



**Testimony in Opposition to HB 2227**  
**Jeff Martin, Vice President, Customer Operations, Evergy**  
**For the House Committee on Energy, Utilities and Telecommunications**

**February 7, 2023**

Thank you, Mr. Chairman and members of the committee. Evergy strongly opposes this bill because it will hurt residential and smaller commercial customers by allowing larger customers to avoid paying their fair share of the grid while still being served by it. Such a situation shifts costs to residential and small commercial customers. This bill is simply, by another name, a mini-deregulation bill for large consumers.

It will allow larger customers to buy their own energy to serve their load, or at least significantly reduce the amount of electricity they use from the Evergy system. However, these customers will still fully rely on Evergy's electrical system both to deliver power to them and for backup generation when the third party PPAs are not generating and delivering power to them. Make no mistake, these large customers will still rely on both generation and the electrical grid that serves all Evergy customers. They just will no longer be paying for that usage. Instead, those costs required to maintain and operate the electrical grid and provide baseload generation to all Evergy customers will now be shifted to residential and commercial customers, raising their rates significantly.

This bill does not reduce costs. The costs to run the grid remain the same. The customers who enter into third party PPAs still impact the electrical grid in the same manner. All that happens is that large customers get a discount and avoid paying for the same service. This shifts the cost to every other Evergy customer.

Proponents of this legislation are not suggesting that they no longer want access to the electrical grid or the generation that Evergy provides them today. They cannot truthfully say that this will not raise costs on other customers. They cannot truthfully say they will need access to the electrical grid less or have a positive cost impact to grid operations generally. They just want to pay less. That has dramatic impacts on every other customer in the system and runs contrary to the regulatory compact that has governed Kansas for over 100 years. The point of the regulatory compact is that power prices are best kept in check when everyone is sharing the costs. And, many of these customers already have special contracts that give them discounted rates which are subsidized by other customers.

When a large energy user buys their own renewable energy, that will not simply decrease the costs for running the system. In fact, the assets to serve those customers are fixed, captured in rates and recovered over several years. Those costs will now be lumped onto the backs of the remaining customers.

This bill would hurt the vast majority of Evergy customers. It is a bad idea and should not be voted out of committee. However, if the committee wants to move forward with this legislation, there are important changes that should be considered to even contemplate moving this legislation; changes to protect residential and commercial customers should be considered.

Those changes should include:

- Ending special contracts with discounted rates for large customers. After all, this bill would allow them to receive a new subsidy.
- Requiring customers who engage in third-party PPAs to pay for having the grid at their disposal to deliver power to them and for the backup generation that they rely on.
- Amend the language to require any third-party PPA that a customer enters into be cost neutral to all other customers. In other words, it cannot raise the rates on other classes of customers.

Evergy has spent the last several years working to make our rates regionally competitive as this committee has heard. This action would be in the opposite direction and make rates less competitive, all to give a couple of large users a financial benefit on the backs of all other customers.

Additionally, the stated goal of third-party PPAs to bring renewable resources in is unnecessary and duplicative of programs that Evergy already offers. Evergy's current delivered generation mix is 50% carbon free with a goal of net zero by 2045.

Additionally, Evergy has program offerings like Renewables Direct that allow our customers to access renewable energy as a part of their current generation mix. We have worked with the military and offered solutions for their challenges. We are confident we can find a solution that works for them without this bill.

Mr. Chairman and Committee, we appreciate this opportunity to present our view. I am happy to stand for your questions.