

EPA, wind powering electric-rate increases

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“Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket, even regardless of what I say about whether coal is good or bad. Because I’m capping greenhouse gases, coal power plants, natural gas, you name it – whatever the plants were, whatever the industry was, they would have to retrofit their operations. That will cost money. They (energy providers) will pass that money (cost) on to the consumers.”

These famous words from then-candidate Barack Obama in 2008 are finally hitting home. Here’s the evidence for Kansas in 2012: Since 2008, electricity rates from Kansas City Power and Light have risen 47 percent, while rates in Westar Energy’s north Kansas zone have increased 37 percent, and those in Westar’s south zone are up 23 percent.

Though these increases did not come from the partially defunct cap-and-trade dream of Al Gore and others at the Chicago Climate Exchange, the Environmental Protection Agency has taken over energy policy, and the renewable-energy craze is in full swing. Ethanol, solar and wind have each made their marks, but a significant part of the price increases in Kansas is sourced in two factors: EPA and wind.

Mandates in Kansas became law in 2009, supposedly linked to the yet-to-happen start-up at the Holcomb power plant. The requirement of 10 percent renewable wind power to the grid by 2011 has happened. The 15 percent renewable-power mandate has all but already happened, well ahead of the schedule for 2016. Now, we await the 20 percent mandate match for 2020 (some power suppliers are already there, including Sunflower Electric Power Corp.). Thankfully, the mandates are for capacity, not deliverability.

Wind infrastructure build-out this year in Kansas will about double that of the past 10 years, bringing us to about 2,500 megawatts nameplate capacity. Virtually all of that build-out was nurtured in a very big way by production tax credits, which now amount to 2.2 cents per kilowatt hour for all wind energy produced. U.S. taxpayer subsidies in 2011 related to the tax credit are estimated at \$3.5 billion.

The tax credits are set to expire at the end of 2012, but don’t count on that happening just yet. The most powerful current lobby in America is begging every congressman and senator in Washington, D.C., to extend for another four years. The 20 years of credits they have already experienced are just not quite enough to “prove” the technology.

So what will Kansas have to show for its contribution to America's power grid? Hundreds of wind turbines, completely incapable of delivering reliable base load, especially when we need it the most during the hottest summer days and the coldest winter nights. We will have some of the most beautiful transmission lines you have ever seen transporting electricity to Chicago, St. Louis, the Tennessee Valley Authority and Pittsburgh.

Finally, if the EPA gets its way and the stay by the U.S. Court of Appeals for the D.C. Circuit gets lifted, we will have rolling brownouts and blackouts in Wichita during the summer of 2012. And there will still be no Holcomb. And it will be very, very hot.