

HOUSE BILL No. 2588

By Committee on Energy, Utilities and Telecommunications

Requested by Jessica Lucas on behalf of the Clean Energy Business Council

1-24

1 AN ACT concerning electric public utilities; relating to net metering;
2 increasing the system-wide capacity limit for facilities subject to net
3 metering; requiring such facilities to be appropriately sized based on
4 the customer's expected load; establishing requirements for exporting
5 power to a utility from a facility subject to net metering; amending
6 K.S.A. 66-1264, 66-1265, 66-1266 and 66-1267 and repealing the
7 existing sections.
8

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

10 Section 1. K.S.A. 66-1264 is hereby amended to read as follows: 66-
11 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~~ that:

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 *such that the customer-*
23 *generator will fully consume the energy output and will deliver the*
24 *remaining energy output and all other services to the utility; and*

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

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

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

35 (e) "Peak demand" ~~shall have the meaning ascribed thereto~~ means the

1 same as defined in K.S.A. 66-1257, and amendments thereto.

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

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

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

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

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

13 Sec. 2. K.S.A. 66-1265 is hereby amended to read as follows: 66-
14 1265. Each utility shall:

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

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

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

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

26 (D) commencing July 1, 2027, 5% of the utility's peak demand.

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

31 (b) provide an appropriate class bidirectional meter to the customer-
32 generator at no charge, but may charge the customer-generator for the cost
33 of any additional metering or distribution equipment necessary to
34 accommodate the customer-generator's facility;

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

38 (d) for any customer-generator ~~which~~ that began operating its
39 renewable energy resource under an interconnect agreement with the
40 utility prior to July 1, 2014, offer to the customer-generator a tariff or
41 contract that is identical in electrical energy rates, rate structure and
42 monthly charges to the contract or tariff that the customer would be
43 assigned if the customer were not an eligible customer-generator and shall

1 not charge the customer-generator any additional standby, capacity,
2 interconnection or other fee or charge that would not otherwise be charged
3 if the customer were not an eligible customer-generator; and

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

10 Sec. 3. K.S.A. 66-1266 is hereby amended to read as follows: 66-
11 1266. (a) Prior to January 1, 2030, for any customer-generator that began
12 operating a renewable energy resource under an interconnect agreement
13 with the utility prior to July 1, 2014:

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

19 (2) If such customer-generator ~~generates~~ *exports* electricity in excess
20 of the ~~customer-generator's monthly consumption~~ *electricity supplied by*
21 *the utility*, all such net excess ~~energy (NEG) generation~~, expressed in
22 kilowatt-hours, shall be carried forward from month-to-month and credited
23 at a ratio of one-to-one against the ~~customer-generator's energy~~
24 ~~consumption~~ *electricity supplied by the utility*, expressed in kilowatt-hours,
25 in subsequent months.

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

32 (4) Any ~~NEG resulting~~ *net excess generation exported* from
33 renewable energy resources that are installed on and after July 1, 2014, but
34 are part of an installation of a renewable energy resource that was
35 operating prior to July 1, 2014, shall be carried forward and credited to the
36 customer as if such resources had begun operation prior to July 1, 2014.

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

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

42 (1) If the electricity supplied by the utility exceeds the electricity
43 ~~generated~~ *exported* by the customer-generator during a billing period, the

1 customer-generator shall be billed for the net electricity supplied by the
2 utility.

3 (2) If such customer-generator ~~generates~~ exports electricity in excess
4 of the ~~customer-generator's monthly consumption~~ electricity supplied by
5 the utility, all such ~~NEG net excess generation~~ remaining in such
6 customer-generator's account at the end of each billing period shall be
7 credited to the customer at a rate of *at least* 100% of the utility's monthly
8 system average cost of energy per kilowatt hour.

9 (c) *Except as otherwise provided in subsection (d), on and after*
10 *January 1, 2030, for all customer-generators, regardless of when such*
11 *customer-generators entered into an interconnect agreement with the*
12 *utility:*

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

17 (2) if such customer-generator ~~generates~~ exports electricity in excess
18 of the ~~customer-generator's monthly consumption~~ electricity supplied by
19 the utility, all such ~~NEG net excess generation~~ remaining in a customer-
20 generator's account at the end of each billing period shall be credited to the
21 customer at a rate of *at least* 100% of the utility's monthly system average
22 cost of energy per kilowatt hour.

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

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

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

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

41 (4) *if the electricity exported by the customer-generator exceeds the*
42 *electricity supplied by the utility during any time of use period, the*
43 *customer-generator shall be credited at a rate of at least 100% of the*

1 *utility's monthly system average cost of energy per kilowatt hour, with any*
 2 *net credit, and net of all other charges as such charges are applied to non-*
 3 *customer-generators in the same rate class, applied to the next billing*
 4 *period.*

5 Sec. 4. K.S.A. 66-1267 is hereby amended to read as follows: 66-
 6 1267. (a) For customer-generators that began operating a renewable energy
 7 resource under an interconnect agreement with the utility prior to July 1,
 8 2014:

9 (1) Such utility shall allow:

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

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

16 (2) Nothing in this act shall be construed to prevent such customer-
 17 generators from installing additional renewable energy resources after July
 18 1, 2014, that will generate electricity pursuant to the restrictions contained
 19 in paragraph (1).

20 (b) For customer-generators that begin operating a renewable energy
 21 resource under an interconnect agreement with the utility after July 1,
 22 2014, such utility shall allow:

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

25 (2) ~~commercial, industrial, religious institution, local government,~~
 26 ~~state government, federal government, agricultural and industrial~~
 27 ~~customer-generators to generate electricity subject to net metering up to~~
 28 ~~100 kilowatts, unless otherwise agreed to by the utility and the customer-~~
 29 ~~generator; and~~

30 (3) ~~school customer-generators to generate electricity subject to net~~
 31 ~~metering up to 150 kilowatts. For the purpose of this section, "school"~~
 32 ~~means any postsecondary educational institution as defined in K.S.A. 74-~~
 33 ~~3201b, and amendments thereto, or any public or private school which~~
 34 ~~provides instruction for students enrolled in grade kindergarten or grades~~
 35 ~~one through 12 customer-generators to export electricity subject to net~~
 36 ~~metering up to 150 kilowatts alternating current.~~

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

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

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

43 (B) *if the customer-generator does not have historic consumption*

1 data that adequately reflects the customer's consumption at such premises,
2 the customer-generator's historic consumption for the previous 12-month
3 period shall be 7.15 kilowatt-hours per square foot of conditioned space;
4 and

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

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

11 (B) between 20 kilowatts alternating current power and 150 kilowatts
12 alternating current power; round up to the nearest five kilowatts
13 alternating current power increment.

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

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

20 (2) energy storage capacity, including electric vehicles or other
21 portable energy storage devices, shall not be included in any sizing
22 formulas unless the energy storage device has the ability to add export
23 capacity and is not part of an export limited system.

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

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

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

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

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

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

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

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

5 Sec. 5. K.S.A. 66-1264, 66-1265, 66-1266 and 66-1267 are hereby
6 repealed.

7 Sec. 6. This act shall take effect and be in force from and after its
8 publication in the statute book.