WRITTEN REMARKS

TO: The Honorable Dennis Hedke, Chair
And Members of the House Energy & Environment Committee

FROM: Whitney Damron
On behalf of Iberdrola Renewables, LLC

RE: HB 2241 – Renewable Energy Portfolio Standards

DATE: February 14, 2013

Mr. Chairman and Members of the Committee:

On behalf of Iberdrola Renewables, LLC, I respectfully submit these remarks for the Committee's consideration in opposition to HB 2241 that would dramatically alter the state's Renewable Portfolio Standard requirements for electric utilities.

By way of background, Iberdrola Renewables, LLC is the second largest wind operator in the United States. 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 capitalization.

In Kansas, Iberdrola Renewables, LLC 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.

Iberdrola Renewables, LLC also has a total of 480 MWs of wind projects in Sherman, Ellis and Rush Counties in various stages of development. With the estimated cost of $1.5 - $2 million a megawatt, Iberdrola Renewables' additional investment in Kansas would approach $1 billion and a number of other wind energy developers have billions of dollars in projects under development as well, much of which could be negatively impacted by this legislation.

In regard to HB 2241, Iberdrola would ask the Committee to consider the following points in evaluating this legislation:

- In-state demand for electricity is the key to new Iberdrola projects being constructed in Kansas. While great progress has been made at the Southwest Power Pool on expanding transmission in the Midwest, exportation of wind energy remains limited due to transmission constraints.

- History is replete of peaks and valleys for various forms of energy. At one time or another, coal, nuclear and natural gas were the favored energy production source. Over reliance on a single source can lead to market volatility and higher prices depending upon varying factors (i.e., disposal of spent nuclear fuel, emissions from coal plants, availability of natural gas, etc.). America and Kansas benefits from utilizing broad-based energy sources, including wind energy.

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- When the Legislature debated legislation designed to aid the construction of the Holcomb electric generation plant, one of the primary arguments made by proponents was the need for "regulatory certainty." The state's current RPS were incorporated into that bill with the support of the electric industry in Kansas and as testimony to House and Senate Committees has indicated, the major electric companies are on track to meet the 2015 standards. Amending or repealing the state's RPS at this time sends the wrong message to wind developers that Kansas is not a friendly state for wind development.

- Repeal of the state's RPS also undercuts the long-term opportunity for Kansas to see additional wind development by discouraging adoption and implementation of RPS laws in other states.

Iberdrola Renewables would suggest now is not the time to change course in the state's movement towards a cleaner, low-cost and reliable energy source. Federal initiatives are likely to increase the country's need for cleaner power and wind energy will necessarily be a part of the solution.

Opponents to wind energy suggest its development is a major cost driver for utility rates. The evidence does not support that contention.

In a February 10, 2013 article in the Topeka Capital-Journal, *Mr. Mark Schreiber, public affairs director at Westar Energy said, "the company had been one of the statehouse leading builders and buyers of renewable energy since 2008. The rate impact of the RPS has been "relatively small" compared to the cost of complying with federal environmental regulations on old coal plants."*

Mr. Schreiber's comments underscore the non-debatable reality that higher costs for electricity are driven substantially more by environmental rules and regulations than the cost of renewable generation. Wind energy does not suffer from the same kind of regulatory impacts.

Should the continued development of wind energy and compliance with the state's RPS lead to significantly higher electric rates, the Kansas Corporation Commission and Kansas utilities already have the tools in statute to mitigate such costs in rate cases before the Commission.

HB 2241 is at best premature, given the state of compliance by those impacted by the law. If deemed necessary by affected parties, the Legislature can evaluate the 20 percent requirement by 2020 at a later point in time.

On behalf of Iberdrola Renewables, LLC, I thank you for your consideration of their comments on HB 2241.

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

www.iberdrolarenewables.us

WBD