



## **HOUSE COMMITTEE ON ENERGY, UTILITIES & TELECOMMUNICATIONS**

### **Opponent Testimony for HB 2228 – Net Metering (Written Only)**

**Feb. 7, 2023**

**Presented by: Bruce W. Mueller, CEO/General Manager of Wheatland Electric Cooperative, Inc.**

Chairman Delperdang, Vice Chair Turner and Ranking Member Ohaebosim and members of the House Committee on Energy, Utilities & Telecommunications, thank you for the opportunity to submit comments in opposition to HB 2228. I am Bruce W. Mueller and I serve as CEO/General Manager for Wheatland Electric Cooperative, Inc.

My name is Bruce W. Mueller. I am the CEO/General Manager of Wheatland Electric Cooperative, Inc. (Wheatland), a member-owned Kansas electric cooperative serving more than 23,400 customers located throughout nine western Kansas, six central Kansas, and two eastern Colorado counties. Pursuant to state law, our customers are referred to as members and I will also refer to them as members in my testimony. Wheatland's corporate office is located in Scott City, Kansas.

As the CEO/General Manager, I direct the overall operations of Wheatland. I am entrusted by the membership to lead the cooperative to achieve its mission of Delivering Energy for Life and its vision of improving the quality of life of its members and the communities it serves by providing reliable and competitively priced electricity and other essential services. For an example of other services, Wheatland also owns a water utility serving western Kansas.

In my opinion House Bill No. 2228 will have the effect of shifting electric utility costs away from the members that can afford behind the meter generation facilities, and places that cost on Wheatland's other members. In essence, those that can afford to purchase this kind of behind the meter generation would cause the rates of Wheatland's other members to go up.

The members with the financial capability to purchase customer owned generators will use electric energy power that is not supplied by the utility, and that utility will lose the

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margin on those kilowatt hours sales. Further, the utility will lose out on possible future sales to that same member with the roll-over procedures implement under the bill. That member, that is defined as a customer-generator in the legislation, will still remain a member of Wheatland. The member knows that the wind will not always blow, and the sun will not always shine. Wheatland will have to leave those stranded assets in place to continue to serve the potential peak load of that member. Wheatland's loss in kilowatt hour sales and ongoing debt and expenses on facilities will cause a cost shift to its other members. Furthermore, it will exacerbate the density problems that most, if not all, rural electric cooperatives already have, where they have fewer members per line mile as compared to other types of utilities.

Although HB 2228 is concerning for our cooperative in many ways, there are several points I would like to specifically address. To start with increasing the amount from 1% to now 10% of required take of the utility's peak demand (pg. 2, lines 1-6) drastically increases the effect of cost shifting that I explained earlier. For my cooperative, 10% was 17,415 kW (occurred in July 2022). If 10% of peak demand is served by a behind the meter customer-generator, it would have a drastic effect on a cooperative's rate design and would dramatically add to the cost shift to other members.

Another concern is that in the proposed statutory definition of Customer-generator, the generator is intended to offset all or part of the customer's usage, and to be in compliance with reliability standards established by the electric utility. However, the proposed language of HB 2228 would prevent the affected utility from appropriately limiting the size of the generator, thus potentially harming the affected utility's system. The proposal does not explain who will pay for the damages caused to a system from an over-build by the owners of the Customer-generator. Moreover, the language does not explain how the protections in proposed subsection (b) (pg. 4, lines 35-43, pg. 5, lines 1-17) regarding "maximum system export capacity" would be calculated or enforced. The proposed statute does not state who makes this calculation. If it is not the affected utility, who is going to force the new Customer-generator to limit the amount of energy it can place on the affected utility's system? By reading this Bill, the answers are not clear to me.

The current statute, however, is very clear on how the affected utility can limit potential harm to its system. After July 1, 2014, the affected utility is required to allow net-metering up to 15 kilowatts for residential customers, 100 kilowatts for most commercial customers, and 150 kilowatts for schools. It is clear and workable. Moreover, the customer-generator is required to size its generator to its expected load. Again, this is workable. Under the proposed statute the customer-generator is only expected to size its generator to this undefined concept of its "system's export capacity." Again, who is going to make this calculation and enforce it?

Currently, the net-metering statute only requires investor-owned utilities to comply with the net metering statute. However, cooperatives must comply with the parallel generation statutes and, under their statutory right to develop rates and rate structures that work for their individual co-op's members, many cooperatives already have their

own net-metering tariffs. As I mentioned, I am the CEO/General Manager of Wheatland. Currently, Wheatland has 43 net metering interconnection agreements that follow Wheatland's net metering tariff. Under that tariff, Wheatland retains the right to do a full engineering study to ensure the safety of its system and protect all of its members.

In the past, the proponents of behind the meter generation have argued that it will benefit peak demand cost issues and preserves the longevity of distribution assets. I disagree on both points. First, the peak demand argument assumes something that is not necessarily true -- the peak output of solar panels matches our peak demand of electric utilities. I do not believe that is correct. For an illustration of how solar peak production is a mismatch with co-op peak demand, please see testimony from Mark Scheibe, Heartland Rural Electric Cooperative in opposition to HB 2228. Also, on the issue of preserving distribution assets through non-use, the only evidence I know of on this issue would be the longevity of distribution assess is more dependent upon proper engineering design. Cooperatives must design their facilities to the correct load demand. It is my understanding that overloading and overheating distribution facilities are what cause problems with the service life of these assets.

Thank you again for the opportunity to share our concerns with HB 2228. We respectfully request the committee to refrain from advancing the bill. If the committee does act on HB 2228, we request cooperatives be excluded from the bill. If you have any questions regarding our testimony, please feel free to contact me.

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