

## HOUSE BILL No. 2588

By Committee on Energy, Utilities and Telecommunications

Requested by Jessica Lucas on behalf of the Clean Energy Business Council

1-24

AN ACT concerning electric public utilities; relating to net metering; increasing the system-wide capacity limit for facilities subject to net metering; requiring such facilities to be appropriately sized based on the customer's expected load; establishing requirements for exporting power to a utility from a facility subject to net metering; amending K.S.A. 66-1264, 66-1265, 66-1266 and 66-1267 and repealing the existing sections.

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

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

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

(b) "Customer-generator" means the owner or operator of a net metered facility ~~which~~ *that*:

(1) Is powered by a renewable energy resource;

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

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

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

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

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

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

(e) "Peak demand" ~~shall have the meaning ascribed thereto~~ *means the*

1 same as defined in K.S.A. 66-1257, and amendments thereto.

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

4 ~~(d)(g)~~ "Renewable energy resources" ~~shall have the meaning ascribed~~  
5 ~~thereto~~ means the same as defined in K.S.A. 66-1257, and amendments  
6 thereto.

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

10 ~~(e)~~(i) "Utility" means investor-owned electric utility.

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

13 Sec. 2. K.S.A. 66-1265 is hereby amended to read as follows: 66-  
14 1265. Each utility shall:

15 (a) (1) Except as provided in paragraph (2), make net metering  
16 available to customer-generators who are in good standing with the utility  
17 on a first-come, first-served basis, until the total rated generating capacity  
18 as approved by the utility of all net metered systems equals ~~or exceeds~~  
19 ~~one~~:

20 (A) Commencing July 1, 2024, ~~percent~~ 2% of the utility's peak  
21 demand during the previous year;

22 (B) commencing July 1, 2025, 3% of the utility's peak demand during  
23 the previous year;

24 (C) commencing July 1, 2026, 4% of the utility's peak demand during  
25 the previous year; and

26 (D) commencing July 1, 2027, **and each year thereafter**, 5% of the  
27 utility's **historic highest annual peak demand since 2014**.

28 (2) The commission may increase the total rated generating capacity  
29 of all net metered systems to an amount above ~~one percent~~ 5% after  
30 conducting a hearing pursuant to K.S.A. 66-101d, and amendments  
31 thereto;

32 (b) provide an appropriate class bidirectional meter to the customer-  
33 generator at no charge, but may charge the customer-generator for the cost  
34 of any additional metering or distribution equipment necessary to  
35 accommodate the customer-generator's facility;

36 (c) disclose annually the availability of the net metering program to  
37 each of its customers with the method and manner of disclosure being at  
38 the discretion of the utility;

39 (d) for any customer-generator ~~which~~ that began operating its  
40 renewable energy resource under an interconnect agreement with the  
41 utility prior to July 1, 2014, offer to the customer-generator a tariff or  
42 contract that is identical in electrical energy rates, rate structure and  
43 monthly charges to the contract or tariff that the customer would be

1 assigned if the customer were not an eligible customer-generator and shall  
2 not charge the customer-generator any additional standby, capacity,  
3 interconnection or other fee or charge that would not otherwise be charged  
4 if the customer were not an eligible customer-generator; and

5 (e) for any customer-generator ~~which~~ *that* began operating its  
6 renewable energy resource under an interconnect agreement with the  
7 utility on or after July 1, 2014, have the option to propose, within an  
8 appropriate rate proceeding, the application of time-of-use rates, minimum  
9 bills, *incentive programs* or other rate structures that would apply to all  
10 such customer-generators prospectively.

11 Sec. 3. K.S.A. 66-1266 is hereby amended to read as follows: 66-  
12 1266. (a) Prior to January 1, 2030, for any customer-generator that began  
13 operating a renewable energy resource under an interconnect agreement  
14 with the utility prior to July 1, 2014:

15 (1) If the electricity supplied by the utility exceeds the electricity  
16 ~~generated~~ *exported* by the customer-generator during a billing period, the  
17 customer-generator shall be billed for the net electricity supplied by the  
18 utility in accordance with normal practices for customers in the same rate  
19 class.

20 (2) If such customer-generator ~~generates~~ *exports* electricity in excess  
21 of the ~~customer-generator's monthly consumption~~ *electricity supplied by*  
22 *the utility*, all such net excess ~~energy~~ (NEG) *generation*, expressed in  
23 kilowatt-hours, shall be carried forward from month-to-month and credited  
24 at a ratio of one-to-one against the ~~customer-generator's energy~~  
25 ~~consumption~~ *electricity supplied by the utility*, expressed in kilowatt-hours,  
26 in subsequent months.

