

STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 29, 2018

The Honorable Joe Seiwert, Chairperson
House Committee on Energy, Utilities and Telecommunications
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2514 by Representative Sloan

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2514 is respectfully submitted to your committee.

HB 2514 would require the Kansas Corporation Commission (KCC) to contract with the U.S. Department of Energy National Laboratory for a study to determine the value that distributed energy provides to the Kansas electric utilities, to the customers that own distributed energy resources, to the Southwest Power Pool, and to the general economic benefits to the state. The bill specifies the type of results sought and the methodologies that must be used in the study. The study must be completed within 18 months from the time the contract becomes effective and binding. The contract could not be finalized until 50.0 percent of the cost of the study, not to exceed \$150,000, is paid by interested parties, not including electric public utilities. The remaining cost would be proportionally assessed against the electric public utilities. Upon completion of the study, the KCC must make the results available to the public for comment and review, and the agency must implement one or more distributed energy tariffs based on the results of the study and the public comments.

The KCC estimates that enactment of HB 2514 would increase expenditures by \$750,000 from fee funds and increase revenues by a like amount through assessing electric public utilities and other interested parties. These estimates are based on a reading of the bill that requires individual studies for each electric utility regulated by the KCC and another study for all municipalities combined and all cooperatives combined. The agency indicates that because the bill requires that the studies be used for rate design, the studies would need to be individualized for each regulated utility. These results could then be aggregated to give an estimated effect on

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the state as a whole. In addition, a study estimating the effect on the Southwest Power Pool must also be conducted. Any fiscal effect associated with HB 2514 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in cursive script, appearing to read "L. Campbell".

Larry L. Campbell
Chief Budget Officer

cc: Jake Fisher, KCC