

**HOUSE BILL No. 2303**

By By Committee on Energy and Utilities

2-11

1 AN ACT concerning utilities; relating to rates for electricity and variable  
2 time-of-day pricing; amending K.S.A. 2010 Supp. 66-1,184, 66-1264  
3 and 66-1266 and repealing the existing sections.  
4

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

6 New Section 1. It is the intent of the legislature that the tariff or  
7 tariffs for variable time-of-day pricing will provide a tool to the ratepayer,  
8 powered by financial incentive, that enables rewards for modifying  
9 electricity usage habits.

10 New Sec. 2. (a) Any electric public utility that has deployed smart  
11 meters to a majority of its residential customers within the boundaries of  
12 a corporate city, shall, on or before July 1, 2012, file a tariff or tariffs to  
13 be used within that city for variable time-of-day pricing of electricity  
14 used and for a cost-based customer charge for residential customers  
15 within the boundaries of such city in the electric public utility's service  
16 area in which the smart meters have been deployed and shall bill such  
17 customers pursuant to the tariff or tariffs beginning January 1, 2013. Any  
18 tariff or tariffs approved pursuant to this section shall, at a minimum,  
19 describe:

20 (1) The methodology for determining the market price of energy to  
21 be reflected in the variable time-of-day rate; and

22 (2) the manner in which customers who will be billed using variable  
23 time-of-day pricing will be provided with ready access to hourly market  
24 prices, including, but not limited to, day-ahead hourly energy prices.

25 (b) As used in this section:

26 (1) "Electric public utility" shall have the meaning ascribed thereto  
27 in K.S.A. 66-101a, and amendments thereto, except that it shall not  
28 include any cooperative electric public utility or any municipally owned  
29 or operated electric public utility;

30 (2) "smart meter" means a meter capable of recording hourly interval  
31 energy use at the service location of each customer billed at real-time  
32 pricing rates; and

33 (3) "variable time-of-day pricing" means tariffed retail charges for  
34 delivered electricity that vary on an hour-to-hour basis and are  
35 determined from prices posted by a methodology approved by the state  
36 corporation commission.

1 New Sec. 3. The state corporation commission shall create a cost-  
2 based customer charge classification system that divides residential  
3 electric customers of an electric public utility described in section 2, and  
4 amendments thereto, into categories and determines the average fixed  
5 costs for providing electric service for customers within each  
6 classification. The commission shall also adopt rules and regulations  
7 establishing a system for determining the hour-to-hour rates for variable  
8 time-of-day pricing and for the effectuation of this act.

9 Sec. 4. K.S.A. 2010 Supp. 66-1,184 is hereby amended to read as  
10 follows: 66-1,184. (a) Except as provided in subsection (b), every public  
11 utility which provides retail electric services in this state shall enter into a  
12 contract for parallel generation service with any person who is a customer  
13 of such utility, upon request of such customer, whereby such customer  
14 may attach or connect to the utility's delivery and metering system an  
15 apparatus or device for the purpose of feeding excess electrical power  
16 which is generated by such customer's energy producing system into the  
17 utility's system. No such apparatus or device shall either cause damage to  
18 the public utility's system or equipment or present an undue hazard to  
19 utility personnel. Every such contract shall include, but need not be  
20 limited to, provisions relating to fair and equitable compensation on such  
21 customer's monthly bill for energy supplied to the utility by such  
22 customer.

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

24 (A) "Utility" means an electric public utility, as defined by K.S.A.  
25 66-101a, and amendments thereto, any cooperative, as defined by K.S.A.  
26 17-4603, and amendments thereto, or a nonstock member-owned electric  
27 cooperative corporation incorporated in this state, or a municipally owned  
28 or operated electric utility;

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

31 (2) Every utility which provides retail electric services in this state  
32 shall enter into a contract for parallel generation service with any person  
33 who is a customer of such utility, if such customer is a residential  
34 customer of the utility and owns a renewable generator with a capacity of  
35 25 kilowatts or less, or is a commercial customer of the utility and owns a  
36 renewable generator with a capacity of 200 kilowatts or less or is a school  
37 and owns a renewable generator with a capacity of 1.5 megawatts or less.  
38 Such generator shall be appropriately sized for such customer's  
39 anticipated electric load. A commercial customer who uses the operation  
40 of a renewable generator in connection with irrigation pumps shall not  
41 request more than 10 irrigation pumps connected to renewable generators  
42 be attached or connected to the utility's system. At the customer's delivery  
43 point on the customer's side of the retail meter such customer may attach

