

March 2023

Walnut Energy Center Progress

KPP's Walnut Energy Center (WEC) continues to move forward. Staff received the Southwest Power Pool (SPP) Phase 1 study results on March 17th and the initial information is positive - no additional transmission cost were indicated to be assigned to our project. While this is only the first phase of a multiple phase study in the SPP Generation Interconnection (GI) process, it is good news. Staff has communicated with SPP that we wish to push forward with the project. Phase 2 study results are scheduled to be posted on December 27th of 2023. However, this will likely be delayed as the GI process has already experienced delays during Phase 1.

Walnut Energy Center will consist of three 18 megawatt (MW) Dual Fuel Wärtsilä Reciprocating Internal Combustion Engines providing a total energy center capacity of 54 megawatts (MW). The plant will be installed in Cowley County alongside the existing City of Winfield steam turbine. KPP is working with Burns and McDonnell as the Owner's Engineer to help us oversee and manage the project. Burns and McDonnell has extensive knowledge in this type of generating resources, having installed similar engines in locations such as Coffeyville, Kansas and Stillwater, Oklahoma.

The WEC was originally placed into the SPP GI process on April 1st of 2020. The SPP process for connecting generation to the transmission grid is a long progression that includes multiple studies investigating the impacts of generation on the transmission grid. The study in which WEC is located is referred to as the DISIS-2020 and kicked off in December of 2022. Our goal for commercial operation of the WEC is prior to peak summer loads in 2026.

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KPP Energy Offers Level 2 Electric Vehicle Charging Stations to Member Cities

BROOKE CARROLL, DIRECTOR OF MEMBER SERVICES

Each year, KPP partners with member cities to install level 2 electric vehicle charging stations. These units are provided on a first come, first served basis until the annual budget allocation has been depleted. We are excited to share that Augusta, Haven, Kingman, and Waterville have received chargers this month that features the new KPP Energy branding. Other cities that have previously taken part in this program include Ellinwood, Hillsboro, Marion, and Winfield.

The Level 2 EV Chargers provided by KPP Energy are manufactured by Leviton and have the following technical characteristics:

- Level 2 Charging Averages 32 Miles of Driving Range per Hour
- Level 2 Charging Averages 6-12 Hours to Fully Charge an EV
- 40 AMPS/240 Volts
- Weather Resistant Cable Cord
- Status Indicator Lights Indicate Power, Charging Status, and Faults
- Metering is at the Discretion of City

- No Option to Charge Customers for Use
- Compatible with all EV Supply Equipment Codes, Standards, and Recommended Practices

How does the KPP Level 2 Charger Program work? KPP will supply the charging equipment for one or two chargers. KPP staff will prepare the charger with KPP Energy branding and city information and arrange a promotional event if desired. KPP also provides reimbursement if an electrician is hired to assist with the installation. Finally, KPP Energy will arrange for your charger location(s) to be registered with PlugShare, the EV charging station map and network, to draw travelers across the state to your city.

The city must obtain city council approval and determine the location(s) of installation. City staff will prepare the site with any needed boring or electrical lines. Your city has the option to create signage and provide a meter at the charging location.

If you are interested in getting in on the 2023 KPP Level 2 Charger Program, please contact Brooke Carroll at bcarroll@kpp.agency for additional information.



City of Augusta



City of Haven



City of Waterville



KPP Members Participate in Successful Legislative Rally

The American Public Power Association (APPA) Legislative Rally was held February 27 – March 1, 2023 in Washington, D.C. Each year, Kansas Municipal Utilities (KMU) organizes meetings with the Kansas Congressional delegation at the rally so that municipal utilities can share information and concerns. This year, eleven municipal utility representatives from Kansas participated in the rally and APPA meetings.

KPP was well represented at the legislative rally by four KPP members: Clay Center Public Utilities Superintendent of Utilities and KPP President Scott Glaves, Burlington Mayor Stan Luke, Winfield City Manager Taggart Wall and KPP Energy CEO and General Manager Colin Hansen.



KPP President Scott Glaves (Clay Center) and Winfield City Manager Taggart Wall outside the Cannon House Office Building.



Kansas municipal utility delegation with Senator Jerry Moran.

During the rally, the APPA Legislative and Resolutions Committee approved eight policy resolutions including a resolution that urges immediate federal efforts to address the current supply chain crisis for critical grid components, such as distribution transformers. Another approved resolution calls for Congress to abandon the across-the-board spending cuts imposed by sequestration on direct payment bonds and remove the needless threat of statutory Pay-As-You-Go Act sequestration from refundable direct pay tax credits.

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Kansas rally delegates vote on APPA resolutions during the Legislative & Resolutions Committee meeting.



