

CONFERENCE COMMITTEE REPORT

MR. SPEAKER and MR. PRESIDENT: Your committee on conference on Senate amendments to **HB 2527** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 11, in line 39, after "(4)" by inserting "For requests by a public utility for a determination of ratemaking principles and treatment relating to the abandonment or retirement of a nuclear powered or fossil fuel-fired electric generating unit, the commission shall not approve the abandonment or retirement of such electric generating unit, authorize a surcharge or issuance of bonds for the decommissioning of such electric generating unit or take any other action that authorizes or allows for the recovery of costs for the retirement of such electric generating unit, including stranded asset recovery, unless:

(A) The utility demonstrates that the public utility will be able to meet current and reasonably-anticipated future resource adequacy requirements of the regional transmission organization or independent system operator; and

(B) the abandonment or retirement is not expected to harm the utility's customers or decrease the utility's regional rate competitiveness by causing the utility to experience higher costs than would be expected by continuing to operate such electric generating unit in compliance with applicable law, unless, consistent with the integrated resource planning framework utilized by the commission, the commission determines that such higher costs are justified by other factors that are specified by the commission. The utility shall provide the commission with evidence of all known direct and indirect costs of abandonment or retirement of the electric generating unit and demonstrate that cost savings or avoided or mitigated cost increases to customers will occur as a result of the abandonment or retirement of the electric

generating unit.

(5)";

On page 12, in line 3, by striking "(5)" and inserting "(6)";

On page 13, in line 26, by striking "(6)" and inserting "(7)"; in line 31, by striking "(7)" and inserting "(8)";

On page 15, following line 2, by inserting:

"(h) For nuclear powered and coal-fired electric generating facilities, if determined by the commission to be just, reasonable and necessary for the provision of sufficient and efficient service, an electric public utility shall be permitted to:

(1) Retain such facilities in such utility's rate base;

(2) recover expenses associated with the operation of such facilities that remain in service to provide greater certainty that generating capacity will be available to provide essential service to customers, including during extreme weather events; and

(3) recover any portion of such utility's rate base and prudently incurred expenses necessary for such facilities:

(A) To operate at a low-capacity factor; or

(B) that are offline during normal operating conditions and providing capacity only.

(i) The commission shall prepare and submit to the legislature by December 1 of each year an annual report based on the preceding calendar year that provides:

(1) The number of requests by utilities to retire electric generating units in the state, the nameplate capacity of each of those units and whether the request was approved or denied by the commission;

(2) the impact of any commission-approved retirement of an electric generating unit on

the:

- (A) Utility's and state's generation capacity by fuel type;
- (B) required capacity reserve margins for the utility and the overall capacity reserve margin within the state;
- (C) utility's need for capacity additions or expansions at new or existing facilities as a result of the retirement; and
- (D) utility's need for additional power or capacity reserve arrangements; and
- (3) whether the retirement resulted in stranded costs for ratepayers that will be recovered by the utility through securitization or some other charge on customer bills.
- (j) The provisions of subsection (c)(4) shall expire on July 1, 2034.

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

- (a) "Commission" means the state corporation commission.
- (b) "Customer-generator" means the owner or operator of a net metered facility ~~which~~ that:
 - (1) Is powered by a renewable energy resource;
 - (2) is located on a premises owned, operated, leased or otherwise controlled by the customer-generator;
 - (3) is interconnected and operates in parallel phase and synchronization with an affected utility and is in compliance with the standards established by the affected utility;
 - (4) is intended primarily to offset part or all of the customer-generator's own electrical energy requirements such that the customer-generator will fully consume the energy output or will deliver the remaining energy output and all other services to the utility; and

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

(c) "Export" means power that flows from a customer-generator's electrical system through a customer's billing meter and onto the utility's electricity lines.

(d) "Generating capacity" means the maximum amount of alternating current power that a customer generator's net metered system can produce.

