

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Andrew J. French, Chair
 Dwight D. Keen
 Annie Kuether

In the Matter of the Joint Application of Evergy)
Kansas Central, Inc., Evergy Kansas South,)
Inc., and Evergy Metro, Inc. for approval of) Docket No. 24-EKCE-744-TAR
certain changes to their parallel generation)
tariff provisions.)

ORDER APPROVING TARIFF REVISIONS

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and determination. Having examined its files and records, the Commission finds and concludes:

I. BACKGROUND

1. On May 17, 2024, Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (collectively referred to as “Evergy Kansas Central” or “EKC”) and Evergy Kansas Metro, Inc. (“Evergy Kansas Metro” or “EKM”) (together with Evergy Kansas Central referred to as “Evergy”) filed a Joint Application seeking changes to each utility’s existing Parallel Generation (“PG”) tariff provisions.¹ Evergy also seeks to resolve several instances in which the compensation rate being paid to PG customers is inconsistent with the compensation rate specified in signed Facilities Interconnection Agreements (“FIAs”) between Evergy and its customers.²

2. On December 18, 2024, Commission Staff (“Staff”) submitted its Report and Recommendation (“R&R”) in the above-captioned docket.³ Staff’s R&R ultimately recommended

¹ Joint Application for Evergy for Approval of Certain Changes to Their Parallel Generation Tariff Provisions (May 17, 2024) (“Joint Application”).

² *Id.*

³ Notice of Filing of Staff’s Report and Recommendation, Utilities Division, Docket No. 24-EKCE-744-TAR (Dec. 18, 2024) (“Staff’s R&R” or “R&R”).

that the Commission approve the tariff changes as set forth in the R&R. But with regard to FIA compensation rates, Staff recommended that Evergy be required to fulfill its obligations under the executed contracts it negotiated with its customers. Staff further recommended that the Commission order Evergy to file a compliance report as soon as practicable in the above-captioned docket attesting to three conditions, outlined further in the order section below.⁴

II. LEGAL STANDARDS

3. The Commission holds full power, authority, and jurisdiction to regulate Evergy as an electric public utility doing business in Kansas and is empowered to do all things necessary and convenient for the exercise of such power, authority, and jurisdiction.⁵ The Commission is empowered to require all electric public utilities to establish and maintain just and reasonable rates when the same are reasonably necessary in order to maintain reasonably sufficient and efficient service from such public utilities.⁶

4. No public utility governed by the Commission shall make effective any changed rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of such public utility or common carrier without filing the same with the Commission at least thirty (30) days prior to the proposed effective date of such change.⁷ In accordance with the Commission's authority pursuant to K.S.A. 66-117(c), the Commission suspended this docket until January 13, 2025, to allow Staff adequate time to analyze the Application and proposed changes to Evergy's various tariffs.⁸

⁴ Staff's R&R at p. 6.

⁵ See K.S.A. 66-101.

⁶ See K.S.A. 66-101b.

⁷ See K.S.A. 66-117(a).

⁸ Suspension Order: June 30, 2025 (Nov. 14, 2024).

5. K.S.A. 66-1267 describes the process for determining the appropriate size of a customer-generator's net-metered renewable generation system.

6. K.S.A. 66-1,184 describes the requirements for a contract for parallel generation services between electric utilities and their customers, including the minimum amount of compensation that a utility must provide a parallel generating customer. That statute provides that "such compensation shall be not less than 100% of the utility's monthly system average cost of energy per kilowatt hour except that in the case of renewable generators with a capacity of 200 kilowatts or less, such compensation shall be not less than 150% of the utility's monthly system average cost of energy per kilowatt hour."⁹

III. ANALYSIS

7. The request contained in Evergy's Joint Application can be broadly categorized into two groups: (1) proposed tariff changes; and (2) revisions to address discrepancies between customer compensation and signed Facilities Interconnection Agreements.

