



KANSAS CITY FIELD DEVELOPMENT OFFICE
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March 13, 2015

RE: Written Testimony on HB 2396

Dear Chairman Kleeb and Members of the Committee,

EDP Renewables North America LLC ("EDPR") appreciates the opportunity to provide testimony to the House Committee on Taxation regarding HB 2396. EDPR stands respectfully in opposition of this bill.

EDPR is the fourth largest wind energy company in the United States and third largest in the world. EDPR develops, constructs, owns, and operates wind farms throughout North America; with over 300 employees, 10 offices, and 29 wind farms across the United States, EDPR operates close to 3,900 MW of wind farms including a substantial investment in Kansas.

EDPR owns and operates the 201 MW Meridian Way Wind Farm in Cloud County, selling the electricity to both Westar Energy and The Empire District Electric Company through power purchase agreements. EDPR has invested over \$340 million in Meridian Way and has entered into a gift agreement worth \$5.5 million with the Cloud County Board of County Commissioners. Construction of Meridian Way created 285 local construction jobs, and 19 Kansans are employed at the facility today. Additionally, local landowners receive substantial royalty payments for the duration of the project.

EDPR has also entered into a power purchase agreement with Kansas City Power and Light for 200 MW from EDPR's Ad Astra Wind Farm in Coffey County. The project begins construction this month and energy delivery to KCPL will commence in 2016. Like Meridian Way, Ad Astra will bring well-paying jobs, significant local investment, and reliable payments to landowners to the local area. EDPR and the Coffey County Board of County Commissioners have entered into a gift agreement worth more than \$20 million.

EDPR maintains its Kansas development pipeline from our Overland Park Development Office. EDPR values its presence in Kansas and its relationships with landowners, community leaders, state officials, and power customers, and we look forward to maintaining a strong presence in the state.

The lifetime property tax exemption for renewable energy is justified because of the unique benefits renewable energy provides to Kansas. In addition to being cost-competitive with other forms of new electricity generation, wind energy procurement provides a hedge against the unpredictable fuel and environmental compliance costs associated with conventional generation. It uses no water in its operation, preserving the precious resource for agriculture and human consumption. It emits no harmful air pollution. It creates jobs and provides billions of dollars in economic investment across the state, particularly in rural communities. The lifetime property tax exemption has kept Kansas competitive with nearby states like Oklahoma and Texas in attracting the billions of dollars of investment the industry brings, an investment that has diversified the state's economy, created well-paying jobs, and attracted new enterprises to the state.

We appreciate the bill's intent to exclude existing wind farms with long-term contracts in place. Retroactively repealing the tax exemption would not be judicious for a state wishing to attract business development. However, the committee should also know that some wind generators like EDPR have entered into long-term fixed-price contracts with utilities for projects that have not yet achieved commercial operations as in the case of our Ad Astra Wind Farm. The financial model used to calculate the power price for this project also assumes a stable tax environment. Additionally, as referenced above, EDPR has entered into a long-term gift payment agreement with Coffey County, and we want to ensure that this county can count on this stable inflow of cash that they can use at their discretion to bolster the local community.

Without including projects currently under long-term PPA contract, HB 2396 would somewhat undermine the business stability that a pro-development state like Kansas promotes, sending a warning signal to potential investors that the state might increase taxes at any time, even on business with signed contracts. For these reasons, EDPR respectfully opposes HB 2396.

Rorik F. Peterson, Development Project Manager



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