THE KANSAS CHAMBER
UNITED FOR BUSINESS

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Testimony before Senate Utilities Committee
SB 151 – State Response to Proposed Federal CO2 standards
Presented by Mike O'Neal – Kansas Chamber CEO
(Written only)

Feb. 17, 2015

Mr. Chairman and members of the Committee:

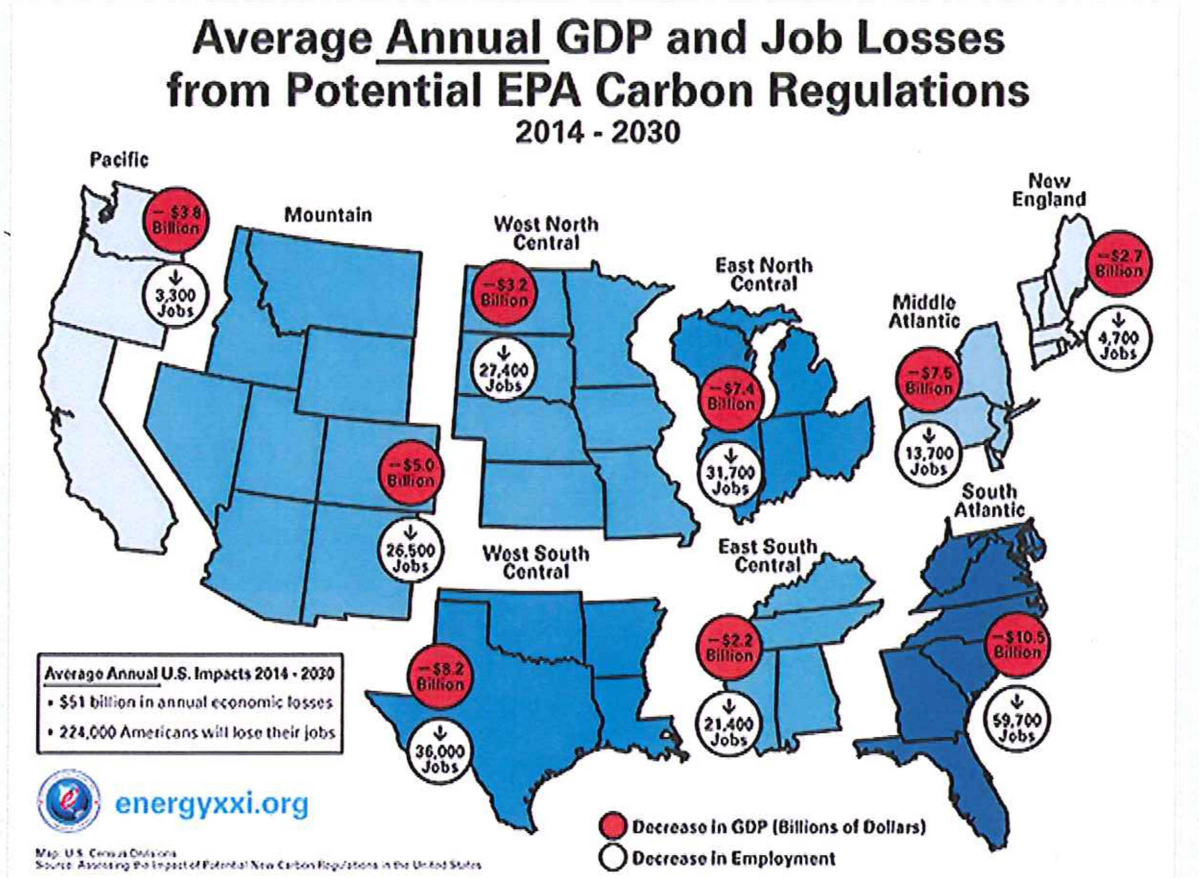
On behalf of The Kansas Chamber I appreciate the opportunity to present written testimony **in support** of a strong Kansas response to the EPA's proposed Clean Air Act CO2 emission standards. While the Kansas Chamber has no position with regard to the specific mechanism of a state response to the EPA's proposed Clean Air Act regulations governing electric generating units and carbon dioxide standards, we do support a strong response in the best interests of the state and the many affected ratepayers, both present and future.

