

## Walnut Energy Center Clears SPP “Decision Point 2” Hurdle

On February 19<sup>th</sup>, KPP Energy was notified by the Southwest Power Pool (SPP) that their plan to build Walnut Energy Center had passed Decision Point 2. Decision Point 2 determines whether the new power plant will trigger big new investments in transmission prior to commercial operation. As such, Walnut Energy Center has successfully made it through the Phase 2 studies which included comprehensive analyses of power flow, stability, short circuit, and aggregate facilities study.

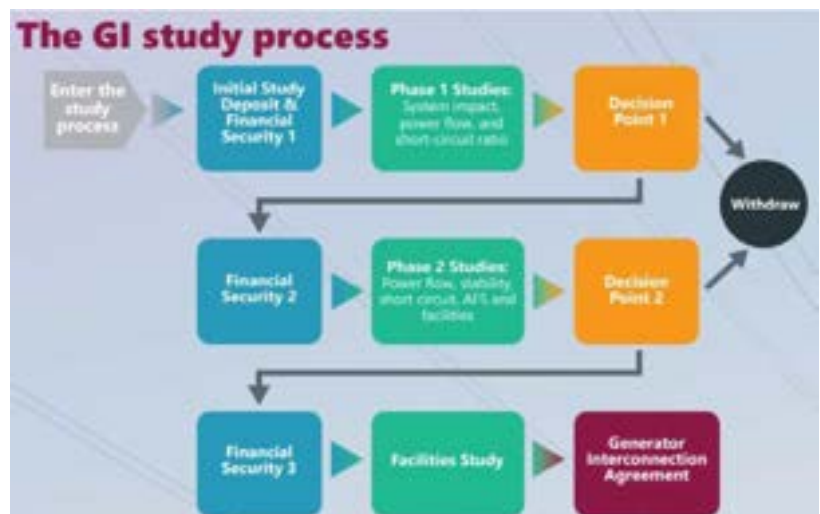
Another good outcome is that KPP will not need to provide any additional financial security at this time to move forward with the project. The next step will be the Facilities Study after which KPP can sign a generation interconnection agreement with SPP. In the meantime, KPP staff continues to work with Burns & McDonnell on the design of the power plant, including the facility’s air permit.

KPP Energy entered Walnut Energy Center into the 2020 SPP Generation Interconnection cluster study that closed on April 30, 2020. This cluster initially included 65 projects for a sum total of 14,371 megawatts (MW). Walnut was the third project entered into the study and was designated as GEN-2020-003.

The other projects in the cluster included roughly 5,000 MW of solar, 3,500 MW of combined solar and batteries, 1,600 MW of stand-alone battery storage and 1,800 MW of wind energy. Only 2,485 MW was made up of conventional thermal units. Walnut’s 54 MW is the only thermal project in this cluster that will be located in Kansas.

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## February Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER



The KPP Energy Board of Directors held their regular monthly meeting on February 15, 2024. The meeting was held at KPP Energy office in downtown Wichita.

A summary of meeting highlights is provided here.

### December 2023 Financial Statements

Vickie Matney presented written financial statements for the period ending December 31, 2023, showing a net position before DAI of \$9.84 million. Total expenses for the agency were \$12.7 million under budget, reflecting lower energy costs in calendar year 2023. Administrative and General Expenses for KPP were 8.2 percent under budget.

### SPP Generation / Walnut Energy Center

Larry Holloway shared with the Board a presentation about Walnut Energy Center and its status in the Southwest Power Pool (SPP) Generation Interconnection (GI) queue. KPP Energy entered Walnut Energy Center in the 2020 SPP Generation Interconnection cluster study that closed on April 30, 2020. The cluster included 65 projects totalling 14,371 megawatts (MW).

Holloway explained the SPP Generation Interconnection process, noting that results of Phase 2 studies will be released February 16, 2024, putting KPP at Decision Point 2. This means that by March 11, 2024, KPP would have to decide whether to stay in the study or be prepared to make Financial Security Deposit 3. With information known at the time of the presentation, he estimated the amount of Financial Security Deposit 3 would be \$0.

Just in case that turns out to be incorrect and to keep things moving forward, he suggested the Board consider giving staff the authority to move forward with Financial Security 3, not to exceed \$232,000, which was the amount of Financial Security 2. He noted the Board could instead, if they wished, hold an emergency meeting to make that decision to meet the March 11, 2024, deadline. Ultimately, the Board authorized staff to spend up to \$250,000 on Financial Security 3 deposit, though one member spoke in favor of holding an emergency Board meeting instead.

*It should be noted that KPP did receive notification from SPP following the Board meeting and that no deposit was required as part of Financial Security 3.*

### Walnut Energy Center Pipeline Engineering Services Reimbursement

Board members were provided with a January 23, 2024, Letter Proposal from Utility Safety & Design, Inc. to the City of Winfield. Larry Holloway recommended that the Board authorize reimbursement of \$62,500 to the City of Winfield for the preliminary design phase in the event that the project is not able to be accomplished. James Ging noted that moving forward with this work would help to keep the project on-schedule for completion. After discussion about pursuit of necessary air permits, the Board approved the reimbursement.

