

**Testimony of Westar Energy, KCP&L and Empire District Electric
Before the Senate Utilities Committee
On SB 383
February 13, 2012**

Good afternoon Chairman Apple and members of the committee. Thank you for the opportunity to provide testimony in opposition to SB 383.

During the 2009 legislative session, the net metering and easy connection act was passed. The act adopted a maximum capacity limit of generating equipment for customer-generators at 25 kW for residential customers and 200 kW for all other customers. These maximum limits would not typically require additional infrastructure work on our distribution system, and are greater than limits set in surrounding states (Missouri and Oklahoma are 100kW and Nebraska is 25 kW). We believe the limits were wisely chosen in 2009. Residential and commercial systems of this size can be cost-effectively integrated into our grid as distributed renewable resources.

The basic tenet of the Kansas net metering law is that the interconnected utility credits the usage of the customer-generator's electricity they provide to the utility (on a kwh basis) against the customer's usage of the utility electricity. If the customer creates net excess energy credits, those credits roll forward month to month and expire at the end of the year. As an example, Westar's commercial retail rate is about 8 cents/kwh. The most expensive power we produce costs between 4 and 5 cents/kwh. A utility could be in the position of crediting back 8 cents/kwh power when it could be reasonably produced at 5 cents/kwh. The additional cost associated with crediting net-metered power is borne by all utility customers, thus potentially providing a larger subsidy to the customer-generator than current practice. At the current limits, the subsidy is minimized, but at the same time, properly-sized distributed renewable resources are encouraged.

Westar Energy, KCP&L and Empire District Electric oppose SB 383 because it increases the maximum capacities to 15 times the limits set just three years ago to 3 MW. To give you some perspective on the size a 3 MW wind turbine, imagine a tower 260 feet tall with a blade circle of almost a football field in diameter. A 3 MW turbine is a utility-size turbine and to have that feed directly into our distribution system poses substantial operational risks and would challenge us to maintain voltage stability. To integrate such a large unit at distribution levels would also be expensive.

Our opposition also centers on the greater cross-subsidization of net-metered power which would occur. The majority of our customers would be subsidizing the customer-generators to a much greater extent under this bill. We are not opposed to receiving customer-generated power. Today, our customers can net meter their power or can enter into purchased power agreements. Either avenue is acceptable and keeps any cross-subsidization to a minimum.