

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 a.m. on January 21, 2009, in Room 783 of the Docking State Office Building.

All members were present except:  
Gail Finney-excused

Committee staff present:  
Mary Galligan, Kansas Legislative Research Department  
Cindy Lash, Kansas Legislative Research Department  
Melissa Doeblin, Office of the Revisor of Statutes  
Renae Hansen, Administrative Assistant

Conferees appearing before the committee:  
Dan Hartman, NW Kansas Regional Energy Collaborative  
Kimberly Gencur Svaty, The Wind Coalition  
Tom Thompson, Sierra Club  
Mark Schrieber, Westar  
Joe Spease, Wind So High  
Mark Lawlor, Horizon Wind  
Dan Nagengast, Kansas Rural Center  
Mark Calcara, Sunflower Electric  
David Springe, CURB  
Nancy Jackson, Climate Energy Project  
Larry Holloway, KCC

Others attending:  
Forty-Two including the attached list.

Chairman Carl Holmes announced the sub-committees that would take up discussion on various bills that have had hearings in full committee and the assigned chairmen.

Renewable Energy issues: Forrest Knox, chair

Green House Gasses issues: Tom Moxley, chair

Kansas Corporation Commission issues: Vern Swanson, chair

Energy Efficiency issues: Robert Olson, chair

Chairman Holmes noted there would be five member sub-committees, but, all members are invited to sit in and participate with questions they may have. Motions and votes would be up to sub-committee members.

Representative Tom Sloan moved to introduce legislation that would repeal KSA 21.4211, that requires telephone companies to publish in telephone directories directions on how to get off of a party line if another party declares an emergency. Seconded by Representative Annie Kuether. Motion carried.

Hearing on:  
**HB 2013 - Establishing renewable portfolio standards for public utilities.**

Melissa Doeblin explained **HB 2013** to the committee.

Questions were asked and comments made by Representative Annie Kuether.

Proponents:  
Dan Hartman, NW Kansas Regional Energy Collaborative, (Attachment 1), gave testimony in support of **HB 2013**.

## CONTINUATION SHEET

MINUTES OF THE House Energy And Utilities Committee at 9:00 a.m. on January 21, 2009, in Room DSOB 783 of the Capitol.

Kimberly Gencur Svaty, The Wind Coalition, ([Attachment 2](#)), presented testimony in support of **HB 2013** noting that wind offers a huge economic positive impact to the communities. She noted that the 1000 MW wind in the state has brought \$1 billion dollars of business to the state of Kansas.

Tom Thompson, Sierra Club, ([Attachment 3](#)), presented testimony in support of **HB 2013**, noting that this bill is written properly and is fairly good language. They are asking that this bill not be combined with other bills that might be in support of a coal fired power plant.

Mark Schrieber, Westar, ([Attachment 4](#)), offered testimony in support of **HB 2013** as this puts into statute something to which they have already voluntarily agreed. They asked for an amendment that would allow the use of renewable REC's, until the energy was available to use from within the state.

Joe Spease, CEO, Wind So High, ([Attachment 5](#)), offered testimony in support of **HB 2013**.

Mark Lawlor, Horizon Wind, ([Attachment 6](#)), presented testimony in support of **HB 2013**.

Dan Nagengast, Kansas Rural Center, ([Attachment 7](#)), presented testimony in support of **HB 2013** and asked that utilities to ramp up faster than prescribed in the bill and additionally that some of the wind be community wind.

Mark Calcara, Sunflower Electric, ([Attachment 8](#)), offered testimony in support of **HB 2013** noting they are already at 12.5%. He offered some suggested changes to the bill.

### Opponents:

David Springe, CURB, ([Attachment 9](#)), offered testimony in opposition of **HB 2013**. He commented that CURB is in support of wind generated energy but that it should not be mandated because it causes the price of energy to be potentially increased by specifying fuel sources that may not be economically sensible. Additionally, he noted a suggested change to the bill.

Kansas Livestock Association, ([Attachment 10](#)), presented written testimony in opposition to **HB 2013**.

### Neutral:

Nancy Jackson, Climate Energy Project, ([Attachment 11](#)), presented testimony in support of **HB 2013** with some additionally recommended options for consideration.

Larry Holloway, KCC, ([Attachment 12](#)), offered testimony regarding **HB 2013** explaining why rated capacity was better than using nameplate capacity. They suggest using Net renewable generation capability meaning the gross generation capability of the renewable energy resource over a four hour period when not limited by ambient condition, equipment, operating or regulatory restrictions less auxiliary power required to operate the resource. This definition is consistent with ratings used in section 12.1.1 of the Southwest Power Pool (SPP) Reliability Criteria and the North America Electric Reliability (NERC).

Questions were asked and comments made by Representatives: Joe Seiwert, Vern Swanson, Don Myers, Tom Moxley, Tom Sloan, Josh Svaty, Carl Holmes, and Vince Wetta.

The hearing was closed on **HB 2013**.

The next meeting is scheduled for January 22, 2009.

The meeting was adjourned at 10:42 a.m.

# HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: January 21, 2009

NAME	REPRESENTING
DAN HARTMAN	Logan County
Ken Christianson	Thomas County
Maile Harlitt	CEP
Joe Spear	Windsor
Byron Sowers	Thomas Co Comm.
JAMES ROBERTS	GPAC
Joe Dick	KCBPU
Nelson Krueger	PAR
DAN WAGENCAST	Ks Rural Center
Clare Huston	Sunflower Electric
Doug Smith	Sunflower Electric
Phil Wages	KEPCO
LARRY SERG	MIDWEST ENERGY
Scott Jones	KCPCL
Sarah Rowser	KEGAT RARA
Carol McDowell	Tallgrass Ranchers
TOM DAY	KCC
Kimberly [unclear]	Wind Coalition
Judy [unclear]	Am Inst of Architects

# HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: January 21, 2009

NAME	REPRESENTING
Mark Schreiber	Westar Energy
Nancy Jackson	CEP
Mari Tucker	Dept of Commerce
Allie Dennis	KCA
Corey Mohn	Commerce
Mark Johnson	Sunflower
Monica Cameron	Diamond Solar Solutions
Ray Hanel	KCC
Nathan Eberline	LKM
Mick Urban	Kansas Gas Service
Tom Gault	EBT
Lon Straton	NORTHERN NATURAL GAS CO
Leigh Keck	Hein Law Firm
Dave Springs	Curb.



# NW Kansas Regional Energy Collaborative

## Member Counties

*Cheyenne*

*Decatur*

*Gove*

*Greely*

*Graham*

*Logan*

*Lane*

*Ness*

*Norton*

*Rawlins*

*Scott*

*Sheridan*

*Sherman*

*Thomas*

*Trego*

*Wallace*

*Wichita*

January 19, 2009

Honorable Carl Holmes, Chairman  
House Energy & Utilities Committee  
Kansas State House  
300 SW 10th Ave.  
Topeka, KS 66612-1590

Dear Chairman Holmes:

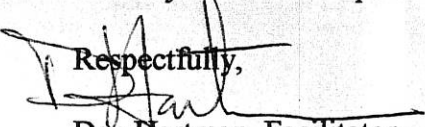
Attached you will find my written testimony in support of the Governor's proposal to codify a Renewable Portfolio Standard for the State of Kansas.

I am grateful for the opportunity afforded me by yourself and the Committee to speak with you on behalf of our Collaborative.

I have enclosed fifty (50 Copies of my testimony for your use and distribution.

Thank you for this important opportunity.

Respectfully,

  
Dan Hartman, Facilitator

HOUSE ENERGY AND UTILITIES

DATE: 1/21/2009

ATTACHMENT 1-1

# NW Kansas Regional Energy Collaborative

216 Center Avenue, PO Box 154, Oakley, Kansas 67748

785.672.4550

lcdc@st-tel.net

January 21, 2009

HOUSE ENERGY & UTILITIES COMMITTEE  
Representative Carl D. Holmes, Chairman

## TESTIMONY IN SUPPORT OF CODIFIED RENEWABLE PORTFOLIO STANDARD

Good morning Mr. Chairman and Committee members. My name is Dan Hartman; I am the facilitator for the North West Kansas Regional Energy Collaborative. We are a group of NW Counties that have come together to encourage and support the development of wind energy in the NW Kansas region.

I appear before you today joined by several County Commissioners from our Collaborative. I'd like to introduce them to you.

The Renewable Portfolio Standard you have before you is a key piece of legislation that will assist us in the pursuit of our mission. In fact, enacting this legislation will foster a boom in wind energy development in Kansas. I urge you to send this important legislation to the floor of the House for passage forthwith.

Make no mistake, we are in a race. A race, by the way, that will define our national priorities in the years to come. It is no secret that our neighboring states, having enacted an RPS of their own, are reaping the benefit through vigorous investment in wind energy projects. Hundreds of millions of capital investment dollars and many thousands of jobs are at stake. I have been informed that economists, in an attempt to quantify the value of Western Kansas wind resources over a twenty year period, have arrived at values in the *trillions of dollars*.

Take for example rural Nolan County, Texas. Nolan County will receive in excess of \$1.3 million dollars in payments in fiscal 2009; the landowners in this county will receive in excess of \$30 million. Every dime of it coming from wind energy development. The school district in that county has just completed a new \$14 million dollar high school for 162 students, paid for from the \$45 million dollars the district will receive directly from wind energy developments over the next twenty years. All of this significant economic impact arose in an area having wind resources classified as "poor". Imagine how much greater the impact in our State where there is no question of "poor" wind resources, only good, better and best.

Kansas is home to some of the highest and most consistent land based wind speeds on planet Earth. We live in what has been dubbed the "Saudi Arabia" of wind energy. It only makes good sense to support the development of such a resource. I liken not developing our wind resources to someone who would not want to drill for oil in the Middle East. That just would not make sense.

If we, as a State, do not act, and act quickly, to endorse this necessary legislation, that tremendous investment and all those jobs will go where they have gone so far... somewhere else. I believe to not act in whatever manner one can to exploit our wind resources, which includes enacting a State RPS, is irresponsible and a disservice to our citizens.

Our manufacturing community has already in its ranks the skills and knowledge to become national leaders in the manufacturing of wind energy products. How far could the penetration into manufacturing components for wind turbines go in stabilizing employment in the sector?

