

Rep. Sloan Hosts Electric Rate-Making Policy Summit

Rep. Tom Sloan (R, Lawrence) organized and hosted an Electric Rate-Making Policy Summit at the Robert J. Dole Institute. Fifty electric utility executives, Kansas Corporation Commission staff members, CURB representatives, and executives from large electric customers participated in the Summit.

Electric customers have increasing opportunities to reduce their electric usage through energy efficiency and conservation programs, as well as wholly or partially get off the electric grid because of improving technologies for roof top solar and small wind turbines, fuel cells that convert hydrogen to electricity, and electricity storage devices. These technologies pose problems for the regulatory and utility business models that assume customers will receive all of their increasing energy needs from the traditional utility. Summit participants discussed how customer-utility relations are and must change relatively quickly.

Residential customers who install renewable generation units and sell their surplus electricity back to the electric utility under the net metering program are subsidized by other residential customers. This may not be intuitively understood because the owners of a residence with a solar panel are simply reducing their purchase of electricity from the utility and selling surplus electricity to further reduce its electric bill. However, they are selling their surplus power back at retail rates, meaning that the utility's cost of maintaining the electric lines, debt retirement, billing, outage repair, and other services are paid by the other customers. This may not be a major issue when only residential customers are considered, but when large commercial customers partially or wholly go off the grid, the rate impact on remaining customers can be significant.

“Major Kansas electric customers like the U.S. Army, Wal-Mart, Mars Candy have goals to reduce their total electric usage through energy efficiency and conservation programs and self-generation,” Sloan said. “Accommodating Congressional directives to the Army and corporate goals to reduce their carbon footprints present challenges to the Kansas regulatory and utility communities to ensure that those less affluent electric customers are not ‘punished’ through higher electric rates.”

Utilities and regulators nationally are confronting these challenges, but the Electric Rate-Making Policy Summit was one of the first times in the country that utilities, regulators, customers, customer advocates, and policy-makers sat together to discuss how technology, costs, and public/customer energy preferences intersect. “For Kansans, this discussion is significant because it starts redefining electric utility-customer relations. Such questions as should electric utilities have a ‘provider of last resort role’ for customers who self-generate and at what cost must be answered to protect other customers and utility investments,” said Sloan. “The Summit formally began that discussion in Kansas and the nation.”

Rep. Sloan is a member of the U.S. Department of Energy's Electricity Advisory Committee and the GridWise Architecture Council. He is a member of Energy Task Forces for both the National Conference of State Legislatures and the Council of State Governments. Sloan is serving his tenth term in the Kansas House of Representatives. He is Chairman of the Vision 2020 Committee, and a member of the Transportation and Agriculture and Natural Resources Committees.

###