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RETAIL RATE IMPACT
REPORT | 2016



Retail Rate Impact Report

Renewable Energy Standards Act

On May 28, 2015, Kansas Governor Sam Brownback signed SB 91 into law. Part of this bill repealed and amended portions of the Renewable Energy Standards Act (RESA).¹ KSA 66-1256 declares the policy of promoting renewable energy development in the state and establishes a voluntary goal that 20% of a utility's peak demand generation be generated from renewable energy resources by 2020. KSA 66-1259 maintains as effective all rules and regulations relative to recovering costs incurred to meet the requirements of KSA 2014 Supp. 66-1258, prior to its repeal.

In response to the implementation of RESA in 2009, the Commission promulgated KAR 82-16-1 through 82-16-6. KAR 82-16-2 requires each utility to submit a report to the Commission detailing compliance with the portfolio standards established in KSA 2014 Supp. 66-1258 prior to its repeal. KAR 82-16-2 contains a retail revenue requirement calculation pursuant to KAR 82-16-4.² Although the repeal of parts of RESA revoked the statutory requirement that Commission report the statewide retail rate impact related to RESA to the legislature each year, the regulations requiring the utilities to report to the Commission remain in effect pursuant to KSA 66-1259. With this data still available, the Commission is able to provide one final report on the statewide impact to retail rates.

Rate Impact Calculation

While much of the individual revenue requirement and related information provided in the RESA compliance filings is considered confidential, Staff is able to compile the rate impact information and provide it on an aggregated statewide basis. The rate impact is calculated by summing up the revenue requirement³ associated with the RESA for all utilities and then dividing by the sum of their retail sales:

$$\frac{\sum Rev Req_{RES}}{\sum Retail kWh}$$

The rate impact of renewable resources is about 0.49 cents per kWh. That is, energy from renewable resources counts for about 0.49 cents of the about 10.01 cents per kWh retail electricity cost in 2014 across the state. Thus, renewable generation requires less than 5% of the revenue requirement of the utilities while renewable generation supplies about 23% of the electricity produced in the state.

¹ KSA 66-1256, 66-1257 and 66-1259.

² K.A.R. 82-16-4 Retail Revenue Requirement (Specifying the methodology for calculating the retail revenue requirement attributable to compliance with the renewable energy standards requirement).

³ Revenue Requirement = (RB*ROR) + O&M + A&G + Depreciation + Taxes



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