Finally, I want to discuss our rural communities. Wind energy has the potential to allow them to stabilize and sustain themselves beyond comparison. Much ado has been had regarding helping the rural communities of our State better themselves. Here, before you today, is your opportunity to bring reality to those wishes...to follow through on often only spoken support for our rural areas.

It is of paramount importance to do whatever it takes to improve the health and vitality of our rural communities for other reasons. Why, because we simply can't afford to lose anymore of them. One can make the case, and I would agree whole heartedly, that our major urban centers are the heartbeat of America. But, our small, rural communities are the soul of this great nation. The breeding ground from which have grown our basic principles as a people. The enduring and ethical foundation of this nation was born in small communities throughout America.

I know some of what I have presented may sound a bit emotive, but the bottom line reality is this. We're in a race and Kansas is losing. Losing in the development of wind energy and losing in the race to save our rural communities. If that is okay with you, then don't support the RPS. It is not okay with us or our contemporaries.

I urge you to support the State RPS legislation and move it to the house membership for passage. It is an urgent matter.

Thank you for the opportunity to come before you on behalf of the collaborative and for your thoughtful consideration. If you have any questions or would like additional information, please do not hesitate to contact me.

Respectfully,

Dan Hartman, ED  
Logan County Development Corporation  
216 Center Avenue  
PO Box 154  
Oakley, KS 67748  
785.672.4550 office  
785.953.7111 mobile  
785.672.3838 fax  
[lcdc@st-tel.net](mailto:lcdc@st-tel.net)

January 19, 2009

Dear Representative/Senator:

I am writing to express my complete support for Governor Sebelius' proposal to codify the Renewable Portfolio Standard and to provide Net Metering for alternative energy. These significant pieces of legislation offer northwest Kansas the most significant opportunity to stabilize and sustain our communities by providing the legislative mechanism to advance the development of our wind resources.

The ability to develop community scale wind projects will give a tremendous boost to the local economies providing needed jobs and attracting younger workers to the region. With the development of these wind projects will come millions of dollars in capital investment and hundreds of high paying jobs. The estimated economic impact from just one of these "small" projects at 15MW will bring capital investment of \$40 million dollars, construction investment (payroll, supplies, fuel, etc) of over \$6 million, and permanent jobs at \$50-100,000 per year. Add to that the multiplier effect and a single rural area in our region can gain up to \$42 million dollars of annual economic impact.

Every state that has enacted this type of legislation has seen a huge surge in wind energy development. In contrast, those states that have not enacted this legislation have fallen far behind. Even though we are home to some of the best wind resources on planet earth, Kansas is one of those states falling behind.

You have the ability to provide legislation that will give rural Kansas the opportunity we need to survive and thrive. We, therefore, strongly encourage you to enact the proposed legislation codifying a Renewable Portfolio Standard for Kansas forthwith.

Respectfully,



Dr. Lynn Kreider  
President



Barry Kaaz  
Dean of External Affairs &  
Facilities Management





100 Congress Ave., Ste. 800  
Austin, Texas 78701  
Paul Sadler, Executive Director

### Testimony on HB 2013

The Wind Coalition supports the implementation of a meaningful renewable portfolio standard (RPS) in Kansas. An RPS that results in measurable increases in the demand for Kansas will encourage the development of the rich wind power resources within the state and significantly increase direct and indirect economic development at a time when it is sorely needed.

The nation is focused on energy more today than perhaps at any time in history. The recent experiences of the nation in being held hostage to the whims of oil rich countries abroad and sky rocketing prices coupled with a realization that America's national security is in part tied to energy has provided us with a focused resolve to become more energy independent. The development of wind energy moves the nation toward addressing these goals.

The popularity of investing in more American made clean energy is growing. The majority of states now require significant levels of renewable energy among their states' utilities. The most recent addition in Missouri was passed in November through an initiative petition winning garnering nearly 70% of the votes cast.

For Kansas and other states in the plains region of the country, this will mean billions of dollars of new economic development. Today Kansas has approximately 1000 MW of wind power in the state. According to the National Energy Renewable Energy Laboratory, the addition of these generators translates into over a billion dollars in cumulative economic benefit.

**"We forecast the cumulative economic benefits from 1000 MW of development in Kansas to be \$1.08 billion, annual CO2 reductions are estimated at 3.2 million tons, and annual water savings are 1,816 million gallons."** NREL

The future possibilities of additional positive economic impact are impressive. Kansas is third in the nation, according to NREL, in the total potential for wind energy development. The fact that Kansas has an enormous amount of wind resource is not the only factor that will influence this development. In order to realize the state's potential, Kansas should ensure that the landscape for investors making decisions on where to build the wind generation and manufacturing facilities is competitive with other states. Adopting a meaningful Renewable Portfolio Standard (RPS) would send a positive signal to the wind industry by providing additional certainty in the minimum levels of demand for wind energy. Having a RPS has proven to be impactful to both developers and manufacturers. Several States that have adopted standards have seen an influx of investment. For example, Colorado established an RPS while

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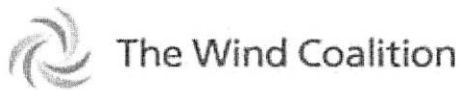
ATTACHMENT 2-1

also addressing the lack of transmission to windy areas through regulatory policies. This dual effort, along with actively recruiting companies to locate wind manufacturing facilities in the state, signaled a welcome mat for the wind industry. Subsequent investment in new wind farms and new manufacturing that followed shows Colorado as a rising wind power state.

