Session of 2014

Senate Substitute for HOUSE BILL No. 2014

By Committee on Utilities

3-21


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

Section 1. K.S.A. 2013 Supp. 66-104d is hereby amended to read as follows: 66-104d. (a) As used in this section, "cooperative" means any corporation organized under the electric cooperative act, K.S.A. 17-4601 et seq., and amendments thereto, or which becomes subject to the electric cooperative act in the manner therein provided; or any limited liability company or corporation providing electric service at wholesale in the state of Kansas that is owned by four or more electric cooperatives that provide retail service in the state of Kansas; or any member-owned corporation formed prior to 2004.

(b) Except as otherwise provided in subsection (f), a cooperative may elect to be exempt from the jurisdiction, regulation, supervision and control of the state corporation commission by complying with the provisions of subsection (c).

(c) To be exempt under subsection (b), a cooperative shall poll its members as follows:

(1) An election under this subsection may be called by the board of trustees or shall be called not less than 180 days after receipt of a valid petition signed by not less than 10% of the members of the cooperative.

(2) The proposition for deregulation shall be presented to a meeting of the members, the notice of which shall set forth the proposition for deregulation and the time and place of the meeting. Notice to the members shall be written and delivered not less than 21 nor more than 45 days before the date of the meeting.

(3) If the cooperative mails information to its members regarding the proposition for deregulation other than notice of the election and the ballot, the cooperative shall also include in such mailing any information in opposition to the proposition that is submitted by petition signed by not less than 1% of the cooperative's members. All expenses incidental to mailing the additional information, including any additional postage
required to mail such additional information, must be paid by the
signatories to the petition.

(4) If the proposition for deregulation is approved by the affirmative
vote of not less than a majority of the members voting on the proposition,
the cooperative shall notify the state corporation commission in writing of
the results within 10 days after the date of the election.

(5) Voting on the proposition for deregulation shall be by mail ballot.

(d) A cooperative exempt under this section may elect to terminate its
exemption in the same manner as prescribed in subsection (c).

(e) An election under subsection (c) or (d) may be held not more
often than once every two years.

(f) Nothing in this section shall be construed to affect the single
certified service territory of a cooperative or the authority of the state
corporation commission, as otherwise provided by law, over a cooperative
with regard to service territory; charges, fees or tariffs for transmission
services; sales of power for resale, other than sales between a cooperative,
as defined in subsection (a), that does not provide retail electric service
and an owner of such cooperative; and wire stringing and transmission line
siting, pursuant to K.S.A. 66-131, 66-183, 66-1,170 et seq. or 66-1,177 et
seq., and amendments thereto.

(g) (1) Notwithstanding a cooperative's election to be exempt under
this section, the commission shall investigate all rates, joint rates, tolls,
charges and exactions, classifications and schedules of rates of such
cooperative if there is filed with the commission, not more than one year
after a change in such cooperative's rates, joint rates, tolls, charges and
exactions, classifications or schedules of rates, a petition in the case of a
retail distribution cooperative signed by not less than 5% of all the
cooperative's customers or 3% of the cooperative's customers from any
one rate class, or, in the case of a generation and transmission cooperative,
not less than 20% of the generation and transmission cooperative's
members or 5% of the aggregate retail customers of such members. If,
after investigation, the commission finds that such rates, joint rates, tolls,
charges or exactions, classifications or schedules of rates are unjust,
unreasonable, unjustly discriminatory or unduly preferential, the
commission shall have the power to fix and order substituted therefor such
rates, joint rates, tolls, charges and exactions, classifications or schedules
of rates as are just and reasonable.

(2) The cooperative's rates, joint rates, tolls, charges and exactions,
classifications or schedules of rates complained of shall remain in effect
subject to change or refund pending the state corporation commission's
investigation and final order.

(3) Any customer of a cooperative wishing to petition the
commission pursuant to subsection (g)(1) may request from the
cooperative the names, addresses and rate classifications of all the
cooperative's customers or of the cooperative's customers from any one or
more rate classes. The cooperative, within 21 days after receipt of the
request, shall furnish to the customer the requested names, addresses and
rate classifications and may require the customer to pay the reasonable
costs thereof.

(h) (1) If a cooperative is exempt under this section, not less than 10
days' notice of the time and place of any meeting of the board of trustees at
which rate changes are to be discussed and voted on shall be given to all
members of the cooperative and such meeting shall be open to all
members.

(2) Violations of subsection (h)(1) shall be subject to civil penalties
and enforcement in the same manner as provided by K.S.A. 75-4320 and
75-4320a, and amendments thereto, for violations of K.S.A. 75-4317 et
seq., and amendments thereto.

(i) (1) Any cooperative exempt under this section shall maintain a
schedule of rates and charges at the cooperative headquarters and shall
make copies of such schedule of rates and charges available to the general
public during regular business hours.

