



*Testimony Submitted to the*  
**House Energy & Utilities Committee**  
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*Kimberly Gencur Svaty*  
*Kansas Municipal Utilities*

### **In Opposition to HB 2227**

Good morning Mr. Chairman, Vice-Chair, Ranking Minority, and members of the committee. Thank you for the opportunity to testify on House Bill 2227 dealing with direct marketing and parallel generation.

Kansas Municipal Utilities (KMU) is the statewide association representing Kansas cities and other public or not-for-profit agencies involved in the ownership and operation of municipal utilities across Kansas. Formed in 1928, KMU provides assistance and information to members with regard to legislative and regulatory issues, training and educational programs, and numerous other services toward the advancement of municipal utilities to achieve maximum benefits for the customer-owners served by our utilities. Our membership ranges in size from some of the largest utilities in the state such as those operated by the Kansas City Board of Public Utilities and the City of Wichita down to some of the smallest utility systems in the state serving fewer than 100 customers.

Kansas Municipal Utilities is the oldest association of electric providers in the state. KMU formed in 1928 in McPherson, Kansas for many of the reasons that you would expect out of community-owned utilities: in some cases, our cities were at the very cutting edge of electrifying their communities in electricity's earliest days, and owned the systems because they built them. In other instances, the cities built their systems because their communities simply were not big enough to attract the attention of larger commercial power providers. To grow, a community needed to demonstrate that it was electrified, so communities that were overlooked went out and built those systems themselves.

Much has changed since our earliest electrified communities. Now, instead of each community having a power plant, resources are pooled with other communities to purchase electricity in an effort to lower costs for everyone. When new generation is added, it is done with considerable planning not only in how it might provide power for the community, but how it also might be a source of reliability for the greater municipal utility community. KMU members were proud to energize almost all of our generators



during Winter Storm Uri in an effort to keep the entirety of the Southwest Power Pool's grid stable.

While much has changed at KMU, the one constant that ties us to the early community leaders that built our systems is planning. They wanted to be able to plan for the future, and they needed a utility system to be able to provide that stability. We too cannot move without careful planning, because we ultimately ask our members – the citizens who live in our communities – to pay for all upgrades and new investments that we make.

It is for this reason that we stand in opposition to HB 2227. On its face, HB 2227 seems minor – it is only asking for direct interconnection agreements that are fairly small – 25 kW for residential, 200 kW for commercial customers. But it is also 1.5 mW for schools, hospitals or churches, and is undefined for military installations. We have one member community that has only 25 meters. A community of that size still must adhere to all planning, safety and regulatory requirements from the RTO, federal and state government. For example, if five of those community members entered into power purchase agreements with a third party it would mean that the rest of the community would not only pick up the cost of the parallel generation, but would also each bear a greater cost of managing the system for the community.

Some might ask, “can someone in that small town get rooftop solar right now?” And the answer is yes – our communities use parallel generation and net metering to enable their members that may want to have rooftop solar or another form of generation on their home or business.

One of the ways in which communities plan is by using the knowledge that our service territory is set. These service territories are not to be trifled with. Whether it be the investor-owned utilities, electric cooperatives, or municipal utilities – all would say the same thing. Service territories are critical for system planning. HB 2227 is the beginning of electric utility deregulation and undermines the Retail Electric Service Act which serves as the underpinnings for all utility operations in the state. If a non-regulated entity is allowed to come in to cherry-pick the largest or most constant loads in our communities, then our community systems, which were designed for everyone in the community in the first place, do not function the way they were planned.

KMU opposes HB 2227 as for municipal utilities it is a duplicative state mandate which could ultimately significantly increase costs to our customers while eroding our ability to operate a cost-effective and efficient utility.