



# KPP LIGHTNING ROUND

## JULY 2022

## KPP 2022 Conference Registration Open

Registration is now open for the 2022 KPP Conference that will take place September 15 & 16 at the Drury Plaza Hotel Broadview in Wichita. The conference provides an excellent opportunity for KPP members to learn about industry trends, participate in discussions on current challenges and innovations in public power, hear from industry leaders, and receive updates on KPP programs.

In past years, the KPP Annual Conference has been referred to as the “Fall Planning Summit.” This year’s conference will begin at 1 p.m. on Thursday, Sept. 15 and conclude at 3 p.m. on Friday, Sept. 16

To register for the conference, please visit [www.kpp.agency](http://www.kpp.agency). For more information or questions about the conference or registration, please contact Brooke Carroll at [bc Carroll@kpp.agency](mailto:bc Carroll@kpp.agency).

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**KPP 2022 CONFERENCE**

SAVE THE DATE  
**SEPTEMBER 15 & 16**

**Drury Plaza  
Hotel Broadview**

Registration Deadline  
**TUESDAY, AUGUST 16**

REGISTER ONLINE [www.kpp.agency](http://www.kpp.agency)

### KPP 2022 Conference features a great slate of speakers:

- Lanny Nickell, Chief Operating Officer, SPP
- Desmarie Waterhouse, VP of Government Relations, APPA
- Barry Moline, Exec. Director, California Municipal Utilities Association
- Matthew Lind, Director of Resource Planning, Burns & McDonnell
- Franek Hasiuk, Assoc. Scient. Kansas Geological Survey
- Many more...

## July Board Meeting Update

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Board of Directors held their regular monthly meeting on July 21, 2022 at the KPP offices in Wichita. During the meeting, the Board heard numerous reports from staff and outside consultants.

### Winter Storm Uri Surcharge

Prior to the meeting, KPP President Scott Glaves requested that staff provide an update to the Board regarding the status of the Winter Storm Uri surcharge and to identify potential options for handling the remaining balance of debt incurred by the storm. He noted that no action was to be taken and the information was to be provided for Board discussion purposes only. KPP Controller Vickie Matney gave the presentation.

The overall cost of Winter Storm Uri to KPP totals \$21.06 million. While the initial cost upon which the surcharge was calculated was \$17.8 million, the agency faced additional costs of \$2.49 million from the Southwest Power Pool (SPP) and \$1.33 million from GRDA well after the event. Through the June 2022 billing period, \$11.96 million or 56.8 percent of the \$21.06 million has been recovered through the Winter Storm Uri surcharge. Matney reminded the Board that 100 percent of the surcharge is applied each month towards repayment of cost of the \$18 million loan from the State of Kansas and the GRDA expense.

Three different options were presented to the Board:

1. *Maintain the one-cent per kWh surcharge*
2. *Increase surcharge to complete payback by the end January 2023*
3. *Roll shortage at end of 2022 into rates for 2023*

Continuing the one-cent surcharge until the full cost of Winter Storm Uri is paid off was presented as Option #1. Given current estimates, the one-cent surcharge would need to extend through June 2023 at which time it would change to approximately a 0.46-cent surcharge for the month of July 2023.

The second option was one that was presented just for discussion purposes, as the impact on KPP member communities would be excessive. This option reviewed what the surcharge would need to be if the agency were to pay off the full Winter Storm Uri debt by February 1, 2023. To pay off the remaining \$9.11 million, that surcharge would need to be 1.7 cent per kWh.

The third and final option is to roll the remaining amount of Winter Storm Uri debt at the end of calendar year 2022 into KPP rates for 2023. The shortage the agency will have remaining at the end of this year is currently estimated to be \$4.50 million. That amount would be added to overall KPP rates for 2023. Staff estimates that the added Winter Storm Uri cost would increase projected rates by 0.52 cents per kWh for 2023. However, projected rates would still be lower due to changes in KPP generation resources.

Board members participated in an in-depth conversation about the Winter Storm Uri costs and surcharge. No action was taken.



