

Approved: March 8, 2005

Date

*Carl D. Holmes*

## MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:04 a.m. on January 21, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Bonnie Huy - Excused  
Representative Carl Krehbiel - Excused  
Representative Melody Miller - Excused

Committee staff present: Mary Galligan, Legislative Research  
Dennis Hodgins, Legislative Research  
Mary Torrence, Revisor of Statutes  
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Lee Allison, Governor's Office, Topeka, KS

Others attending: See Attached List

Chairman Holmes welcomed Lee Allison, Governor's Office of Science and Energy Policy. Dr. Allison presented the Wind and Policy Task Force report (Attachment 1) to the committee. He outlined the Governor's goals for the Task Force as well as their recommendations. Dr. Allison also shared the goals and policies the Task Force developed and addressed the issue of development in the Flint Hills. Dr. Allison responded to questions from the committee.

The meeting adjourned at 9:57 a.m.

The next meeting is Tuesday, January 25, 2005 at 9:00 a.m.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: January 21, 2005

NAME	REPRESENTING
Mark Schreiber	Westar Energy
Dane HOLTMAUS	Ks Elec Co-op (KEC)
Mike Rye	Kansas Brader Barber + Assoc.
Heather Morgan	Division of Budget
Steve Johnson	Kansas Gas Service
Kimberly Lencus	Aquila
Brent Haden	KS Livestock Assoc.
Dan Kerr	Pinegar Smith
Terry Hodrew	KANSAS FARM BUREAU
Scott Carbin	SCC
Karl Petycha	KS Taxpayers Network
Marcus Thornton	
Chris Wilson	KS Dairy Ass'n
Steve Adams	Wildlife + Parks
Whitney Damron	Empire D. Electric Co
BRUCE GIZATHAM	KEPCo

# Wind & Prairie Policy



Lee Allison

Governor's Office of Science and Energy Policy  
Presentation to the House Utilities Committee  
January 21, 2005

# Wind & Prairie Policy

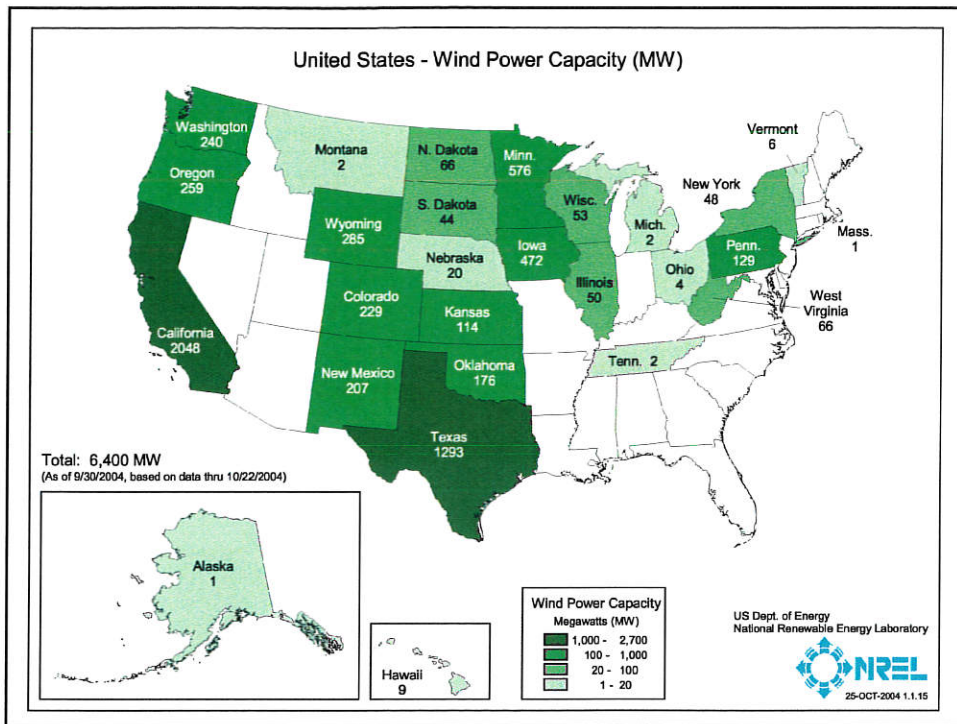


Balancing preservation of the Flint Hills  
ranching heritage and tallgrass prairie  
with development of Kansas' vast wind  
energy resources

*HOUSE UTILITIES*

DATE: 1-21-05

ATTACHMENT 1



## Vote likely on Butler wind farm guidelines

**NEW WIND**  
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BY MARK BERRY  
Eagle correspondent  
EL DORADO — The Butler County

both to new wind farm applications and to the proposed 100-turbine Elk River Windfarm near Beaumont that county commissioners approved in February.

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permit for each farm.  
 ■ No turbine could be closer than 1,000 feet to a home. Power and communication lines would be installed underground.  
 ■ Applicants would need to show plans for how they would deal with erosion, water runoff and air quality.  
 ■ After a plan is approved, the company would have one year to find a buyer for its electricity and another year to start construction.  
 ■ A wind turbine would be considered abandoned if it has not functioned for one year if...