27 (3) Any interconnect agreement between such customer-generator  
28 and a utility and all such ~~NEG-generated~~ *net excess generation exported*  
29 under such agreement shall be ~~transferrable~~ *transferable* and continue in  
30 place until January 1, 2030, regardless of whether there is a change in  
31 ownership of the property ~~on which~~ *where* the renewable energy resource  
32 is located.

33 (4) Any ~~NEG-resulting~~ *net excess generation exported* from  
34 renewable energy resources that are installed on and after July 1, 2014, but  
35 are part of an installation of a renewable energy resource that was  
36 operating prior to July 1, 2014, shall be carried forward and credited to the  
37 customer as if such resources had begun operation prior to July 1, 2014.

38 (5) Any net excess generation credit remaining in a net-metering  
39 customer's account on March 31 of each year shall expire.

40 (b) For any customer-generator that began operating a renewable  
41 energy resource under an interconnect agreement with the utility on and  
42 after July 1, 2014:

43 (1) If the electricity supplied by the utility exceeds the electricity

1 ~~generated~~ *exported* by the customer-generator during a billing period, the  
2 customer-generator shall be billed for the net electricity supplied by the  
3 utility.

4 (2) If such customer-generator ~~generates~~ *exports* electricity in excess  
5 of the ~~customer-generator's monthly consumption~~ *electricity supplied by*  
6 *the utility*, all such ~~NEG net excess generation~~ remaining in such  
7 customer-generator's account at the end of each billing period shall be  
8 credited to the customer at a rate of *at least* 100% of the utility's monthly  
9 system average cost of energy per kilowatt hour.

10 (c) *Except as otherwise provided in subsection (d), on and after*  
11 *January 1, 2030, for all customer-generators, regardless of when such*  
12 *customer-generators entered into an interconnect agreement with the*  
13 *utility:*

14 (1) If the electricity supplied by the utility exceeds the electricity  
15 ~~generated~~ *exported* by the customer-generator during a billing period, the  
16 customer-generator shall be billed for the net electricity supplied by the  
17 utility; and

18 (2) if such customer-generator ~~generates~~ *exports* electricity in excess  
19 of the ~~customer-generator's monthly consumption~~ *electricity supplied by*  
20 *the utility*, all such ~~NEG net excess generation~~ remaining in a customer-  
21 generator's account at the end of each billing period shall be credited to the  
22 customer at a rate of *at least* 100% of the utility's monthly system average  
23 cost of energy per kilowatt hour.

24 (d) *For any customer-generator that began operating a renewable*  
25 *energy resource under an interconnect agreement with the utility on and*  
26 *after July 1, 2024, and receives service on an optional time-varying rate:*

27 (1) *The utility shall measure the net electrical energy exported or*  
28 *supplied during the billing period for each of the time of use periods*  
29 *established by the applicable time-varying rate schedule that applies to*  
30 *the customer-generator's rate class in accordance with normal metering*  
31 *practices for customers that take service on time-varying rates in that*  
32 *same rate class;*

33 (2) *electricity supplied by the utility shall be netted against the*  
34 *electricity exported by the customer-generator during each applicable*  
35 *time of use period;*

36 (3) *if the electricity supplied by the utility exceeds the electricity*  
37 *exported by the customer-generator during any time of use period, the*  
38 *customer-generator shall be billed for the net electricity supplied by the*  
39 *utility in each such time of use period as well as all other charges as such*  
40 *charges are applied to non-customer-generators in the same rate class;*  
41 *and*

42 (4) *if the electricity exported by the customer-generator exceeds the*  
43 *electricity supplied by the utility during any time of use period, the*

1 *customer-generator shall be credited at a rate of at least 100% of the*  
2 *utility's monthly system average cost of energy per kilowatt hour, with any*  
3 *net credit, and net of all other charges as such charges are applied to non-*  
4 *customer-generators in the same rate class, applied to the next billing*  
5 *period.*

6 Sec. 4. K.S.A. 66-1267 is hereby amended to read as follows: 66-  
7 1267. (a) For customer-generators that began operating a renewable energy  
8 resource under an interconnect agreement with the utility prior to July 1,  
9 2014:

10 (1) Such utility shall allow:

11 (A) Residential customer-generators to ~~generate~~ export electricity  
12 subject to net metering up to 25 kilowatts; and

13 (B) commercial, industrial, school, local government, state  
14 government, federal government, agricultural and institutional customer-  
15 generators to ~~generate~~ export electricity subject to net metering up to 200  
16 kilowatts.