### Dogwood Gas Prepay Contract Background

Larry Holloway provided information on the projected Dogwood Prepay Gas Contract savings, estimating the annual savings to KPP at \$101,828 for the months June through September. Risks of entering into a long-term agreement for purchase of a fossil fuel were discussed at length. Members were provided with proposed

*(continued on page 3)*



## February Board Meeting Review

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resolution 2024-02-15, authorizing the purchase of natural gas from the Black Belt Energy Gas District, approving the execution and delivery of a gas supply agreement, limited assignment agreement and asset management agreement and other documents relating to said purchase; consenting to the assignment of certain obligations under the gas supply agreement in connection with the issuance of bonds by the Black Belt Energy Gas District; and addressing related matters. The Board unanimously adopted the resolution.

### Winter Storm Gerri Update

Colin Hansen reminded Board members about the occurrence of Winter Storm Gerri last month and the fact that it could have an impact financially on KPP, including power bills going to members. In providing details of the January ECA analysis, James Ging noted that total costs for January were over budget by \$1 million, due mostly to energy costs. Demand was above budget by 5%; energy was also above budget but only slightly. With all factors considered in the ECA calculation, James Ging presented a proposed positive ECA for January of 2024 at \$0.00905 / kWh. Graves, Newberry, and Collins all said the outcome was more favorable than they suspected it would be and were in favor of moving forward with the proposed ECA calculated as usual. No action was taken.

### PACE Loan Application Update

Brooke Carroll submitted the PACE application on January 19, 2024, with a few remaining open items, such as system impact studies and easements. James Ging noted a recent call with Priority Power in which it was determined that all nine project sites will be required to undergo an archaeological dig, and that archaeologists will be dispatched as soon as next Tuesday. Additionally, he learned that USDA has decided they want plans engineered to the 500-year flood rather than the 100-year flood; that will require additional hydrological studies. Despite the frustrations, James Ging and Brooke Carroll both expressed their opinion that the project is worthwhile economically.

### Office Space

Colin Hansen provided an update to the Board regarding due diligence being done with a property for sale at 151 South Laura in the Hyde Park area of Wichita. The due diligence includes survey work, structural integrity, roof inspection, appraisal, and preliminary schematics from an architect. All items are in progress, and the goal is to provide the results of those items at the March Board meeting.

### Change in Meeting Time

The Board unanimously voted to change the start time of their regular meetings from 11:30 a.m. to 10 a.m. starting with the next Board meeting in March.





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- Preparing for Cyber Disasters - 10/15/24

**All KPP Energy Members & Guests are Invited**  
**KMU Training Center, McPherson, KS**  
**9AM to 3:30PM**  
**Lunch Will Be Provided**

Register at  
**[www.kpp.agency](http://www.kpp.agency)**  
or by contacting Brooke Carroll  
at [bcarroll@kpp.agency](mailto:bcarroll@kpp.agency).



## KCC Receives Federal Grant to Help Cities and Counties Make the Switch to More Efficient Lighting

The Kansas Corporation Commission (KCC) has been awarded a \$1.9 million Energy Efficiency and Conservation Block Grant from the Department of Energy (DOE) to help local governments replace traffic signals and/or street lighting with energy efficient lighting technology.

The agency's grant application stated that "many publicly owned facilities in Kansas communities are aging and inefficient, incurring high costs for energy and maintenance. Replacement of street lights and traffic signals with more energy efficient lighting can significantly cut energy use and maintenance costs while improving light quality and output."

The grant is part of the Infrastructure Investment and Jobs Act (IIJA). The KCC will prioritize awards to cities and counties that did not directly receive federal grants under

the program, with a particular focus on rural, underserved and disadvantaged communities.

Applications for funding are expected to be available to eligible entities early next month. More information is available on the [KCC website](#).



## KPP Participates in APPA Legislative Rally

### KMU DELEGATION CONVEYS KEY PUBLIC POWER ISSUES TO CONGRESSIONAL OFFICES

Four KPP Energy members recently joined KPP CEO & General Manager Colin Hansen and participated in the American Public Power Association (APPA) Legislative Rally in Washington, D.C. The KPP group was part of the fifteen people representing community-owned utilities from across Kansas organized by Kansas Municipal Utilities (KMU).