Proposed Tariff Changes

8. Staff has reviewed each of the proposed tariff changes requested by Evergy. EKC's proposed tariff changes are contained within its Parallel Generation Rider ("PGR") tariff and EKM's proposed tariff changes are contained within its Parallel Generation Contract Service, Schedule PG ("Schedule PG") tariff.¹⁰

9. Staff determined that many of the proposed tariff changes can be characterized as eliminating unnecessary differences between EKC and EKM's tariffs, and also clarifying that the calculation of monthly system average cost of energy, used to compensate customer-generators for

⁹ K.S.A. 66-1,184 uses the term "nameplate capacity" when determining how PG systems contribute to compliance with the renewable energy standards act.

¹⁰ Staff's R&R at p. 3.

excess energy supplied to the utility, will be performed the same as the Retail Energy Cost Adjustment (“RECA” for EKC) or Energy Cost Adjustment (“ECA” for EKM) calculations are today.¹¹

10. Staff asserts that it is in the public interest to standardize rates, terms and conditions between these utilities, to the extent feasible and reasonable, as this standardization can reduce customer confusion and reduce administrative expense for the utility.¹²

11. Additionally, Evergy’s Joint Application proposes tariff changes which would allow customer-generators to install larger behind-the-meter renewable generation than what its tariffs previously authorized, as long as the PG systems are appropriately sized for the customer’s load.¹³ Evergy’s Joint Application describes that it is experiencing an increase in residential and commercial customer applications for installation of behind-the-meter renewable generation over the last several years and that some of these applications are for installations that exceed the applicable limits currently described in the tariffs.¹⁴

12. Staff asserts that it is in the public interest to allow Evergy to revise its PG tariffs to allow customer-generators to install larger behind-the-meter renewable generation.¹⁵ Staff believes that larger customer installations can contribute to overall system reliability because it is less costly and time consuming for these customer installations to be built than it would be for Evergy to add new generating capacity to the grid.¹⁶ However, Staff asserts that these customers should not be paid more than the monthly system average cost of energy for their excess energy

¹¹ Staff’s R&R at p. 4.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

production.¹⁷ Staff asserts that Evergy should ensure that these larger PG systems are not causing safety or reliability concerns on the distribution system.¹⁸

13. Evergy's Joint Application also proposes tariff changes to standardize the formulas used to determine whether the PG system is appropriately sized for the load of the customer.¹⁹ Staff confirmed that the formulas proposed by Evergy are consistent with the formulas added to K.S.A. 66-1267 during the 2024 legislative session to determine whether net metered systems are sized appropriately for load.²⁰

14. Staff confirmed that Evergy has maintained all system protection elements in the PG tariffs.²¹ Staff asserts that Evergy's proposed schedule of fees to be charged to customer-generators as part of the request for interconnection is a reasonable and appropriate way to recover costs incurred by Evergy for studying these interconnection requests.²²

FIA Compensation Revision Request

15. Evergy's Joint Application stated that it had identified billing discrepancies between the compensation level provided to some PG customers and the compensation level stated in the executed FIA.²³ Evergy identified seven customers that it believed were being improperly compensated relative to either the signed FIAs between Evergy and the customer, or the compensation levels required by K.S.A. 66-1,184.²⁴ All seven of these customers are currently being compensated at a rate of 100% of the monthly system average cost of energy.

¹⁷ Staff's R&R at p. 4.

¹⁸ *Id.*

¹⁹ *Id.* at p. 5.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ See Joint Application of Evergy, p. 8.

