

Before the House Energy, Utilities, and Telecommunications Committee
Presented by Zack Pistora, Kansas Sierra Club
Opponent to SB 455
3-14-24



Chairman Delperdang and Honorable Members of the Committee,

Thank you for the opportunity to submit testimony in opposition to SB 455, which amends Kansas law to ensure full cost recovery for standby, low-capacity factor coal plants and codifies a regulatory checklist before retiring a fossil fuel electric power plant.

SB 455 is highly unnecessary because utilities and regulators already consider a robust set of criteria relating to reliability and rate impacts in their evaluations of utility plans, generating units, power plant retirement, and rate recovery thereof. Rather, the various stipulations or ‘fine print’ of SB 455 could potentially interfere with the best discretion of the utilities and regulators on what is best for customers and Kansans.

Electric utilities, state regulators at the Kansas Corporation Commission, and the Southwest Power Pool all already incorporate many of the identified provisions in SB 455 in their evaluation of energy generation. In its current form, SB 455 installs a default position against transitioning costly or outdated energy infrastructure by requiring additional checkboxes and red tape that could prolong expensive and harmful energy infrastructure and block smart energy investment. SB 455 amounts to an all-or-nothing approach that could mean a plant retirement – even with an overwhelming balance of positive advantages that satisfy several stipulations enumerated in the bill – could be blocked due to a single element of the criteria.

Practically, SB 455 may prevent regulators from implementing a more fair and accurate cost recovery mechanism for standby coal plants.

While SB 455 proposes a generous guarantee of full cost recovery for utilities for low-capacity factor coal plants, there is no definition of what low-capacity really means (is it 20%, 5%, or 1%?). SB 455 removes the discretion of state regulators to determine the most accurate and fair rate recovery for customers by being forced to automatically grant the utility 100% recovery of a coal plant even when the plant offers partial value (with it being mostly offline as a standby resource). Consequently, SB 455 is likely to keep ratepayers absorbing more costs of standby or idle power plants for longer. Could the KCC determine that utilities get full cost recovery for coal plants when they are running, while offering a limited rate of recovery for when the plants sit idle? SB 455 puts those possibilities into question.

Policy proposals that extend the life of coal power any longer than necessary are costing Kansans.

For several years, the Kansas Sierra Club has highlighted the costs of coal power, both economically, environmentally, and socially. We have warned Kansans that we are paying too high of a price – hundreds of millions of dollars more – to run our coal plants, even when more cost-effective options exist in buying from the regional power market and/or investing in more cost-advantageous in-state clean energy solutions like energy efficiency, demand-side management, and renewables to manage peak demand and capacity. Instead of utilizing securitization to retire and reduce the costs of a coal plant and invest into new clean energy resources that offer replacement generation capacity, workforce and property tax stability, and lower rates and harmful pollution, we allow our largest utility to retain these expensive coal plants while other utilities seize the benefits of retiring their coal facilities.

Burning Wyoming Coal for our power continues to place extraordinary costs on Kansas ratepayers. If you care about lower electric bills and growing Kansas’ homegrown energy economy, you should oppose SB 455.

Sincerely,

Zack Pistora | Legislative Director and State Lobbyist, Kansas Chapter of Sierra Club

zackpistora@gmail.com | 785-865-6503

The Sierra Club is the largest grassroots environmental organization dedicated to enjoying, exploring, and protecting our great outdoors. The Kansas Chapter has been our state's strongest grassroots voice on environmental matters for fifty years.