

**Senate Substitute for HOUSE BILL No. 2101**

By Committee on Utilities

2-26

1 AN ACT concerning utilities; relating to renewable energy resources;  
2 amending K.S.A. 2013 Supp. 66-1,184, ~~66-1264~~, 66-1265, 66-1266,  
3 66-1267 and 66-1271 and repealing the existing section.  
4

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

6 Section 1. K.S.A. 2013 Supp. 66-1,184 is hereby amended to read as  
7 follows: 66-1,184. (a) Except as provided in subsection (b), every public  
8 utility which provides retail electric services in this state shall enter into a  
9 contract for parallel generation service with any person who is a customer  
10 of such utility, upon request of such customer, whereby such customer may  
11 attach or connect to the utility's delivery and metering system an apparatus  
12 or device for the purpose of feeding excess electrical power which is  
13 generated by such customer's energy producing system into the utility's  
14 system. No such apparatus or device shall either cause damage to the  
15 public utility's system or equipment or present an undue hazard to utility  
16 personnel. Every such contract shall include, but need not be limited to,  
17 provisions relating to fair and equitable compensation on such customer's  
18 monthly bill for energy supplied to the utility by such customer.

19 (b) (1) For purposes of this subsection:

20 (A) "Utility" means an electric public utility, as defined by K.S.A. 66-  
21 101a, and amendments thereto, any cooperative, as defined by K.S.A. 17-  
22 4603, and amendments thereto, or a nonstock member-owned electric  
23 cooperative corporation incorporated in this state, or a municipally owned  
24 or operated electric utility;

25 (B) "school" means Cloud county community college and Dodge City  
26 community college.

27 (2) Every utility which provides retail electric services in this state  
28 shall enter into a contract for parallel generation service with any person  
29 who is a customer of such utility, if such customer is a residential customer  
30 of the utility and owns a renewable generator with a capacity of 25  
31 kilowatts or less, or is a commercial customer of the utility and owns a  
32 renewable generator with a capacity of 200 kilowatts or less or is a school  
33 and owns a renewable generator with a capacity of 1.5 megawatts or less.  
34 Such generator shall be appropriately sized for such customer's anticipated  
35 electric load. A commercial customer who uses the operation of a  
36 renewable generator in connection with irrigation pumps shall not request

1 more than 10 irrigation pumps connected to renewable generators be  
2 attached or connected to the utility's system. At the customer's delivery  
3 point on the customer's side of the retail meter such customer may attach  
4 or connect to the utility's delivery and metering system an apparatus or  
5 device for the purpose of feeding excess electrical power which is  
6 generated by such customer's energy producing system into the utility's  
7 system. No such apparatus or device shall either cause damage to the  
8 utility's system or equipment or present an undue hazard to utility  
9 personnel. Every such contract shall include, but need not be limited to,  
10 provisions relating to fair and equitable compensation for energy supplied  
11 to the utility by such customer. Such compensation shall be not less than  
12 100% of the utility's monthly system average cost of energy per kilowatt  
13 hour except that in the case of renewable generators with a capacity of 200  
14 kilowatts or less, such compensation shall be not less than 150% of the  
15 utility's monthly system average cost of energy per kilowatt hour. A utility  
16 may credit such compensation to the customer's account or pay such  
17 compensation to the customer at least annually or when the total  
18 compensation due equals \$25 or more.

19 (3) A customer-generator of any investor owned utility shall have the  
20 option of entering into a contract pursuant to this subsection (b) or  
21 utilizing the net metering and easy connection act. The customer-generator  
22 shall exercise the option in writing, filed with the utility.

23 (c) The following terms and conditions shall apply to contracts  
24 entered into under subsection (a) or (b):

25 (1) The utility will supply, own, and maintain all necessary meters  
26 and associated equipment utilized for billing. In addition, and for the  
27 purposes of monitoring customer generation and load, the utility may  
28 install at its expense, load research metering. The customer shall supply, at  
29 no expense to the utility, a suitable location for meters and associated  
30 equipment used for billing and for load research;

31 (2) for the purposes of insuring the safety and quality of utility  
32 system power, the utility shall have the right to require the customer, at  
33 certain times and as electrical operating conditions warrant, to limit the  
34 production of electrical energy from the generating facility to an amount  
35 no greater than the load at the customer's facility of which the generating  
36 facility is a part;