²⁴ *Id.*

16. Three of these customers are listed as undercompensated by Evergy because they are being compensated at 100% of the monthly system average cost of energy, but they have a PG system that is smaller than 200kW, when measured in alternating current (“AC”), seemingly in violation of K.S.A. 66-1,184.²⁵ However, Staff does not consider these three customers to be undercompensated because when measured in direct current (“DC”), each of these PG systems are larger than 200kW.²⁶ Staff believes that DC rather than AC is the appropriate metric for measuring these customers because DC is the common nameplate rating of behind-the-meter generators, and K.S.A. 66-1,184 uses the term “nameplate capacity” when determining how PG systems contribute to compliance with the renewable energy standards act.²⁷ Therefore, because these PG systems are larger than 200kW, K.S.A. 66-1,184 permits Evergy to compensate these customers at 100% of the monthly system average cost of energy.²⁸

17. The other four customers Evergy identified have each signed an FIA that calls for them to be compensated at 150% of the monthly system average cost of energy.²⁹ Although Evergy contends that it did not intend to agree to pay these customers more than the minimum amount required by K.S.A. 66-1,184, and that these agreements “were issued in error based on state, service territory, and applicable statutory requirement where they are located,”³⁰ Staff asserts that Evergy should fulfill its contractual obligations to these customers and recommends that Evergy be required to compensate these customers according to the terms of their FIAs.³¹

18. These four customers have been compensated at a rate of 100% of the monthly system average cost of energy but they should have been compensated at a rate of 150% the

²⁵ Staff’s R&R, p. 5.

²⁶ *Id.*

²⁷ *Id.* See K.S.A. 66-1,184(g) and K.S.A. 66-1256.

²⁸ Staff’s R&R, p. 5. See K.S.A. 66-1,184(b)(2).

²⁹ *Id.*

³⁰ See Staff’s R&R, Exhibit B, KCC-2S Supplemental Response.

³¹ Staff’s R&R at p. 6.

monthly system average cost of energy, according to their FIAs. Evergy reports that these four customers are owed approximately \$39,650 in back payments through November 2024.³² Staff recommended the Commission require Evergy to make each customer whole with the back payments necessary to fulfill its obligations under the FIAs.³³ Staff also recommended the Commission find that Evergy's other ratepayers should not bear the cost of Evergy compensating these four PG customers, because Evergy agreed to pay these customers a larger compensation amount than the minimum required by tariff or statute.³⁴

IV. FINDINGS AND CONCLUSIONS

19. The Commission hereby finds that the recommendations made by Staff in its December 18, 2024, R&R are reasonable and adopts the same. Evergy shall pay the back compensation necessary to make the four customers whole under the FIAs. Evergy shall not recover this back compensation from other Evergy ratepayers through its Energy Cost Adjustment ("ECA"), base rates, or otherwise. Evergy shall not recover from ratepayers and prospective compensation levels greater than 100% of the monthly system average cost of energy for these four customers, through its ECA, base rates, or otherwise.

20. The Commission concludes that Evergy's Application shall be approved with the modifications described above and recommended by Staff in its December 18, 2024, R&R.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

- A. Evergy's tariff revisions going forward are approved as recommended by Staff in its December 18, 2024, R&R as filed in this Docket. These tariff revisions shall not affect any

³² See Joint Application of Evergy.

³³ See Staff's R&R, p. 6.

³⁴ *Id.*

of the existing Facilities Interconnection Agreements (“FIAs”) Evergy has entered into with PG customers.

B. As soon as practicable, Evergy is required to file a compliance report in this Docket attesting to the following:

- a. That it has paid the back compensation necessary to make the four PG customers whole under the FIAs;
- b. That it will not seek to recover the back compensation from other Evergy ratepayers through its ECA, base rates, or otherwise; and
- c. That it will not seek to recover from ratepayers any prospective compensation levels greater than 100% of the monthly system average cost of energy for these four customers, through its ECA, base rates, or otherwise.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).³⁵

BY THE COMMISSION IT IS SO ORDERED.

French, Chair; Keen, Commissioner; Kuether, Commissioner

Dated: 01/08/2025



Lynn M. Retz
Executive Director

MKH/CRM

³⁵ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

24-EKCE-744-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 01/08/2025.

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