



## Clean Power Plan Blueprint Summary

The Clean Power Plan presents economic, energy, and health opportunities for Kansas. Meeting the carbon dioxide (CO<sup>2</sup>) pollution reduction targets will be challenging but achievable. Among states, Kansas is positioned to benefit from a clean energy economy due to its vast potential for wind and solar energy generation and citizens who value clean air, energy affordability and reliability, and renewable energy. This document recommends a practical pathway for Clean Power Plan compliance.

In 2015, the Climate + Energy Project convened a steering committee comprised of experts in building systems, efficiency, engineering, solar, wind, and environmental policy to explore realistic and achievable compliance pathways for Kansas that take advantage of the benefits available through investment in energy efficiency and renewable energy. The steering committee explored a variety of electricity demand and generation scenarios to meet the state reduction targets.

Utilizing the MJ Bradley & Associates compliance tool (M.J. Bradley & Associates, 2016) to analyze scenarios, the steering committee considered all major drivers of state electric sector emissions. According to the analysis, energy efficiency is a valuable tool in all scenarios. ***Kansas' renewable energy potential and electrical connections to other states positions the state to be a strong exporter of clean energy, which will stimulate economic growth, create jobs, and increase tax revenue.***

A critical early decision for every state will be whether to custom-design a state plan or submit to the one-size-fits-all federal plan. State leaders should meet the Clean Power Plan's goals through a program designed in Kansas to meet Kansas's needs rather than allowing federal regulators to design the program.

A Kansas-designed state plan can capitalize on the state's renewable energy capacity, untapped energy efficiency potential, and energy interconnections with other states. A state plan could emphasize investment in renewable energy and energy efficiency to create jobs, improve health and reduce consumer electricity bills.

Kansas is well positioned to be a leader in the clean energy economy. Current wind energy generation takes advantage of only a fraction of the state's potential wind energy resource, yet the industry supports more than 13,000 direct and indirect jobs, \$13 million in annual payments to rural landowners, \$10 million annually in donated revenue to counties in which wind farms are located and capital investment of more than \$8 billion. (Anderson, White, Gibson, & Hagedorn, 2012). The state has the potential to produce 952 GW of wind energy and 6,960 GW of solar energy (National Renewable Energy Laboratory, 2012). Designing policies that fully utilize these natural resources will exponentially increase the jobs and investment contributions of clean energy for the Kansas economy.

Energy efficiency also presents a significant opportunity for Kansas to take advantage of low-cost carbon reductions. Although there are a few energy efficiency programs across the state, Kansas has underutilized this opportunity to dampen demand and save money. The potential to expand energy efficiency programs is great. Other states that have invested in energy efficiency consistently reduce demand by 1% to 4% per year. In addition to economic benefits, end-use energy efficiency simultaneously offers multiple benefits including meeting electricity needs, reducing pollution, reducing grid congestion and line losses, improving living conditions, and reducing premature death and illness. If Kansas adopted the four most common and

effective energy efficiency policies, the state could reduce demand for electricity by 23% compared to the 2012 baseline. (American Council for an Energy Efficient Economy, 2014).

Based on the information above, the Clean Power Plan Blueprint Steering Committee makes the following recommendations.

## **CORE RECOMMENDATIONS**

### **PROGRAM DESIGN**

1. **Timely submission.** *Submit a request for extension by September 6, 2016 and a final plan in 2017. Timely submission allows the state to take advantage of early incentives for clean energy projects and programs.*
2. **Submit a state plan.** *Developing a state plan allows Kansas maximum flexibility in areas such as emissions allocations, interim compliance periods, and trading programs.*
3. **Pursue a mass-based approach.** *A mass-based approach is less expensive than a rate-based approach, streamlines compliance for energy providers and regulators, and provides additional opportunities for cooperation among states.*
4. **Design state plan for interstate cooperation.** *A trading-ready framework maximizes economic benefits and flexibility for meeting Clean Power Plan targets.*
5. **Distribute allowances in accordance with model rule.** *Kansas should largely mirror the approach identified in EPA's model rule of allocation of emission allowances to regulated utilities with a small set-aside for CEIP early investments in clean energy.*
6. **Participate in CEIP.** *Early investment in the Clean Energy Incentive Program (CEIP) initiatives in low-income communities will result in additional allowances for energy efficiency (EE) and renewable energy (RE) projects.*

### **CRITICAL COMPONENTS**

1. **Maximize clean energy in compliance.**  
*The recommended path for compliance includes increasing energy efficiency by an average of 2% per year, doubling renewable energy generation, and building a new natural gas combined cycle plant.*
2. **Integrate energy efficiency in compliance.**  
*Increasing demand-side energy efficiency reduces the pressure to build new generation by lowering demand.*
3. **Prioritize renewable energy for new generation.**  
*Renewable energy presents the lowest-cost option for new generation. Investing in renewable energy yields greater economic opportunities while maximizing Kansas natural resources.*