Two years before the goal set by Governor Sebelius, Kansas has eclipsed the goal of building 1000 MW of wind generation in the state. With the vast wind resources at the disposal of the state it will not be difficult to attain the levels set in out this bill. Kansas could easily achieve higher levels and not only become a user of wind energy, but an exporter of wind energy as well. The Wind Coalition requests that the Legislature consider amending the legislation to increase the use of Kansas domestic resources either by establishing standards that are a percentage of energy consumed or by raising the percentages. The Coalition also asks that the Committee give consideration to adding a special provision mandating that the state government's energy consumption of Kansas renewable energy be established. Recently, Oklahoma University issued a statement that it intended to reach a goal of having 100% of its energy come from renewable sources. Establishing a significant minimum level of renewable energy consumption for state facilities would send a strong message that the legislature believes in investing in the economically competitive development of its home grown wind resources.

Wind energy is a critical element in the fight for our national security and energy independence. The development of wind energy has been proven to be a cost effective clean source of energy. In fact, wind energy has competed head to head with other traditional energy sources. In many instances, wind energy has been on par with or less expensive than new coal, natural gas or nuclear resources. The level of demand across the country is increasing and there is great opportunity for the state to capitalize on the potential to develop its rich wind resources.

As this body knows well, issues such as transmission development are critical to wind energy development. The future expansion of any type of energy development will depend on the construction of a delivery system to export Kansas wind energy, and other traditional energy resources, to other parts of the nation. The level of investment that occurs in Kansas is also dependent on the policies and messages sent by Kansas policy makers about the support that exists within the state for wind development and the likelihood for growth in demand. Passing a meaningful RPS will send just that kind of message, giving Kansas a recruiting advantage over surrounding wind states that have not yet passed a Renewable Portfolio Standard. It will act as a bridge in ensuring that a minimum level of demand will be present within the state in the near term, giving Kansas an additional tool in recruiting development in these challenging economic times. The Wind Coalition supports the passage of this legislation.



Wind project developers/owners:

- AES Wind Generation
- Babcock & Brown, LP
- BP Alternative Energy
- Clipper Windpower Development Company, Inc.
- Duke Energy
- Edison Mission Group
- E. ON Climate & Renewables
- Eurus Energy America Corporation
- Gamesa Energy USA
- Horizon Wind Energy
- Iberdrola Renewables
- Invenergy LLC
- John Deere Wind Energy
- Mesa Power
- Noble Environmental Power
- Novus Windpower, LLC
- Renewable Energy Systems (USA)
- Shell WindEnergy Inc.
- Third Planet Windpower
- TradeWind Energy
- CPV Renewable Energy Company
- Infinity Wind
- Wind Capital Group

Wind component manufacturers:

- D.H. Blattner
- GE Energy, LLC
- Siemens
- Stewart Title
- Trinity Structural Towers, Inc.
- Vestas-Americas, Inc.
- Mortenson Construction

Public & Industry interest groups:

- American Wind Energy Association (AWEA)
- Environmental Defense Fund
- Public Citizen Texas Office
- Texas Renewable Energy Industries Association (TREIA)

**Testimony before the House Energy and Utilities Committee  
January 21, 2009  
Supporting H.B. 2013**

Chairperson Holmes and Honorable Members of the Committee:

My name is Tom Thompson and I represent the Kansas Chapter of the Sierra Club. I have come today to speak in support of H.B.2013.

The concept of Renewable Portfolio Standards (RPS) is not a new one. Twenty-eight states and the District of Columbia have a mandatory RPS. The ones in Colorado and Washington State were implemented through ballot initiative.

Certainly one of the reasons the Sierra Club is interested in an RPS is that it will help to decrease our reliance on fossil fuels thus decreasing greenhouse gas emissions. It will also help the state to diversify its energy resources.

An RPS will also help encourage new jobs in the renewable energy industry. Workers will be needed to install, maintain, sell and build renewable energy fixtures. New tax revenues will be generated. An RPS will let the renewable energy industry know that Kansas wants to be a leader. Right now it is near the back of the pack.

When Minnesota's Republican Governor Pawlenty signed that states RPS legislation he said it would make Minnesota a leader in renewable energy. Minnesota has a lot of iron ore but it does not have the wind resources of Kansas. HB 2013 will move Kansas toward being far more of a renewable energy leader than Minnesota.

The Sierra Club appreciates that HB 2013 is written to deal with just the issue of creating an RPS. It does believe that it is not only good for Kansas but a good policy that will help decrease the reliance on greenhouse gas emitting fossil fuels. It is concerned, though it does not know, that at some point during the session it might be combined with other legislation including legislation to build a coal fired power plant. Doing so would create a bill that does not decrease the emitting of greenhouse gasses in Kansas and will then be opposed by the Sierra Club.