**The Wichita Eagle**  
www.wichita.com  
HIGH 72, LOW 48 • WEA 7/10/03

**Wind turbines would bring money, power... and scars**

**Flint Hills' future shock**

**The potential is huge**

Wichita Eagle 7/17/03

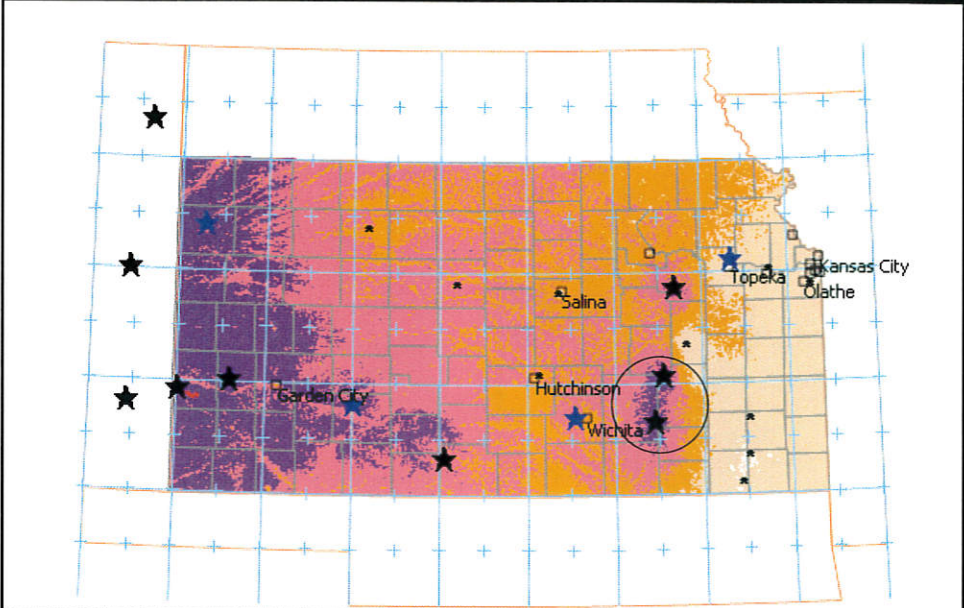
36 HUTCHINSON NEWS  
DODGE CITY — Wind power

**Ford Co. officials OK wind farm near Spearville**

BY THE VANDERHACK  
36 HUTCHINSON NEWS  
DODGE CITY — Wind power

150 people property owners have formed a group to fight to approve a wind farm south of this for the Flint Hills, proposal would put a wind farm in Wabunsee County. Related story, Page 4B.

