Testimony to House Energy and Environment Committee

Kansas Renewable Standards Act

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Chairman Hedke and Members of the Committee,

Thank you for the opportunity to testify today. The evidence shows quite clearly that renewable power mandates in the Kansas Renewable Standards Act are inflicting severe punishment on the Kansas economy and residents throughout the state. Action to repeal or delay more stringent renewable power mandates will tremendously benefit the Kansas economy.

Kansas residents are already burdened with electricity prices that are the highest in the region. According to the U.S. Energy Information Administration (EIA), Kansas has the highest electricity prices in EIA's West North Central Region.[1] Renewable power mandates contained in the Kansas Renewable Standards Act are a primary reason why Kansans are suffering under high electricity prices. Repealing or delaying renewable power mandates will make Kansas more economically competitive with its neighbors, return money to consumers' pocketbooks, increase living standards, and create thousands of new jobs in the state.

Kansas and other states in the region benefit from inexpensive and readily available coal and natural gas resources. As a result, electricity prices in the region are among the lowest in the nation.

In 2009, when the legislature passed the Kansas Renewable Standards Act, Kansans benefited from electricity prices that were substantially lower than the national average. The national average retail price of electricity was 9.82 cents per kilowatt hour (kWh),[2] but Kansans only paid 7.98 cents per kWh.[3] The nation as a whole paid 23 percent higher electricity prices than was the case in Kansas.

During 2009 renewable power comprised 6 percent of Kansas electricity generation.[4] Spurred on by the Kansas Renewable Standards Act, however, renewable power generation increased by 21 percent in 2010 alone.[5] Through 2011, renewable power generation increased to 31 percent above 2009 levels.[6] Renewable power growth accelerated even more in 2012, as state renewable power capacity approximately doubled in 2012 alone.[7] Wind power comprised nearly all of this renewable power generation.[8]

The increasing percentage of renewable power generation is severely punishing the Kansas economy. Electricity prices in the state rose from 7.98 cents per kWh in 2009[9] to 9.24 cents per kWh in 2012.[10] By comparison, national electricity prices remained essentially flat during those same 3 years.[11]

Kansas electricity prices are putting the state at a competitive disadvantage to its regional neighbors, which in turn puts Kansas businesses and industries at a competitive disadvantage. The retail price of electricity in EIA's West North Central Region is 8.55 cents per kWh, versus 9.24 cents per kWh in Kansas.[12] This discourages businesses and industries from starting up in Kansas or relocating to Kansas. This also drives existing businesses and industries into bankruptcy or out of the state.

With Kansans purchasing just over 40 million megawatt hours (mWh) of electricity each year,[13] Kansans pay approximately $3.7 billion each year for electricity. However, if electricity prices in Kansas were the same as Nebraska,[14] state energy consumers would gain $340 million each year in electricity savings. If electricity prices in Kansas were the same as Oklahoma,[15] state energy consumers would save $690 million each year in electricity savings. And with the Kansas Renewable Standards Act requiring ever-increasing percentages of future renewable power generation, the differential between electricity costs in Kansas versus neighboring states will continue to grow larger every year.

Putting those numbers in context, if Kansas electricity prices mirrored those of neighboring Nebraska and Oklahoma, the net savings would be enough to balance the state's budget deficit without raising any taxes or cutting any government services.[16]

Averaged out over the state's 1.1 million households,[17] Kansas households are paying an extra $300 to $600 per year than would be the case if electricity prices mirrored those in neighboring Nebraska and Oklahoma.

The spiraling costs of Kansas electricity after passage of the Kansas Renewable Standards Act should come as no surprise given the expensive nature of renewable electricity. According to an MIT[18] study, when all the subsidies and preferences are removed from the equation, the levelized cost of wind power is 75 percent higher than that of conventional power. The U.S. Energy Information Administration forecasts a similar price differential will exist for at least the next several decades.[19]

The Kansas Renewable Standards Act, in addition to punishing the Kansas economy, is also inflicting unique environmental damage throughout the state. This is a perfect example of the law of unintended consequences.

Wind power is intermittent and unpredictable, which means wind power largely supplements rather than replaces conventional power plants. Even when fickle wind conditions enable the production of electricity, conventional power plants must remain in cycling mode so that electricity production remains reliable and constant when the wind suddenly dies down. Therefore, although wind power production itself does not produce emissions, neither does it substantially reduce overall emissions.[20]

But there is more to the environmental equation. Even with wind power producing only 2 percent of the nation's electricity, the U.S. Fish and Wildlife Service estimates wind turbines kill 440,000 birds each year in the United States, including many protected and endangered species, such as bald eagles. Experts predict wind power will likely kill millions of birds each year in the United States by 2030.[21]

In addition to bird deaths, wind turbines kill a comparable number of bats, whose numbers are in steep decline throughout the United States. Between unnecessary bird and bat deaths, wind turbines decimate the populations of species that keep crop-destroying insect populations under control. Accordingly, wind turbines inflict often-overlooked harm to farmers in the region.

In summary, the renewable power mandates contained in the Kansas Renewable Standards Act are punishing the state's economy and environment. Action to repeal or delay more stringent renewable power mandates will tremendously benefit the Kansas economy and the Kansas environment.

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[3] "State Electricity Profiles: Kansas" U.S. Energy Information Administration, Jan. 30, 2012, www.eia.goc/electricity/state/kansas
[4] Id
[5] Id
[6] "Wind Power in Kansas," Wikipedia, http://en.wikipedia.org/wiki/Wind_power_in_Kansas
[7] "Renewable Energy in Kansas," American Council on Renewable Energy, Sep. 2012, http://acore.org/files/pdfs/states/Kansas.pdf
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[9] "State Electricity Profiles: Kansas" U.S. Energy Information Administration, Jan. 30, 2012, www.eia.goc/electricity/state/kansas
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[11] "Electricity," U.S. Energy Information Administration, www.eia.gov/electricity/data.cfm
[12] "Electric Power Monthly" U.S. Energy Information Administration, Jan. 2013, www.eia.gov/electricity/monthly/pdf/epm.pdf
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[15] Id
[16] "Kansas facing long-term $327 budget hole," Topeka Capital-Journal, Nov. 6, 2012, http://cjonline.com/news/2012-11-06/kansas-facing-long-term-327m-budget-hole
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[18] Metcalf, Gilbert E., "Federal Tax Policy Towards Energy," MIT Joint Program on the Science and Policy of Global Change, Jan. 2007, http://quickfacts.census.gov/qfd/states/20000.html
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