

February 6, 2018

The Honorable Robert Olson, Chairperson
Senate Committee on Utilities
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 347 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 347 is respectfully submitted to your committee.

SB 347 would amend existing law concerning demand-side programs. Current law defines demand-side programs as programs conducted by an electric utility to reduce the net consumption of electricity by a retail electric customer or by a natural gas utility to reduce the net consumption of natural gas by a retail gas customer. SB 347 would add to that definition a third party administered program conducted to reduce the net consumption of electricity or natural gas. The bill amends the definition of “energy efficiency” to mean a decrease in retail customer net consumption of electricity or natural gas achieved through measures or programs that target customer behavior, equipment, devices or materials without reducing the quality of energy services. The bill establishes energy efficiency savings goals which will begin in 2019.

The independent authority to accept or reject any proposed establishment, continuation, or modification of demand-side programs currently granted to the public utility and the Kansas Corporation Commission (KCC) would be removed by the bill. Current requirements for how the KCC and public utilities may handle approval and rejection of demand-side programs would be changed to allow a public utility to provide due reasoning for a rejection and an alternative proposal that would save an equivalent amount of energy. In making a decision whether or not to approve a proposed program, the KCC would be required to use the first edition of the *National Standard Practice Manual* to determine the appropriate test for evaluating the cost effectiveness of demand-side programs. The Commission would be allowed to approve performance incentives that exceed the energy efficiency savings goals established by the bill. Recovery of reasonable and prudent costs associated with delivering Commission-approved demand-side programs would be allowed

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if the programs result in energy or demand savings and are beneficial to customers in the customer class for which the programs were implemented.

According to the Kansas Corporation Commission, enactment of SB 347 would have no fiscal effect on the agency.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jake Fisher, KCC