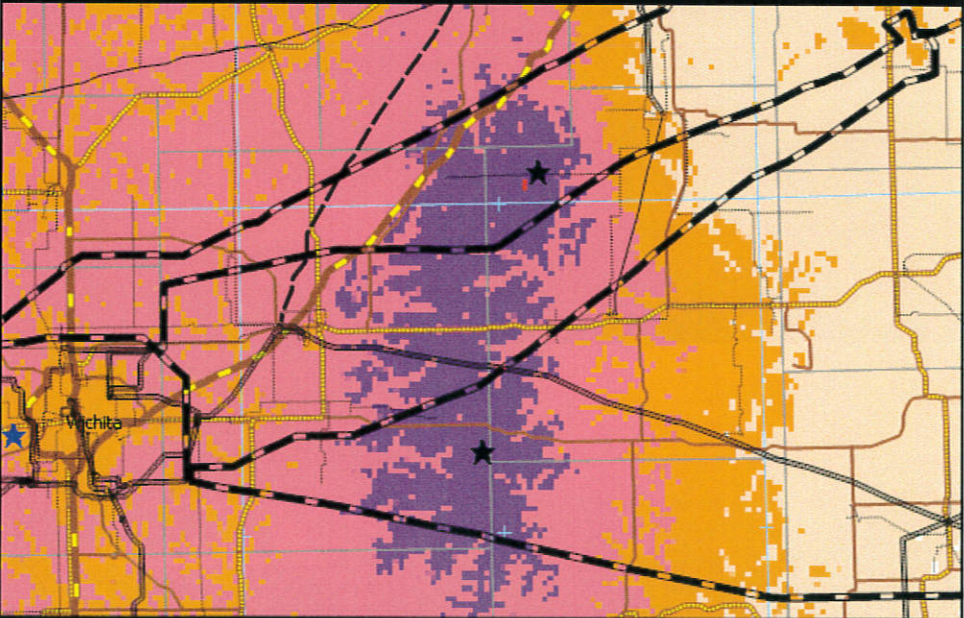
# Kansas Wind Resources



Coriolis AE

Powered by manifold.net

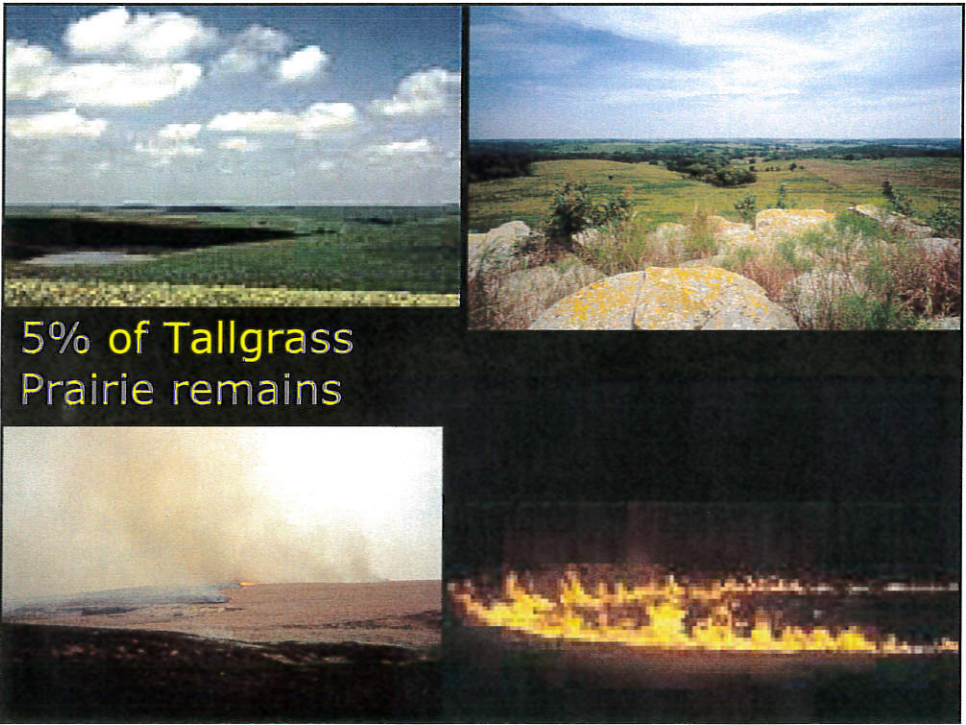
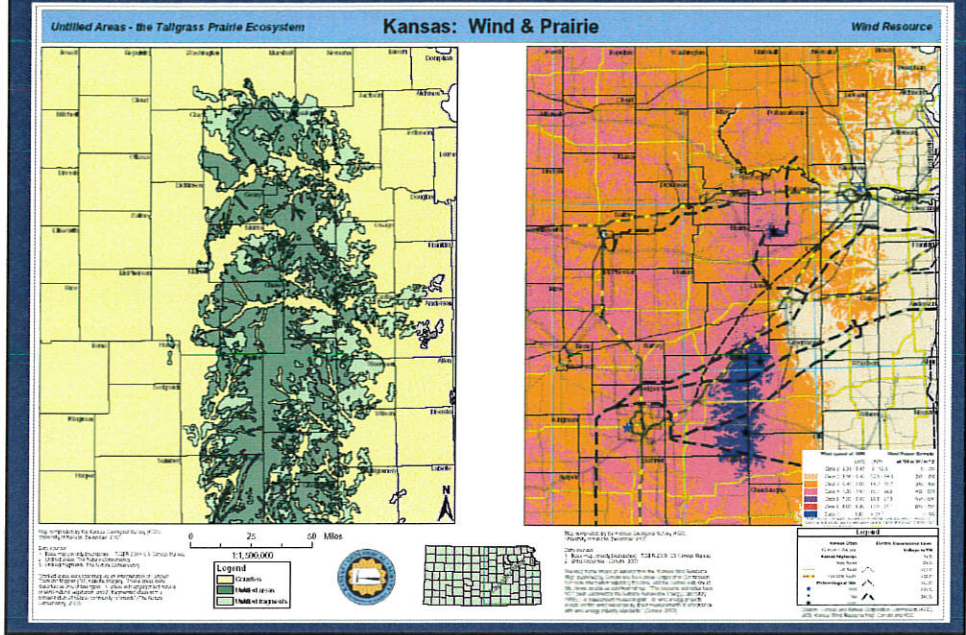
# Wind Resources - Southern Flint Hills

