



TESTIMONY

TO: Chairman Carl Holmes
And Members of the House Energy & Utilities Committee

FROM: Whitney Damron
On Behalf of Iberdrola Renewables, Inc.

RE: HB 2446 – An Act concerning the renewable energy standards act; relating
to energy storage.

DATE: March 15, 2012

Chairman Holmes and Members of the Committee:

On behalf of Iberdrola Renewables, Inc., I am pleased to appear before you today and provide the Committee with our concerns with the portion of HB 2446 that would potentially repeal the state's Renewable Portfolio Standards adopted by the 2009 Legislature.

In 2009, after consideration for more than a year, the Kansas Legislature adopted a comprehensive energy bill crafted after successful negotiations between the Office of the Governor, the Kansas Legislature, Sunflower Electric Power Company and others cleared the way (statutorily) for construction of Sunflower's proposed coal-fired electric generation plant to be built near Holcomb, Kansas.

HB 2182 contained much more than enabling legislation for the Sunflower plant; it also contained a Renewable Portfolio Standard for Kansas utilities requiring them to generate 10 percent of their power from renewable sources by 2011; 15 percent by 2016; and, 20 percent by 2020. Once the legislation was adopted, utilities began the process of planning to meet statutory RPS requirements through various means, including development of RFP's for wind energy projects in Kansas.

While the Sunflower project has met with some regulatory hurdles, wind energy developers have targeted Kansas for investment, jobs and opportunities. We have seen new a number of wind energy companies come to Kansas with proposed projects, manufacturing plants, leases for landowners and related investments in excess of \$1 billion dollars. In addition, we are seeing investments of hundreds of millions of dollars in transmission line construction to serve these proposed wind farms and the users who will move and take electricity off of these lines. HB 2812 provided an achievable standard for Kansas utilities that will help our citizens and energy users access a broad-balanced portfolio of energy options that will result in overall lower costs, less volatility and increased reliability as electric generation companies integrate renewable energy into their systems.

Kansas is uniquely situated in the Midwest United States to be a generator of reasonably-priced electricity for both intrastate and interstate use. The integration of a RPS into Kansas electric company's generation portfolios will help drive further investment in our state that will benefit consumers, utilities and landowners alike.

When HB 2182 and related bills were being considered, one of the common themes of the proponents was "regulatory certainty." That premise has application here as well. The Kansas Legislature adopted comprehensive energy legislation in 2009 that created a blueprint for electric utilities to follow over the next decade. Planning has commenced; investments have been and continue to be made; companies have relocated and jobs have been created due to the passage of HB 2182. Now is not the time to turn back on the course the state chartered less than three years ago.

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Provisions of HB 2446 attempt to delegate or relegate Kansas energy policy to a third-party, non-legislative initiative – namely, efforts to force plaintiffs to drop regulatory challenges to the Sunflower plant. Iberdrola Renewables would respectfully suggest it is poor public policy and a bad precedent for this Legislature to pursue.

There are regulatory challenges to siting any source of energy, whether coal, natural gas, nuclear, hydro, wind or any other, from the Federal level to state and local governments. Adoption of legislation that attempts to force a third party to surrender their constitutional rights to seek redress in the Courts could have a chilling effect on investment and generation capacity in our state and the consequences with this precedent are unknown for both energy and non-energy issues under challenge before courts and adjudicative bodies.

While we can understand the frustration supporters of the Sunflower Plant might have with court challenges standing in the way of commencement of construction, repealing the state’s RPS will not result in the intended effect the proponents are seeking.

On behalf of Iberdrola Renewables, we encourage the Legislature to continue follow its own precedent by removing statutory roadblocks to development of energy in our state, but not to attempt to leverage previously-adopted energy policy against judicial review of regulatory decisions.

I would be pleased to stand for questions at the appropriate time. Thank you.

Information on Iberdrola Renewables, Inc.

By way of background, Iberdrola Renewables is the second largest wind operator in the United States. The company also operates more than 621 MW of gas-fired generation and more than 129 BCF of owned and contracted natural gas storage in the U.S. The company is headquartered in Portland, Oregon and is a subsidiary of Iberdrola, S.A., of Spain, the world’s fourth largest utility company by market cap.

In Kansas, Iberdrola owns and operates the Elk River Wind Farm located in Butler County. Elk River is a 150 MW wind farm and all the power generated for this facility goes to The Empire District Electric Company through a 20-year PPA. Elk River became fully operational on December 15, 2005.

Other development projects for Iberdrola in Kansas that are publicly known with interconnection agreements in place include:

- Ellis County 200 MW
- Sherman County 80 MW

Iberdrola has an additional wind project in Kansas in the early stages of development.

For more information on Iberdrola Renewables and Iberdrola, S.A., I invite you to review their website at:

www.iberdrolarenewables.com