



WE HARVEST THE WIND™

November 20, 2012

Joint Committee on Energy and Environmental Policy
Capitol Office

Room: 274W Seat: 123

Phone: 785-296-7678

Email: forrest.knox@house.ks.gov

RE: Cogeneration Tax Credit

INTRODUCTION OF BTI WIND ENERGY AND HARVEST THE WIND NETWORK:

BTI Wind Energy is a full service distributor, developer and maintenance provider in the Distributed and Community Wind Industry and is located in Greensburg Kansas. We are a subsidiary of BTI INC. which owns a family of four John Deere Ag Equipment Dealerships and has provided complete sales and service to the Western Kansas Farming Community for nearly 70 years. Following the 2007 tornado that destroyed 95% of Greensburg, including our dealership, BTI INC took a leadership position in the city's rebuilding process by building the world's first LEED Platinum Industrial Metal Building and launching a new business entity known as BTI Wind Energy. Both of these actions were instrumental in winning the *2009 Kansas Governors Business of the Year Award*. In the following years, BTI Wind Energy's leadership created the Harvest the Wind Network, a partnership of primarily John Deere Dealers with locations in 30 states whose mission is to revolutionize the Distributed Wind Industry by offering paramount equipment, sales and service for projects from 5kW to 20MW.

OVERVIEW OF DISTRIBUTED AND COMMUNITY WIND GENERATION:

Distributed Generation (DG) refers to electrical power generation that occurs close to where the power is consumed, independently of the type of power-generating technology. Electricity that is primarily used on site by the system owner is often called "inside the fence" or "behind the meter" generation. **Community Wind** is commonly characterized as mid-scale thru small utility scale wind projects with elements of local ownership which drive direct local benefits.

BENEFITS:

Distributed Generation and Community Wind systems are typically small by comparison to centralized power plants but they carry significant benefits including reduced energy loss during transmission and reduced load on utility transmission and distribution lines. In recent years, distributed generation has also become a viable energy alternative regarding national security concerns. Additionally, a customer may stabilize or reduce their energy costs and demonstrate leadership as an environmental steward.

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WHAT DOES THE COGENERATION TAX CREDIT REALLY MEAN FOR KANSANS?

FOR RENEWABLE ENERGY PROJECT OWNERS:

Implementing the Cogeneration Tax Credit for commercial operations allows hundreds of small to mid-sized companies, along with wind farm developers the added incentive to spend taxable private investment dollars in our State. Recent history has shown that tax credits in the wind industry are often the mechanism needed to tip the scale for investment in small to mid-sized systems. It will encourage forward thinking; environmentally conscious companies the opportunity to act on their core beliefs to the direct benefit of their owners, employees and their communities. It may influence companies, who are making the decision where to locate or relocate, to view Kansas as an opportunity to optimize their operations. While a 10% tax credit may seem too small to be considered a driver of investment; 7 companies we sold to in Q4 of 2011 chose to install proposed projects as a result of this opportunity. BTI Wind Energy would have helped facilitate this benefit for many additional customers; we simply were not aware that the tax credit existed.

Please see the following examples (I have used each customer's city as marker to protect individual identity)

<u>Example from 2011:</u>	<u>Project Cost</u>	<u>Annual Benefit</u>	<u>Total Benefit</u>
Hoxie –	\$49,200.00	\$492.00	\$4,920.00
Greensburg –	\$252,738.00	\$2,527.00	\$25,270.00
Ness City –	\$83,460.00	\$834.00	\$8,340.00
Meade –	\$361,000.00	\$3,610.00	\$36,100.00
Greensburg –	\$96,225.00	\$962.00	\$9,620.00
Ashland –	\$740,000.00	\$7,400.00	\$74,000.00
Healy –	\$708,000.00	\$7,080.00	\$70,800.00
Totals...	\$2,290,623.00	\$22,906.23	\$229,062.00

Prospective Example for 2013 and Beyond:

I have listed the collective financial outcome of our top 10 pipeline projects, should this incentive be reinstated.

Total Private Taxable Investment for TOP 10, 2013 projects:
 \$48,360,000.00
 Total Incentive Benefits from Cogeneration Credit:
 \$4,836,000.00

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The direct savings from these tax credits allows each company to plan to reinvest the savings into facilities, employee salaries, employee benefits, administration, operations and other key areas.

FOR BTI WIND ENERGY OUR PARTNER ORGANIZATIONS AND OTHER INDUSTRY PROVIDERS

It is worth commenting that much of the investment on these projects goes directly to local Kansas companies who participate in engineering, testing, transportation, concrete construction, electricians, crane operators, hotels, restaurants and various other ancillary providers. As a result, helping to stabilize and grow our local and State economies at a time when it is much needed.

For Additional Consideration:

I would ask that this committee, while considering its options and future directives, revisit the benefits of expanding Kansas' Net Metering Parameters. A good starting point may be to reconsider SB383 from this past legislative session.

NET METERING:

Net metering allows customer generators to provide for their own energy needs while maximizing their production value by "banking" the kWh's produced at times other than when they can be immediately used. This acts as a driver for private investment in renewable energy projects, improves the load factors for utility companies and creates awareness with the customer to conserve energy when possible.

Thank you for your leadership on these important issues,

Brad Estes

Director of Wind Operations
BTI Wind Energy/HTWN
620-723-3571

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