## July Board Meeting Update (continued)

### Brand Refresh Update

The Board heard an update from KPP CEO & General Manager Colin Hansen regarding a “refresh” of the current KPP logo. The existing KPP logo has been in place for 14 years. After researching numerous design firm options, Steve Wolf Designs of Kearney, Nebraska was hired in May to research and design a new brand identity for the agency. Hansen provided a presentation on the design process as well as a new draft KPP logo. The Board approved of the new design as well as moving forward with changing the name of the agency to “KPP Energy.”

### Operations Report

KPP Assistant General Manager Larry Holloway provided the Operations Report. He discussed several important initiatives that were recently approved by the Southwest Power Pool (SPP) Market and Operations Policy Committee (MOPC). These included an increase in the SPP reserve margin and changes to generation performance accreditation.

Holloway proceeded to provide an in-depth presentation regarding SPP performance-based accreditation for generation capacity. The change under consideration at SPP could significantly change the means by which KPP generation resources are accredited, Holloway noted.

### Member Services Report

KPP Director of Administrative Services Brooke Carroll highlighted key points of her written Member Services Report. She focused on the collaborative effort currently underway between KPP, KMEA, and KMU to provide assistance to our collective members to identify and pursue funding opportunities that may be available from the Federal Infrastructure Investment and Jobs Act (IIJA) and the Bipartisan Infrastructure Law (BIL).

### Cybersecurity Report

Gavin Rose of Custom Internet Services provided a report on the cybersecurity posture of KPP both in June and during the second quarter of 2022.

### CEO Report

KPP CEO & General Manager Colin Hansen provided a report to the Board on a variety of subjects including recent visits to member communities & city councils, the upcoming KPP 2022 Conference, 2020 convertible bonds, and an update from FERC and Congress.

SAVE THE DATE  
**SEPTEMBER  
15 & 16**

# KPP 2022 CONFERENCE

 **Drury Plaza  
Hotel Broadview**  
Wichita, Kansas

 Registration Deadline  
**TUESDAY, AUGUST 16**

**REGISTER NOW**



## KPP Partners with KMEA and KMU to Assist Members with Infrastructure Opportunities

**BROOKE CARROLL, DIRECTOR OF ADMINISTRATIVE SERVICES**

Over the past few months, KPP, KMEA, and KMU have been meeting to discuss ways to streamline timely information about the Federal Infrastructure Investment and Jobs Act (IIJA) and the Bipartisan Infrastructure Law (BIL) to the Kansas municipal utility community.

Very soon you will be receiving a formal announcement from KMU introducing this taskforce and instructions on how to take advantage of webinars, listservs, and grant writing professionals. Additionally, KPP plans to survey members to determine project needs and interest in applying for these federal and state dollars.

We recommend that if you have not already done so, each member city should register with SAM.gov by visiting <https://sam.gov/content/home>. Registering with SAM.gov will allow you to be able to apply for financial assistance or grants and loans. It is the intention that by coordinating information and providing all members with resources, Kansas municipals will be successful in their efforts to obtain funding. If you have any questions, please contact Brooke Carroll at [bc Carroll@kpp.agency](mailto:bc Carroll@kpp.agency).



## KPP, KMEA & KMU Meet with Kansas Transportation Secretary Lorenz

On June 29, KPP, KMEA, and KMU met with Kansas Department of Transportation Secretary Julie Lorenz. Representing the three municipal energy organizations were Colin Hansen (KPP), Paul Mahlberg (KMEA), Brad Mears (KMU), and Kimberly Gencur Svaty. The meeting also included Kansas Corporation Commission (KCC) Director of Utilities Jeff McClanahan and Executive Director Lynn Retz.

The meeting provided an opportunity for the three agencies to open a dialogue with Secretary Lorenz and the Kansas Infrastructure Hub about infrastructure bill opportunities. The group had a productive, wide-ranging conversation about possible funding opportunities for municipal utilities via the Bipartisan Infrastructure Law (BIL) and the Federal Infrastructure Investment and Jobs Act (IIJA).