APPA Legislative Rally (continued)

Meanwhile, on Capitol Hill the issues discussed in meetings with the Kansas Congressional delegation included:

- Infrastructure Funding
- Full Funding for LIHEAP
- Supply Chain Disruptions
- Cyber and Physical Security
- Direct Pay Tax Credits and Advance Refunding of Municipal Debt
- Natural Gas Market Cap

The Kansas delegation also asked Congress to reinstate Advance Refunding Bonds. There is currently legislation from House Municipal Finance Caucus Chairman Ruppertsberger (D-MD) and House Ways & Means Committee member Kustoff (R-TN) that would reinstate the ability to issue tax-exempt advance refunding bonds.

KPP thanks both KMU and APPA for organizing this important annual meeting in Washington, D.C. to interact with our Congressional delegation.



Members of the Kansas Municipal Utilities delegation meet with Kansas Congressman Tracey Mann

KPP Meets with DOE, BEL Officials

On March 2nd, KPP Energy participated in a public power delegation that met with key officials from the Department of Energy's State & Community Energy Program (SCED). Winfield City Manager Taggart Wall and KPP CEO & General Manager Colin Hansen represented KPP at the meeting.

The Department of Energy was represented by DOE Principal Deputy Director Michael Forrester and SCED Chief of Staff Chris Castro. The meeting was organized by the Beneficial Electrification League (BEL) and other public power entities at the meeting included Missouri River Energy Services, the Northeast Public Power Association (NEPPA), and the cities of Stowe, Vermont and Littleton, Massachusetts.

The meeting was spent learning more about the DOE Office of State & Community Energy Programs and new infrastructure funding that may be available to public

power systems through the office. In particular, there is new funding amounting to \$3.5 billion for the Weatherization Assistance Program, \$810 million for State Energy Programs, \$1.2 billion for Community Energy Programs, and \$125 million for Partnerships.

KPP staff continues to investigate and research federal funding that could potentially be available for the agency and its members and has participated in a joint AMI grant that was developed by BEL.



Winfield City Manager Taggart Wall at DOE Headquarters.



SAVE THE DATE

GridEx VII

THE LARGEST GRID SECURITY EXERCISE IN NORTH AMERICA

NOV. 14 & 15, 2023

KMU TRAINING FACILITY, MCPHERSON, KS

Who Should Attend:

All City Staff

- City Managers
- Clerks
- Utility Staff
- Governing Body
- IT Staff/Consultants
- Police
- Fire

ALL KANSAS MUNICIPALITIES ARE INVITED

REGISTER TODAY!

CONTACT:

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Director of
Member Services

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www.kpp.agency

FERC Cold Weather Reliability Standards

The Federal Energy Regulatory Commission (FERC) approved two new extreme cold weather reliability standards on February 16th that are aimed at implementing key recommendations from the joint inquiry with NERC regarding Winter Storm Uri. The staffs of FERC and the North American Electric Reliability Corporation (NERC) issued a report in November 2021 regarding Winter Storm Uri, which included numerous recommendations to improve reliability in the face of extreme cold weather events.

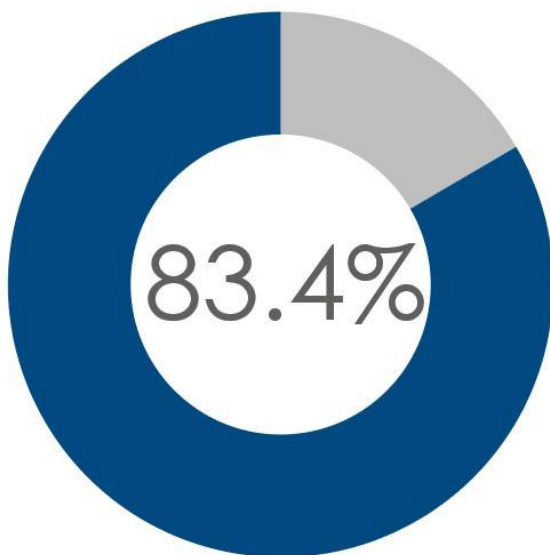
The reliability standards, proposed by the North American Electric Reliability Corporation (NERC) in October 2022, contain new and revised requirements to advance reliability of the grid during extreme cold weather temperatures. They include implementation of generator freeze protection measures, enhanced cold weather preparedness plans, identification of freeze-sensitive equipment in generators,

corrective actions for when equipment freeze issues occur, annual training for generator maintenance and operations personnel, and procedures to improve the coordination of load reduction measures during a grid emergency.



Winter Storm Uri

PERCENTAGE OF EXPENSES RECOVERED THROUGH FEBRUARY 2023



Winter Storm Uri Total Expenses

\$21,063,883

Surcharge Recovered

\$17,572,108

Balance Remaining

\$3,491,775



March Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Energy Board of Directors held their regular monthly meeting on March 16, 2023 at the KPP offices in Wichita. A summary of meeting highlights is provided here.

