

LIGHTNING ROUND

January 2021

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Collins Elected KPP Board President

January Tradition Continues as Officers Assume Their Duties

Tapped to serve a second consecutive year as Board President Gus Collins, of Winfield, was again elected when the KPP Board of Directors convened on January 21st for their first meeting of the year. Also elected were Scott Glaves, Clay Center, as First Vice President and Jason Newberry, Wellington, as Second Vice President.

Lou Thurston, Hillsboro, was elected secretary/treasurer. The KPP By-laws provide that Board members elect officers following the election of Board members by all KPP cities. Officers are anticipated to serve in these roles through the remainder of 2021.

Before the unanimous vote, Gus accepted the nomination saying he “would be honored to serve as President for 2021.” He noted that 2020 had been “certainly an unusual year” and that he would “be excited to accept the challenges for the year if that is what the Board wants.”



Gus Collins



Scott Glaves



Jason Newberry



Lou Thurston

Construction Contract Approved for Battery Storage

Special Meeting Approval Sets the Stage for December Completion

An “engineering, procurement and construction” (EPC) agreement was approved by the KPP Board of Directors when they were convened in a Special Meeting earlier this month. The construction agreement, with FlexGen Power Systems of Durham, NC, plans for 4 mWh of guaranteed energy storage in Minneapolis – a KPP member city.



Since May, 2020, the KPP Board had directed Staff to fully investigate the prospect of energy storage. Working closely with Kelson Energy from the beginning, Board approval was given last year to contract with Kelson for project development, market analytics and implementation support on the project. With Kelson’s assistance, successful negotiations with potential contractors have yielded a project installation cost reduction of almost exactly \$1 million below what had previously been anticipated by the KPP Board. During that time, the selection of a site in Minneapolis has anticipated the avoidance of local generation for voltage support on the 69 kV Evergy feeder and any consequential charges to all KPP members for such generation.



Named the “Solomon Energy Storage Center” in reference to the nearby Solomon River, the project is said to be the largest battery storage project in Kansas according to *Bloomberg New Energy Finance* data.

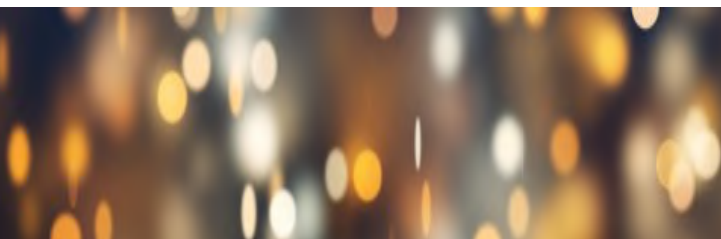
In a joint news release with FlexGen, KPP announces that the project will come online near year-end. The output of the facility is generally understood to provide 1 MW of power daily during 4 on-peak hours while being charged during the less expensive off-peak hours.

Headquartered in Durham, NC, FlexGen is said to be the second-largest energy storage technology company in the U.S.



Graphic artist rendering of a battery storage facility

**NEXT BOARD MEETING
THURSDAY,
FEBRUARY 18, 2021**



AMI Projects Get Further Advancement

Board Adopts Reimbursement Resolution as Stage is Set for Bond Debt

KPP General Counsel, J.T. Klaus, presented to the Board a reimbursement resolution on January 21st noting an Internal Revenue requirement. A formal document pertains to the issuing of debt for financing the anticipated automated metering infrastructure (AMI) projects for requesting cities.

Referencing expected tax-exempt bonds to be issued, J.T. spoke of the requirement that KPP formally indicate its intent to incur expenses and to subsequently be reimbursed sometime after such expenses are incurred.

The resolution, unanimously adopted by the Board, bears a cost approximation of \$6,420,000. It notes also the cities of Attica, Augusta, Ellinwood, Erie, Hillsboro, Mount Hope, Waterville, Wellington and Winfield. These cities have expressed interest in actively pursuing the project for their community.

J.T. reminded the Board that the relevant project cost and interest will be allocated to each participating city and added to their respective cost of power. From the Power Purchase Contract (PPC), this is according to the "Facilities Charge" provision specifying that such cost is added to the wholesale bill received from the Agency. Although it is the credit of the KPP which secures the bond indebtedness, the cost is repayable by the city through the Facilities Charge.



KPP General Counsel, J.T. Klaus

Further discussion pertaining to the resolution continued with reference to appropriate measures the Agency takes to assure it does not take on unexpected risk. J.T. reminded that an annex "Schedule" appears at the back of each PPC to accommodate projects for the city. The Schedule is to describe the project and the relevant economic terms for repayment. The PPC terms provide that indebtedness by the Pool requires asset ownership by the Pool until the debt is fully repaid. However, the city has all practical and operable control of the asset during the indebtedness.

Although the acknowledging and signing of the Schedule is needed in the immediate future to secure Agency protection, parties will not know the precise interest rate until much closer to the time of issuance. To help discussions with local governing bodies, various suggestions emerged such as a simple acknowledgement that the prevailing interest rate will be as eventually determined by KPP's bond underwriter.

Comments were made in the meeting that, in the hope of alleviating anxiety, the KPP, as a Pool, has the advantage over an individual city by combining all debt to assure a lower interest rate as well as the ability to further spread all costs of issuance.

KPP Staff has already set out to secure formal commitments with participating cities.