# Changes Coming to Generator Accreditation

LARRY HOLLOWAY, ASSISTANT GENERAL MANAGER, OPERATIONS



To keep the lights on, electric transmission operators must make sure there is enough generation to always serve the load. One of the ways that is done in Kansas and other states throughout the Southwest Power Pool (SPP) is to make sure that each group of

transmission customers, like the Kansas Power Pool, has enough installed or purchased generation capacity to exceed their system peak needs by a specific minimum Planning Reserve Margin (PRM). Currently the PRM requirement in the Southwest Power Pool is 12 percent. This means, for example, if a transmission customer like KPP has a 100 megawatt (MW) peak load, it must have 112 MWs or more of generation capacity.

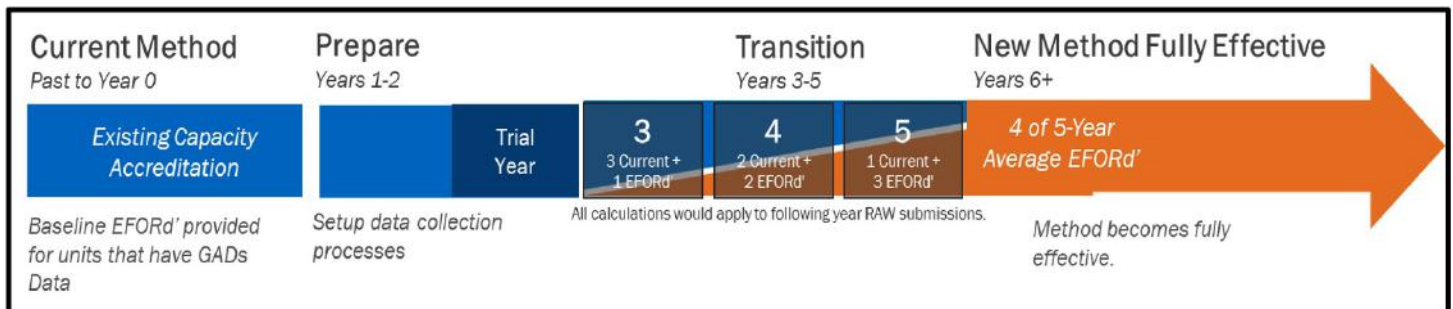
While calculating the PRM is simple, how to determine the generation capacity for different generating units is not. While a diesel generator might have a nameplate rating of 3 MW, when the weather is hot the unit may only be able to produce 90% of that, or 2.7 MW. Since we are most interested in the generating unit's ability to

produce power during peak load, and peak load usually occurs during peak weather conditions, we are interested in what the unit will produce when the weather is hot. For this reason, we test these units when it is above a certain temperature (depending on location) to determine what the unit will produce during these high temperature conditions. The maximum output these units can produce during these hot conditions is then referred to as the "accredited" generation capacity.

Recently there has been a growing concern about generation availability. While a generator may have a given tested accredited generation capacity, if it is commonly broken down or in need of repair it may not be available to perform when needed. Many parts of the country already adopted a performance-based adjustment for their accredited generation capacity. Generally, this adjustment consists of tracking the times when the generator experiences breakdowns or repairs that force the unit to go offline or to decrease its output. This process of adjusting a unit's accredited generation for performance is referred to as Performance Based Accreditation ("PBA").

As an example, suppose the diesel generator discussed earlier has a nameplate capacity of 3 MW and is tested at 2.7 MW, but has a 10% equivalent forced outage rate.

*(continued on page 6)*



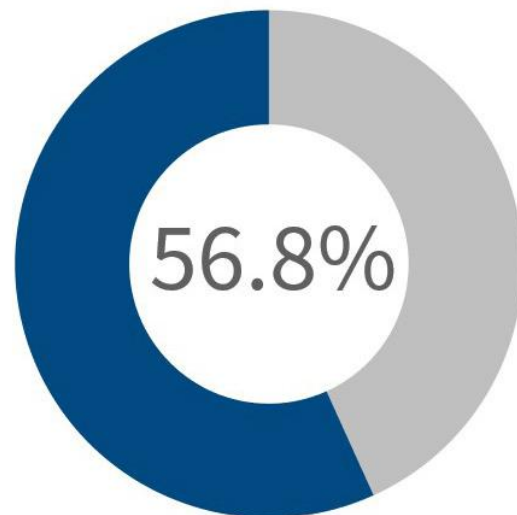
Year	Period		Accreditation
2022	Prepare	Set up outage collection process Collect data	Current If problems w/ collection process, will need a default value to use.
2023	Prepare	Collect data	Current
2024	Transition	Collect data	[3 * Current (2023) + 1 * PBA (1 of 2, 2022-23)] / 4
2025	Transition	Collect data	[2 * Current (2024) + 2 * PBA (2 of 3, 2022-24)] / 4
2026	Transition	Collect data	[1 * Current (2025) + 3 * PBA (3 of 4, 2022-25)] / 4
2027	New Method	Collect data	PBA, best 4 of 5 (2022-26)