The Sierra Club encourages the committee to support HB 2013.

Sincerely

Tom Thompson  
Sierra Club

*HOUSE ENERGY AND UTILITIES*  
DATE: 1/21/2009  
ATTACHMENT 3





MARK A. SCHREIBER  
Director, Government Affairs

**Testimony of Mark Schreiber  
Director Government Affairs, Westar Energy  
Before the House Energy and Utilities Committee  
On HB 2013  
January 21, 2009**

Good morning Chairman Holmes and members of the committee. Thank you for the opportunity to provide testimony in support of HB 2013.

This bill places into statute a course of action we have voluntarily agreed to pursue. Soon, Westar will have approximately 300 megawatts of wind energy in its generation portfolio, which represents about 6% of our peak load. To meet the 2012 requirement, Westar would need to build another 200 megawatts of renewable capacity. With the new transmission we are building and the new natural gas peaking plants we have in service, we believe we can accommodate an expanded renewable portfolio.

We would suggest one amendment. In the event something occurred which prevented a utility from meeting these requirements (e.g. lengthy inclement weather, unavailability of components), we would suggest allowing utilities to use renewable energy credits (RECs) to meet the requirement until such time that the renewable energy capacity could be completed.

Thank you again for the opportunity to testify. I will stand for questions at the appropriate time.

*HOUSE ENERGY AND UTILITIES*

DATE: 1/21/2009

ATTACHMENT 4

January 21, 2009  
Testimony in support of HB 2013  
Joe Spease, CEO  
Windsohy, LLC  
9934 Goddard  
Overland Park, KS 66214  
913-481-2869  
jspease@windsohy.com

Chairman Holmes and members of the committee,

Many of you know that I have been proposing renewable portfolio standards legislation for 7 years. Today I am using some of the same phrases I have used previously in testimony supporting RPS legislation. The only difference this time will be an increased sense of urgency to pass a RPS bill. If we want any of the thousands of manufacturing jobs that have been going to other states who have passed RPS we must act now.

Look at the jobs that came to Iowa, Colorado, Oregon, Texas, and Minnesota after they passed their RPS bills. It is NO coincidence that they got the thousands of wind turbine-related jobs after passing RPS. And now Missouri has passed RPS! They don't have a good solar or wind resource but they have RPS. And they have a good shot at getting thousands of new jobs because of the companies in St. Louis that produce the carbon fiber materials being used more and more as blade sizes increase.

There aren't a lot of turbine manufacturers remaining who don't already have plans for locating in this country who might consider Kansas. **WE MUST ACT QUICKLY IF WE ARE TO STAND A CHANCE OF GETTING SOME OF THE TURBINE MANUFACTURERS TO KANSAS!**

Kansas legislators, utilities, and organizations like the Kansas Farm Bureau have opposed RPS allegedly because RPS is a "mandate" that offends certain political principles. By opposing RPS we have actually "mandated" that jobs that could have come to Kansas have gone to our neighboring states.

More wind power as a result of RPS will bring thousands of new jobs, the lowest cost electricity from new energy sources, increased tax revenue for the state and our schools, and a revenue benefit to our farmers and ranchers that can't be matched from any other source. RPS is best for Kansas. Please vote for HB 2013.

*HOUSE ENERGY AND UTILITIES*

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ATTACHMENT 5



Horizon Wind Energy, owned by EDP Renewables, the fourth largest wind energy producer in the world, recently commissioned the 201MW Meridian Way Wind Farm in Cloud County, KS. Horizon has several projects under development in Kansas. We have been developing projects in Kansas since 2000 and we the implementation of a meaningful renewable portfolio standard (RPS) in this state. We commend the Committee and the utilities in Kansas for doing their part to encourage wind development for its citizens.

A meaningful RPS is the cornerstone to capitalizing on the abundant wind resources in Kansas. Such a policy sends a positive signal to the wind industry by providing additional certainty in the minimum levels of demand for wind energy. Having a RPS has proven to be impactful to both developers and manufacturers in other states.

Decisions about where transmission superhighways will be located are currently under development. These lines will certainly serve locations where markets have been developed and supported. A strong RPS will send a clear signal to regional and national entities planning these lines that Kansas will provide the clean, renewable energy that will help fuel our country's future.

The economic impact that an RPS law brings cannot not be under emphasized. There are few economic development opportunities for rural Kansas these days. Wind has been well received throughout the state by landowners, local governments, economic development offices and chambers of commerce. This bill helps make the economic opportunities of wind attainable to an economy that desperately needs investment. Horizon Wind Energy supports a strong RPS law in Kansas.

Thank you,

Mark Lawlor  
Project Manager  
Horizon Wind Energy

HOUSE ENERGY AND UTILITIES

DATE: 1/21/2009

ATTACHMENT 6



P.O. Box 1  
Whiting, Kansas 66552  
(785) 873-3431  
FAX (785) 873-3432  
E-mail: [ksrc@rainbowtel.net](mailto:ksrc@rainbowtel.net)  
Web Site: [www.kansasruralcenter.org](http://www.kansasruralcenter.org)

**Testimony concerning a proposed Renewable Portfolio Standard  
Dan Nagengast - Director, Kansas Rural Center**

Mr. Chairman and Members of The Committee,

Thank you for the opportunity to testify today. I serve on the Lt. Governor's Wind Working Group and have advocated for policies promoting Community Owned Wind projects within that group, at 6 well-attended Wind Summits we have hosted in rural Kansas, and on numerous other occasions when speaking to groups on renewable energy. In addition, I serve as facilitator of the DOE-NREL funded Wind For Schools Project which is installing 15 small turbines at rural schools around the state.

