



# The Wind Coalition

*Testimony Provided to the*

**House Energy and Utilities Committee - March 15, 2012**

*Steve Gaw, Representing The Wind Coalition*

## **H.B. 2446 & The RPS Freeze Amendment**

Mr. Chairman and members of the Committee, thank you for the opportunity to provide feedback on HB 2446 particularly as it applies to the Kansas Renewable Portfolio Standard. My name is Steve Gaw and I represent The Wind Coalition on energy issues within the Southwest Power Pool (SPP) stakeholder groups. The Wind Coalition is a trade organization interested in wind development in the SPP and ERCOT regions made up of over thirty generation developers, manufacturers, and public interest groups.

As the members of this committee are well aware, Kansas has worked purposefully over the last several years to encourage energy development within this state. With its top two status in potential wind resources, wind energy has been one of the sources of energy that Kansas has targeted for development. This work has paid off in the investment of billions of dollars of generation development and new manufacturing in the state.

One of the tools used to signal Kansas' willingness to develop its wind resources was the passage of the Kansas Renewable Portfolio Standard (RPS). While it is a moderate requirement which the Kansas utilities with access to low cost Kansas wind power have easily met, it was heard by the wind development community as a message that Kansas was solidly behind wind development in the state.

In recent times of economic downturn, when many industries were struggling, Kansas experienced strong investment from the wind industry envied by many of its neighboring states. This investment produced jobs not just from the development of wind farms, but in the manufacturing sector as well. Today we see growing uncertainty in wind development nationally. Much of this is due to the lack of guidance from Washington on energy policy. The current status has resulted in wind developers making decisions on suspending or eliminating projects which were less favorable and closely scrutinizing the prospects for demand of wind generation. This is one of the reasons why the current discussion on the Kansas RPS is potentially harmful to both Kansas wind development and manufacturing interests. Lowering the anticipated demand for wind energy by freezing the RPS raises the risk of investing money in Kansas wind. It sends a message to developers, manufacturers and to finance entities that the Kansas' commitment to its wind resource development is weakening. To those making decisions on the investment of the substantial resources necessary to build turbines or create wind farms, the discussion in this legislature can sound louder than may be intended.

But the principle reason I wanted to visit today is about something else the Chairman knows I care very much about: Transmission. For the last few years I have spent a great deal of

[www.windcoalition.org](http://www.windcoalition.org)

HOUSE ENERGY AND UTILITIES

DATE: 3, 15, 2012

ATTACHMENT 2



# The Wind Coalition

time working with others for the improvement to the transmission system in SPP. Investment in transmission can produce many benefits, including access to lower cost generation, greater reliability and of course roads to markets helping move the supply of energy in one place to demand somewhere else. Transmission can be to energy what railroads were to cattle, pipelines to natural gas and highways to nearly everything. Kansas officials, including Chairman Holmes, saw the potential benefit of improving the transmission infrastructure in the Kansas and the SPP.

Through the creation of KETA Kansas became a leader in the national scene demonstrating how states could do something about the underinvestment in this country's infrastructure that had been the rule for decades. Advocating to the SPP Kansas was able to come back from near defeat and get approval of the V-Plan at the SPP. Within the last three years several billion dollars in new transmission infrastructure has been approved for construction, a significant portion of it in Kansas, which is predicted to bring billions more of benefits to the region. The SPP has also sought and received approval for a new planning and cost allocation mechanism that has and will continue to facilitate cost beneficial and cost effective investment in Kansas infrastructure.

The new planning process approved by FERC is known as the Integrated Transmission Plan, or ITP process. Every 3 years (each ITP analysis process takes approximately 18 months) the SPP will begin to examine the long term anticipated needs of the SPP looking out 20 years. At the end of the 18 month modeling work on ITP 20, SPP will begin another 18 month process that looks out in more detail over a ten year horizon. The ITP 10, as it is sometimes called, is also started every three years.

The planning process looks at the reliability needs, the policy needs, and the congestion issues anticipated within SPP. It then assesses cost effective transmission solutions to address them. One of the important assessments has to do with the policy needs of the SPP utilities. RPSs are among the policies evaluated. These needs have been important in determining what transmission projects should be built, as generation from renewable energy resources (primarily wind) are placed within the model.

For the previous ITP 20 and 10 studies the SPP surveyed the utilities within the SPP and used the responses to determine how much wind energy may be needed and should be included in the modeling for future transmission. The answers are generally based upon the RPSs in each state, and this is true for Kansas. In addition to the first two surveys, a third is now being sent out. The amount of wind from the survey is assumed to be a necessary part of the generation mix in the years being modeled. Transmission to deliver these wind resources is deemed needed. Because of the important tie in the modeling process between the Kansas RPS and transmission modeling, freezing the RPS will cause an adjustment in the amount of wind that is included in the models for the ITP at some point, thus potentially lower the need for transmission. The impact could be not only for projects which may be studies for approval in the future, but also for those already approved but not yet constructed.



## The Wind Coalition

SPP recently completed a task force (known as the RARTF) to determine a method to assess the distribution of benefits throughout SPP. This will give the SPP a look as to which adjustments may be needed in the planning of new transmission or the way costs are shared within the region. It may also give a second look at the projects that have been approved but have not yet been constructed. Both the review of unintended consequences and the revolving ITP update the information used in previous models. This information is provided to the stakeholders and the SPP Board for review and could impact those projects with Notices to Construct (NTCs) that have not yet been constructed.

This state is on track to invest in and build needed and beneficial transmission. Kansas has been successful in its effort to promote needed transmission in part because it has spoken with a strong voice about the future needs of transmission and the development of its energy resources. Sending a message Kansas is reconsidering its position could undermine the work for the investment that Kansas has fought so hard to win.

I hope you will consider eliminating the provision freezing the Kansas RPS and send a clear message that Kansas continues to believe in the development of its vast wind resources and the manufacturers and manufacturing jobs that are used to build them. Thank you.