(2) Any cooperative which fails, neglects or refuses to maintain such
copies of schedule of rates and charges under this subsection shall be
subject to a civil penalty of not more than $500.

(j) A cooperative that has elected to be exempt under the provisions
of subsection (b) shall include a provision in its notice to customers, either
before or after a rate change, of the customer's right to request the
commission to review the rate change, as allowed in subsection (g).

(k) Notwithstanding any provision of law to the contrary, a
cooperative, as defined in subsection (a), shall be subject to the provisions
of the renewable energy standards act.

Sec. 2. K.S.A. 2013 Supp. 66-1,184 is hereby amended to read as
follows: 66-1,184. (a) Except as provided in subsection (b), every public
utility which provides retail electric services in this state shall enter into a
contract for parallel generation service with any person who is a customer
of such utility, upon request of such customer, whereby such customer may
attach or connect to the utility's delivery and metering system an apparatus
or device for the purpose of feeding excess electrical power which is
generated by such customer's energy producing system into the utility's
system. No such apparatus or device shall either cause damage to the
public utility's system or equipment or present an undue hazard to utility
personnel. Every such contract shall include, but need not be limited to,
provisions relating to fair and equitable compensation on such customer's
monthly bill for energy supplied to the utility by such customer.

(b) (1) For purposes of this subsection:
(A) "Utility" means an electric public utility, as defined by K.S.A. 66-101a, and amendments thereto, any cooperative, as defined by K.S.A. 17-4603, and amendments thereto, or a nonstock member-owned electric cooperative corporation incorporated in this state, or a municipally owned or operated electric utility;

(B) "school" means Cloud county community college and Dodge City community college.

(2) Every utility which provides retail electric services in this state shall enter into a contract for parallel generation service with any person who is a customer of such utility, if such customer is a residential customer of the utility and owns a renewable generator with a capacity of 25 kilowatts or less, or is a commercial customer of the utility and owns a renewable generator with a capacity of 200 kilowatts or less or is a school and owns a renewable generator with a capacity of 1.5 megawatts or less. Such generator shall be appropriately sized for such customer's anticipated electric load. A commercial customer who uses the operation of a renewable generator in connection with irrigation pumps shall not request more than 10 irrigation pumps connected to renewable generators be attached or connected to the utility's system. At the customer's delivery point on the customer's side of the retail meter such customer may attach or connect to the utility's delivery and metering system an apparatus or device for the purpose of feeding excess electrical power which is generated by such customer's energy producing system into the utility's system. No such apparatus or device shall either cause damage to the utility's system or equipment or present an undue hazard to utility personnel. Every such contract shall include, but need not be limited to, provisions relating to fair and equitable compensation for energy supplied to the utility by such customer. Such compensation shall be not less than 100% of the utility's monthly system average cost of energy per kilowatt hour except that in the case of renewable generators with a capacity of 200 kilowatts or less, such compensation shall be not less than 150% of the utility's monthly system average cost of energy per kilowatt hour. A utility may credit such compensation to the customer's account or pay such compensation to the customer at least annually or when the total compensation due equals $25 or more.

(3) A customer-generator of any investor owned utility shall have the option of entering into a contract pursuant to this subsection (b) or utilizing the net metering and easy connection act. The customer-generator shall exercise the option in writing, filed with the utility.

(c) The following terms and conditions shall apply to contracts entered into under subsection (a) or (b):

(1) The utility will supply, own, and maintain all necessary meters and associated equipment utilized for billing. In addition, and for the
purposes of monitoring customer generation and load, the utility may
install at its expense, load research metering. The customer shall supply, at
ox expense to the utility, a suitable location for meters and associated
equipment used for billing and for load research;
(2) for the purposes of insuring the safety and quality of utility
system power, the utility shall have the right to require the customer, at
certain times and as electrical operating conditions warrant, to limit the
production of electrical energy from the generating facility to an amount
no greater than the load at the customer's facility of which the generating
facility is a part;
(3) the customer shall furnish, install, operate, and maintain in good
order and repair and without cost to the utility, such relays, locks and seals,
breakers, automatic synchronizer, and other control and protective
apparatus as shall be designated by the utility as being required as suitable
for the operation of the generator in parallel with the utility's system. In
any case where the customer and the utility cannot agree to terms and
conditions of any such contract, the state corporation commission shall
establish the terms and conditions for such contract. In addition, the utility
may install, own, and maintain a disconnecting device located near the
electric meter or meters. Interconnection facilities between the customer's
and the utility's equipment shall be accessible at all reasonable times to
utility personnel. Upon notification by the customer of the customer's
intent to construct and install parallel generation, the utility shall provide
the customer a written estimate of all costs that will be incurred by the
utility and billed to the customer to accommodate the interconnection. The
customer may be required to reimburse the utility for any equipment or
facilities required as a result of the installation by the customer of
generation in parallel with the utility's service. The customer shall notify
the utility prior to the initial energizing and start-up testing of the
customer-owned generator, and the utility shall have the right to have a
representative present at such test;
(4) the utility may require a special agreement for conditions related
to technical and safety aspects of parallel generation; and
(5) the utility may limit the number and size of renewable generators
to be connected to the utility's system due to the capacity of the
distribution line to which such renewable generator would be connected,
and in no case shall the utility be obligated to purchase an amount greater
than 4% of such utility's peak power requirements.
(d) Service under any contract entered into under subsection (a) or (b)
shall be subject to either the utility's rules and regulations on file with the
state corporation commission, which shall include a standard
interconnection process and requirements for such utility's system, or the
current federal energy regulatory commission interconnection procedures
and regulations.

