



Nordic Windpower USA Inc.

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February 10, 2012

Kansas Senate Standing Committee on Utilities
Re: Nordic Windpower's Support of Senate Bill No. 383

Dear Members:

INTRODUCTION OF NORDIC WINDPOWER

Nordic Windpower is a technology developer and manufacturer of innovative, two-bladed 1MW wind turbines ideally suited for community wind, on-site generation, and small wind farm development. This past year, the company moved its headquarters and operations from California and Idaho to facilities in Kansas City. The move involves a capital investment of nearly \$16 million and the creation of more than 200 local jobs over the next five years.

BENEFITS OF DISTRIBUTED WIND GENERATION... EMPOWERING CONSUMERS

Distributed wind energy, sometimes referred to as a behind-the-meter installation, generates local economic activity, increases tax revenues, improves fuel diversity, promotes energy independence, lowers consumer energy costs by displacing purchased retail energy (including peak energy capacity charges), reduces the need for expensive long-distance transmission projects, generates good will with customers and communities and visibly demonstrates a commitment to environmental conservation.

The principal drivers behind a community's or organization's decision to develop on-site wind generation often include:

Economic benefits through job creation and market development.

Investing in on-site renewable energy generation creates jobs and helps to stimulate local, state, and regional economies.

Hedge against financial risks. On-site wind energy generation can reduce facility energy costs by displacing purchased retail energy, minimizing peak energy capacity charges, and reducing reliance on fossil fuels with volatile pricing. This allows better planning and more predictable energy expenditures.

Educational opportunities. Local wind projects foster opportunities to educate school-age children, college & vocational students, businesses, and the broader community on the many diverse benefits of distributed wind energy.



Environmental stewardship. Substituting clean, renewable energy for fossil fuel-based energy can substantially reduce the emissions of GHGs and other pollutants that result from company-wide activities. Generating wind energy on-site is an effective and visible way of demonstrating commitment to a more sustainable environment.

When available, net metering can provide an on-site generator with more flexibility to meet their electricity demand when sizing a wind project. Because wind is a variable resource, the need for energy may not align exactly with its availability. As a result, a wind project may at any given time generate either more or less energy than required by the consumer. Under existing law excess generation would typically have to be sold to a utility at a non-economic rate, materially harming a project's financial viability.

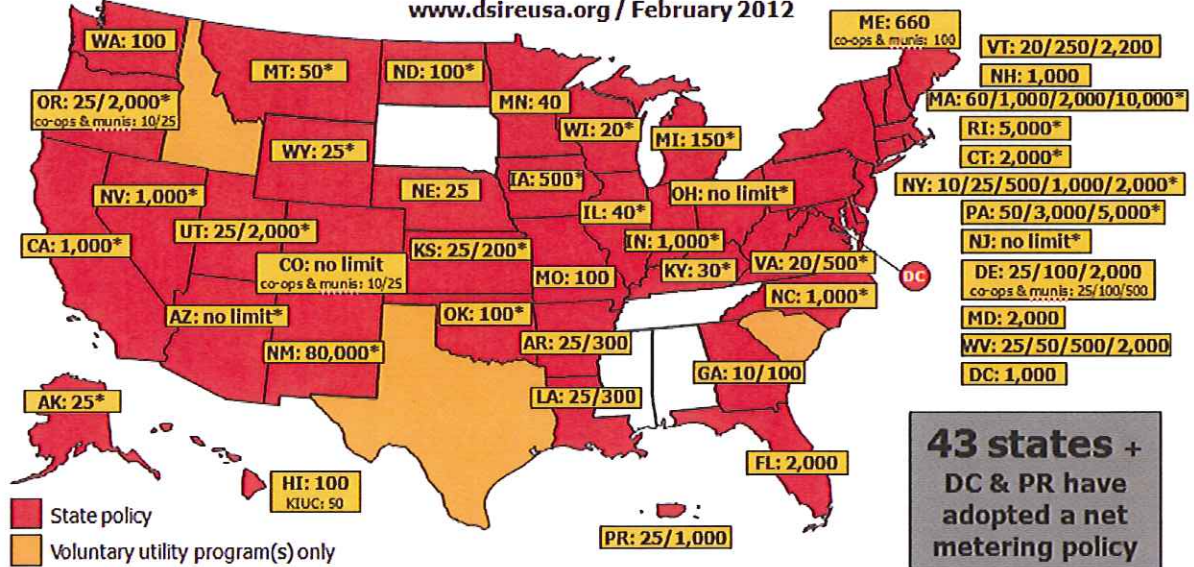
Under the status quo on-site projects may in some cases remain possible by implementing smaller systems which never generate more energy than a customer consumes in real-time. However, such projects are typically expensive, economically inefficient, and rare as witnessed by the lack of distributed wind development in the state. The proposed amendment would allow distributed wind projects to be more optimally sized to cover a greater amount of customer load, providing substantially improved economic and environmental benefits and significantly expanding the opportunity for and feasibility of potential projects across the state.