37 (3) the customer shall furnish, install, operate, and maintain in good  
38 order and repair and without cost to the utility, such relays, locks and seals,  
39 breakers, automatic synchronizer, and other control and protective  
40 apparatus as shall be designated by the utility as being required as suitable  
41 for the operation of the generator in parallel with the utility's system. In  
42 any case where the customer and the utility cannot agree to terms and  
43 conditions of any such contract, the state corporation commission shall

1 establish the terms and conditions for such contract. In addition, the utility  
2 may install, own, and maintain a disconnecting device located near the  
3 electric meter or meters. Interconnection facilities between the customer's  
4 and the utility's equipment shall be accessible at all reasonable times to  
5 utility personnel. Upon notification by the customer of the customer's  
6 intent to construct and install parallel generation, the utility shall provide  
7 the customer a written estimate of all costs that will be incurred by the  
8 utility and billed to the customer to accommodate the interconnection. The  
9 customer may be required to reimburse the utility for any equipment or  
10 facilities required as a result of the installation by the customer of  
11 generation in parallel with the utility's service. The customer shall notify  
12 the utility prior to the initial energizing and start-up testing of the  
13 customer-owned generator, and the utility shall have the right to have a  
14 representative present at such test;

15 (4) the utility may require a special agreement for conditions related  
16 to technical and safety aspects of parallel generation; and

17 (5) the utility may limit the number and size of renewable generators  
18 to be connected to the utility's system due to the capacity of the  
19 distribution line to which such renewable generator would be connected,  
20 and in no case shall the utility be obligated to purchase an amount greater  
21 than 4% of such utility's peak power requirements.

22 (d) Service under any contract entered into under subsection (a) or (b)  
23 shall be subject to either the utility's rules and regulations on file with the  
24 state corporation commission, which shall include a standard  
25 interconnection process and requirements for such utility's system, or the  
26 current federal energy regulatory commission interconnection procedures  
27 and regulations.

28 (e) In any case where the owner of the renewable generator and the  
29 utility cannot agree to terms and conditions of any contract provided for by  
30 this section, the state corporation commission shall establish the terms and  
31 conditions for such contract.

32 (f) The governing body of any school desiring to proceed under this  
33 section shall, prior to taking any action permitted by this section, make a  
34 finding that either: (1) Net energy cost savings will accrue to the school  
35 from such renewable generation over a 20-year period; or (2) that such  
36 renewable generation is a science project being conducted for educational  
37 purposes and that such project may not recoup the expenses of the project  
38 through energy cost savings. Any school proceeding under this section  
39 may contract or enter into a finance, pledge, loan or lease-purchase  
40 agreement with the Kansas development finance authority as a means of  
41 financing the cost of such renewable generation.

42 ~~(g) For the purpose of meeting the requirements of K.S.A. 2013-~~  
43 ~~Supp. 66-1258, and amendments thereto, Each kilowatt of nameplate~~

1 *capacity of the parallel generation of electricity provided for in this section*  
2 ~~shall be included as part of the state's renewable energy generation count~~  
3 ~~as 1.10 kilowatts toward the compliance of the affected utility, as defined~~  
4 ~~in K.S.A. 2013 Supp. 66-1257, and amendments thereto, and with whom~~  
5 ~~the customer-generator has contracted, with the renewable energy~~  
6 ~~standards act in K.S.A. 2013 Supp. 66-1256 through 66-1262, and~~  
7 ~~amendments thereto.~~

8 (h) The provisions of the net metering and easy connection act shall  
9 not preclude the state corporation commission from approving net  
10 metering tariffs upon request of an electric utility for other methods of  
11 renewable generation not prescribed in subsection (b)(1) of K.S.A. 2013  
12 Supp. 66-1264, and amendments thereto.