(e) ~~"Peak demand" shall have the meaning ascribed thereto~~ means the same as defined in K.S.A. 66-1257, and amendments thereto.

(f) "Permission to operate" means the operational date of the customer-generator's net metered facility.

~~(d)(g)~~ (g) "Renewable energy resources" shall have the meaning ascribed thereto means the same as defined in K.S.A. 66-1257, and amendments thereto.

(h) "Supplied" means power that flows from the utility's electricity lines through a customer's billing meter and into a customer-generator's electrical system.

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

(j) "Witness test" means a representative of the utility is on-site to measure or verify a specific setting or operational condition.

Sec. 6. K.S.A. 66-1265 is hereby amended to read as follows: 66-1265. Each utility shall:

(a) (1) Except as provided in paragraph (2), make net metering available to customer-generators who are in good standing with the utility on a first-come, first-served basis, until the total rated generating capacity as approved by the utility of all net metered systems equals or

~~exceeds one;~~

(A) Commencing July 1, 2024, ~~percent 2%~~ of the utility's peak demand during the previous year;

(B) commencing July 1, 2025, 3% of the utility's peak demand during the previous year;

(C) commencing July 1, 2026, 4% of the utility's peak demand during the previous year; and

(D) commencing July 1, 2027, and each year thereafter, 5% of the utility's historic highest annual peak demand since 2014.

(2) The commission may increase the total rated generating capacity of all net metered systems to an amount above ~~one percent~~ 5% after conducting a hearing pursuant to K.S.A. 66-101d, and amendments thereto;

(b) provide 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;

(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~~ that 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~~ that 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, incentive programs or other rate structures that would apply to all such customer-generators prospectively.

Sec. 7. K.S.A. 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~~ exported 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.

(2) If such customer-generator~~generates~~ exports electricity in excess of the~~customer-generator's monthly consumption~~ electricity supplied by the utility, all such net excess~~energy~~ (NEG) generation, 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~~ electricity supplied by the utility, expressed in kilowatt-hours, in subsequent months.

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

(4) Any~~NEG resulting~~ net excess generation exported 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.

(5) Any net excess generation credit remaining in a net-metering customer's account on March 31 of each year shall expire.

(b) For any customer-generator that began operating a renewable energy 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~~ exported 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~~ exports electricity in excess of the ~~customer-generator's monthly consumption~~ electricity supplied by the utility, all such ~~NEG net excess generation~~ remaining in such customer-generator's account at the end of each billing period shall be credited to the customer at a rate of at least 100% of the utility's monthly system average cost of energy per kilowatt hour.

(c) Except as otherwise provided in subsection (d), 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~~ exported 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~~ exports electricity in excess of the ~~customer-generator's monthly consumption~~ electricity supplied by the utility, all such ~~NEG net excess~~

generation remaining in a customer-generator's account at the end of each billing period shall be credited to the customer at a rate of at least 100% of the utility's monthly system average cost of energy per kilowatt hour.

(d) For any customer-generator that began operating a renewable energy resource under an interconnect agreement with the utility on and after July 1, 2024, and receives service on an optional time-varying rate:

(1) The utility shall measure the net electrical energy exported or supplied during the billing period for each of the time of use periods established by the applicable time-varying rate schedule that applies to the customer-generator's rate class in accordance with normal metering practices for customers that take service on time-varying rates in that same rate class;

(2) electricity supplied by the utility shall be netted against the electricity exported by the customer-generator during each applicable time of use period;

(3) if the electricity supplied by the utility exceeds the electricity exported by the customer-generator during any time of use period, the customer-generator shall be billed for the net electricity supplied by the utility in each such time of use period as well as all other charges as such charges are applied to non-customer-generators in the same rate class; and

(4) if the electricity exported by the customer-generator exceeds the electricity supplied by the utility during any time of use period, the customer-generator shall be credited at a rate of at least 100% of the utility's monthly system average cost of energy per kilowatt hour, with any net credit, and net of all other charges as such charges are applied to non-customer-generators in the same rate class, applied to the next billing period.

