

Before the House Committee on Energy, Utilities, and Telecommunications

February 13, 2020

Proponent Testimony
On House Bill 2585

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

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

The Staff of the Commission (Staff) supports House Bill 2585 (HB 2585). HB 2585 will allow third-parties to sell electricity for the sole purpose of providing electric vehicle (EV) charging services to end users without becoming a public utility.

In Docket No. 16-KCPE-160-MIS, Kansas City Power & Light (KCP&L) proposed to install and operate approximately 1,000 EV charging stations in Kansas and Missouri. The expected capital cost in Kansas was approximately \$5.6 million and KCP&L requested in the docket to include the capital costs and operating costs in rates. Staff opposed KCP&L's request based on a number of issues and the Commission order denied KCP&L's request. Part of Staff's rationale for opposing the request was as follows:

Q. Why should the Commission recommend to the legislature an exception from the public utility status for EV charging entities?

A. *By explicitly allowing private, non-utility charging stations, the Kansas Legislature would allow the development of a competitive market for EV commercial charging.* Not knowing the future, it might be that a battery breakthrough will occur that will make charging relatively quick and competitive with filling up at the gas station. Or, it might be that a sharp increase battery will occur, with the result that very few local charging stations are necessary. However, it is important to remember that EV market penetration has failed in the past and there is no guarantee that it won't fail again this time. *A competitive marketplace will ensure that the buildout only occurs when there is profitable demand for the service.*

Probably the best outcome for commercial charging stations would be the development of a competitive market for EV charging stations with standards for charging stations the same across the country. Staff is aware that a market might not develop or there might be enough market failure to make the market inefficient. However, *Staff thinks that initially trying the market approach for the commercial charging station industry makes sense.*¹

While HB 2585 does not explicitly establish a competitive market, it in effect allows a competitive market to develop because it will allow private individuals or entities an exemption from public utility status and an exemption from the Retail Electric Supplier Act. With HB 2585 in place, Staff can protect a developing competitive market by ensuring a public utility under our jurisdiction does not leverage its monopoly power to create an unfair advantage. More specifically, It is Staff's intent to ensure any application by a public utility to include EV charging stations in its rates does not unfairly impact the developing competitive EV charging station market.

¹ Direct Testimony of Robert H. Glass, PhD, p. 31, Docket No. 16-KCPE-160-MIS (June 6, 2016).