



THE GREAT PLAINS ALLIANCE FOR CLEAN ENERGY

Economic Impacts

"All of the above" makes a great political slogan, but it isn't a reality when deciding our energy options. We have to make choices about long-term energy and economic investments. The economic choice before Kansans regarding the proposed 895 MW Sunflower Electric coal plant is this:

A 50-year commitment to imported, dirty coal with an influx of temporary construction jobs starting in about six years, limited permanent jobs starting in about ten years, and no access to the coming renewable energy economy.

Or

An investment in native, cleaner fuels like natural gas and wind that will provide Kansans ongoing job creation, broad revenue opportunities, and the foundation to attract manufacturing and service industries for generations to come...starting in less than two years.

Natural gas and wind power produce local jobs and long-term economic development for Kansas. Using our own fuels first means more permanent jobs, sustained revenue, and an industry rooted here, in Kansas. 895 MW of coal-fired power means at least an equivalent amount of Kansas energy resources that will not be developed and will not add to the Kansas economy.

Kansas natural gas and wind power both provide payments to landowners in the form of lease payments. The coal used for the proposed power plant will send Kansan's dollars to Wyoming coal mine owners and create revenue for the state of Wyoming. The coal plant would burn 3.4 million tons of Wyoming coal every year, amounting to over 30,000 trains cars annually, or one full train per day, every day. This would amount to around \$1 billion in revenue transferred from Kansas to Wyoming. According to the National Conference of State Legislatorsⁱ, in 2007:

- Kansas generated \$132.3 million in severance revenue, or 1.9% of total state tax collections.
- Wyoming generated \$803.6 million in severance revenue, or 39.7% of total state tax collections.

According to information from the US DOE National Renewable Energy Laboratoryⁱⁱ, 2700 MW of installed wind capacity at 44% capacity factor would create:

- \$7.2 million/year in direct payments to landowners
- \$7.8 million/year in PILOT revenue
- 4,300 new jobs during construction with \$508 million/year directly to local economies
- 700 new permanent operations jobs with \$57 million/year directly to local economies
- These are direct impacts only, and would be much more broadly dispersed across western Kansas communities and counties than a coal plant.

Natural gas is an electricity fuel that is vastly cleaner than coal and a good partner fuel for renewables.

- 9,100 Kansans are employed in the natural gas and oil extraction industriesⁱⁱⁱ.
- 19,000 are employed in services supporting those industries^{iv}.
- Natural gas production in parts of Kansas has recently increased over previous years, and additional demand for the fuel would produce more jobs.



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- Natural gas provides lease and royalty revenue to landowners, and severance tax revenue to the State of Kansas.

Construction of an 895 MW coal plant would create approximately 1500 construction jobs over four years. That jobs number will then dwindle down to around 50 permanent jobs.

- Tri-State G&T has publicly stated that it does not expect construction on the proposed coal plant to start until 2016 at the earliest, if the plant is permitted^v.
- This indicates that there will be no construction jobs related to the project for at least six years.

Building two 500 MW combined cycle natural gas facilities and one 200 MW wind farm would also create a significant number of construction jobs and produce the same amount of energy, but much sooner than the coal plant.

- When construction is over, there will be still be permanent jobs for companies developing Kansas' natural gas and wind resources.
- Kansans would be employed in natural gas drilling, refining, transporting, and selling, as well as wind turbine construction, installation, and maintenance.

Trends in regulation and policy are becoming less favorable to large coal plant construction and more favorable to natural gas and renewable energy sources^{vi}. In 2009, not one new coal plant started operation in the U.S.^{vii} Reasons cited included the uncertain regulatory climate, rising costs, and increasing demand for clean energy.

Kansas rate payers face the risk of increased costs related to new coal plants

- Construction cost increases and overruns are likely – KCP&L's new Iatan 2 coal plant is over-budget with proposed rate hikes of 11.5% in KS and 14% in MO^{viii}.
- Increases in the cost of coal and transportation to import it are likely.
- Increased environmental mitigation and social (health) costs related to coal are inevitable.
- In 2009, the National Academy of Sciences released a report^{ix} quantifying the costs related to exploration, human health, visibility, crop yields, timber yields, damage to buildings, and quality of recreation areas
 - Using this model, the proposed coal-fired power plant would impose over \$3 million in social costs over 20 years.
 - Two 500 MW combined-cycle natural gas plants and a 200 MW wind farm would impose under \$200,000.

The Renewable Energy Policy Project reports the benefits to Kansas from a national renewable energy program^x would include:

- 11,491 new manufacturing jobs
- \$1.97 billion in manufacturing investment
- 425 existing manufacturing firms expand
- These numbers do not include additional jobs from actual energy development and production.



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i <http://www.ncsl.org/default.aspx?tabid=12674>

ii [http://www.gpace.org/wp-content/KS Econ Impact Wind.pdf](http://www.gpace.org/wp-content/KS_Econ_Impact_Wind.pdf)

iii <http://www.kioga.org/communications/brochures/facts-and-figures-2009.pdf/view>

iv *ibid.*

v <http://www.forbes.com/feeds/businesswire/2010/05/27/businesswire140299764.html>

vi http://www.gpace.org/wp-content/innovest_tristate.pdf

vii <http://www.netl.doe.gov/coal/refshelf/ncp.pdf>

viii <http://www.kcplenergyplan.com/>

ix <http://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=12794>

x [http://www.repp.org/Domestic Manufac State KS.htm](http://www.repp.org/Domestic_Manufac_State_KS.htm)