FEBRUARY 2023 ECA

James Ging, KPP Director of Engineering, presented the monthly update relating to the February 2023 ECA calculation. Mild weather throughout the month of February helped keep energy costs more affordable than anticipated. Total cost was below budget \$1,486,774. Energy costs were below budget \$1,454,916, transmission costs were below budget \$26,880, and capacity costs were below budget \$1,419. Due to the milder weather, energy sales were below budget by 10%.

With the significant decrease in energy costs for the month, the average cost of energy for KPP members in January was \$64.74 per megawatt-hour (MWh). This resulted in a positive ECA of \$0.00153 per kWh, considerably lower than what was projected.

Financial Report

Vickie Matney, KPP Controller, reviewed the financial statements for the Board. She noted that the 2022 financial audit of KPP is in process and will be finalized over the next several months. Following recent concerns about the recent banking crisis, Matney noted that KPP's bank accounts are all covered above the FDIC \$250,000 level with security pledges.

Matney also provided an update on Winter Storm Uri. After collecting almost \$563,000 with the surcharge

and putting it all towards the state loan, KPP currently estimates that the surcharge will be \$0.0083 for July 2023 to pay off the full amount.

Consideration of Emergency Stabilization Fund 2023

Under New Business, Matney provided a presentation regarding the movement of 2022 funds into the emergency stabilization fund. The fund was initiated in 2013 to accumulate revenues in excess of the 1.3 debt service coverage requirement, which may be used to reduce future rate increases and offset extraordinary expenses.

Matney noted that KPP's commitment of the 1.3 debt service coverage in 2022 was \$11.21 Million. The 2022 year-end net position before DAI is \$11,668,722, leaving approximately \$450,000 available to move into the emergency stabilization fund. The KPP Board voted to approve moving revenues in excess of the 1.3 debt service coverage (\$450,000) to the Emergency Stabilization Fund for 2022.

Solar Feasibility Studies

KPP Director of Engineering James Ging provided a presentation about a new KPP project to conduct a limited number of solar feasibility studies. The concept is to study a handful of potential sites for the installation of KPP solar projects should certain factors be positive to move forward. Key factors include new tax incentives, grant opportunities, and solar panel prices.

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March Board Meeting Review (continued)

GridEx VII

KPP Director of Member Services Brooke Carroll updated the Board about plans for GridEx VII. GridEx is the largest grid security exercise in North America. Hosted every two years by NERC's E-ISAC, GridEx gives E-ISAC member and partner organizations a forum to practice how they would respond to and recover from coordinated cyber and physical security threats and incidents. NERC and the E-ISAC apply the outcomes and lessons learned from GridEx exercises to help improve the security of the North American grid.

KPP is offering GridEx to municipal utilities across Kansas. GridEx VII will be held November 14 & 15, 2023 at the KMU Training Center in McPherson.

CEO REPORT

Finally, KPP CEO & General Manager Colin Hansen highlighted items taken from his comprehensive written report to the Board. One item that he discussed was the Beneficial Electrification League (BEL) grant proposal in which KPP recently participated. The Community-Owned Grid Resilience and Innovation Program (CO-GRIP) could potentially provide partial funding for KPP member communities seeking to implement or augment their AMI systems.

KCC Holds Public Hearing on Resilience Formula Grant Program

The Kansas Corporation Commission (KCC) held a public hearing on March 16th regarding the utilization of the State of Kansas' first and second year allocation under the Resilience Formula Grant Program. During the public hearing, KCC staff reviewed the criteria and anticipated methods to be used to grant awards to eligible entities and potential approaches for distributing funding.

The U.S. Department of Energy, using funds allocated in the Federal Investment Infrastructure and Jobs Act, will provide grants totaling approximately \$471 million in the first year and approximately \$459 annually over the next four years to States and Indian Tribes to improve the resilience of electric grids. Kansas is eligible for approximately \$6.6 million in annual grant funds.



Event Calender

2023 DATES TO REMEMBER

APRIL 20, 2023

KPP Board Meeting

APRIL 26-27, 2023

KMU 2023 Conference
Wichita Hyatt Regency

MAY 18, 2023

KPP Board Meeting

JUNE 17-21, 2023

APPA National Conference
Seattle, Washington

JUNE 19, 2023

KPP Board Meeting

JULY 20, 2023

KPP Board Meeting

AUGUST 17, 2023

KPP Board Meeting

SEPT. 28-29, 2023

KPP 2023 Conference

NOVEMBER 3, 2023

KPP Rate Forum

NOV. 14-15, 2023

GridEx VII

DECEMBER 8, 2023

KPP Annual Members Meeting

KPP Resources by Fuel Source

FEBRUARY 2023

