Testimony Provided To
House Tax Committee
Polly Shaw, Chief External Relations Officer
January 30th, 2025

Testimony in Support of HB 2083

Mr. Chair, Vice-Chairman, and Ranking Member and members of the committee,

My name is Polly Shaw, Chief External Relations Officer of Plus Power. Plus Power is an American-headquartered, American invested developer-owner-operator of utility-scale battery storage facilities. I respectfully ask you to support HB 2083 to provide regulatory certainty to our emerging industry.

First, a little about Plus Power. We are headquartered north of Houston. We were formed by battery storage deployment leaders in the twenty-teens who saw a sweet spot to build 'standalone' systems, not co-sited with generation. Our projects have the same size of services as conventional power plants but in a small footprint of 10-30 acres each. Plus Power built the first three 100-MW projects in Texas in 2021. We now have 7 operating projects, with 4 in Texas, 2 in Arizona, 1 in Hawaii, and 2 more coming online this year in Maine and Massachusetts, totaling over 4000 MWh. Behind those, we have over 50 projects in 28 states in development, including two in Kansas, in Labette and Saline Counties.

Allow me to explain battery systems. As I relayed, Plus Power builds utility-scale "standalone" battery storage facilities. Think of them as an extension of electrical infrastructure, helping to modernize the transmission grid and make it more efficient and reliable in the face of extraordinary power demand from data centers and increasingly intermittent, but cost-effective, renewable energy additions. Our standalone systems are energy agnostic, supporting both conventional and renewable energy sources by reinforcing the grid wherever needed. We reinforce it all.

Physically, battery energy storage systems are rows of 30-foot sleek white containers of lithium-ion batteries that are stacked and racked inside, with a gel-based cooling system and internal computer controls and monitoring systems. The facilities have two major functions. First, they act like a sponge on the grid, soaking up energy when there's too much energy that is congesting the grid, when prices are low. Then it discharges the energy when demand is rising and prices start climbing. Storing and discharging energy helps shield ratepayers from high market prices. The second function is as a "pacemaker" or "shock absorber" for the grid, performing the same grid services as a conventional power plant, but with 250 millisecond

response rates. Performing those essential services is how we would make money in the merchant energy market of Kansas. However, the regional SPP market has not yet devised new market products and revenue for batteries, so these substantial investments carry with them some investment risk.

Battery energy storage systems are unique in that they can perform multiple services, and their biggest value is helping to keep the power reliable, which helps economic growth. As grids integrate higher penetrations of variable renewable energy, batteries are the fastest resources to fill in when energy is short or frequency regulation sinks. For example, at 7:26 pm on September 6, 2023 in Texas, some conventional power plants tripped off, causing the grid operator to consider the first rolling blackouts since 2021 to protect the grid infrastructure. A call was put out for more resources, and 2200 MW of batteries responded in less than a second, bringing frequency back up to a safe 60 Hz and adding power to the grid until wind production rose for the night.

That's why utilities and grid operators across the country are seeking more battery resources like the ones we are proposing in Labette and Saline Counties. Our Saline County project, in particular, can help bring West Kansas wind to the demand further East. For the community, these facilities bring substantial revenues to a local community via taxes or host agreements. Even more, our battery systems do not need water. Nor do they emit air or light pollution, or cause traffic, or burden local services like schools or police. Kansas is well placed to become a regional center for battery energy storage systems, from manufacturing, to projects like ours, to a skilled workforce in America's newest economic engine. We are proud to be moving ahead with two near-term facilities in the state.

As Kansas considers how to attract investments like ours, consider the decision-making stages of a battery storage project. Each battery storage system of the type we build represents a $200–300 million investment. Early in the project's life, our leadership team and financiers or investors review the project economics, well before deciding to execute on millions of dollars of non-refundable grid interconnection deposits or equipment supply deposits. Of course, the project economics review the project's tax treatment.

While Kansas' tax code can be interpreted to suggest that battery systems qualify for a lifetime Commercial and Industrial Machinery and Equipment (CIME) exemption, there is no certainty until the project is built and reviewed by the Board of Tax Appeals. But a business making a two or three hundred million dollar investment per project cannot wait to find out the tax status until after it is completed. HB 2083 would clarify that our battery systems have a 10-year tax abatement similar to all forms of generation in Kansas.

While my company may be the first to visit with you on this subject, I am confident the industry will seek this clarity, too.

In conclusion, I hope I have illustrated the many benefits of battery storage to Kansas, and respectfully ask you to support HB 2083 to give the battery storage industry regulatory clarity. In doing so, battery energy storage can help the state's economic growth goals, add to communities' revenue, and support Kansas' power reliability benefits.

Thank you for your consideration and I am happy to stand for questions.