17 (2) Nothing in this act shall be construed to prevent such customer-  
18 generators from installing additional renewable energy resources after July  
19 1, 2014, that will generate electricity pursuant to the restrictions contained  
20 in paragraph (1).

21 (b) For customer-generators that begin operating a renewable energy  
22 resource under an interconnect agreement with the utility after July 1,  
23 2014, such utility shall allow:

24 ~~(1) All residential customer-generators to generate electricity subject~~  
25 ~~to net metering up to 15 kilowatts;~~

26 ~~(2) commercial, industrial, religious institution, local government,~~  
27 ~~state government, federal government, agricultural and industrial~~  
28 ~~customer-generators to generate electricity subject to net metering up to~~  
29 ~~100 kilowatts, unless otherwise agreed to by the utility and the customer-~~  
30 ~~generator; and~~

31 ~~(3) school customer-generators to generate electricity subject to net~~  
32 ~~metering up to 150 kilowatts. For the purpose of this section, "school"~~  
33 ~~means any postsecondary educational institution as defined in K.S.A. 74-~~  
34 ~~3201b, and amendments thereto, or any public or private school which~~  
35 ~~provides instruction for students enrolled in grade kindergarten or grades~~  
36 ~~one through 12 customer-generators to export electricity subject to net~~  
37 ~~metering up to 150 kilowatts alternating current.~~

38 (c) Customer-generators shall appropriately size their ~~generation-~~  
39 ~~export capacity~~ to their expected load as follows:

40 (1) (A) (i) *Divide the customer-generator's historic consumption in*  
41 *kilowatt-hours for the previous 12-month period by 8,760; and*

42 (ii) *divide the quotient calculated pursuant to paragraph (1)(A)(i) by*  
43 *a capacity factor of 0.144; or*

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

6       (2) round up the quotient calculated pursuant to paragraph (1)(A)(i)  
7 or the amount determined pursuant to paragraph (1)(B) to the nearest  
8 standard size as follows:

9       (A) Between two kilowatts alternating current power and 20 kilowatts  
10 alternating current power, round up to the nearest two kilowatts  
11 alternating current power increment; and

12       (B) between 20 kilowatts alternating current power and 150 kilowatts  
13 alternating current power, round up to the nearest five kilowatts  
14 alternating current power increment.

15       (d) For customer-generators that operate a renewable energy  
16 resource under an interconnect agreement with the affected utility on or  
17 after January 1, 2026:

18       (1) The generating capacity of a customer-generator's renewable  
19 energy resource as approved by the affected utility shall not exceed export  
20 capacity by more than 50%; and

21       (2) energy storage capacity, including electric vehicles or other  
22 portable energy storage devices, shall not be included in any sizing  
23 formulas unless the energy storage device has the ability to add export  
24 capacity and is not part of an export limited system.

25       (e) For customer-generators that operate a generation resource  
26 designed to export an amount of power that differs from the system's  
27 generating capacity:

28       (1) The customer-generator shall own and maintain any necessary  
29 export limiting device;

30       (2) protections shall be in place to restrict the export limiting device  
31 settings to qualified persons;

32       (3) the utility shall have the option to require a witness test of the  
33 export limiting device's function or set points prior to granting permission  
34 to operate;

35       (4) the export capacity of the system shall not be increased without  
36 prior approval from the utility;

37       (5) the customer-generator shall allow the utility to perform periodic  
38 witness testing of the export limiting device's function or settings upon  
39 request;

40       (6) if the export limiting device's settings are incorrect or if the  
41 device fails to limit the export of power below the designed export  
42 capacity for more than 15 minutes in any single event, the customer-  
43 generator shall cease operation of the system until repair or

1 *reprogramming of the limiting device is completed; and*  
2 *(7) the utility shall not restrict the brand or model of the limiting*  
3 *device if the device is approved by the generator's manufacturer or is*  
4 *underwriter laboratories listed to perform such operations in conjunction*  
5 *with the customer-generator's system.*

6 Sec. 5. K.S.A. 66-1264, 66-1265, 66-1266 and 66-1267 are hereby  
7 repealed.

8 Sec. 6. This act shall take effect and be in force from and after its  
9 publication in the statute book.