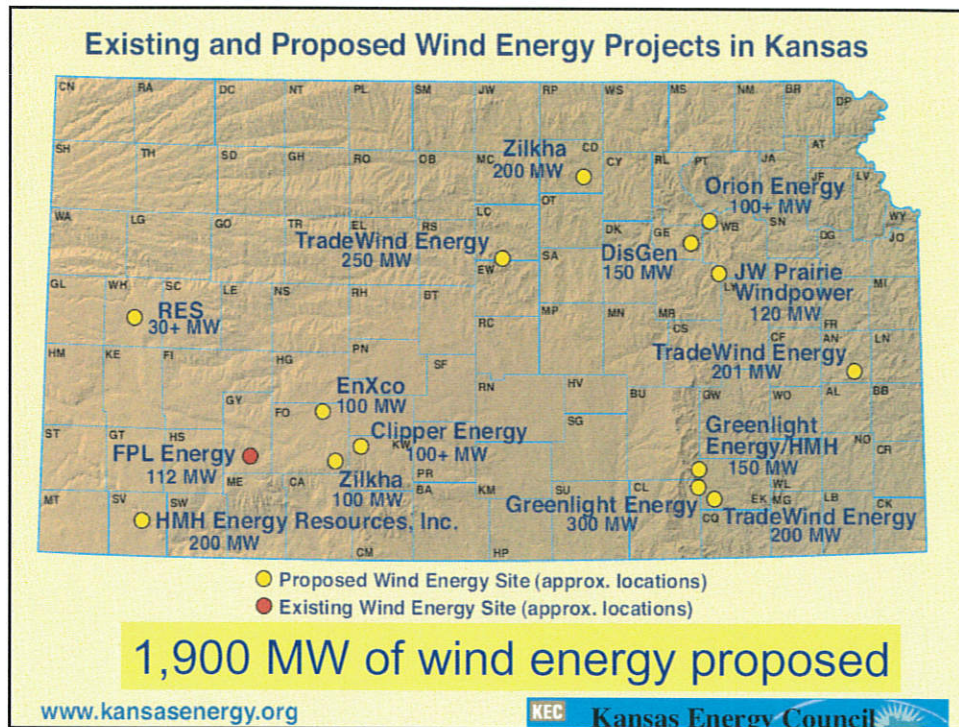


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# Wind & Prairie Task Force





- ## Wind & Prairie Task Force
- ### Governor Sebelius's goals:
- Develop principles, guidelines, "best practices," and tools for local government and stakeholders
  - Preserve the remaining untilled tallgrass prairie
  - Encourage wind energy development in appropriate areas
  - "Full and aggressive development of renewable energy, especially wind"

## Wind & Prairie Task Force recommendations

- #1 Preserve significant grasslands in the Flint Hills and other areas
- #2 Improved maps of areas to be protected
- #3 Revisit the permanent property tax exemption

## Wind & Prairie Task Force recommendations

- #4 Tourism plan for Flint Hills
- #5 Fund tourism plan
- #6 Fund conservation easements to preserve native grasslands
- #7 Promulgate leasing guidelines
- #8 Promote siting guidelines
- #9 Options to expand transmission in western Kansas
- #10 Use guidelines & tools until issues resolved



## Wind & Prairie Task Force “Option A”

- No wind energy development (and other developments?) in the Flint Hills and surrounding 7-mile buffer zone
- One-year moratorium on wind projects
- State regulated utility-scale wind development
- Repeal property tax exemption

## Wind & Prairie Task Force “Option B”

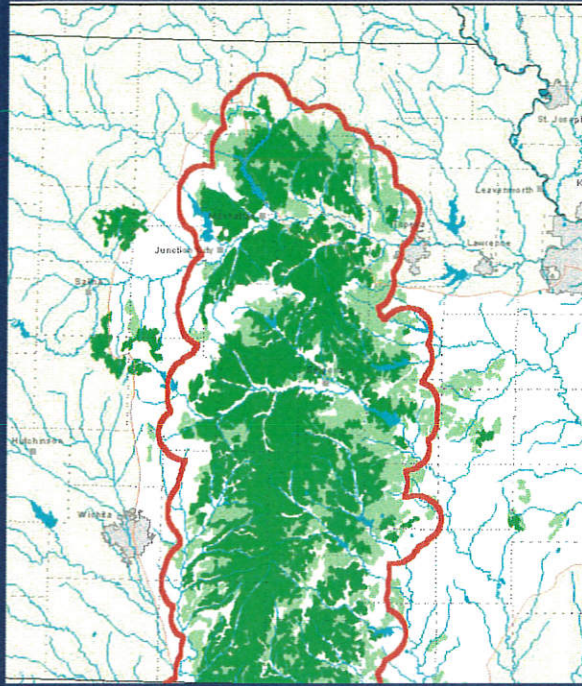
- 3-tier land use
  - Protect areas with unique value (e.g. Kanza Prairie, Z-Bar Ranch)
  - Restricted development in less critical areas
  - Open development elsewhere
- Modify tax structure, PILTs

## WPTF "Option A" proposals:

Flint Hills eco-region, untilled prairie with 7-mile buffer

State regulation

Wind moratorium



## Wind & Prairie Policy

A year-long process...


