

Before the Senate Committee on Utilities

February 14, 2024

Neutral Testimony On Senate Bill 455

Submitted by Jeff McClanahan, Director, Utilities Division
On Behalf of
The Staff of the Kansas Corporation Commission

Chair Fagg, Vice Chair Petersen, Ranking Minority Member Francisco, and members of the Committee, thank you for the opportunity to provide testimony today on behalf of the Staff of the Kansas Corporation Commission (Commission).

The Staff of the Commission (Staff) is neutral with respect to Senate Bill 455 (SB 455). SB 455 amends K.S.A. 66-1239 to include a provision authorizing the Commission to retain certain coal-fired generation units in a utility's rate base.

Staff views SB 455 as a policy decision for the legislature. Staff views SB 455 as a policy decision because the Commission already has broad authority under K.S.A. 66-101b to determine whether a utility is providing sufficient and efficient service. The term "sufficient" in K.S.A. 66-101b encompasses the responsibility of each electric utility to ensure the reliability of its electric system. From Staff's perspective, the amendment included in SB 455 will further enforce the reliability aspect of K.S.A. 66-101b by adding language supporting continuing to include coal-fired electric generating facilities in a utility's rate base when such units may have a low capacity factor or are offline during normal operating conditions and providing capacity only. Given the current regional reliability concerns stemming from: 1) recent increases in load growth from electrification and increased economic development; 2) the rapid pace of fossil fuel-fired generation retirements; and 3) the rapid increase in deployment of intermittent renewable energy resources, such an enforcement may help clarify for stakeholders the need for coal-fired generating units that may not always be competitive in the Southwest Power Pool's Integrated Market to remain in rate base.

Thank you for the opportunity to appear before your Committee and offer Staff's perspective on the proposed bill.