(e) In any case where the owner of the renewable generator and the utility cannot agree to terms and conditions of any contract provided for by this section, the state corporation commission shall establish the terms and conditions for such contract.

(f) The governing body of any school desiring to proceed under this section shall, prior to taking any action permitted by this section, make a finding that either: (1) Net energy cost savings will accrue to the school from such renewable generation over a 20-year period; or (2) that such renewable generation is a science project being conducted for educational purposes and that such project may not recoup the expenses of the project through energy cost savings. Any school proceeding under this section may contract or enter into a finance, pledge, loan or lease-purchase agreement with the Kansas development finance authority as a means of financing the cost of such renewable generation.

(g) For the purpose of meeting the requirements of K.S.A. 2013 Supp. 66-1258, and amendments thereto, the parallel generation of electricity provided for in this section shall be included as part of the state's renewable energy generation.

(h) The provisions of the net metering and easy connection act shall not preclude the state corporation commission from approving net metering tariffs upon request of an electric utility for other methods of renewable generation not prescribed in subsection (b)(1) of K.S.A. 2013 Supp. 66-1264, and amendments thereto.

Sec. 3. K.S.A. 2013 Supp. 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:
   (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;
   (5) contains a mechanism, approved by the utility, that automatically disables the unit and interrupts the flow of electricity back onto the supplier's electricity lines in the event that service to the customer-generator is interrupted.

(c) "Peak demand" shall have the meaning ascribed thereto in K.S.A. 2013 Supp. 66-1257, and amendments thereto. means the demand imposed
by the affected utility's retail load in the state.

(d) "Renewable energy resources" shall have the meaning ascribed thereto in K.S.A. 2013 Supp. 66-1257, and amendments thereto.

means net renewable generation capacity from:

(1) Wind;
(2) solar thermal resources;
(3) photovoltaic cells and panels;
(4) dedicated crops grown for energy production;
(5) cellulosic agricultural residues;
(6) plant residues;
(7) methane from landfills or wastewater treatment;
(8) clean and untreated wood products, such as pallets;
(9) (A) existing hydropower; or
(B) new hydropower;
(10) fuel cells using hydrogen produced by one of the above-named renewable energy resources;
(11) energy storage that is connected to any renewable generation by means of energy storage equipment, including, but not limited to, batteries, fly wheels, compressed air storage and pumped hydro; or
(12) other sources of energy, not including nuclear power, that became available after July 1, 2014, and that are certified as renewable by rules and regulations established by the commission pursuant to K.S.A. 66-1269, and amendments thereto.

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

Sec. 4. K.S.A. 2013 Supp. 66-1269 is hereby amended to read as follows: 66-1269. (a) The commission shall, within 12 months from the effective date of the net metering and easy connection act, establish rules and regulations necessary for the administration of the act, which shall include rules and regulations ensuring that simple contracts are used for interconnection and net metering. For systems less than 25 kilowatts, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures and a brief set of terms and conditions.

(b) The commission shall establish rules and regulations for the administration of a certification process for use of renewable energy resources. Criteria for the certification process shall be determined by factors that include, but are not limited to: Fuel type, technology and environmental impacts of renewable energy resources described in subsection (d)(12) of K.S.A. 2013 Supp. 66-1264, and amendments thereto.

Use of renewable energy resources described in subsection (d)(12) of K.S.A. 2013 Supp. 66-1264, and amendments thereto, shall not cause undue or adverse air, water or land use impacts.

Sec. 5. K.S.A. 2013 Supp. 66-1282 is hereby amended to read as
follows: 66-1282. On or before February 1, 2013, and every two years thereafter, the state corporation commission shall compile a report regarding electric supply and demand for all electric utilities in Kansas. The report shall include, but not be limited to, generation capacity needs and system peak capacity needs and renewable generation needs associated with the 2009 Kansas renewable energy standards. The commission shall submit the report to the house energy and utilities committee and the senate utilities committee.


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