Many of us serving on the Wind Working Group had the pleasure of visiting Southwestern Minnesota wind projects several summers ago. I believe we all were impressed by the benefits to that region of a well-established, community owned wind industry. A strong RPS helped to bring that about. I personally believe if there were one policy that could make the most difference and jump start a rural economy based on wind energy opportunities, it would be an aggressive, codified Renewable Portfolio Standard, with a percentage set aside for community owned projects, say 5%.

How aggressive? I would like to see something like 15% of actual energy used in Kansas coming from renewable sources by 2012. That would be somewhere in the ballpark of 1,500 MW of wind energy. At a 40% capacity factor, that would mean approximately 3,500 MW name plate capacity. The Community Owned requirement of 5% would indicate that utilities in the state would need to acquire approximately 175 MW of wind projects owned by farmers or landowner cooperatives, schools or other non-profits, rural electrical cooperatives or municipal utilities.

A strong RPS would also send a message to wind turbine manufacturers, that Kansas is open for business.

Thank you for considering this issue. Again, I believe a strong RPS is the best key we have readily available to enhance our rural economy. There are resources and links on this issue available at our website: [www.kansasruralcenter.org](http://www.kansasruralcenter.org)


Dan Nagengast  
Executive Director  
[nagengast@earthlink.net](mailto:nagengast@earthlink.net)  
785/748-0959

HOUSE ENERGY AND UTILITIES  
DATE: 1/21/2009  
ATTACHMENT 7





# SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

January 21, 2009

Before the House Energy and Utilities Committee

House Bill 2013 – Establishing Renewable Portfolio Standards

Conferee: Mark Calcara, VP & General Counsel

- **POSITION:** Sunflower supports this legislation but suggests one minor change.

- **SUGGESTED CHANGES:**

- Page 1, Lines 21, 28 & 35: When referring to the nameplate capacity of renewable generating units, we believe it would be more appropriate to change the phrase "nameplate capacity" to "nameplate rating".

To avoid the confusion that results from terminology used by manufacturers versus the Southwest Power Pool (SPP), the use of nameplate rating makes it clear what number is being referred to in this legislation.

This is important because currently the SPP generally assigns a capacity rating to a windmill that is only about 10% of the generating unit's nameplate rating.

- **SUMMARY:** Sunflower believes these levels are reasonable; they are aligned with the goals of our Board of Directors, and, we believe, this legislation will increase the amount of renewable generation resources in Kansas.

HOUSE ENERGY AND UTILITIES

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ATTACHMENT 8

# Citizens' Utility Ratepayer Board

## Board Members:

Gene Merry, Chair  
Randy Brown, Vice-Chair  
Carol I. Faucher, Member  
Laura L. McClure, Member  
A.W. Dirks, Member



State of Kansas

*Kathleen Sebelius, Governor*

David Springe, Consumer Counsel  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027  
Phone: (785) 271-3200  
Fax: (785) 271-3116  
<http://curb.kansas.gov>

## HOUSE UTILITIES COMMITTEE H.B. 2013

Testimony on Behalf of the Citizens' Utility Ratepayer Board  
By David Springe, Consumer Counsel  
January 21, 2009

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2013. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

CURB is supportive of the efforts of Kansas utilities to increase the level of renewable electric generation resources in their generation portfolios. Each Kansas utility, to varying degrees, has added wind resources to its resource portfolio in the last few years.

However, CURB does not support a prescriptive mandate as to (1) the level of renewable resources required, or (2) the timing of adding renewable resources to a utility's system. Each utility system is different from a resource perspective and from a finance perspective. Arbitrarily dictating the level and timing of adding resources, regardless of cost or other considerations, is not in the interest of consumers. HB 2013 is a prescriptive mandate that disregards what may be in the best interest of consumers. CURB does not believe that this bill should be passed.

It is possible that each Kansas utility will meet the requirement in this bill regardless of these proposed mandates. However, there may be a legitimate reason why a utility cannot, or perhaps should not, be constrained by these deadlines. For example, if a wind developer knows that a utility must meet a statutorily imposed deadline for acquiring wind power, the utility loses bargaining power. It could also be the case that a utility does not have the necessary natural gas fired generation available to back additional wind at the deadline. It should not be Kansas policy that consumer interests or consumer utility rates are secondary to political expediency.

If the Committee passes the state level renewable electric generation standard in HB 2013, CURB requests that the Committee also include an amendment to K.S.A. 66-117(e)(1) to eliminate the language that allows a utility to collect an incentive rate of return for adding renewable resources to its system. Ratepayers should not have to pay the cost of mandated renewable generation resources and at the same time pay utility shareholders additional money as an incentive for meeting a mandate. A mandate should eliminate the need for incentive payments which only serve to increase consumer rates.