KEC Wind & Prairie Task Force

KEC tallgrass prairie mapping – KBS, KGS

Cabinet Team review

KEC incentives recommendations

Stakeholder input



## Wind & Prairie Policy

### Goals:

Respect for local decision-making and private property rights

Preserve ranching heritage and tallgrass prairie

Assist local governments with tools, best-practices, and guidelines

Full and aggressive development of wind energy



## Wind & Prairie Policy

### Policies:

1. Accept recommendations of the Cabinet team

2. Endorse recommendations of the Kansas Energy Council

3. Establish a vision for renewable energy in Kansas

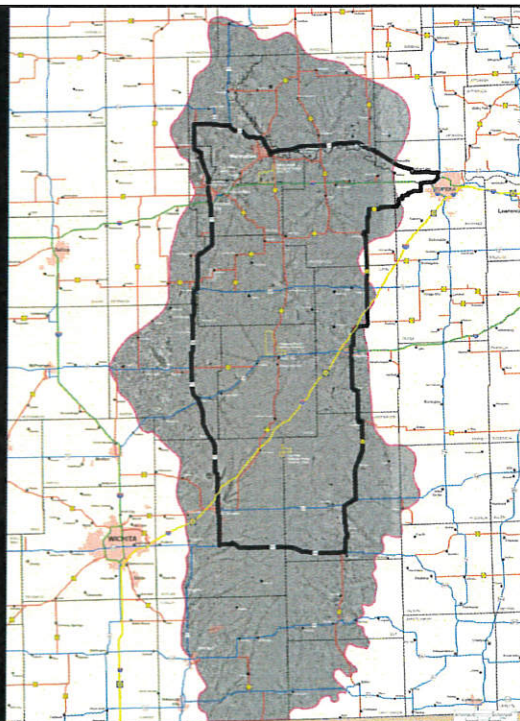
## Wind & Prairie Policy

### 1. Accept recommendations of the Cabinet team

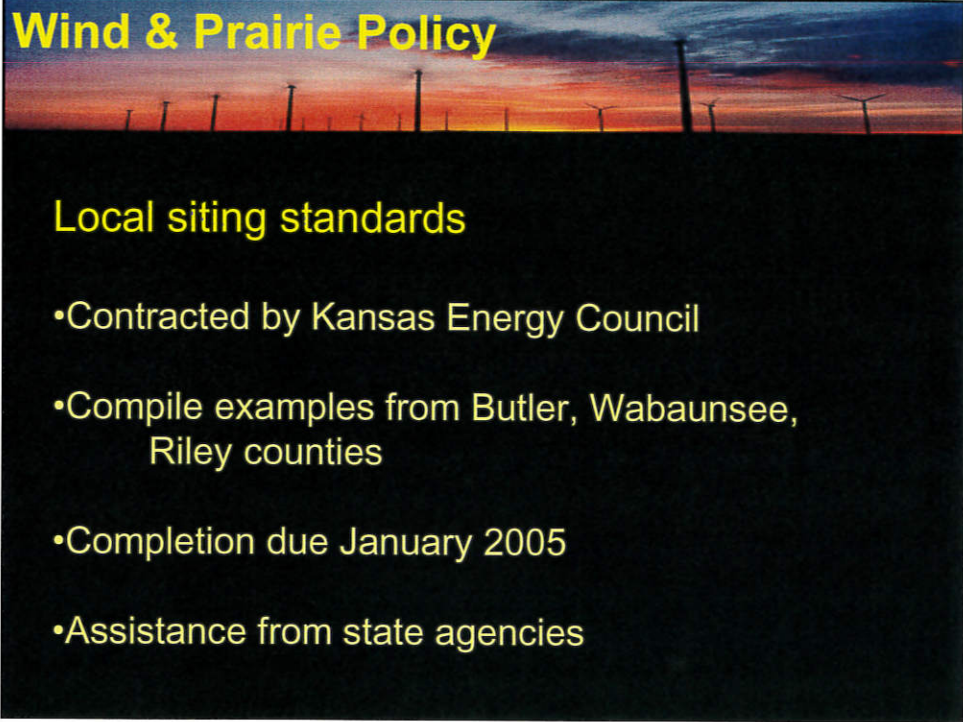
- Adopt the Heart of the Flint Hills as focus area
  - Restraint while we provide tools and assistance
- Siting guidelines for local government
  - Compilation standards in preparation
- Economic assessment of Flint Hills
  - Commerce project due April-June
- Conservation easements
  - \$800,000 budget request
  - Voluntary, match \$1 state with \$2 federal

### Heart of the Flint Hills

- Viewshed
- Scenic highways
- Untilled, intact prairie
- Tilled prairie habitat
- Ranching culture
- Eco-tourism potential



## Wind & Prairie Policy

A photograph of several wind turbines silhouetted against a vibrant sunset sky with orange and red hues. The turbines are spaced out across a dark, flat prairie landscape.

### Local siting standards

- Contracted by Kansas Energy Council
- Compile examples from Butler, Wabaunsee, Riley counties
- Completion due January 2005
- Assistance from state agencies

## State Conservation Service conservation easements

A photograph of a prairie landscape with rolling hills and a field of red flowers in the foreground. A large teal text box is overlaid on the lower half of the image, containing information about conservation easements.

