



Testimony Provided to the

House Taxation Committee - March 18, 2015

Virinder Singh, Representing EDF Renewable Energy

In Opposition to H.B. 2396

Chairman Carlson and Members of the Committee,

On behalf of EDF Renewable Energy, I respectfully appear before you in opposition to H.B. 2396.

EDF Renewable Energy has developed three wind farms adjacent to Spearville in Ford County, and will construct a new project in Sumner County. We also operate wind farms in the state. The projects provide substantial local economic development benefits. In the case of our new project—Slate Creek in Sumner County—we will be employing 150 workers through the end of the year with substantial revenues accruing to local landowners, local contractors, and the local community.

Our presence in Kansas is no accident. Kansas is blessed with tremendous wind resources. Today's wind projects in Kansas provide a fixed, long-term price at levels that cannot be beat by any other newly-built electricity generation resource today. Kansas's energy future is an incredibly promising one, and one likely filled with local wind and local natural gas. Just as important, we work well with local stakeholders in Ford County and Sumner County. Our operations and maintenance staff are a permanent presence in the local community. Our investments represent a deep commitment to the state.

H.B. 2396 would revise the property tax treatment of wind projects already in construction. By applying a December 31, 2014 date for agreements signed, the legislation neglects the common practice of projects in construction to reach agreements shortly upon completion of construction. So effectively the legislation changes the rules for projects in construction but whose financial arrangements are well underway, including agreements for the power and/or the project assets themselves. Such retroactive treatment will have a chilling effect on the development of wind projects in the state. Just as important it would have a chilling effect on financial institutions to finance wind projects in the state. Projects like Slate Creek which are beginning construction already have contracts in place for the power or for the project assets. Even projects in construction have agreements already in place for the turbines, balance of system, and construction services. There is effectively little to no ability to revise the economics of these projects in response to unexpected and retroactive decisions from the Legislature. Such decisions send a very negative commercial signal to both the wind industry and the financial community.

We understand that the state's leadership must make challenging decisions in order to address the state's fiscal balance. However, we must point out when necessary, as it is regarding H.B. 2396, that certain decisions that negatively affect projects whose major financial milestones have already passed carry with them a negative message regarding investment in the state such that the effort can backfire over time. We welcome a discussion to identify alternatives that address the state's fiscal situation while also maintaining an important reputation that Kansas is a good place to do business.

I am happy to stand for questions at the appropriate time.