Today it would have an accredited generation capacity of 2.7 MW. If an equivalent forced outage rate PBA is adopted, its accredited generation capacity would be reduced by another 10% to about 2.4 MW.

On July 26, the SPP Board of Directors voted to adopt PBA with a gradual phase in period. 2022 and 2023 will be used to record summer and winter performance data. The PBA adjustments to accredited generation capacity will then be phased in gradually over a period of several years. Each generator will then use a 5-year average equivalent forced outage factor (called EFORd'), but will be allowed to throw out the worst performing year's statistics. This phase in is described in the illustration on the previous page.

SPP Staff is committed to providing training and instructions on how to collect and report the performance data. KPP staff will work with generating cities to help compile the statistics and reports. We will also discuss this topic in greater depth at the KPP Conference in September.

## KPP Winter Storm Uri Costs



**TOTAL WINTER STORM URI EXPENSES: \$21,063,883**

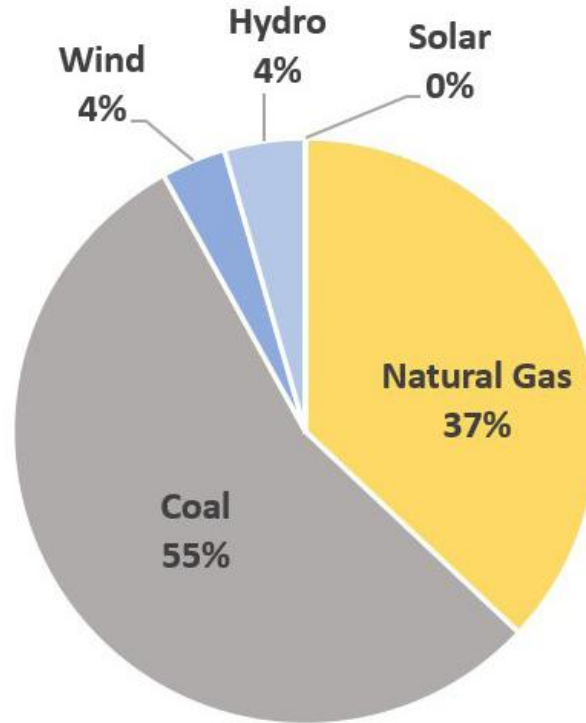
**SURCHARGE RECOVERED: \$11,957,179**



## KPP Resources by Fuel Source

### JUNE 2022

Coal - 55%  
Natural Gas - 37%  
Wind - 4%  
Hydropower - 4%



## Event Calender

### DATES TO REMEMBER - 2022

#### AUGUST 18, 2022

KPP Board Meeting

#### SEPTEMBER 15, 2022

KPP Board Meeting

#### SEPTEMBER 15, 16, 2022

KPP 2022 Conference  
Wichita, Kansas

#### SEPTEMBER 29, 2022

KPP Cyber Seminar  
Virtual

#### OCTOBER 20, 2022

KPP Board Meeting

#### NOVEMBER 4, 2022

KPP Rate Forum  
McPherson, Kansas

#### NOVEMBER 17, 2022

KPP Board Meeting

#### DECEMBER 9, 2022

KPP Board Meeting

#### DECEMBER 9, 2022

Annual Membership Meeting  
McPherson, Kansas

#### DECEMBER 29, 2022

KPP Cyber Seminar  
Virtual

