

October 2018

Subject: Westar got their wish: KCC rules to punish small rooftop solar but subsidize wealthy residential customers.

Dear FHREECs,

The KCC ruled on Sept. 27th 2018 that Westar can immediately begin to charge additional fees to all residential customers who will install or have installed rooftop solar since Oct. 2015. (There is no grandfathered rate for anyone who installed solar panels between Oct. 2015 and now). Below is the fine print of how the new rate plan will work but the short version is that the new plan will add “Demand Charges”, roughly an additional \$30.00/month to the bill of everyone who generates any of their own electricity. We are subject to these higher fees even if we lay a single \$400.00 panel in the sun. The KCC’s rationale is that solar customers (Distributed Generators or DG) use the grid “differently” than other customers and should be charged more to avoid a cross subsidy from non-DG customers. This is partially true! DG customers use the grid in a way that is more emergency prepared, technologically advanced, environmentally responsible, and economically prudent. The real “not paying their fair share” cross subsidy is that the CEO of Westar makes \$3.7 million per year which amounts to \$.45 out of every bill, every month, *from every rate payer*. We disagree with the claim that DG customers don’t pay their fair share and believe it is wrong for Westar to penalize those of us who utilize advancements in technology by purchasing (out-of-pocket) energy generating hardware. This demand rate plan will benefit only the largest and wealthiest residential customers. For most of us, demand plans are difficult to understand, predict, and control. What we dislike most about demand plans is that controlling demand does almost nothing for Westar’s bottom line. It is merely a punitive rate system being used to slow the growth of rooftop solar. Westar has the technology to incorporate DG into the grid (as occurs in California, Hawaii, Arizona, Europe, China, etc.) but they choose not to.

What should solar customers do now?

We should become more active! The people of Kansas need to understand what the KCC has done by giving Westar permission to stifle the growth of rooftop solar. In Nevada, when similar rate-case rulings penalized solar customers, the people rose up against it, resulting in the legislature overruling the Corporation Commission’s decision. The people’s voice in Nevada was so effective that the legislature is beginning to question the basis for granting the utility company a monopoly over power generation. In the past, the monopoly deserved protection because it best served the public, but when the directors of the monopoly abuse power to protect self-interest, changes must be made. So, please stay engaged! The KCC ruling is not the beginning-of-the-end but the beginning-of-the-beginning.

How can we become more active?

1. Make rooftop solar a campaign issue! Contact anybody running for office and explain to them that you don’t like being penalized for doing the right thing. Ask them to put pressure on the KCC to reverse their ruling.
2. Become boring at parties (like me)! Keep talking about why solar energy is both financially- and environmentally sound, and how electric companies must modernize the grid.
3. Stay tuned for more updates! I’ll keep you posted on the plan-of-action which the Climate and Energy Project and others are working on.
4. Focus on promoting solar panels to those who can still greatly benefit. Commercial customers, rural electric customers, and large consumers with large arrays can still benefit from solar panels.
5. Help me get the word out. Schedule me for a presentation in your area.

What should you do if you installed a small system after Oct. 2015

If you are faced with demand fees that are making you think that you can't afford solar, don't despair. There is technology available that can hide your array from Westar. **DO NOT TAKE THOSE PANELS OFF THE ROOF!** Simply cancel the Net Meter arrangement with Westar and set up your system to hide your generation. This is called "Guerrilla Solar". You will not get reimbursed for excess power that you generate but do not use, but you will still be reducing your utility bill by generating some of your own power. It is not against the law but be ready for a battle if you get caught. It is a battle that I (and maybe FHREEC) will help you fight. Contact me for more information.

The Fine Print of the New Rate Structure: The KCC said they wanted to avoid a cross subsidy but approved a *more unjust* cross subsidy.

Now for a full explanation of the new fees and who would benefit and who will be hurt: All Westar residential DG installations completed after Oct. 2015 will be forced into a 3-part rate system. (Commercial customers and rural electricians are not subject to the ruling). Currently residential customers' bill consists of two types of fees: a fixed base rate (\$14.50), and fees calculated based on the kWh you consume in the house multiplied by about 0.12/kWh (which includes taxes and fees). The new plan adds a fee to the bill called Demand (measured in kW). During four summer months (June – Sept.), that Demand value is multiplied by \$9.00, and during the remaining eight months, it is multiplied by \$3.00. Your demand value is based on your **highest consumption** during any **one-hour period** during the **non-holiday weekday hours of 2 and 7 pm**. So, if your air conditioner (3 kW) turns on while baking in the oven (3 kW) and running the dishwasher (1 kW), all in a one-hour period between 2-7 pm, you will be billed for 7 kW x \$9.00 extra in demand fees (\$63.00) June-September, and \$3.00 (\$21.00) in the October-May. (If you examine your bill from Westar, you will notice that demand is listed but it hasn't been used for anything except to get you accustomed to seeing it.) This rate increase, however, is partially offset by a reduction in your bill since Westar is offering a lower rate for the electricity you use (about \$.05/kWh discount). This will offset the demand fees *only if you consume a very large amount of electricity*. For example, if you consume 1500 kWh of electricity/month, the lower volumetric charges offset the increase incurred by the demand fees. Perhaps this large user of electricity can even have a little control of demand by, for example, being sure that the hot tub pump and heater don't turn on between the hours of 2–7 pm. Also, if this large user installed lots of solar panels, they would have lower volume charges AND have partial control demand. The bottom line: a large consumer of electricity (probably wealthy) with a large solar array will benefit from the new plan. For those of us who have fewer panels and conserve energy, new demand fees will far exceed the savings resulting from lower volumetric charges. Most of us (based on data from FHREEC members, my estimate is >80% of us?) will be hurt. With 10 old style panels, my array produces about \$28.00 of electricity/month. I consume about 400 kWh/month and my panels produce about half of what I consume. Since my current demand multiplier is 4, my demand fee would average \$20.00/month. I only save about \$5.00/month from the discounted kWh charge so over half of the money my panels could earn will go to demand fees. Plus, there is no guarantee that I can keep demand to 4 because there are not many tools to help customers control peaks in energy use in their homes. So, in an effort to eliminate a cross subsidy, the KCC has approved a plan that *creates a bigger cross subsidy which only benefits the rich* (large residential user of electricity). Ouch! Any questions? Please ask!

