

Section 6.1 Policy and Program Recommendations

- 1. The Governor and the Legislature shall determine if and how State- and consumer-funded support should be structured to stimulate wind-energy development.**

Description

The Legislature is encouraged to investigate the need for additional incentives (e.g., State tax credits, KDFRA financing) to stimulate the development of the State's wind energy resource, and, if deemed necessary, to approve such incentives.

Recommended Actions

a. Responsible parties

Governor, Legislature.

b. Legislative action

Enabling legislation may be necessary.

c. Budget Requirements

Some additional State funding may be necessary, depending on type of incentives enacted.

d. Implementation Timeline

Immediately following effective date of enabling legislation.

Implications of the proposal

a. Pros

- i. Reduces emissions of regulated pollutants.
- ii. Reduces emissions of carbon dioxide.
- iii. Creates economic development opportunities in rural areas of the state where wind development occurs.

b. Cons

- i. Tax credits reduce State revenues and, thus, reduce funding for other items in the State general budget.

- ii. May increase price of wind-generated electricity for ratepayers whose utility is awarded additional basis points. (Note: unlike tax incentives or KDFA financing, granting an automatic higher rate of return on utility investment in wind projects would increase ratepayer bills.)
- iii. If market conditions change (e.g., the Federal government enacts CO₂ regulation), additional State subsidies may become excessive.
- iv. Uncertainty due to uncontrollable variables such as continuation of the federal production tax credit.

[Section 6.1 Policy and Program Recommendations, continued]

- 2. The Kansas Corporation Commission should consider the advantages associated with wind-generated electricity when evaluating applications or requests to approve decisions by jurisdictional utilities to invest in new generation or enter purchase power agreements for wind. As part of this broader consideration, the KCC will require utilities to demonstrate that competitive bids were solicited and the most responsible selection was made for the purchased power or investment.**

Description

This recommendation encourages the KCC to consider the value of wind energy (in terms of its being a renewable and clean energy source) to Kansans in the Commission's formal evaluation of applications or requests to approve decisions by jurisdictional utilities to invest in new generation or enter purchase power agreements for wind-based electricity.

With this policy, the State recognizes the potential benefit to Kansans of reduced pollutants and greenhouse gas emissions attributable to wind development and declares that it is appropriate for the Kansas Corporation Commission to approve rates for electricity generated by clean and renewable sources, even if those rates are higher than what they would have been with full reliance on existing generation technologies.

Recommended Actions**a. Responsible parties**

Utilities, KCC, wind-project developers.

b. Legislative action

No enabling legislation is necessary.

c. Budget Requirements

No state funds are required.

d. Implementation Timeline

Effective January 2007, the KCC is encouraged to implement this broader consideration.

Implications of the proposal

a. Pros

- i. Reduces emissions of regulated pollutants.
- ii. Reduces emissions of carbon dioxide.
- iii. Creates economic development opportunities in rural areas of the state where wind development occurs.
- iv. Does not require additional state funding or result in additional loss of state tax revenues.

b. Cons

- i. Increases price of electricity to ratepayers whose utilities incorporate wind into their generation portfolios.
- ii. Uncertainty due to uncontrollable variables such as continuation of the federal production tax credit.