Governor's budget request \$800,000

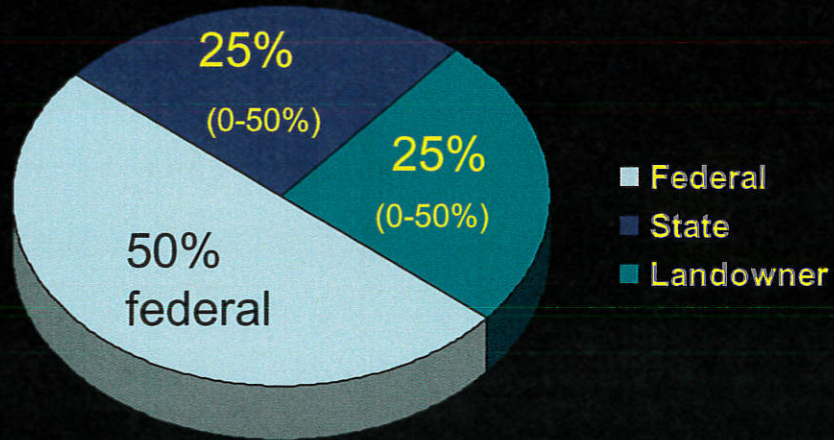
\$500,000 State General Fund

\$300,000 Economic Development Initiatives  
Fund

Farm and Ranch Lands Protection Program  
(FRPP)

Lands not eligible for FRPP

## Farm Bill 2002 – Farm & Ranchland Protection Program - FRPP



Conservation easements

## USDA- Natural Resources Conservation Service

### Farm and Ranch Lands Protection Program (FRPP)

- Voluntary: keep lands in agriculture
- 50% federal match
- 25% landowner contribution; tax deductible
- \$600,000 federal available, can be increased
- Money returned in prior years

A slide with a background image of a grassy field with red flowers under a blue sky. The text is overlaid on this image.

## USDA- Natural Resources Conservation Service

### Grasslands Reserve Program (GRPP)

- Voluntary: preserving native and natural grasslands
- Supporting grazing operations
- 100% federal
- \$250,000 add-on targeted to Flint Hills

A slide with a background image of a sunset over a field with wind turbines. The text is overlaid on this image.

## Wind & Prairie Policy

### 2. Endorse recommendations of the Kansas Energy Council

- State Production Tax Credit
- KDFR financing for renewable energy projects
- Clarifying contribution negotiations
- Renewable Portfolio and Public Benefit Fund studies



## Wind & Prairie Policy

### 3. Voluntary goal of 1,000 MW renewable energy installed capacity by 2015

Tasks to help achieve this goal:

- KEC: state govt purchase of 2.5-5% renewable energy statewide?
- KEC: voluntary green tags?
- KCC: analyze benefits from renewable energy



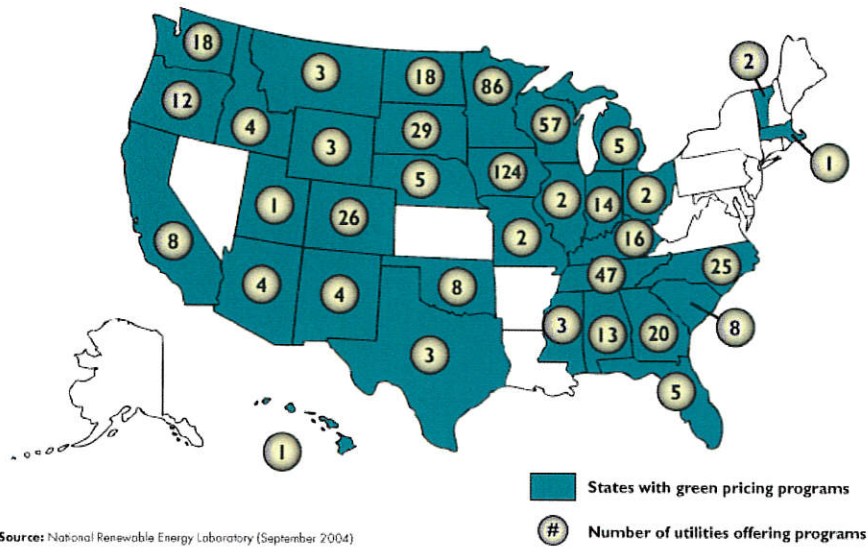
## Kansas Wind Projects

- |                          |               |
|--------------------------|---------------|
| • Montezuma, Gray Co.    | 110 MW        |
| • Empire, Butler Co.     | 150 MW        |
| • Sunflower, Wichita Co. | 30 MW         |
| • KCPL, tbd              | <u>200 MW</u> |
| • Total                  | 490 MW        |

