

Before the House Committee on Energy, Utilities and Telecommunications

March 14, 2024

Neutral Testimony On Senate Bill 455
(As Amended by Senate Committee)

Submitted by Jeff McClanahan, Director, Utilities Division
On Behalf of
The Staff of the Kansas Corporation Commission

Chair Delperdang, Vice Chair Turner, Ranking Minority Member Ohaebosim, and members of the Committee, thank you for the opportunity to provide testimony today on behalf of the Staff of the Kansas Corporation Commission (Commission).

The Staff of the Commission (Staff) is neutral with respect to Senate Bill 455 (SB 455) as amended by the Senate Committee. As the committee is aware, SB 455 was amended by the Senate Committee on Utilities to include the language from SB 456. In the senate, Staff testified that we were neutral on both SB 455 and SB 456 and we viewed both bills as a policy decision for the legislature. While Staff had no concerns regarding the original language in SB 455, we did have concerns regarding some of the language in SB 456 and we indicated that we would welcome the opportunity to work with stakeholders on revising the language. The stakeholders have participated in several discussions on SB 455 as amended by the Senate Committee and have agreed on proposed amendments that have been provided to the revisor's and incorporated into a balloon amendment.

Staff continues to view SB 455 as amended by the Senate Committee as a policy decision for the legislature. Staff's original concerns with SB 455, which were addressed in stakeholder meetings and are addressed by the proposed balloon amendment were in Section 1(c)(4) and are as follows:

- Section 1(c)(4) is overly prescriptive and may inadvertently increase costs for a utility and its customers.
 - Section 1(c)(4) has mandates that apply regardless of whether a new electric fossil fuel-fired generating unit is needed for reliability or is the lowest cost option.
 - Section 1(c)(4)(A)(i) requires a utility to replace an abandoned or retired electric generating unit with a generating unit that is equal to or greater than the amount of electric generating capacity requirements established pursuant to accreditation rules of the regional transmission organization or independent system operator responsible for accrediting capacity within the utility's service area based on an estimate of the average replacement capacity at the time construction of such

replacement capacity begins. This language may potentially support Kansas subsidizing the Southwest Power Pool region with enhanced reliability and resilience because abandoned or retired fossil fuel-fired generation must be replaced with fossil fuel-fired generation at the same or greater capacity and it must maintain or improve the reliability and resilience of the electric transmission grid per Section 1(c)(4)(A)(iii).

- Section 1(c)(4)(A)(ii) requires the replacement electric generation to be dispatchable by either the utility or the regional transmission organization or independent system operator responsible for balancing load within the utility's service area. The term dispatchable is not defined and applies to both fossil fuel-fired generation and renewable generation.
- Section 1(c)(4)(A)(iii) requires a utility to maintain the minimum reserve capacity requirement established by the utility's reliability coordinator, which seems to indicate that (c)(4)(A)(i) could simply fall under (c)(4)(A)(iii).

Staff's concerns noted above have been addressed in the proposed stakeholder amendments. In addition there are several amendments that have been made for clarity.

Thank you for the opportunity to appear before your Committee and offer Staff's perspective on the proposed bill.