The group met with the Congressional offices on Capitol Hill on a variety of issues important to public power and municipal utilities. Key issues included:

- Supply Chain Disruptions
- Infrastructure Funding
- Energy Transition
- Energy Permitting Reform
- Cyber & Physical Security

Participants in the Legislative Rally included:

- Jeremy Ash, Kansas City Board of Public Utilities
- Josh Bedel, McPherson Board of Public Utilities
- **Scott Glaves, Clay Center Public Utilities Commission**
- **Colin Hansen, KPP Energy**
- Bill Johnson, Kansas City Board of Public Utilities
- **Stan Luke, City of Burlington**
- Paul Mahlberg, Kansas Municipal Energy Agency
- David Mehlhaff, Kansas City Board of Public Utilities
- Mike Muirhead, City of Garden City
- Jon Quinday, City of Russell
- **Lou Thurston, City of Hillsboro**
- **Taggart Wall, City of Winfield**
- Brad Mears, Kansas Municipal Utilities
- Kimberly Gencur Svaty, Gencur-Svaty Public Affairs
- Greg DuMars, Kansas Municipal Utilities



## Photo Gallery - APPA Legislative Rally



**Above:** The entire KPP delegation with U.S. Senator Jerry Moran.



**Left to Right:** Colin Hansen (KPP), Taggart Wall (Winfield) & Scott Glaves (Clay Center Public Utilities).



**Above:** Kansas delegation meeting with Senator Roberts staff.



**Left to Right:** Scott Glaves (Clay Center Public Utilities), Taggart Wall (Winfield) & Mayor Lou Thurston (Hillsboro).



**Left to Right:** Slightly confined setting for meeting with the staff of Rep. Tracey Mann. Left to right: Colin Hansen, Taggart Wall, Mike Muirhead (Garden City), and Scott Glaves.



## Phillips Named Chair of FERC

**CLEMENTS WILL NOT SEEK A SECOND TERM**



On February 9<sup>th</sup>, the White House announced that it had named Willie Phillips to be Chairman of the Federal Energy Regulatory Commission (FERC). Phillips has served as a FERC Commissioner since November 17, 2021.

According to the FERC press release, “Willie is an experienced regulatory attorney combining over 20 years of legal expertise as a utility regulator, in private practice, and as in-house counsel. He has an extensive background in the areas of public utility regulation, bulk power system reliability, and corporate governance. As Chairman of the Public Service Commission of the District of Columbia, Willie was a thoughtful and innovative leader in modernizing the energy grid, implementing the District’s aggressive clean energy and climate goals,

and in protecting the District’s customers.” Phillips has been Acting Chair since January 3, 2023 when former Chairman Richard Glick left FERC.

The trade press has also reported that Allison Clements has confirmed that she will not seek a second term on the commission. According to reports, Clements offered no comment as to whether she plans to stay past June 30, when her term expires. Commissioners generally can stay through the end of the congressional session (which ends in early 2025).



FERC is designed to have five commissioners who are appointed by the President with the advice and consent of the Senate. The fact that FERC is currently only a 3-person Commission (and FERC requires a 3-person quorum to act) makes Clements action particularly notable.

## Senate Bill Addresses Transformer Supply Chain Issues

**LEGISLATION SUPPORTED BY SENATOR MORAN**

Senators Sherrod Brown (D-OH) and Ted Cruz (R-TX) introduced S. 3627, the Distribution Transformer Efficiency and Supply Chain Reliability Act of 2024. The bill directly addresses the shortage in distribution transformers and blocks a proposed Department of Energy (DOE) rule that aims to tighten energy efficiency standards for the essential pieces of grid equipment.

The legislation would bar DOE from issuing a new rule mandating transformers be manufactured to an efficiency standard above TSL-2. Transformers produced at this level with grain oriented electrical steel are already proven to be highly energy efficient. The DOE notice of proposed

rulemaking (NOPR), which mandates higher TSL levels, would force manufacturers to rely on amorphous steel, which is not domestically available at scale to meet current demand. Additionally, this legislation allows for a 10-year phase in window of any new distribution transformer efficiency level; providing significantly more flexibility for producers.

U.S. Senator Jerry Moran (R-KS) has joined the bipartisan effort to bolster distribution transformer supplies across the country. In addition, Representatives Mike Kelly (R-PA) and Chris Deluzio (D-PA) introduced H.R. 7171, the House counterpart to S. 3627 in late January.



## Event Calender

### 2024 DATES TO REMEMBER

**MARCH 1, 2024**

KPP RP3 Working Group

**MARCH 12, 2024**

KPP Cyber Summit - Basic  
Cyber Hygiene

**MARCH 21, 2024**

KPP Board Meeting

**APRIL 1, 2024**

KPP RP3 Working Group

**APRIL 18, 2024**

KPP Board Meeting

**APRIL 24-26, 2024**

KMU 2024 Conference  
Wichita Hyatt Regency

**APRIL 24, 2024**

KPP Member  
Appreciation Dinner  
Wichita, Kansas

**MAY 1, 2024**

KPP RP3 Working Group

**MAY 14, 2024**

KPP Cyber Summit -  
SCADA Hacking Lab

**MAY 16, 2024**

KPP Board Meeting

**JUNE 3, 2024**

KPP RP3 Working Group

## KPP Resources by Fuel Source

JANUARY 2024