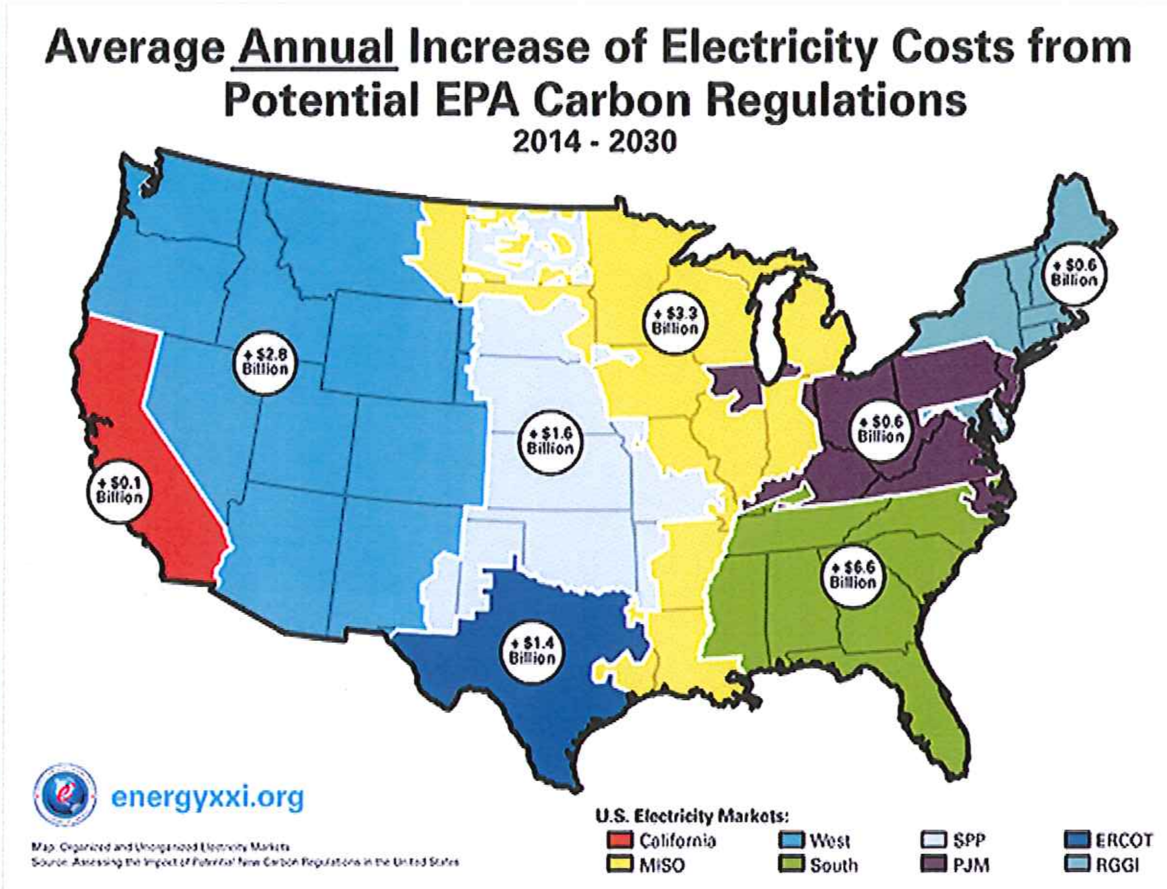
The Kansas Chamber's Legislative Agenda supports a regulatory climate that promotes a healthy business climate and which instills regulatory certainty. Our agenda also calls for promoting market-driven, not government-driven solutions to reduce energy costs. We oppose government mandates and policies that increase business costs when sourcing energy. We oppose government picking winners and losers among energy sources and technologies. Rising energy costs remains a major concern among Kansas businesses, both large and small,

We listened with alarm to reports in this Committee earlier in the session about the probable impact of the proposed EPA regulations. Information shared by KDHE and the KCC, of which you have been briefed, illustrates the relative insanity of the EPA proposals. Modeling by NERA Economic Consulting projects the proposal will cause a 12% increase in retail electricity prices for Kansans with a peak year increase of 18%. Under a scenario where Kansas does not significantly reduce electricity use, prices would increase by 25% with a peak year increase of 29%.

The Institute for 21st Century Energy and the U.S. Chamber of Commerce have completed a study of the impact of the proposed new carbon regulations nationally. They concluded that Americans would pay significantly more for electricity, see slower economic growth and fewer jobs, and have less disposable income. In fact, the cumulative impact to the economy could be as high as $859B by 2030, or roughly $50B annually. The 2 graphics attached show projected regional impacts.

More importantly, EPA regulations would result in **a very slight reduction in carbon emissions,** which would be overwhelmed by global increases. Studies show that CO2 concentration would be reduced by less than .5%; global avg. temperature increase would be reduced by less than 2/100ths of a degree (F); and sea level rise would be reduced by 1/100th of an inch (the thickness of 3 sheets of paper). Please protect Kansas businesses and ratepayers from needless federal regulations.


Average Annual GDP and Job Losses
from Potential EPA Carbon Regulations
2014 - 2030
Pacific
−$3.8 Billion
3,300 Jobs
Mountain
−$5.0 Billion
26,500 Jobs
West North Central
−$3.2 Billion
27,400 Jobs
East North Central
−$7.4 Billion
31,700 Jobs
Middle Atlantic
−$7.5 Billion
13,700 Jobs
New England
−$2.7 Billion
4,700 Jobs
South Atlantic
−$10.5 Billion
59,700 Jobs
East South Central
−$2.2 Billion
21,400 Jobs
West South Central
−$8.2 Billion
36,000 Jobs
Average Annual U.S. Impacts 2014 - 2030
• $51 billion in annual economic losses
• 224,000 Americans will lose their jobs
energyxxi.org
Decrease in GDP (Billions of Dollars)
Decrease in Employment


Average Annual Increase of Electricity Costs from Potential EPA Carbon Regulations
2014 - 2030
+ $2.8 Billion
+ $0.1 Billion
+ $1.6 Billion
+ $3.3 Billion
+ $1.4 Billion
+ $6.6 Billion
+ $0.6 Billion
+ $0.6 Billion
energyxxi.org
Map: Organized and Unorganized Electricity Markets
Source: Assessing the Impact of Potential New Carbon Regulations in the United States
U.S. Electricity Markets:
California
MISO
West
South
SPP
PJM
ERCOT
RGGI