

Coal Plant Agreement Factsheet Summary

An Analysis of the Legislation

- **A Renewable Energy Standard requiring 20% renewable energy by 2020**
 - Utilities are given 1.1 MW of credit for every MW of wind capacity installed after Jan. 1, 2000, which is essentially a 10% discount. That means the real standard is 18% renewable energy by 2020.
 - The major utilities had already committed to a voluntary 20% by 2020 renewable energy standard under former Governor Sebelius.
 - Utilities are exempt from penalties for non-compliance if participation will raise rates by more than 1% in any year, which is almost inevitable. This makes compliance unenforceable.
 - The RES is weak when compared to our vast wind resources. Further, states with less wind resources have stronger renewable energy targets.
 - It's highly likely a national RES will be enacted, which would make allowing a huge coal plant for a state RES harder to justify.

BOTTOM LINE: The RES will have no significant impact on renewable energy development in KS

- **A Net Metering provision, which allows consumers who own wind turbines or solar panels to sell excess energy back to the utility**
 - Doesn't apply to electric coops or municipal utilities, which generally serve the areas of western Kansas with the best wind and solar resources.
 - Bipartisan polling done by GPACE demonstrates strong support for net metering statewide.
 - New renewable generators under this provision would be capped at only about 0.6% of existing electric generating capacity in the state.

BOTTOM LINE: The Net Metering provision will have little practical effect and doesn't apply to those parts of the state that have the strongest wind and solar resources where consumers would be most likely to use it

- **Restricts the authority of the Secretary of the Dept. of Health and Environment**
 - The agreement allows Sunflower Electric to apply for permits for additional coal plants after April 30, 2011.
 - The development of new coal will likely compete with and hinder the development of new wind energy in Kansas.
 - Removes emergency authority from the Secretary of KDHE, which could be needed to protect citizens in unforeseen situations.

BOTTOM LINE: Restricting the powers of the state's top health and environmental official will open up the state to burning more coal and put Kansans at risk in emergency situations

- **Decreased oversight for rural electric coops, such as Sunflower Electric**
 - Conveniently, coops, such as Sunflower Electric, are allowed to opt-out of oversight of rate setting by the Kansas Corporation Commission.
 - While the KS legislature approved coop deregulation, the Colorado Public Utility Commission is considering increased oversight over Tri-State, the primary partner in the Holcomb expansion.

BOTTOM LINE: Coop deregulation will allow Sunflower Electric to move forward with expensive coal plant plans that pose risks to ratepayers

Analysis of the “Carbon Offset Plan”

- **Sunflower will decommission two oil-fired plants in Garden City. They receive credit for a reduction of 59,568 tons of carbon/year.**
 - The Lawrence Journal World reported that the Garden City plants haven't been operated in over 20 years!
- **Sunflower will use biomass fuel equivalent to 10% of the heat input to Holcomb 1 & 2. They receive credit for a reduction of 945,467 tons of carbon/year.**
 - If biomass burning is found to be “*technically or economically infeasible*,” Sunflower need not comply with this provision.
 - It's highly likely the cost of burning biomass will greatly exceed that of burning coal, which means Sunflower can opt out of the biomass provision, which is the largest carbon offset in the plan.
- **Sunflower will make “*reasonable efforts*” to construct a bioenergy center and algae reactor. They receive credit for a reduction of 825,000 tons of carbon/year.**
 - Sunflower is required only to make “*reasonable efforts*” towards construction of a project that will likely cost more than the Holcomb coal plant itself. This project is highly experimental and will be very hard to finance on a commercial scale.
 - It's highly unlikely that the bioenergy center will ever be built.
- **Sunflower will build two transmission lines to Colorado**
 - The lines go West, rather than to the East, which is where the major market for wind power exists.
 - The lines will primarily carry coal power to Colorado.

Other Myths Surrounding the Coal Plant Agreement

Claim #1:

The Governor's office has claimed "It is entirely possible that the carbon impact of this plant is zero or perhaps even less than zero." On another occasion, the Governor's office claimed the agreement will offset 3.016 million tons of carbon from the near 7 million tons/year Holcomb 2 will release.

Fact:

Sunflower is awarded credit for carbon offsets that are, for the most part, unenforceable and illusory. Only about 15% of the claimed offsets have any validity, and therefore, Holcomb 2 will emit 5 to 6 million tons of new carbon pollution every year.

Claim #2:

According to handouts the Governor's office supplied to the media and legislators, Holcomb 2 is described as an "*ultra supercritical* coal generating unit."

Fact:

The actual agreement signed by the Governor describes the unit as a "*super critical* coal generating unit." Therefore, Sunflower is under no legal obligation to use the more efficient ultra supercritical boiler. The difference could be as much as 4 efficiency points (42% vs. 38%) or about 11%. That's a lot of extra carbon.

For more information, please see our complete factsheet and analysis here: <http://kansas.sierraclub.org/Wind/FactSheet-Parkinson-Sunflower-ByVolland-2009-0521.pdf>

