

surveyed by Utility Dive indicated that they believed their companies' business models would have to change to adapt to the growth of renewables¹

This docket raises very complicated issues requiring thoughtful determination by the Commission and all stakeholders. The outcome presumably could be a finding by the Commission that will be a binding set of rules or principles to be used as a framework in upcoming rate proceedings. The outcome could just as easily be a narrow finding that gives Westar some direction in setting residential distributed generation ("DG") rates, while leaving broader questions for future proceedings. The parties to this docket have not yet presented evidence or full proposals to each other, so Brightergy reserves the right to argue for a particular outcome until later in the process. However, the Commissioners should bear in mind that the parties may not be able to answer critical questions in sufficient detail to justify sweeping changes to retail rates. In that instance, the Commission should defer important decisions until a date when such information becomes available.

REPLIES TO STAFF COMMENTS

Staff's analysis, as well as that of the utility providers generally, is that customers who find ways to reduce their energy consumption, and correspondingly, the overall stress on the grid and generation systems, are somehow not contributing sufficiently for the upkeep of the grid. The benefits of DG installation are myriad, and acknowledged by Staff in its Initial Comments². Customers who make investments in DG at great cost for themselves should enjoy recognized benefits that their investment strengthens grid security and adds value for all ratepayers. Some

¹ Trabish, Herman, "As utilities embrace DERs, pilot projects emerge as key element of compromise," Utility Dive, May 4, 2017.

² See Verified Initial Comments of Commission Staff at 2-3.

benefits are more difficult to quantify than others, but the Commission should start with the premise that solar DG installations add some value for all ratepayers, and determine appropriate policy conclusions with that calculation in mind.

Under Staff's evaluation, there would be no difference in treatment between DG customers and efficiency customers. A ratepayer who consumes less electricity through investments in installation, LED lighting and triple-pane windows would also not be paying a proportional share of the utility's fixed cost, and should likewise be subject to a rate increase to even the playing field. There has been no discussion in any forum that Brightergy is aware of that efficiency customers should have special rate treatment or that they do not sufficiently contribute to maintain the grid. The outcome, in the sense that DG and efficiency customers make investments to reduce usage, is the same. The only notable difference is that a DG customer's reduction in usage is paired with the additional benefits listed by Staff on its Table 1, and include seven categories of avoided costs for the utility, and security, health and environmental benefits³, all shared by the ratepayers as a group.

The only real area of controversy is what value to place on these benefits. Staff and others argue that it is difficult to quantify benefits such as health and security, but nobody seems to deny those benefits exist. Brightergy encourages the Commission not to find that because it is difficult to quantify a benefit, it should not exist for DG customers. Instead, a finding that combines quantifiable and less quantifiable benefits would be more equitable and recognize the benefits DG customers add to the grid and share with all ratepayers.

³ Id. at 3.

VALUE OF SOLAR STUDY

Kansas has not commissioned a value of solar (“VOS”) or similar cost-benefit analysis aimed at accurately pricing the benefits DG customers provide. It is unlikely, given the timeframe in this docket, that one will be available for the Commission before it issues an order in this docket.

In making its decision, the Commission should consider two issues with the timing of this docket. First, there are very few solar customers in Kansas, and correspondingly very little ratepayer impact from DG. Second, as noted above, there is correspondingly little data on which the Commission can rely in making its decision. A three-part rate structure may very well be the correct path for Kansas, but without data explaining the Kansas energy landscape, the Commission would be essentially taking a guess as to what structure would be the best fit and correctly balance the interests of all stakeholders.

The Commission can look to studies from other jurisdictions and draw some conclusions that could help in its evaluation. The Office of the People’s Counsel for the District of Columbia (the District’s equivalent of CURB), recently commissioned a VOS study that included a cost-shifting analysis from Synapse Energy Economics, Inc. (the “Study”)⁴. Although the Study is focused on a densely populated urban area with obvious demographic and geographic differences with the State of Kansas, it does represent a reputable and up-to-date analysis of the topics at issue in this docket.

One important parallel is the low level of DG penetration in the District, leading to a conclusion that The Study highlights Cost-shifting was found to be \$0.02 per customer, per

⁴ Whited, Melissa, et al, “Distributed Solar in the District of Columbia, Policy Options, Potential, Value of Solar and Cost-Shifting,” April 12, 2017, accessible online at <http://www.synapse-energy.com/sites/default/files/Distributed-Solar-in-DC-16-041.pdf>

month, for a total of \$0.28 annually⁵. Again, this study was conducted in a more dense urban area, but the important parallel is that at the current low levels of DG penetration, the impact of cost shifting is negligible.

This is one conclusion from a 175-page report, which should be the subject of some debate going forward. The cost-shifting conclusion is highlighted here to remind the Commission that there is currently very little DG activity in Kansas, and hence no pressing need to rush into policy decisions. Additionally, the cost-shifting impact is small compared to the acknowledged benefits, quantifiable and unquantifiable, that the parties agree are enjoyed by all ratepayers.

CONCLUSION

This docket is still in its early stages, and the Commission and the parties bear the responsibility to contribute and consider all relevant evidence to ensure the best policies for Kansas ratepayers. Brightergy encourages a complete look at all benefits of DG deployment as a part of that process.

Dated May 5, 2017

Respectfully submitted,

/s/ Andrew J. Zellers

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⁵ Id. at 162.

VERIFICATION

STATE OF MISSOURI)
) ss:
COUNTY OF JACKSON)

Andrew J. Zellers, being duly sworn upon his oath deposes and says he is the attorney for Brightergy, LLC, that he is familiar with the foregoing Comments, that the statements therein are true and correct to the best of his knowledge.



Andrew J. Zellers

Subscribed and sworn to me this 5th day of May, 2017



Notary Public

My Appointment Expires: 4 / 3 / 2020



CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of May, 2017, the foregoing Comments were electronically filed with the Kansas Corporation Commission and that an electronic copy was delivered to each party on the service list.

/s/ Andrew J Zellers
Andrew J. Zellers