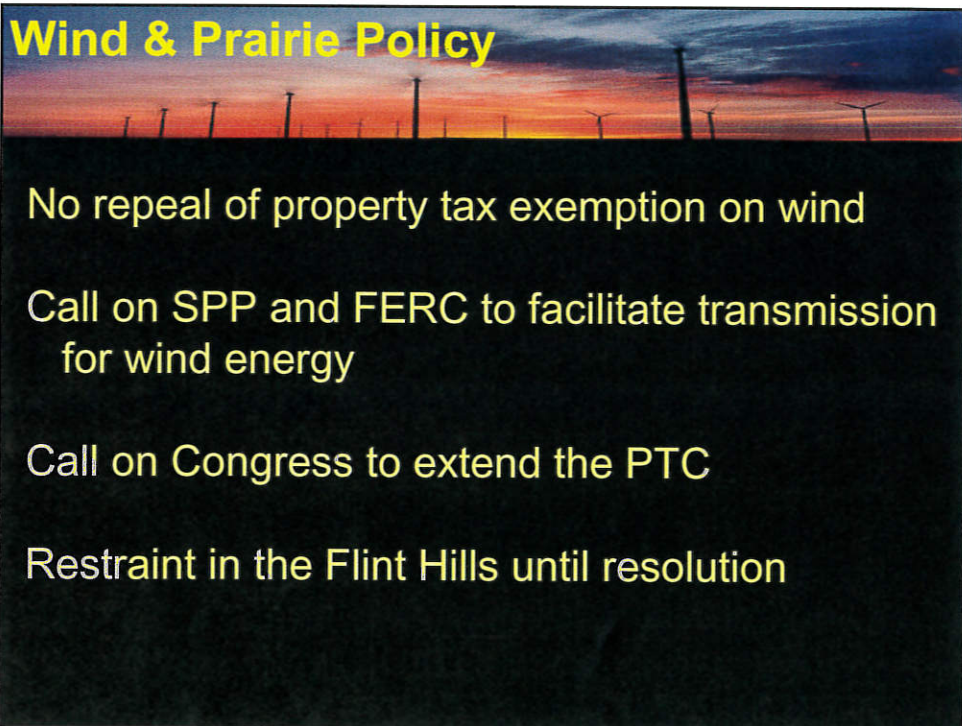
2005 installed capacity 10,400 MW



## Utility Green Pricing Activities



## Wind & Prairie Policy



No repeal of property tax exemption on wind

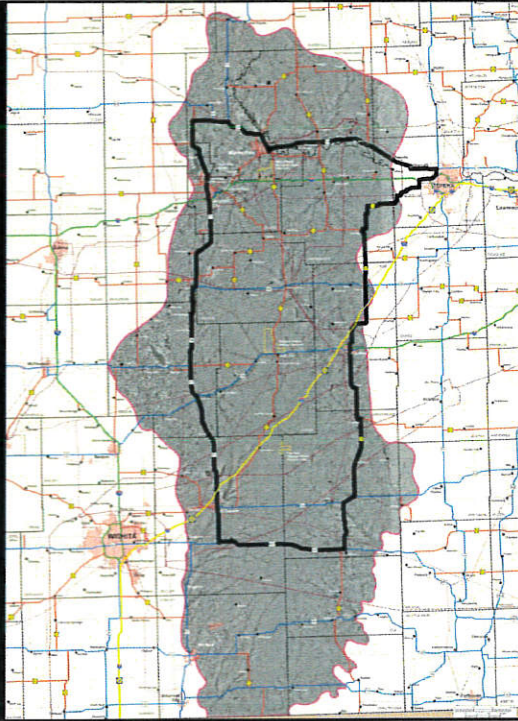
Call on SPP and FERC to facilitate transmission for wind energy

Call on Congress to extend the PTC

Restraint in the Flint Hills until resolution

## What we're doing –

- Siting standards
- Economic assessment
- Funding for conservation easements
- Renewables incentives





# KANSAS

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KATHLEEN SEBELIUS, GOVERNOR

January 14, 2005

Mike Hayden, Chair  
Natural Resources Sub-Cabinet  
Dept of Wildlife and Parks

Lee Allison, Chair  
Kansas Energy Council

Dear Secretary Hayden and Dr. Allison:

Thank you to both of your groups for their work in developing recommendations for wind energy development and preservation of the cultural heritage and tallgrass prairie in the Flint Hills region.

Your recommendations are substantive responses to my goal of providing local governments the best practices, tools, and guidelines to help them make informed decisions about these complex issues. It has been my intent from the beginning to foster robust, open, public processes and decision-making at the local level, and to honor Kansas' strongly held beliefs on private property rights.

I believe that our local governments can, with some assistance, find the balance between taking advantage of Kansas' world-class wind resources while preserving the rapidly dwindling tallgrass prairie and the agricultural heritage of the Flint Hills. The cumulative sets of proposals you have forwarded to me will help us reach these goals.

After reviewing your combined recommendations I have decided to adopt the complete set of recommendations of the Sub-Cabinet team submitted to me in November. The key element of those recommendations is to defer to local control and decision-making.

