

Testimony before the Kansas Senate Utilities Committee in **Favor** of **H.B. 2263** to create the Kansas Electric Transmission Authority

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### **On behalf of the Kansas Chapter of the Sierra Club**

Thank you Mr. Chairman, and members of the Committee, for the opportunity to speak, on behalf of the Kansas Chapter of the Sierra Club, in favor of H.B. 2263 that would create the Kansas Electric Transmission Authority. You have the unique opportunity as public servants to cast a vote that could potentially transform Kansas.

### **The Sierra Club Commitment to Wind Energy – Especially in Kansas**

The Sierra Club is the largest grass roots environmental organization in the world with some 800,000 members – including over 4,000 in Kansas. The Sierra Club generally supports renewable energy and specifically supports the development of wind energy – see <http://www.sierraclub.org/globalwarming/cleanenergy/factsheet/wind.asp>.

The Kansas Chapter of Sierra Club has also adopted renewable energy and energy conservation as its priority conservation goals. The development of Kansas wind energy resources, especially in western Kansas, is central to the renewable energy conservation goals of the Kansas Chapter of Sierra Club – see <http://kansas.sierraclub.org/Planet/2005-0203/Planet-2005-0203-Wind1.pdf>. The Kansas Chapter of Sierra Club has also produced a “Kansas Wind Power” fact sheet available on-line at <http://kansas.sierraclub.org/Planet/2005-0203/Planet-2005-0203-Wind2.pdf>.

### **The Kansas Net Energy Balance**

In 2003 the Kansas Energy Plan received widespread attention for first reporting that Kansas had become a significant net energy importer. The 2005 Kansas Energy Report, available on-line at <http://www.kansasenergy.org>, indicates that “*Kansas continued to import a record amount of energy in 2004.*” In fact, according to the report, “*net energy imports in 2004 are estimated to be 479 trillion Btu, about 30 trillion Btu greater than in 2003. The estimated cost of net imports for 2004 is \$1.89 billion. By 2009, the state’s net energy imports are expected to increase to 557 trillion Btu, which could be valued at \$2.2 billion using today’s prices.*” In other words, the state has moved from exporting energy and importing dollars from other parts of the nation to pay for that Kansas produced energy to importing energy and exporting Kansas’s dollars to other places to pay for that energy.

The Kansas Energy Council recognizes that low-cost, reliable and sustainable energy is critical for the state's overall economic well being and Dr. Allison set forth, to a joint meeting of the House and Senate Utilities Committees on January 13, 2005, the following goals:

- Energy Self Reliance
- Restore Kansas energy exports
- Low-cost, reliable, sustainable energy produced in Kansas where possible

## **The Vast Wind Energy Potential in Kansas**

According the 2005 Kansas Energy Report:

*“Kansas’ wind-energy potential ranks somewhere between first and third in the nation and is at least 10 times greater than the state’s current electrical demand. Midwestern states, including the Great Plains, have enough potential in their windiest sites alone to meet the entire nation’s electricity needs. Should Kansas or any of the Plains states choose, electricity from wind power could become another exportable resource, much like grain, beef, and airplanes.”*

The 2005 Kansas Energy Report goes on to say:

*“However, the state’s wind-energy potential remains largely untapped. At present, eleven other states have more installed wind-generation capacity than Kansas. Currently, the Gray County Wind Farm, near Montezuma, is Kansas’ only utility scale wind farm. This 112-megawatt wind farm, with enough generating capacity to power 33,000 homes, is owned and operated by FPL Energy of Juno Beach, Florida, and began generating electricity in late 2001. It currently provides 5.5% of the total power of Aquila’s Kansas customers. Based on its first two years of operation, the Gray County Wind Farm’s capacity factor (the percentage of time that the wind turbines generated electricity) averaged 40%, which is one of the highest capacity factors at a wind-energy facility in the nation.”*

There is hope that Kansas can again become a net energy exporter and importer of dollars to revitalize the Kansas economy. That hope lays not under the ground but in the winds that blow through Kansas. The fact is that Kansas has one of the best, if not the best, wind energy potential in the world. However, it is only potential. What prevents that potential from being tapped is the lack of electrical transmission lines in that area of the state that has the greatest wind energy potential – western Kansas. The legislature is considering incentives to encourage the electric utilities to build more transmission capacity, especially in western Kansas. A Kansas Electric Transmission Authority is another way to fill the gap in transmission capacity, especially in western Kansas.

A Kansas Electric Transmission Authority is not an attempt to supplant the utility companies, who have traditionally erected transmission lines. If the utility companies want to put up the transmission lines than nothing in H.B. 2263 prevents them from doing so. Instead, the Kansas Transmission Authority would act only as a last resort if there was a demonstrated need for transmission lines and no utility was willing or able to meet that need.

A Kansas Electric Transmission Authority is also market driven. If there is no market for the electricity to be produced from wind turbines than no wind turbines will be erected and there will be no need for transmission lines. Furthermore, the bond market will not lend the Kansas Development Finance Authority funds to allow the Kansas Electric Transmission Authority to build transmission lines unless the bond market is convinced that the bonds will be paid off.

We do have some suggestions for amending H.B. 2263.

New Section 4 (b), page 2, lines 35-43, and page 3, lines 1-3: Sierra Club favors transparency and openness in government. Therefore, we would prefer not to add further exceptions to the Kansas Open Meetings Act (KOMA) found at K.S.A. 75-4317 et seq.

New Section 5 (b), page 3, lines 15-26: Sierra Club favors transparency and openness in government. Therefore, we would prefer not to add further exceptions to the Kansas Open Records Act found at K.S.A. 45-215 et seq.

Section 13, page 10, lines 37-43 and page 11, lines 1-5: This section requires that any funding to the authority from the state's general fund must be paid back within 60 months or five years. We think this requirement may make the Authority unworkable. Any new organization with a public purpose needs start-up funds. The legislature should give the authority a reasonable amount of seed money. The whole idea is to have the authority assume risks that private utilities have heretofore been unwilling to do. It will take several years for revenue to start flowing into the authority. Alternately, given that the state is short of funds for outright grants, the authority could be given a longer time to repay, such as 120 months, (10) ten years.

Thank you for your time and attention. We urge your passage of this legislation. I would be happy to stand for comments.