Enel
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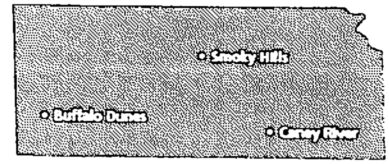

Submitted Testimony Provided to the
House Standing Committee on Taxation

March 18, 2015

Jeff Riles, Manager of Regulatory Affairs
on behalf of Enel Green Power North America, Inc.

In Opposition to House Bill 2401

Chairman Carlson, Vice-Chairman Edmonds, Ranking Member Sawyer and Members of the Committee:

Enel Green Power North America, Inc. ("Enel Green Power") is a global leader in the ownership and operation of renewable energy projects. In fact, just last October, Enel Green Power dedicated our state of the art, 250 MW Buffalo Dunes project located in Grant, Haskell, and Finney Counties.

Out of our 185 wind projects located around the world, Buffalo Dunes is the largest single-phase wind project in our global portfolio. Enel Green Power made a strategic decision to have its largest wind investment in Kansas. This is because Kansas has made smart, consistent commitments to policy. And of course, it has a world class wind resource.

This project, combined with the iconic 250 MW Smoky Hills project, located right off of I-70, in Lincoln and Ellsworth Counties, and our 200 MW Caney River project located in Elk County make up the largest operating wind capacity in Kansas. To date, this represents nearly $1 billion worth of investments injected into the Kansas economy.

The thoughtful leadership of Kansas policy makers has helped the State become a great place to do business. In fact, Kansas energy and economic policies have attracted billions of global investment dollars that have provided tremendous economic benefits to Kansans. As a result, Kansas has emerged as a national and international leader in energy.

HB 2401 seeks to fundamentally undo this progress and sends a crushing chill across the *energy and* investment communities that Kansas tax policy is unstable. HB 2401 does not just impact operators of wind projects like Enel Green Power, but all of our large financial partners and investors as well.

Enel Green Power and companies like us have invested billions of dollars in Kansas with the expectation that the basic legal foundations on which these investments were made would not be wiped out. This is especially true for the planning horizon of our existing power purchase agreements with our utility customers and partners. HB 2401 therefore undermines the financial viability of these projects and the expectations of the investors, landowners, lenders, and communities where we live and operate. As a result, HB 2401 seeks to disrupt billions of dollars worth of economic investments that have been placed into Kansas

HB 2401 seeks to unusually impose an excise tax at the point of production on wind energy generated in Kansas. When financing wind projects, we and our financial partners go to great lengths to understand various factors. This analysis and risk assessment is accounted for in the cost of energy that is ultimately paid for by our customers. To date, this cost has been among the lowest in the country. In other words, Kansas policy has helped bring large capital investments to the State and provide low cost energy to its consumers. And, that cost has been locked in for a fixed term with our customers.

HB 2401 creates an unreasonable cost that therefore disrupts existing investments and substantially diminishes the likelihood of future developments. Put another way, H 2401 undermines negotiating contracts and conducting business in Kansas.

If the intent of this legislation is to make wind energy more expensive for Kansas consumers, then as it is currently written, it will succeed. To be clear: HB 2401 makes doing business in Kansas completely unstable, incredibly unattractive, and very costly. Enel Green Power is hopeful that this committee will reject HB 2401 and other proposals that halt future renewable energy developments in the State and that undermine existing developments.