I accept your designation of the Heart of the Flint Hills as our focus area, the boundaries of which are drawn based on a combination of viewsapes, economic development opportunities and impacts, concerns over changes to a long heritage of agricultural stewardship of the landscape, and intact tracts of untilled tallgrass prairie.

I am urging all counties to develop detailed siting rules and public processes for evaluating wind energy proposals in this critical area. In accord with my desire to provide assistance to counties, the Kansas Energy Council, at my request, is preparing a set of detailed wind energy siting standards that are intended to be readily adopted and implemented by counties. These

1-17

actionable standards are due to be completed by the end of January. I appreciate the offers by the Cabinet secretaries to provide state agency assistance to counties that want to develop local siting standards. The Kansas Association of Counties has offered to be a partner with us in compiling these siting standards for voluntary adoption by individual counties.

While we work with the counties in helping them to develop siting rules for wind energy, our Department of Commerce is assessing economic development opportunities including tourism and wind energy across the Flint Hills region and their potential impacts, both positive and negative. We are committed to taking better advantage of the opportunities provided by the Tallgrass Prairie National Preserve.

In addition, we intend to provide state resources to match federal monies available for purchase of conservation easements from willing landowners. We have had positive responses from private citizens and non-profit groups as well that want to collaborate with the State in providing opportunities for preserving ranching values and conservation in the region.

All three of these initiatives are moving forward in parallel so that counties will have tools in a timely manner to make informed decisions and the resources to act on them. The package of tools that we are providing counties is comprised of 1) detailed, actionable siting standards and assistance from state agencies; 2) assessments of tourism and other economic development opportunities with recommendations on implementation; 3) funds for conservation easements. Until we can get this multi-fold plan fully implemented, I am calling on our utilities and wind energy developers to continue to show restraint on wind energy development in the Heart of the Flint Hills.

As we continue to work out the appropriate balance in the Flint Hills/Tallgrass Prairie region, there are many areas of Kansas where wind energy is poised for development. I am heartened by the recently proposed set of reasonable and practical recommendations from the Kansas Energy Council to promote wind and other renewable energy. I believe we can work out the details where legislation is needed to implement their recommendations. I also look forward to the results of the Council's further deliberations on renewable energy portfolios and renewable energy credits.

While the Energy Council continues to investigate strategies on how to increase renewable energy production, I believe it is appropriate to establish a vision for Kansas. I am calling on our electric industry to have a total of at least 1,000 megawatts (MW) of renewable energy capacity installed in Kansas by 2015. This would amount to about ten percent of the state's current total electric generation capacity and is more than nine times the installed renewable generation capacity that currently exists in the state. I realize this is an ambitious goal but one I am confident that our energy developers and utilities can achieve if we all work together.

Producing renewable energy brings many benefits to Kansas: it is non-polluting, it produces no greenhouse gases, it adds value to Kansas resources, creates jobs, and brings substantial revenues to local governments. In many areas of the state, it can lower utility bills for consumers.

Letter to Mike Hayden and Lee Allison  
January 14, 2005 – Page 3 of 3.

To help achieve this goal, I am directing state agencies and groups to find ways to facilitate renewable energy development. I request the Kansas Energy Council, in cooperation with the appropriate state agencies, to prepare an impact analysis of requiring state and Regent's facilities to acquire 2.5 – 5% of their electricity on average statewide from renewable energy sources. This will help ensure a market for the utilities voluntary renewable energy portfolios. The idea is similar to our existing program to use ethanol-based gasoline in state vehicles.

As part of the Energy Council's studies of renewable energy, I ask that they also evaluate creation of voluntary "green tag" programs in Kansas. These programs are in wide use in other states and allow consumers to voluntarily contract for guaranteed renewable energy from their utilities.

I am also asking the Kansas Corporation Commission to look at the full range of benefits that renewable energy brings to Kansas and how those relate to additional investment that may be needed to meet the goals I have outlined for our utilities. I have instructed them to draw on expertise in other state agencies as needed to carry out this task.

For the past year, I have urged development of renewable energy and particularly wind energy projects, in areas where it is appropriate. As we work together to define a vision for the future of the tallgrass prairie, I am recommending that none of the new incentives that are being considered for renewable energy be applicable to commercial wind projects in the Heart of the Flint Hills area.

I will be calling on the members of the Kansas Congressional delegation to support efforts to extend the federal Production Tax Credit on wind energy for sufficient time to allow more projects to be built in Kansas and across the nation, and to provide more certainty to an industry buffeted by boom-and-bust cycles. I am pleased that other leaders around the country are echoing my proposal so that this might be acted on in the near term by Congress.

Together, these initiatives constitute a powerful set of tools to carry out our core goals: empowering local decision-making, respect for private property, investment in economic development in appropriate areas, and public-private partnerships for the long-term benefit of Kansans.

I appreciate the thoughtful deliberations you put into your recommendations and look forward to working with you and your groups to make them reality.

Sincerely,

Kathleen Sebelius  
Governor of Kansas

pc: Cabinet secretaries/members of the NR Subcabinet