Thank you.

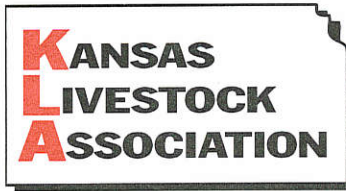
HOUSE ENERGY AND UTILITIES

DATE: 1/21/2009

ATTACHMENT 9 - 1

Proposed amendment:

K.S.A. 66-117(e) Upon a showing by a public utility before the state corporation commission at a public hearing and a finding by the commission that such utility has invested in projects or systems that can be reasonably expected ~~(1) to produce energy from and renewable resource other than nuclear for the use of its customers,~~ (2) to cause the conservation of energy used by its customers, or (3) to bring about the more efficient use of energy by its customers, the commission may allow a return on such investment equal to the increment of from  $\frac{1}{2}\%$  to 2% plus an amount equal to the rate of return fixed for the utility's other investment in property found by the commission to be used or required to be used in its services to the public.



*Since 1894*

TESTIMONY

To: House Energy and Utilities Committee  
Representative Carl Holmes, Chair

From: John Donley, Kansas Livestock Association

Date: January 21, 2009

Re: HB 2013 – Establishing renewable portfolio standards for public utilities

*The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing over 5,000 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf and stocker production, cattle feeding, dairy production, grazing land management and diversified farming operations.*

My name is John Donley, and I am Assistant General Counsel for the Kansas Livestock Association. I appreciate the opportunity to provide written testimony to discuss KLA's opposition of HB 2013.

KLA is an organization that believes the market should create factors that affect the choices of what an industry provides to consumers, not a governmental mandate. HB 2013 is a measure that directly mandates the generation source of electricity that a public utility must produce. We believe the market should determine the demand for renewable energy – not the government. While KLA does not oppose or support wind energy and other renewable sources in general, KLA members have a strong belief that wind energy and other renewable sources should not be driven by a government mandate.

KLA has policy in direct opposition of the creation of renewable portfolio standards and believes that it is inappropriate to require such standards. The proposed standards will arguably increase the energy costs to consumers in Kansas while not truly adding a reliable or consistent source of electricity to Kansas consumers. It is one thing to provide tax incentives to grow an industry, but it is a totally different concept to force the use of the product produced by an industry regardless of the cost.

In conclusion, the Kansas Livestock Association opposes HB 2013 and asks the members of this committee to vote against HB 2013. Thank you.

HOUSE ENERGY AND UTILITIES

DATE: 1/21/2009

ATTACHMENT 10



Mr. Chairman, members of the committee, good morning and thank you for the opportunity to address you regarding HB 2013.

CEP heartily supports a Renewable Portfolio Standard for Kansas to:

- Increase diversity and security of our energy supply;
- Reduce volatility of power prices, given zero fuel cost;
- Provide additional income to host landowners and counties;
- Create jobs;
- Increase investors' and developers' confidence in Kansas prospects;
- Invite manufacturing.

With over 30 existing Renewable Portfolio Standards in the United States, data on challenges and successes is increasingly available.

Reports by EPA, the National Renewable Energy Laboratory, and Lawrence Berkeley National Laboratory (linked below) identify key elements of successful policy.

HB 2013 contains many of these successful elements: clearly defined goals, a long timeline to encourage investment, specification of eligible renewable resources, inclusion of net metering capacity toward utility targets, and the selection of KCC to implement.

Additional aspects that would, according to the above reports, strengthen HB 2013 to best practice:

- Consider using energy generation rather than installed nameplate capacity as a target;
- Consider specifying whether existing and out-of-state generation, including federal hydropower and Renewable Energy Certificate purchases, count toward target;
- Consider cost recovery mechanism for utilities;
- Consider enforcement mechanism for noncompliance (alternative compliance payments are frequently used to support new renewable energy generation).

Further possibilities that may serve Kansas:

- Incentives for preferred energy development such as community wind, solar, and distributed generation (Colorado credits in-state electricity at 125% and community-owned wind at 150%);
- REC tracking system to ensure viability of generation to meet target.

CEP drew from the following reports, which contain excellent data for your consideration:

<http://www.nrel.gov/docs/fy08osti/41409.pdf>

[http://epa.gov/CHP/state-policy/renewable\\_fs.html](http://epa.gov/CHP/state-policy/renewable_fs.html)

<http://eetd.lbl.gov/ea/ems/reports/lbnl-154e.pdf>

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HOUSE ENERGY AND UTILITIES  
DATE: 1/21/2009  
ATTACHMENT 11-1

## Executive Summary

As the popularity of renewables portfolio standards (RPS) has grown, so too has the need to keep up with the design, early experience, and projected impacts of these programs. This report – the first in a regular series – seeks to fill this need by providing basic, factual information on RPS policies in the United States. Key findings of this inaugural edition are as follows:

- Mandatory RPS policies have been created in 25 states and Washington D.C.; four additional states have non-binding goals
- In 2007, four states established new RPS policies, 11 states significantly revised pre-existing RPS programs (mostly to strengthen them), and three states created non-binding renewable energy goals
- Forty-six percent of nationwide retail electricity sales will be covered by the mandatory state RPS policies established through the end of 2007, once these programs are fully implemented
- RPS policy designs vary widely among states, and a “common” design has not yet emerged
- Resource eligibility in state RPS programs has expanded beyond traditional renewables, with three states now allowing demand-side energy efficiency to meet at least a portion of their RPS requirement; additional states have stand-alone mandatory energy efficiency portfolio standards
- Eleven states now have four or more years of operational experience with an RPS, though many other state programs are just getting underway
- Though not an ideal metric, over 50% of the non-hydro renewable capacity additions in the U.S. from 1998 through 2007 occurred in states with RPS programs (~8,900 MW); 93% of these additions came from wind power, 4% from biomass, 2% from solar, and 1% from geothermal
- Assuming that full compliance is achieved, current mandatory state RPS policies will require the addition of roughly 61 gigawatts (GW) of new renewables capacity by 2025, equivalent to 4.7% of projected 2025 electricity generation in the U.S., and 15% of projected electricity demand growth
- Solar-specific RPS designs are becoming more common, with 11 states and Washington D.C. adopting solar or distributed generation (DG) set-asides so far; these policies have already supported 102 MW of photovoltaics and 65 MW of solar-thermal electric capacity, and a total of roughly 6,700 MW of solar capacity would be needed by 2025 to fully meet existing set-aside requirements
- The early-year renewable energy targets in the majority of state RPS policies have been fully or almost-fully achieved through the application of renewable electricity or renewable energy certificates (REC) towards RPS targets; the overall average level of RPS “compliance” in 2006 was 94%, and nine states achieved renewable energy deliveries, as a proportion of RPS targets, of above 95%
- Several states have struggled to meet early-year RPS targets, however, and alternative compliance payments of more than \$18 million were paid in 2006; financial penalties have been applied in two states
- Renewable energy certificate tracking systems continue to expand and, as of the end of 2007, all but four RPS states allowed unbundled RECs to count towards RPS compliance
- Renewable energy certificate markets remain fragmented, and prices have varied dramatically across states, and over time, reflecting variations in RPS design
- The electricity rate increases associated with existing state RPS policies, for those states in which such impacts are readily calculable, generally equal 1% or less so far; in several states, the renewable electricity required by these policies appears to be priced competitively with fossil generation
- States are increasingly recognizing lack of transmission investment as a key barrier to achieving RPS targets, and at least five states – Texas, Colorado, California, Minnesota, and New Mexico – took important steps in 2007 to mitigate this barrier
- The U.S. House of Representatives passed a Federal RPS in 2007, but the bill was unable to pass out of the U.S. Senate

# Economic Impacts to Kansas

from 7158 MW of new wind development by 2030

*Wind energy's economic "ripple effect"*

## Direct Impacts

### Payments to Landowners:

- \$20.8 million/year

### Local Property Tax Revenue:

- \$19 million/year

### Construction Phase:

- 11,133 new construction jobs
- \$1.35B to local economies

### Operational Phase:

- 1805 new long-term jobs
- \$152M/yr to local economies



## Indirect Impacts

### Construction Phase:

- 5,000 new jobs
- \$424M to local economies

### Operational Phase:

- 438 local jobs
- \$43 M/yr to local economies

## Induced Impacts

### Construction Phase:

- 6,223 new jobs
- \$559 M to local economies

### Operational Phase:

- 850 local jobs
- \$76 M/yr to local economies

### Totals (construction + 20 yrs)

Total economic benefit to Kansas = \$7.8 billion

New local jobs during construction = over 23,000

New long-term jobs for Kansans = over 3,000

Construction Phase = 1-2 years

Operational Phase = 20+ years



*Kathleen Sebelius, Governor  
Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner*

Before the House Energy and Utilities Committee  
Regarding HB 2013  
January 21, 2009

Testimony of  
Larry Holloway  
Kansas Corporation Commission

Thank you, Chairman and members of the Committee. I am Larry Holloway, Chief of Energy Operations with the Kansas Corporation Commission, and I appreciate the opportunity to be here today to testify for the Commission on HB 2013.

This bill would require Kansas Investor Owned and Cooperative electric utilities to include renewable electric generating capacity in their future generation portfolio, based upon the nameplate capacity of the renewable generation. The Commission has only one observation regarding this bill.

Nameplate capacity of renewable electric generation should be better defined. For example, a biomass steam power plant could potentially have 3 different nameplate ratings. The boiler could have one nameplate rating, the steam turbine another nameplate rating and the generator yet another nameplate rating.

To be consistent for all types of renewable generation, the Commission would suggest instead of nameplate rating, that the term "net renewable generation capability" be used. This term should be defined as:

"Net renewable generation capability" means the gross generation capability of the renewable energy resource over a four hour period when not limited by ambient



conditions, equipment, operating or regulatory restrictions less auxiliary power required to operate the resource.

This definition is consistent with ratings used in Section 12.1.1 of the Southwest Power Pool (SPP) Reliability Criteria and terms used in the North America Electric Reliability (NERC), Generation Availability Data System (GADS) Reporting Instructions Pages IV.4 to IV.5.