

## Testimony Regarding HB 2241

Mr. Chairman and members of the Committee,

I believe efforts to weaken or repeal the Renewable Portfolio Standard in Kansas because of supposed additional cost to consumers are in direct contradiction to both logical analysis and the best and most recent rigorous academic studies by unbiased sources. Please consider the following:

- Prices of wind generating equipment have dropped approximately 30% since 2008. During this time, technological improvements have made that equipment 25% more efficient. Additional technological improvements (such as “direct-drive” turbines) will extend these trends.
- Natural Gas prices, which were as low as \$1.80 in June 2012 are now \$3.80 (per MMBtu), an increase of 211%. In the last decade they have twice been as high as \$12. NYMEX “futures strip” (the market) as of February 25, 2013 priced natural gas at \$4 by mid 2014, \$5 in mid 2019.
- Wind generation is now competitive with gas generation at between \$4 and \$5 per MMBtu (without the federal Production Tax Credit).
- 75% of all wind Power Purchase Agreements are fixed for 20 or more years.
- Lawrence Berkeley National Laboratory, March 2013, in a study entitled Revisiting the Long-Term Hedge Value of Wind Power in an Era of Low Natural Gas Prices concluded the following: “These newer wind contracts (2011 and 2012) not only provide long-term hedge value, but on average are also directly competitive with gas-fired generation in the near-term.”

If the Kansas Legislature is interested in long-term stability in electrical rates and stability in business environment for investment in all energy sources, it will leave the current RPS provisions, which contain a “fail-safe” protection if investment in wind generation should cause even a 1% increase in electrical rates, without change.

Dave Kerr