the Kansas Industrial Consumer Group, Kansas Electric Cooperatives, Inc., CURB, and the Kansas Chamber. Proponents generally stated that the bill would help ensure energy reliability and establish a process to retire generating units.

Opponent testimony was provided by a representative of the Kansas Sierra Club, stating that, although the amendment would alleviate some concerns, the bill itself is not necessary, could be counterproductive, and would be a costly extension to the life of coal power.

Neutral testimony was provided by a representative of the KCC, who requested a balloon amendment.

The House Committee amended the bill to:

- Alter the prerequisites needed to permit the KCC to take action in relation to the abandonment or retirement of a facility;
- Clarify language regarding the annual report;
- Extend the purview of the bill to include nuclear-powered facilities;
- Make technical changes.

[*Note:* The Conference Committee retained the amendments.]

SB 456 (Retirement of Fossil Fuel-fired Electric Generating Units)

SB 456 was introduced by the Senate Committee on Utilities at the request of a representative of the Kansas Chamber.

Senate Committee on Utilities

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Kansas Chamber, Kansas Electric Cooperatives, Inc., and Kansas Industrial Consumers Group and Kansans for Lower Electric Rates. The proponents indicated the bill is a straightforward approach to establish criteria to ensure that fossil fuel generation that customers have paid for will not be prematurely retired or abandoned without thorough consideration by the KCC. The proponents explained the bill would provide certainty to all stakeholders, including customers, that Kansas will have sufficient generating resources for the future.

Written-only proponent testimony was provided by a representative of CURB.

Opponent testimony was provided by representatives of Kansas Interfaith Action and Kansas Sierra Club. The opponents indicated enactment of the bill is unnecessary as utilities

and regulators already consider a robust set of criteria and considerations in their evaluations of utility plans and proposals. The opponents further expressed that without provisions distinguishing the evaluation of power generation in near-term or long-term components, the bill would create a disposition against beneficial investments with payoffs over time.

Neutral testimony was provided by representatives of the KCC, the Energy Policy Network, and Evergy.

Written-only neutral testimony was provided by a representative of The Nature Conservancy.

HB 2588 (Net Metering and Easy Connection Act)

HB 2588 was introduced by the House Committee on Energy, Utilities and Telecommunications at the request of a representative of the Clean Energy Business Council.

House Committee on Energy, Utilities and Telecommunications

In the House Committee hearing, **proponent** testimony was provided by representatives of King Solar, Evergy, Kansans for Lower Electric Rates, Kansas Industrial Consumers Group, Good Energy Solutions, Kansas Sierra Club, and CURB, generally stating the legislation was a collaborative effort between IOUs and stakeholders. They stated the bill would bring additional clarity to how net metered connection will function as capacity expands.

Written-only proponent testimony was provided by representatives of The Nature Conservancy, Kansas Interfaith Action, Kansas Chamber, and Hutton Energy Services.

Neutral testimony was provided by a representative of the KCC, noting the need for additional consumer protections due to a possible increase in unscrupulous installers.

No other testimony was provided.

Senate Committee on Utilities

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Clean Energy Business Council, King Solar, Evergy, Kansas Industrial Consumers Group, Kansans for Lower Electric Rates, Good Energy Solutions, CURB, and Kansas Sierra Club. The proponents indicated the enactment of the bill would amend current net metering law and allow an increase in the 1.0 percent cap currently in place, and would allow an increase in the size of rooftop solar systems to 150 kW for all customer classes. They expressed the incremental increase in the cap gives the utility time, if needed, to analyze and plan for the impact to the physical grid. The proponents further discussed that the bill would ensure rooftop solar companies are not taking advantage of Kansans.

Written-only proponent testimony was provided by Hutton Energy Services, Cromwell Environmental, and the Kansas Chamber.

Neutral testimony was provided by representatives of the Kansas Electric Cooperatives and KCC, who mirrored concerns and thoughts from the testimony provided during the House Committee hearing.

No other testimony was provided.

The Senate Committee amended the bill to increase the threshold of generating capacity produced by all net metered systems from the current 1.0 percent by 1.0 percent annually until 2027. From 2027 and each following year, the cap would be limited to 5.0 percent of the utility's historic highest annual peak demand since 2014.

[*Note:* The Conference Committee retained the amendments.]

Fiscal Information

HB 2527 (Cost Recovery Mechanisms)

According to the fiscal note prepared by the Division of the Budget on HB 2527, as introduced, the KCC indicates the bill would not have a fiscal effect on its operations. CURB indicates the bill would not affect the agency's workload and would not have a fiscal effect on its operations. CURB notes the fiscal effect could change depending upon the number of filings and complexity of cases filed as a result of enactment of the bill. Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

SB 455 (Energy Generating Facilities)

According to the fiscal note prepared by the Division of the Budget on SB 455, as introduced, KCC and CURB indicate enactment of the bill would have no fiscal effect.

SB 456 (Retirement of Fossil Fuel-fired Electric Generating Units)

According to the fiscal note prepared by the Division of the Budget on SB 456, as introduced, KCC and CURB indicated enactment of the bill would have no fiscal effect.

HB 2588 (Net Metering and Easy Connection Act)

According to the fiscal note prepared by the Division of the Budget on HB 2588, as introduced, the KCC indicates that enactment of the bill would not have a fiscal effect on KCC's revenues or expenditures. CURB indicates the enactment of the bill, with respect to utility rates in general, could open a general docket with the KCC, but the proceedings are not likely to have a fiscal effect on CURB's revenues or expenditures.

The Kansas Association of Counties indicates that the fiscal effect associated with the enactment of the bill cannot be estimated for county governments. The League of Kansas Municipalities indicates enactment of the bill would have a fiscal effect on cities from the retail

rate generated from the excess energy, in addition to the creation of a cross-subdivision of customers; however, the fiscal effect cannot be estimated.

Electric rates; Kansas Corporation Commission; public utilities; net metering; renewable energy; investor-owned utilities; electric generating facilities; fossil fuels; energy; rate base; abandonment; transmission; annual retirement request report

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