KPP Future Power Supply Plans Proceed - Sort of

Chronology of deliberations outlined

Although nothing has changed concerning our planning for future power supply additions to the KPP portfolio, a hiatus has set in concerning its progress. Nowadays, continuous talk about installing Wartsila engines has become less frequent. This is true for good reason. Even so, various city councils have recently asked for reminders about timing and technology. On the belief that a refresh might be helpful to everyone, the *Lightning Round* now offers a look back at our discussions.



Sample image of Wartsila quick-start engines

A most recent in-depth report of KPP's intention to install approximately 55 MWs of quick-start RICE engines occurred in January last year (see Site

Selection Narrows for Future Generation Project in the January 2020 *Lightning Round*). At that time, it was reported that a generator interconnection (GI) study application must be presented to the Southwest Power Pool (SPP) by April 2020. KPP met that deadline with a complete application confirmed subsequently by SPP.

Some of the KPP Staff remember that a Wartsila representative made a presentation to KPP members when the Fall Planning Retreat of 2015 was convened at Cabela's in the Legends area of Kansas City, KS. Some thought this was the start of it all. Actually, discussions started the previous year during a member meeting on the topics of existing and future loads as well as existing and expiring resources. Since then, both Members and the Board have authorized studies by Tenaska, the Brattle Group and Burns & McDonnell.

Cost estimates and feasibilities have been shared with Members during the intervening years as well. With seemingly all in place to break ground, an important GI study must first be completed.



With at least 16 threshold events having transpired, the entire project chronology is shown on the KPP website beginning with a power supply member meeting in 2014 through our Fall Planning Summit in September of last year.

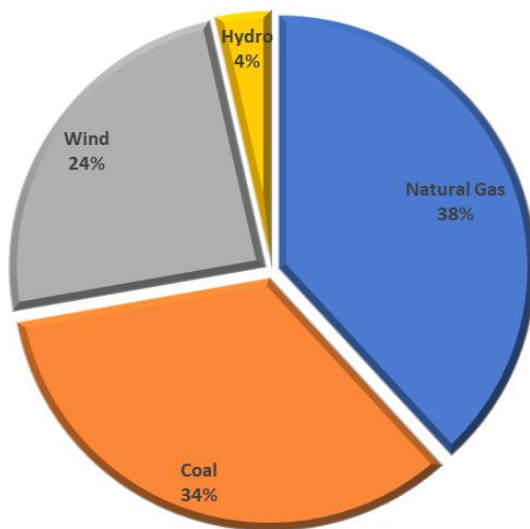
By January 2020, Staff had reported to KPP members in various settings that a generator interconnection study completion would encompass approximately 60 months according to SPP. In more recent months KPP Staff has received anecdotal indications that the timeframe could be shortened; although, nothing to that effect has been officially confirmed to date.



So, nothing has changed concerning our plans. We still have needs for capacity in the near future. And we are still resolute that the best cost and best benefit scenarios have been discovered and established. To be sure, there is more to come!

December 2020 Distribution of Energy Resources

Fuel Source of KPP Resources in December, 2020



■ Natural Gas ■ Coal ■ Wind ■ Hydro

Clear Path Forward on Kingman/Cunningham

KCC Formal Approval of Alternate Route Leads Monthly Ops Report

Following up to the news brief appearing in the October *Lightning Round*, Assistant General Manager, Larry Holloway, reported recently that remaining tasks in the anticipated KPP 34.5 kV transmission line is to procure one remaining mile of easement. KPP members remember very well that the project for years had been plagued by external attempts to frustrate plans for the line's construction.



New transformer set at Kingman/Cunningham site

Most recently, KPP had asked the Kansas Corporation Commission (KCC) to approve an alternate route for the line that was reportedly more to the liking of landowners. That request was also challenged externally with formal approval being ordered in favor of KPP.

Since the time of Larry's report, the final easement has been secured and is soon to be recorded.

On a different subject, and referencing the Southwest Power Pool (SPP) Generating Test Task Force (GTTF) of which Larry is a member, the task force has announced their plans to assemble reliability data requirements for generators. Although KPP generating cities historically have not



Progress photo at site for Kingman/Cunningham substation



File photo from Augusta

reported reliability under NERC rules, it appears SPP Staff is now intent on issuing data requests to generators, including KPP cities' generators, that are used as a designated network resource (DNR). Still in a planning stage by SPP, Larry reports he will be conferring with KPP members toward achieving a workable transition to this new kind of reporting.



File photo from Ellinwood

Chesney to Delay Retirement Plans

Following an Executive Session during the January meeting of the KPP Board, it was learned that CEO/General Manager, Mark Chesney, will delay his plan to retire in 2021.

Although a retirement announcement had not been formally accepted by the Board, Mark had indicated last year his intention to retire around the end of June 2021. Plans now are for his retirement immediately after January 2022.



"I am very happy reporting to our Board and have felt much support from each of them and from our professional Staff," he said subsequently. "There is always very much work to do and it has been a pleasure to bring an end to my 31-year career in public power by spending the last 9 with KPP. We have much unity here and new projects to look forward to. Plus, it has been impressive to see and know that each of our Members, in their own way, are producing good results for their retail customers. I am happy to be part of that."

Mycoff & Associates, a professional recruiting firm specializing in public power professionals, is to be engaged later this year. Mycoff was used in 2012 for a national search upon the voluntary resignation of KPP's previous CEO/General Manager, Colin Whitley.