Net metering is an easily administered method of encouraging customer investment in renewable energy technologies. It enables customers to "bank" their renewable energy, increasing flexibility and maximizing production value. Providers benefit from net metering because the system load factor is improved, particularly during peak periods. In addition, customers with net metering systems tend to be much more aware of their energy consumption and plan their use more efficiently,

Currently, net metering is offered in 43 states (please see the summary map from the Database of State Incentives for Renewables & Efficiency below):

Net Metering

www.dsireusa.org / February 2012



Note: Numbers indicate individual system capacity limit in kW. Some limits vary by customer type, technology and/or application. Other limits might also apply.

Many states are pursuing similar and/or complementary initiatives as well to attract renewable energy projects. Iowa, for example, is presently considering a feed-in tariff to support renewable generation. Minnesota's Department of Energy resources is studying ways to increase its net metering cap from 40 kW to 2 MW's or higher. Senate Bill 383 would, therefore, keep Kansas at the forefront of the distributed wind and broader renewable energy industry and allow it to effectively compete against other states for the jobs and economic development they bring.

A COMPLEMENT TO LARGE WIND FARMS

"Community Wind" uses wind turbines to power large, grid-connected loads, generally between 1 and 20 megawatts, such as schools, public lighting, government buildings, agriculture and municipal services.

The key factor is that these systems are owned by or for the benefit of the community. "Small-scale Community Wind" typically utilizes 1-5 mid-size turbines of 1 MW or less. These projects usually connect to service or distribution level voltage, either behind the meter – offsetting a portion or all of the electricity used on-site by a load in the community – or by selling the renewable energy generated to the interconnecting utility.



Unlike large 'absentee' corporate wind farms, Community Wind farms keep more of the profits/resources in the local community, foster local energy independence, and protect the environment. Community wind can complement corporate development and accelerate the adoption of clean wind energy with a more diverse set of stakeholders, locations, and wind resources.

The benefits of community wind, compared to large "absentee" wind farms include:

- Local job creation averaging 1.5X to 3X that of "absentee" wind farms
- Stimulus for the local economy through business income, tax revenue, and local spending multiplier effects. This economic benefit, according to a University of Minnesota study, is as much as 5 X that of an absentee project
- Access to potentially lower-cost sources of capital, as community investors may accept lower returns than traditional, commercial investors, thereby improving project economics
- Active involvement in and ownership by the local community, thereby reducing the "not in my back yard" (NIMBY) objections
- Distribution near the load centers. In places where transmission is currently limited, community wind with its typically smaller scale can be developed closer to the load to serve local needs, avoiding costly substation build-outs and long-distance transmission network upgrades.
- Lower and more predictable costs for renewable energy. By diversifying the geographic spread of wind turbine projects, state, local, and national wind resources become more reliable and valuable. As more individual wind farms become interconnected and more wind energy is brought on-line, production costs and load payments decline. Large energy consumers become less reliant on fossil fuel and conventional energy with variable pricing.

Today, U.S. Community Wind installed capacity represents approximately 5% of the Total Wind Capacity. Nordic Windpower's goal is to significantly increase this percentage, thereby creating economic and environmental benefits in local communities.




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IT IS MORE IMPORTANT THAN EVER TO CONTINUE TO EVOLVE THE STATE'S WIND POLICY GIVEN ITS VAST NATURAL RESOURCE, PARTICULARLY GIVEN POLICY UNCERTAINTY AT THE FEDERAL LEVEL.

Many thanks for considering the economic and environmental benefits that this bill will bring to Kansas.

Respectfully submitted,



Jeff Brown
Chief Executive Officer
Nordic Windpower