

Before the House Energy, Utilities and Telecommunications Committee
Presented by Zack Pistora, Kansas Sierra Club
Proponent to HB 2227
2-7-23



Chairman Delperdang and Honorable Members of the Committee,

Thank you for the opportunity to submit testimony in support of HB 2227, which would enable electricity users to receive power directly from renewable energy suppliers via power purchase agreements without necessarily being classified as public utilities per the Retail Electric Suppliers Act. Often, renewable energy generators, like solar developers, will finance, design, and install an energy system with long-term contracts, typically 10 to 25 years, called 'power purchase agreements' to supply power to a corporation or nonprofit institution at a lower-cost, fixed rate. This financial arrangement allows electric users to offset their power needs with clean energy without absorbing the upfront costs of a renewable energy installation.

A power purchase agreement (PPA) is an innovative financing option that can offer energy price predictability and immediate emissions reductions without the operational risk involved in owning a renewable energy system.

Many companies or nonprofits are looking to source their electricity from clean energy resources, like solar, but not actually own or operate a solar installation themselves. Furthermore, more enterprises are looking for ways to save energy costs through long-term, fixed pricing that may or may not be achieved through their current utility provider. Renewable energy PPAs can help customers achieve a dedicated source of clean power while typically maintaining a positive financial arrangement that benefits consumers and the generator.

HB 2227 would help leverage private capital for public good, including providing additional distributed energy supply for the electric grid.

Clean energy from wind and solar offers numerous direct and indirect public benefits, including less water use, much less pollution, and therefore better health and environmental outcomes, along with economic gains of jobs and investment from new energy systems and savings from lower-cost generation. Specifically, solar power can aid utilities and the electrical grid by having additional low-cost power supply at times of peak demand. Utility benefits from increased solar PV generation were highlighted in the 2020 AECOM electric rate study for Kansas. AECOM concluded that *"that solar PV generation will increasingly benefit Kansas ratepayers..."*

HB 2227 would put Kansas in line with other states taking advantage of the opportunity of third-party solar and renewable energy power purchase agreements.

According to the DSIRE database, operated by the North Carolina Clean Energy Technology Center at N.C. State University, at least 29 states currently allow third-party power purchase agreements for solar. State neighbors that allow solar PPAs include Iowa, Arkansas, Oklahoma, and Colorado. All these states either had lower average prices (cents/kwh) or lower average monthly bills for residential customers than Kansas in 2021 according to recent analysis by the Kansas Corporation Commission.

We urge you to pass HB 2227 to help Kansas expand solar use and capture the benefits of clean energy.

Sincerely,

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The Sierra Club is the largest grassroots environmental organization dedicated to enjoying, exploring, and protecting our great outdoors. The Kansas Chapter represents our state's strongest grassroots voice on environmental matters for nearly fifty years.