Robert Rosenberg

The demand fee is b The new rate structure will lower the price for large consumers with large solar arrays but it will remove most of the financial incentives to those of us with small arrays who use electricity sparingly.

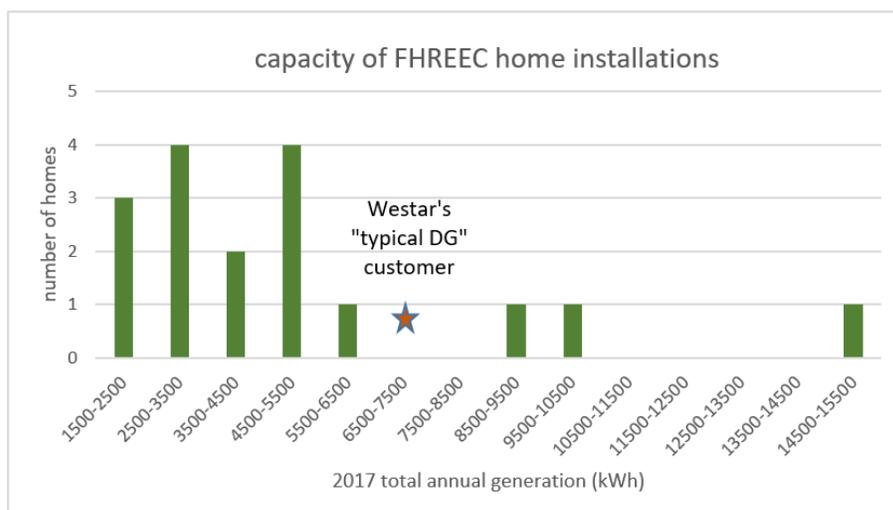
I would start by agreeing with the KCC that DG customers use the grid "differently". Those differences are DG customers use the grid in a manner which is more emergency prepared, technologically advanced, environmentally responsible, economically prudent, and naturally efficient. So why are we being penalized? The growth of rooftop solar is inevitable and attempts to stifle it will backfire. We want Westar to manage DG in a modernized grid to benefit all rate payers.

FHREEC didn't install any systems in Westar's territory during the period when rates were not protected so I have no invoices to share but hypothetical customer bills should be sufficient to demonstrate the adverse impact of the demand plan. The approved rate structure favors only the largest customers who either have massive solar panel arrays or enormous volumetric charges. Massive solar panel arrays are often impractical because of space/sun limitations and policies which promote enormous volumetric usage threatens our planet and puts pressure on finite resources. I have attached the graph of real FHREEC customers showing how most customers would be severely impacted by the current rate plan but I don't think the KCC or Westar cares about this (I met with Greg Greenwood, Tammie Rhea, and

Scott Unekis last month and we plugged in numbers resulting in showing how detrimental the new plan would be to a customer like me and they excused away the results).

Robert

The graph below shows that 14 out of 17 randomly chosen customers would be more impacted by the demand plan than Weststar represents.



Sorry I accidentally left FRHEEC off this list.

Dorothy Barnett

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Begin forwarded message:

From: Dorothy Barnett <barnett@climateandenergy.org>

Date: September 27, 2018 at 12:06:26 PM CDT

To: undisclosed-recipients.;

Subject: KCC Weststar Order in today

Hello everyone,

Unfortunatly, the news from the KCC was not good - they approved the Stipulation Agreement supported by Weststar, Staff, CURB and all intervenors except Sierra Club, Vote Solar and CEP/CEBC.

We are preparing a statement and would like to include comments from members who will be impacted by the order. **Specifically, what impact do you expect to see on the residential side of your business? Are any of you able to share customer bills to illustrate the impacts?**

The Demand Charge impacts for residential customers are as follows:

DG demand charge \$9 kw of demand from May-August and down to \$3 kw of demand Sept-Apr.

Volumetric energy charge \$0.045840 per kWh.

The Topeka Capital Journal is looking to do a story about the differences between solar policies in Missouri and those in Kansas - **so let me know if you are interested in speaking with them about that.**

Since we now know what we're up against, we want to meet and work out our legislative and regulatory strategy all together on **October 10th at 2 pm. We will meet at 100 SE 9th Suite 100.** I recognize this is time away from your daily work, but it is imperative that we come together to ensure a legislative and regulatory environment where solar can thrive in Kansas. Please make this meeting a priority and confirm your attendance right away.

I've attached the Commission's order. Please send me your comments ASAP to include in our statement. I've had calls from 3 reporters already and we can only hold them off so long.