

The Renewable Portfolio Standard: Boosting Kansas's Economy

The Kansas Renewable Portfolio Standard is the smart way to encourage renewable energy projects in the Midwest, spur job growth, and keep Kansas's businesses competitive.

In 2009, Kansas legislators approved House Bill 2369¹, the Renewable Energy Standards Act, by a 5-1 margin.² The standard requires that investor-owned utilities gradually increase renewable electricity generation so that by 2020, Kansas's energy mix will contain 20 percent renewable energy coming from sources like wind, solar energy, and biomass. The law is fiscally responsible as utilities are not required to comply with these benchmarks if it would cause more than a 1 percent increase in electricity costs.³



The Renewable Portfolio Standard Enjoys Broad Support

Renewable Portfolio Standard was voted into law with overwhelming approval from both Republican and Democratic legislators. Governor Sam Brownback and U.S. Senators Pat Roberts and Jerry Moran championed the federal wind power production tax credit during recent fiscal negotiations in Washington, D.C., affirming the protection of thousands of energy jobs for Kansas citizens. Because of the Renewable Portfolio Standard, in 2011, the wind industry experienced a boom in construction that has nearly doubled the state's wind capacity.

The Renewable Portfolio Standard Has Already Benefitted Kansas's Economy

A November 2012 Kansas Energy Information Network report found that the 19 wind farms currently operating in the state have created more than 12,300 jobs for Kansas citizens including more than 3,700 jobs directly related to the construction and operation of the projects.⁴

In addition to job growth, hundreds of landowners have benefited from substantial land lease payments, and the local communities receive revenue from voluntary contributions wind developers provide:⁵

- \$13.7 million annually in lease payments and royalties to Kansas landowners
- \$10.4 million per year in voluntary contributions to Kansas's state, county, and local jurisdictions.



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The Flat Ridge 2 project, the largest wind farm to be built in Kansas, is an example of how the Renewable Portfolio Standard spurs the local economy. Completed in January 2013, its 262 turbines generate 419 MW of clean, renewable energy, which is equivalent to the amount of electricity necessary to power 125,000 homes. The project created about 500 construction jobs at peak and 30 positions to operate the facility in the long term. It also provides more than \$1 million to local communities on an annual basis as well as lease payments to landowners—all without disrupting farming and ranching operations.⁶



Studies Suggesting the Renewable Portfolio Standard Hurts Kansas's Economy Are Flawed

Despite the positive impact the Renewable Portfolio Standard has had on Kansas's economy, and its bipartisan support, there are critics who seek to weaken or repeal it. In July 2012, the Beacon Hill Institute, a think tank nested within Suffolk University, along with the Kansas Policy Institute, released a study concluding that, by 2020, the Renewable Portfolio Standard would lead to electricity prices increasing by 45 percent and the loss of more than 12,000 jobs.⁷ This study is deeply flawed for a variety of reasons, including:

- **It fails to recognize that Kansas is already close to achieving the standard's goals**—All six of the Kansas utilities currently have enough renewable energy generation in their portfolios to satisfy the RPS through 2015, and most have a significant surplus. Further, most utilities currently have more than enough renewable generation in their portfolios to satisfy the 15 percent threshold that will take effect from 2016 through 2019, and half have sufficient generation for the 2020 threshold already.⁸ So, if true, these negative consequences of the standard should already be occurring. And they simply are not.

- **It assumes the price of renewable energy will increase**—Beacon Hill assumes that the cost of wind and solar energy will increase over time despite widespread analysis conclusively showing that costs will continue to decrease by respected institutions including the Energy Information Administration, the Lawrence Berkeley National Laboratory, the National Renewable Energy Laboratory, Bloomberg, and Black & Veatch.⁹

- **It assumes new wind projects will have diminished returns**—Beacon Hill argues that because of the recent swift expansion of wind power, new projects will be built in areas that are less productive and more expensive to develop (though they do not cite any study or report). But there is still plenty of cost-effective wind resource available in the U.S. and specifically in Kansas, which ranks second in the nation in wind resources. Kansas's wind resources could power the state's electricity needs 90 times over,¹⁰ and more innovative turbines are being developed that can operate more efficiently at lower wind speeds and use less wind-intensive lands.¹¹

- **It does not consider how the Renewable Portfolio Standard has benefitted Kansas**—The report does not attempt to include economic benefits of renewable energy such as new manufacturing or construction jobs, new tax base, or new lease payments to landowners. The 19 wind farms in operation or under construction in Kansas have created about 12,300 jobs for Kansas citizens, with 3,700 jobs relating directly to the construction and operation of the projects. Kansas wind projects provide \$13.7 million annually in lease payments and royalties to Kansas landowners and \$10.4 million per year in voluntary contributions to Kansas's state, county, and local jurisdictions.¹²

Support the Renewable Energy Standard

We urge you to vote against any legislation that would weaken or repeal the Renewable Portfolio Standard. Kansas's Renewable Portfolio Standard is the right way to encourage renewable energy projects in Kansas, create jobs, and keep Kansas's businesses competitive.

1 <http://www.kansas.gov/government/legislative/bills/2010/2369.pdf>

2 <http://votesmart.org/bill/votes/25627#.UO8MWeQ812A>

3 K.A.R. 82-16-3(c)

4 http://kansasenergy.org/documents/PS-KEIN_KansasWindReport_1112.pdf?utm_source=Wind_Report&utm_medium=link&utm_content=Homepage&utm_campaign=Wind_RPS,%20http://www.kansasenergy.org/wind_projects.htm

5 *Id.*

6 http://www.semprausgp.com/_/downloads/pdfs/FactSht_FlatRidge2.pdf

7 <http://www.kansaspolicy.org/researchcenters/budgetandspending/budgetandspendingstudies/d95311.aspx?type=view>

8 See note 4.

9 http://www.windpoweringamerica.gov/pdfs/2011_annual_wind_market_report.pdf; <http://emp.lbl.gov/sites/all/files/LBNL-5919e-PRESENTATION.pdf>; <http://www.nrel.gov/docs/fy12osti/54526.pdf>; <http://www.bloomberg.com/news/2012-11-01/wind-farm-operating-costs-fall-38-in-four-years-bnef-says-1-.html>; <http://bv.com/docs/reports-studies/nrel-cost-report.pdf>

10 <http://www.awea.org/learnabout/publications/factsheets/upload/3Q-12-Kansas.pdf>; see also http://www.windpoweringamerica.gov/wind_resource_maps.asp?stateab=ks

11 <http://eetd.lbl.gov/ea/ems/reports/wind-energy-costs-2-2012.pdf>

12 See note 4.