13 ~~Sec. 2. K.S.A. 2013 Supp. 66-1264 is hereby amended to read as~~  
14 ~~follows: 66-1264. As used in the net metering and easy connection act:~~

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

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

18 ~~(1) Is powered by a renewable energy resource;~~

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

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

24 ~~(4) is intended primarily to offset part or all of the customer-~~  
25 ~~generator's own electrical energy requirements;~~

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

30 ~~(c) "Peak demand" shall have the meaning ascribed thereto in K.S.A.~~  
31 ~~2013 Supp. 66-1257, and amendments thereto.~~

32 ~~(d) "Renewable energy resources" shall have the meaning ascribed~~  
33 ~~thereto in K.S.A. 2013 Supp. 66-1257, and amendments thereto.~~

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

35 ~~Sec. 2. K.S.A. 2013 Supp. 66-1265 is hereby amended to read as~~  
36 ~~follows: 66-1265. Each utility shall:~~

37 (a) Make net metering available to customer-generators on a first-  
38 come, first-served basis, until the total rated generating capacity of all net  
39 metered systems equals or exceeds one percent of the utility's peak  
40 demand during the previous year. The commission may increase the total  
41 rated generating capacity of all net metered systems to an amount above  
42 one percent after conducting a hearing pursuant to K.S.A. 66-101d, and  
43 amendments thereto;

1 (b) ~~offer to the customer-generator a tariff or contract that is identical~~  
2 ~~in electrical energy rates, rate structure and monthly charges to the contract~~  
3 ~~or tariff that the customer would be assigned if the customer were not an~~  
4 ~~eligible customer-generator and shall not charge the customer-generator~~  
5 ~~any additional standby, capacity, interconnection or other fee or charge that~~  
6 ~~would not otherwise be charged if the customer were not an eligible~~  
7 ~~customer-generator;~~

8 (e) ~~provide a residential~~ *an appropriate* class bidirectional meter to  
9 the customer-generator at no charge, but may charge the customer-  
10 generator for the cost of any additional metering or distribution equipment  
11 necessary to accommodate the customer-generator's facility; ~~and~~

12 ~~(d)~~ (c) disclose annually the availability of the net metering program  
13 to each of its customers with the method and manner of disclosure being at  
14 the discretion of the utility; ~~and~~

15 (d) *for any customer-generator which began operating its renewable*  
16 *energy resource under an interconnect agreement with the utility prior to*  
17 *July 1, 2014, offer to the customer-generator a tariff or contract that is*  
18 *identical in electrical energy rates, rate structure and monthly charges to*  
19 *the contract or tariff that the customer would be assigned if the customer*  
20 *were not an eligible customer-generator and shall not charge the*  
21 *customer-generator any additional standby, capacity, interconnection or*  
22 *other fee or charge that would not otherwise be charged if the customer*  
23 *were not an eligible customer-generator; and*

24 (e) *for any customer-generator which began operating its*  
25 *renewable energy resource under an interconnect agreement with the*  
26 *utility on or after July 1, 2014, have the option to propose, within an*  
27 *appropriate rate proceeding, the application of time-of-use rates,*  
28 *minimum bills or other rate structures that would apply to all such*  
29 *customer-generators prospectively.*

30 ~~Sec. 4.~~ 3. K.S.A. 2013 Supp. 66-1266 is hereby amended to read as  
31 follows: 66-1266. (a) *Prior to January 1, 2030, for any customer-*  
32 *generator that began operating a renewable energy resource under an*  
33 *interconnect agreement with the utility prior to July 1, 2014:*

34 (1) If the electricity supplied by the utility exceeds the electricity  
35 generated by the customer-generator during a billing period, the customer-  
36 generator shall be billed for the net electricity supplied by the utility in  
37 accordance with normal practices for customers in the same rate class.

38 ~~(b)~~ (2) If ~~a~~ *such* customer-generator generates electricity in excess of  
39 the customer-generator's monthly consumption, all such net excess energy  
40 (NEG), expressed in kilowatt-hours, shall be carried forward from month-  
41 to-month and credited at a ratio of one-to-one against the customer-  
42 generator's energy consumption, expressed in kilowatt-hours, in  
43 subsequent months.

1       **(3) Any interconnect agreement between such customer-generator**  
 2 **and a utility and all such NEG generated under such agreement shall be**  
 3 **transferrable and continue in place until January 1, 2030, regardless of**  
 4 **whether there is a change in ownership of the property on which the**  
 5 **renewable energy resource is located.**

6       (3) Any NEG resulting from renewable energy resources that are  
 7 installed on and after July 1, 2014, but are part of an installation of a  
 8 renewable energy resource that was operating prior to July 1, 2014, shall  
 9 be carried forward and credited to the customer as if such resources had  
 10 begun operation prior to July 1, 2014.

