

NEWS

Scale and scope of Kansas value-of-solar study yet to be determined

Karen Uhlenhuth | 08/23/2016

The Kansas Corporation Commission handed a victory to the clean-energy community when it decided last month (<http://estar.kcc.ks.gov/estar/ViewFile.aspx/20160712112537.pdf?Id=77f9a743-6473-4ba1-8daa-9313e65ead9e>) to study not only the costs – but also any possible benefits – that distributed solar generation creates for the local electric utility and its customers.

But much about the study remains to be determined, such as how long comments will be accepted, and the amount and nature of the interaction among intervening parties.

“Typically in our experience, when you have an investigative docket, there are lots of open dialogues, workshops and presentations,” said Dorothy Barnett, executive director of the Climate + Energy Project in Kansas, and a supporter of the study. “But there is a line in the order where they’re suggesting that everyone respond to the order with how we can best limit that kind of interaction. I’m concerned about that because in my mind, it doesn’t follow what we consider to be the spirit of the investigative docket.”

Scott White, a data analyst for a Kansas solar installer that is participating in the proceedings, said he also is watching to see what form the study takes.

“Ideally,” he said, “it would be an independent study that the commission would oversee – and it would take the results seriously.”

When it comes to assessing whether distributed generation burdens – or benefits – the local grid, “The real distinguishing factor is who sponsored the study,” said Karl Rabago, a former utility commissioner who now consults on utility and energy matters.

“There’s a [great little report](http://www.environmentamerica.org/reports/amc/shining-rewards) (<http://www.environmentamerica.org/reports/amc/shining-rewards>) on a collection of studies by Environment America. It looked at 11 (value-of-solar) studies. The number-one differentiator of final value in these studies is who paid for it. When the utilities paid, they tended to find no value.”

Studies that were conducted or funded by state governments or other “neutral” parties – as is the case here – “tended to find value,” according to Rabago.

The commission has not yet indicated exactly how it will proceed with the study.

The question of what rates should be paid by electricity customers that generate some of their own power surfaced last year during a Westar Energy rate case (<http://midwestenergynews.com/2015/03/24/kansas-utility-targets-solar-customers-for-higher-rate/>). That utility – the largest electricity-provider in Kansas – proposed imposing an additional fee on distributed-generation customers to cover what it said were extra costs associated with distributed-generation customers.

“They hadn’t studied it,” White said. “It was just assumed.”

The commission left open the possibility that it would allow Westar to impose such a surcharge. However, it decided that, rather than rule on that request within the context of the larger rate case, it would address it in a separate proceeding (<http://estar.kcc.ks.gov/estar/portal/ksccl/page/docket-docs/PSC/DocketDetails.aspx?DocketId=793811c7-a50f-4299-bcb8-1dda9b06f2c3>). That recently got underway with a debate among stakeholders as to whether the commission should aim to assess only costs, or costs and benefits.

Cromwell Environmental, a solar installer based in Lawrence, Kansas, strongly urged the commission to try to quantify benefits as well as costs of distributed generation on Westar's grid. And yet, said the company's Scott White, "There's a risk in this – that it could come out that solar has all costs and no benefits, and that they will add a tariff to new solar systems."

"In Kansas, solar may not have the benefit it's been shown to have in Nevada and Maine. It's a different fuel mix, and a different demographic. Even an independent study could show results that we aren't happy about, but we still think it would be the fairest way to go."

"I think there's a lot of controversy around 'value of solar,'" said Barnett. Some people dispute the values assigned to various aspects of the grid's operation.

In a document filed with the commission, Westar argued that the study should look exclusively at costs for a range of reasons, including the fact that the commission last fall instructed its staff to scrutinize costs – not benefits. In addition, the utility pointed out that Kansas electric rates historically have been either based on the utility's costs, or have arisen in the context of a competitive marketplace.

Value-of-solar studies have had some impact on ratemaking policy, according to Rabago. A study done in Minnesota, for example, has served as the basis for determining what utilities must pay to customers who are members of community solar projects.

And elsewhere, he said, "It has lead to the rejection of utility proposals to impose costs on solar customers. National Grid in Rhode Island proposed an access charge for solar customers based on an allegation of costs. They were not able to go ahead with their charge."

Rabago said he believes that utilities tend to view a value-of-solar study as "a harbinger of the coming utility transformation" and putting them at the top of a slippery slope, "heading into the socialist kind of space."

Whatever fears people may have about the outcome of such a study, Barnett said, "Advocates and utilities and solar companies need to work together to figure out what role distributed generation is going to play in the new energy paradigm we're facing."

If the Clean Power Plan is upheld in court, she pointed out, "Kansas has a 40-plus percent reduction it has to make. We think there is a role for distributed generation, but we don't know exactly what it is. And we think the DG docket should explore that."

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