

# Before the Kansas Senate Utilities Committee

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## “The Economic Benefits of Kansas Wind Energy”

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# Overview

- Reasons for this Report:
  - Lack of analysis of the empirical economic impact data for Kansas wind projects;
  - Other studies have relied on economic forecasts, rather than empirical analysis of actual impacts;
  - The RPS is 90% completed, so an accurate appraisal of actual results is possible.



# Goals

- Utilizing reported data from actual Kansas wind projects, we to determine:
  - the cost of new wind generation compared against other similar new generation sources;
  - the number of jobs created;
  - the total revenue created for landowners;
  - the total revenue created for communities; and
  - the economic development impact of the RPS.



# RPS Compliance

		Kansas Utilities					
		Empire	KCP&L	Westar	KEPCo	Midwest	Sunflower
2012 (Actual)	Renewable Capacity (MW)	297	178.8	737	114	57	141
	RES Requirement - 10% (MW)	5.1	163.6	456.2	41.6	30.2	67.9
	Surplus / Deficit	291.9	15.2	280.8	72.4	26.8	73.1
2016 (Projected)	Renewable Capacity (MW)	297	281.8	737	114	57	255
	RES Requirement - 15% (MW)	8.1	284.2	742.3	67.4	53.4	112.8
	Surplus / Deficit	288.9	-2.4	-5.3	46.6	3.6	142.2
2020 (Projected)	Renewable Capacity (MW)	297	375.7	737	114	57	200
	RES Requirement - 20% (MW)	11.3	398.7	1023.7	94.2	75.2	156.5
	Surplus / Deficit	285.7	-23	-286.7	19.8	-18.2	43.5

  RPS Requirement Met

  RPS Requirement Not Met



# Key Findings

New wind generation has been less expensive than other new peaking or intermittent generation.

- Based upon utility filings at the KCC for a new natural gas combustion facility, utility-owned wind projects, and wind generation purchased through Power Purchase Agreements

## Actual Costs Per MWh of New Non-Baseload Generation in Kansas

Natural Gas (Emporia Energy Center)	Wind: Utility-Owned (Central Plains, Flat Ridge)	Wind: Power Purchase Agreements (Ironwood, Post Rock)
\$45.63	\$44.87	\$35.00

# Key Findings

Wind generation has created thousands of jobs for Kansas citizens.

Jobs Created by Kansas Wind Generation

	Total Impact	Per MW	Per Avg. Project (150 MW)
<b>Job Creation</b>			
<b>Total Jobs Created</b>	<b>13,484</b>	<b>4.97</b>	<b>745.08</b>
Jobs (Construction Phase)	3,484	1.28	192.51
Jobs (Operation Phase)	263	0.10	14.53
Jobs (Indirect & Induced)	9,737	3.59	538.04



# Key Findings

Wind generation has created significant revenues for landowners and communities.

## Additional Economic Benefits of Kansas Wind Generation

	Total Impact	Per MW	Per Avg. Project (150 MW)
<b>Landowner Lease Payments</b>			
Annually	\$13,673,302	\$4,639	\$695,850
Over 20-Year Project Life	\$273,466,040	\$100,761.25	\$15,114,187.91
<b>Donation Agreements and Community Contributions</b>			
Annually	\$10,414,609	\$3,837.37	\$575,604.77
Over 20-Year Project Life	\$208,292,180	\$76,747.40	\$11,512,095.40



# Key Findings

## **The RPS is a vital economic development tool.**

“It's a great recruiting tool, and we use it. I've brought it up with several big recruits that we have. It's not the thing that seals the deal, but it certainly perks the interest. We use this to our advantage, and we get a second look just because of this issue.”

*Gov. Sam Brownback, Remarks at AWEA Windpower 2012, June 5, 2012*

“Many of the companies that are expanding have a commitment to sustainability and renewable energy. If a state takes the unprecedented step of repealing its Renewable Portfolio Standard, that state will send a clear message to the marketplace that those companies interested in sustainability should look elsewhere. The competition for company and job location is too tough for a state to place itself at a self-inflicted disadvantage.”

*Mark Sweeney, Senior Principal of McCallum Sweeney Consulting, a site consulting firm*