1 or connect to the utility's delivery and metering system an apparatus or  
2 device for the purpose of feeding excess electrical power which is  
3 generated by such customer's energy producing system into the utility's  
4 system. No such apparatus or device shall either cause damage to the  
5 utility's system or equipment or present an undue hazard to utility  
6 personnel. Every such contract shall include, but need not be limited to,  
7 provisions relating to fair and equitable compensation for energy supplied  
8 to the utility by such customer. Such compensation shall be not less than  
9 100% of the utility's monthly system average cost of energy per kilowatt  
10 hour except that in the case of renewable generators with a capacity of  
11 200 kilowatts or less, such compensation shall be not less than 150% of  
12 the utility's monthly system average cost of energy per kilowatt hour. A  
13 utility may credit such compensation to the customer's account or pay  
14 such compensation to the customer at least annually or when the total  
15 compensation due equals \$25 or more. *Notwithstanding the provisions of*  
16 *this subsection, any residential customers that are billed pursuant to a*  
17 *tariff or tariffs issued pursuant to section 2, and amendments thereto,*  
18 *shall be paid compensation for generation pursuant to the variable time-*  
19 *of-day rate established pursuant to section 2, and amendments thereto, in*  
20 *effect at the time of such generation.*

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

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

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

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

39 (3) the customer shall furnish, install, operate, and maintain in good  
40 order and repair and without cost to the utility, such relays, locks and  
41 seals, breakers, automatic synchronizer, and other control and protective  
42 apparatus as shall be designated by the utility as being required as  
43 suitable for the operation of the generator in parallel with the utility's

1 system. In any case where the customer and the utility cannot agree to  
2 terms and conditions of any such contract, the state corporation  
3 commission shall establish the terms and conditions for such contract. In  
4 addition, the utility may install, own, and maintain a disconnecting device  
5 located near the electric meter or meters. Interconnection facilities  
6 between the customer's and the utility's equipment shall be accessible at  
7 all reasonable times to utility personnel. Upon notification by the  
8 customer of the customer's intent to construct and install parallel  
9 generation, the utility shall provide the customer a written estimate of all  
10 costs that will be incurred by the utility and billed to the customer to  
11 accommodate the interconnection. The customer may be required to  
12 reimburse the utility for any equipment or facilities required as a result of  
13 the installation by the customer of generation in parallel with the utility's  
14 service. The customer shall notify the utility prior to the initial energizing  
15 and start-up testing of the customer-owned generator, and the utility shall  
16 have the right to have a representative present at such test;

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

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

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

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

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

1 (g) For the purpose of meeting the requirements of K.S.A. 2010  
2 Supp. 66-1258, and amendments thereto, the parallel generation of  
3 electricity provided for in this section shall be included as part of the  
4 state's renewable energy generation.

5 (h) The provisions of the net metering and easy connection act shall  
6 not preclude the state corporation commission from approving net  
7 metering tariffs upon request of an electric utility for other methods of  
8 renewable generation not prescribed in subsection (b)(1) of K.S.A. 2010  
9 Supp. 66-1264, and amendments thereto.

10 Sec. 5. K.S.A. 2010 Supp. 66-1264 is hereby amended to read as  
11 follows: 66-1264. As used in the net metering and easy connection act:

12 (a) "Commission" means the state corporation commission.

13 (b) "Customer-generator" means the owner or operator of a net  
14 metered facility which:

15 (1) Is powered by a renewable energy resource;

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

18 (3) is interconnected and operates in parallel phase and  
19 synchronization with an affected utility and is in compliance with the  
20 standards established by the affected utility;

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

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

27 (c) "Peak demand" shall have the meaning ascribed thereto in  
28 K.S.A. 2010 Supp. 66-1257, and amendments thereto.

29 (d) "Renewable energy resources" shall have the meaning ascribed  
30 thereto in K.S.A. 2010 Supp. 66-1257, and amendments thereto.

31 (e) "Utility" means ~~investor-owned electric utility~~; *an electric public*  
32 *utility as defined in K.S.A. 66-101a, and amendments thereto, except that*  
33 *it shall not include any cooperative electric public utility or any*  
34 *municipally owned or operated electric public utility.*

35 (f) *"Variable time-of-day pricing" means tariffed retail charges for*  
36 *delivered electricity that vary on an hour-to-hour basis and are*  
37 *determined from prices posted by a methodology approved by the state*  
38 *corporation commission.*

39 Sec. 6. K.S.A. 2010 Supp. 66-1266 is hereby amended to read as  
40 follows: 66-1266. (a) If the electricity supplied by the utility exceeds the  
41 electricity generated by the customer-generator during a billing period,  
42 the customer-generator shall be billed for the net electricity supplied by  
43 the utility in accordance with normal practices for customers in the same

1 rate class.

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

8 (c) Any net excess generation credit remaining in a net-metering  
9 customer's account at the end of each calendar year shall expire.

10 (d) *Notwithstanding the provisions of this section, customer-*  
11 *generators that are billed pursuant to a tariff or tariffs for variable time-*  
12 *of-day pricing pursuant to section 2, and amendments thereto, shall be*  
13 *paid compensation for generation pursuant to the variable time-of-day*  
14 *rate established pursuant to section 2, and amendments thereto, in effect*  
15 *at the time of such generation.*

16 Sec. 7. K.S.A. 2010 Supp. 66-1,184, 66-1264 and 66-1266 are  
17 hereby repealed.

18 Sec. 8. This act shall take effect and be in force from and after its  
19 publication in the statute book.