Sec. 8. K.S.A. 66-1267 is hereby amended to read as follows: 66-1267. (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) Residential customer-generators to ~~generate export~~ electricity subject to net metering up to 25 kilowatts; and

(B) commercial, industrial, school, local government, state government, federal government, agricultural and institutional customer-generators to ~~generate export~~ 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 customer-generators to export electricity subject to net metering up to 150 kilowatts.~~

alternating current.

(c) Customer-generators shall appropriately size their generation export capacity to their expected load as follows:

(1) (A) (i) Divide the customer-generator's historic consumption in kilowatt-hours for the previous 12-month period by 8,760; and

(ii) divide the quotient calculated pursuant to paragraph (1)(A)(i) by a capacity factor of 0.144; or

(B) if the customer-generator does not have historic consumption data that adequately reflects the customer's consumption at such premises, the customer-generator's historic consumption for the previous 12-month period shall be 7.15 kilowatt-hours per square foot of conditioned space; and

(2) round up the quotient calculated pursuant to paragraph (1)(A)(i) or the amount determined pursuant to paragraph (1)(B) to the nearest standard size as follows:

(A) Between two kilowatts alternating current power and 20 kilowatts alternating current power, round up to the nearest two kilowatts alternating current power increment; and

(B) between 20 kilowatts alternating current power and 150 kilowatts alternating current power, round up to the nearest five kilowatts alternating current power increment.

(d) For customer-generators that operate a renewable energy resource under an interconnect agreement with the affected utility on or after January 1, 2026:

(1) The generating capacity of a customer-generator's renewable energy resource as approved by the affected utility shall not exceed export capacity by more than 50%; and

(2) energy storage capacity, including electric vehicles or other portable energy storage devices, shall not be included in any sizing formulas unless the energy storage device has the

ability to add export capacity and is not part of an export limited system.

(e) For customer-generators that operate a generation resource designed to export an amount of power that differs from the system's generating capacity:

(1) The customer-generator shall own and maintain any necessary export limiting device;

(2) protections shall be in place to restrict the export limiting device settings to qualified persons;

(3) the utility shall have the option to require a witness test of the export limiting device's function or set points prior to granting permission to operate;

(4) the export capacity of the system shall not be increased without prior approval from the utility;

(5) the customer-generator shall allow the utility to perform periodic witness testing of the export limiting device's function or settings upon request;

(6) if the export limiting device's settings are incorrect or if the device fails to limit the export of power below the designed export capacity for more than 15 minutes in any single event, the customer-generator shall cease operation of the system until repair or reprogramming of the limiting device is completed; and

(7) the utility shall not restrict the brand or model of the limiting device if the device is approved by the generator's manufacturer or is underwriter laboratories listed to perform such operations in conjunction with the customer-generator's system.";

Also on page 15, in line 3, before "K.S.A." by inserting "K.S.A. 66-1264, 66-1265, 66-1266 and 66-1267 and";

And by renumbering sections accordingly;

On page 1, in the title, in line 19, after the semicolon by inserting "prohibiting the commission from authorizing the retirement of nuclear powered and fossil fuel-fired electric generating units unless certain requirements are met; authorizing electric public utilities to retain certain electric generating facilities in the utility's rate base; requiring the commission to report annually on public utility requests to retire electric generating units;"; in line 26, after the semicolon by inserting "revising the net metering and easy connection act; increasing the public utility system-wide capacity limit for facilities subject to net metering; requiring net metering facilities to be appropriately sized based on the customer's expected load; establishing requirements for exporting power from a net metering facility to a utility;"; in line 27, after "amending" by inserting "K.S.A. 66-1264, 66-1265, 66-1266 and 66-1267 and";

And your committee on conference recommends the adoption of this report.

Conferees on part of Senate

Conferees on part of House