

Senate Substitute for HOUSE BILL No. 2101

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

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

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

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

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

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

(2) Every utility which provides retail electric services in this state shall enter into a contract for parallel generation service with any person who is a customer of such utility, if such customer is a residential customer of the utility and owns a renewable generator with a capacity of 25 kilowatts or less, or is a commercial customer of the utility and owns a renewable generator with a capacity of 200 kilowatts or less or is a school and owns a renewable generator with a capacity of 1.5 megawatts or less. Such generator shall be appropriately sized for such customer's anticipated electric load. A commercial customer who uses the operation of a renewable generator in connection with irrigation pumps shall not request more than 10 irrigation pumps connected to renewable generators be attached or connected to the utility's system. At the customer's delivery point on the customer's side of the retail meter such customer may attach or connect to the utility's delivery and metering system an apparatus or device for the purpose of feeding excess electrical power which is generated by such customer's energy producing system into the utility's system. No such apparatus or device shall either cause damage to the utility's system or equipment or present an undue hazard to utility personnel. Every such contract shall include, but need not be limited to, provisions relating to fair and equitable compensation for energy supplied to the utility by such customer. Such compensation shall be not less than 100% of the utility's monthly system average cost of energy per kilowatt hour except that in the case of renewable generators with a capacity of 200 kilowatts or less, such compensation shall be not less than 150% of the utility's monthly system average cost of energy per kilowatt hour. A utility may credit such compensation to the customer's account or pay such compensation to the customer at least annually or when the total compensation due equals \$25 or more.

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

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

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

(2) for the purposes of insuring the safety and quality of utility system power, the utility shall have the right to require the customer, at certain

times and as electrical operating conditions warrant, to limit the production of electrical energy from the generating facility to an amount no greater than the load at the customer's facility of which the generating facility is a part;

(3) the customer shall furnish, install, operate, and maintain in good order and repair and without cost to the utility, such relays, locks and seals, breakers, automatic synchronizer, and other control and protective apparatus as shall be designated by the utility as being required as suitable for the operation of the generator in parallel with the utility's system. In any case where the customer and the utility cannot agree to terms and conditions of any such contract, the state corporation commission shall establish the terms and conditions for such contract. In addition, the utility may install, own, and maintain a disconnecting device located near the electric meter or meters. Interconnection facilities between the customer's and the utility's equipment shall be accessible at all reasonable times to utility personnel. Upon notification by the customer of the customer's intent to construct and install parallel generation, the utility shall provide the customer a written estimate of all costs that will be incurred by the utility and billed to the customer to accommodate the interconnection. The customer may be required to reimburse the utility for any equipment or facilities required as a result of the installation by the customer of generation in parallel with the utility's service. The customer shall notify the utility prior to the initial energizing and start-up testing of the customer-owned generator, and the utility shall have the right to have a representative present at such test;

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

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

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

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

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

~~(g) For the purpose of meeting the requirements of K.S.A. 2013 Supp. 66-1258, and amendments thereto, Each kilowatt of nameplate capacity of the parallel generation of electricity provided for in this section shall be included as part of the state's renewable energy generation count as 1.10 kilowatts toward the compliance of the affected utility, as defined in K.S.A. 2013 Supp. 66-1257, and amendments thereto, and with whom the customer-generator has contracted, with the renewable energy standards act in K.S.A. 2013 Supp. 66-1256 through 66-1262, and amendments thereto.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) *For any customer-generator that began operating a renewable en-*

ergy resource under an interconnect agreement with the utility on and after July 1, 2014:

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

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

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

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

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

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

(1) Such utility shall allow:

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

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

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

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

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

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

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

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

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

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

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

I hereby certify that the above BILL originated in the HOUSE, and passed that body

\_\_\_\_\_  
HOUSE concurred in  
SENATE amendments \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*