

# NEWS



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## **An Open Letter To The Kansas Energy Council and the People of Kansas**

September 23, 2008

The Kansas Energy Council recently referred to the need for a strategy to generate more electricity in Kansas. In regard to the Holcomb expansion project and the need for generating capacity in western Kansas, several erroneous comments were made that I would like to address.

Lt. Gov. Mark Parkinson admitted that Kansas will need 600 to 700 megawatts of additional base-load power over the next 10 to 20 years and expressed concern over how it will be acquired. Coal and natural gas are considered base-load resources because they are available 24 hours a day, 365 days a year. Wind is not considered a base-load power resource since the wind does not blow all the time and therefore must be backed up by natural-gas resources.

Together, natural gas and wind are much more expensive than coal, and our studies indicate that by 2015 the high cost of using resources other than coal to meet our base-load needs will make it cost-effective to build the Holcomb expansion project.

Parkinson was also quoted as saying that the Holcomb expansion project would not help meet the capacity needs of Kansas, because 1,200 megawatts would be exported to Oklahoma, Texas and Colorado. The Holcomb project would provide base-load capacity of 200 megawatts for 500,000 Kansas ratepayers who are served by Sunflower Electric Power Corp. members, Midwest Energy and nine municipal utilities. The structure of the project would allow us to provide power to central and western Kansas customers, and generate electricity for other cooperative utilities out of state. And the benefit of exporting this power would result in \$750 million coming from these out-of-state utilities to lower costs for Kansas ratepayers.

Moreover, the strength of our state's economy depends on exports. In fact, in 2007 Kansas businesses enjoyed \$10.2 billion in export sales. As the power from the new units is exported to surrounding states, revenues returning to Kansas will help contain the cost of power for those we serve.

Customers in central Kansas currently are receiving 176 megawatts of coal-based power from the Jeffrey Energy Center near St. Marys, through a contract that expires by 2019. This contract must be replaced with a base-

load resource. The need to replace this contract creates a significant urgent need, because replacing 176 megawatts cannot be achieved through energy efficiency or investments in wind power, which is not a base-load resource. Therefore, we must proceed expeditiously, because on average it takes 52 months to build a coal plant.

With that said, it becomes apparent that our portion of the Holcomb expansion project entails more than 200 megawatts of power. It embodies prosperity and quality of life for all Kansans and puts us in a position to economically pursue other resources our consumers will need in the future.

*—Earl Watkins is the president and chief executive officer of Sunflower Electric Power Corp., based in Hays.*

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#### **About Sunflower—**

Sunflower Electric Power Corporation is a regional wholesale power supplier that operates a 1,257 MW system of wind, gas, and coal-based generating plants and a 2,300-mile transmission system for the needs of its six member cooperatives who serve more than 400,000 customers living in central and western Kansas. Visit Sunflower's website at <http://www.sunflower.net>

Sunflower's member cooperatives include Lane-Scott Electric Cooperative, Dighton; Pioneer Electric Cooperative, Ulysses; Prairie Land Electric Cooperative, Norton; Victory Electric Cooperative Association, Dodge City; Western Cooperative Electric Association, WaKeeney; and Wheatland Electric Cooperative, Scott City, Kansas.