



812 S. Main ● P.O. Drawer F ● Pratt, KS 67124 ● Phone: 620-672-5678 ● Fax: 620-672-6220 ● mmilburn@stanion.com

**House Committee on Energy, Utilities & Telecommunications
Testimony in Support of House Bill 2228
Presented by Michelle Milburn, Clean Energy Product Manager
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Mister Chairman and members of the committee, as you know net metering is approaching the 1% aggregate capacity cap. Kansans who have already invested in solar energy under the guides of the Net Metering and Easy Connection Act are facing a financial unknown as they approach the 2030 net metering expiration. Homes and businesses collecting solar energy found security in 25-year solar product warranties that ensure system performance. The state net metering policy lacks the continuity and longevity to support current systems and undermines the market for new investors.

As many states expand aggregate capacity for net metering, I appeal to the committee to have greater forethought than their predecessors. The 2009 policy was drafted with a sunset provision shorter than the solar system life expectancy. Minimum system warranty is 25 years. In order to capture the potential of the minimum system life before net metering expired in 2030, the home or business owner had to have installed the system in 2005, four years before the Net Metering and Easy Connection Act was passed.

In 2014, the Net Metering and Easy Connection Act was amended. Legislators had an opportunity to address these shortfalls, however, other forces were at play at the time. In 2013, Edison Energy (advocate for Investor-Owned Utilities) released the doomsday report [Destructive Challenges](#)* identifying distributed generation, energy efficiency, and low-cost natural gas as a threat to shareholder profits. The document detailed the use of creative rate-making and legislative action to prevent revenue erosion. Instead of improving the Kansas net metering policy in 2014, legislators reduced system size and compensation for monthly excess generation, items that can be rectified by HB2228.

In 2018, the Kansas Corporation Commission approved an Evergy residential demand rate that only applied to distributed generation customers. In 2020, the Kansas Supreme Court invalidated the demand rate. Two years of rate insecurity negatively impacted current solar owners and deterred homeowners from investing. Following suit, utility associates encouraged municipal utilities and rural cooperatives to establish charges for parallel generation solar customers.

In the spring of 2019, Stanion customer Eck Electric requested our assistance to assess the solar potential of their recently purchased commercial property in Kingman. The former retail space sat empty for nearly a decade. In addition to remodeling the depressed property, they brought job creation and an influx of commerce. When the contractor requested the parallel generation policy and interconnection application, the Kingman municipal utility personnel were reluctant to share the existing policy as the Kansas Power Pool was in the process of creating a new policy. After 6 months of continued requests and delayed responses, the utility provided a draft copy of the impending policy along with the formula by which they would assess the "Proposed Additional Charge for KPP Member Solar Parallel Generation Customers." Kingman officially adopted the policy October 10 of 2019. The following formula outlines the monthly charge to recover lost revenue by Eck Electric.

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Proposed Additional Charge for KPP Member Solar Parallel Generation Customers				
	Item	Unit	Value	Notes
1	Revenue from Electric Operations	\$	\$5,092,514.00	Add Residential, Commercial and Large Power Revenue from Previous Year
2	Revenue from Meter Charges	\$	\$391,476.00	=(ave residential meters * 12 * meter charge) + (ave commercial meters*12* meter charge)
3	Revenue from Demand Charges	\$	\$252,191.10	Previous year total kw sales for all months times demand rate
4	Revenue from Energy Charges	\$	\$4,448,846.90	1 - 2 - 3
5	Annual Electric Sales (in kWh)	kWh	43,185,422	Add Residential, Commercial and Large Power kwh sales from previous year
6	Average Revenue per kWh	\$/kWh	\$0.10302	4 / 5
7	KPP Capacity Demand Rate	\$/kW-mo	\$10.39	From Monthly Bill
8	KPP Annual Energy Rate	\$/kWh	\$0.02968	From Monthly Bill
9	Misc Energy Costs	\$/kWh	\$13,827.63	Generation Fuel costs previous year subtract KPP revenue for generation
10	Size of Customer Solar Cell	kW	20.000	From Interconnection Agreement
11	Annual Energy Production	kWh	36,220	From NREL Site
12	Average Monthly Solar Energy	kWh	3,018	11 / 12 months
13	Unrecovered Energy Revenue	\$/kWh	\$0.07302	6 - 8 - (9/5)
14	Avoided KPP Demand	kW	2.000	10% of 10
15	Unrecovered Monthly Costs	\$	\$199.61	(12 X 13) - (14 X 7)
Additional Monthly Charge for Customer with Solar Collector			\$199.61	
Enter Value				
Will Calculate				

KPP's revenue recovery charge discourages solar investment by:

- Basing an assessment of unrecovered energy revenue by using average costs across commercial rate payers. This example resulted in a \$199.61/month charge.
- Diverting customer savings to utility revenue while not providing a service nor incurring costs. Over the 25-year minimum solar system life, this customer would have paid \$59,663 in additional charges, nearly three times the cost of the solar array.
- Lacking concise standards. In this example, KPP/Kingman requires annual production to be calculated by using a National Renewable Energy Laboratory (NREL) tool. The utility personnel made assumptions about the end user's intended system. The result overestimated annual energy production by 23.5%. Utility providers are not trained in solar site assessment nor the variables that impact solar design and production.

Discouraging fees and charges takes many forms: declining export power values, grid access charges, excessive application fees. For instance, the City of Pratt application fee is \$1000 for all applications regardless of project size. In rural Kansas the breadth and complexity of policies are challenging. The distance between my corporate office in Pratt and Eck's shop in Kingman is 36 miles. In that distance there are 6 utility providers, a mix of electrical cooperatives and municipal utilities.

The intent of the 2009 Net Metering and Easy Connection Act was to standardize access to self-generation and provide stability for business and homeowner investment, a moderate policy compared to other states. It did the job, providing easy access to a low fixed price from energy collected on Kansas Main Streets and farms day after day. By 2021, Kansas was ranked 46th in the nation in solar policy; at the time three states had no policy at all. HB2228 is an opportunity to correct our course and encourage distributed generation adoption by eliminating the expiration date, extending net metering to all utility energy providers, defining system sizing standards and valuing export generation at an equitable rate.

Stanion Wholesale Electric supplies solar material to Kansas installers, invests in solar on some of our Kansas commercial facilities and sees states where policies provide opportunity for growth, states with much higher saturation of solar use and far less resistance from public services.

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