11       ~~(e)~~ (4) Any net excess generation credit remaining in a net-metering  
 12 customer's account ~~at the end of each calendar~~ on March 31 of each year  
 13 shall expire.

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

17       (1) If the electricity supplied by the utility exceeds the electricity  
 18 generated by the customer-generator during a billing period, the  
 19 customer-generator shall be billed for the net electricity supplied by the  
 20 utility.

21       (2) If such customer-generator generates electricity in excess of the  
 22 customer-generator's monthly consumption, all such NEG remaining in  
 23 such customer-generator's account at the end of each billing period shall  
 24 ~~expire~~ **be credited to the customer at a rate of 100% of the utility's**  
 25 **monthly system average cost of energy per kilowatt hour.**

26       (c) On and after January 1, 2030, for all customer-generators,  
 27 regardless of when such customer-generators entered into an interconnect  
 28 agreement with the utility:

29       (1) If the electricity supplied by the utility exceeds the electricity  
 30 generated by the customer-generator during a billing period, the  
 31 customer-generator shall be billed for the net electricity supplied by the  
 32 utility; and

33       (2) if such customer-generator generates electricity in excess of the  
 34 customer-generator's monthly consumption, all such NEG remaining in a  
 35 customer-generator's account at the end of each billing period shall ~~expire~~  
 36 **be credited to the customer at a rate of 100% of the utility's monthly**  
 37 **system average cost of energy per kilowatt hour.**

38       Sec. ~~5~~ 4. K.S.A. 2013 Supp. 66-1267 is hereby amended to read as  
 39 follows: 66-1267. ~~Each~~ (a) For customer-generators that began operating  
 40 a renewable energy resource under an interconnect agreement with the  
 41 utility prior to July 1, 2014:

42       (1) Such utility shall allow:

43       ~~(a)~~ (A) Residential customer-generators to generate electricity subject

1 to net metering up to 25 kilowatts; and

2 ~~(b)~~ (B) commercial, industrial, school, local government, state  
3 government, federal government, agricultural and institutional customer-  
4 generators to generate electricity subject to net metering up to 200  
5 kilowatts.

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

10 (b) *For customer-generators that begin operating a renewable*  
11 *energy resource under an interconnect agreement with the utility after July*  
12 *1, 2014, such utility shall allow:*

13 (1) *All residential customer-generators to generate electricity subject*  
14 *to net metering up to 15 kilowatts; ~~and~~*

15 (2) *commercial, industrial, ~~school~~ **religious institution**, local*  
16 *government, state government, federal government, agricultural and*  
17 *industrial customer-generators to generate electricity subject to net*  
18 *metering up to ~~50~~ **100** kilowatts, **unless otherwise agreed to by the utility***  
19 *and the customer-generator; and*

20 (3) *school customer-generators to generate electricity subject to net*  
21 *metering up to 150 kilowatts. For the purpose of this section, "school"*  
22 *means any postsecondary educational institution as defined in K.S.A.*  
23 *74-3201b, and amendments thereto, or any public or private school*  
24 *which provides instruction for students enrolled in grade kindergarten*  
25 *or grades one through 12.*

26 (c) Customer-generators shall appropriately size their generation to  
27 their expected load.

28 ~~Sec. 6.~~ 5. K.S.A. 2013 Supp. 66-1271 is hereby amended to read as  
29 follows: 66-1271. ~~The estimated generating~~ *Each kilowatt of nameplate*  
30 *capacity of all net metered facilities operating under the provisions of this*  
31 *act shall count as 1.10 kilowatts toward the affected utility's compliance*  
32 *with the renewable energy standards act in K.S.A. 2013 Supp. 66-1256*  
33 *through 66-1262, and amendments thereto.*

34 ~~Sec. 7.~~ 6. K.S.A. 2013 Supp. 66-1,184, ~~66-1264~~, 66-1265, 66-1266,  
35 66-1267 and 66-1271 are hereby repealed.

36 ~~Sec. 8.~~ 7. This act shall take effect and be in force from and after its  
37 publication in the statute book.