

KPP LIGHTNING ROUND

March 2024

KPP Generation Task Force Formed

FIRST TASK FORCE MEETING SET FOR APRIL 2

The KPP Board of Directors has appointed a new member task force to study the many opportunities and challenges facing KPP member-owned generation. The first meeting of the KPP Generation Task Force (GTF) will be on April 2nd at the KPP offices in Wichita. The GTF is made up of one representative from each KPP Energy generating city.

The KPP Generation Task Force (GTF) will be responsible for developing processes, policies, and procedures for improving the operation, availability, and reliability of KPP Energy member generation and providing these recommendations to the KPP Energy Board of Directors. Specific activities will include:

- Propose revisions in member generation cost compensation for maintaining reliable generation and knowledgeable operating personnel.
- Develop reporting requirements for generators to assure compliance with SPP requirements.
- Review of generation testing requirements.
- Address emerging issues and requirements for generation accreditation under the SPP tariff.

Thanks in advance to GTF members for dedicating their time and attention to these important member-generation issues.

KPP Generation Task Force Members:

- Augusta – Dominic Mosier
- Burlington – Denny Noonan
- Clay Center – Valerian Kondratieff
- Ellinwood – Jon Perron
- Erie – Jake Tromsness
- Kingman – Tim Goldston
- Minneapolis – Barry Hodges
- Mulvane – Jacob Coy
- Oxford – Patrick Kopfer
- Wellington – Travis Horsh
- Winfield – Tyson Kelley

IN THIS ISSUE

- KPP Generation Task Force Formed
- Lucas Member Spotlight - Grassroots Art Capital Takes National Stage
- March Board Meeting Review
- Energizing Cybersecurity
- EPA Delays New Standards for Existing Gas-Fired CTs
- FERC Affirms New Generator Interconnection Process
- Dogwood Gas Prepay
- KCC Now Seeking EECBG Applications
- New FERC Members Nominated
- SPP Marks a Decade of Integrated Marketplace
- 2024 Calendar of Events
- KPP Resources by Fuel Source

Grassroots Art Capital Takes National Stage

KPP ENERGY MEMBER SPOTLIGHT



KPP Energy is delighted to share an outstanding achievement that showcases Lucas, Kansas—a member of our KPP Energy family—on the national stage for its grassroots art scene. The city has been awarded the 2024 USA Today 10 Best Readers' Choice Travel Award for Best Small Town Arts Scene, a distinction that speaks volumes about the creativity, commitment, and vibrancy of the Lucas community.

Tucked away in the heart of Post Rock Country, Lucas is a quaint farming community with a population of just 393. It's proudly known as the "Grassroots Art Capital of Kansas" and acts as a magnet for art lovers and visitors worldwide, who are drawn to its distinctive attractions and the hospitality of its residents.

Upon entering Lucas, guests are welcomed by the World's Largest Souvenir Travel Plate, offering a playful glimpse into the town's creative essence. The architecture, characterized by its use of traditional Post Rock limestone, lends a historical richness to the local streetscapes, adorning both residential and commercial structures.

The downtown area of Lucas is a vibrant cultural hub. The Lucas Area Community Theater stands out in this area,

having been meticulously restored by dedicated volunteers. This modern venue supports a range of activities, including 3-D movies, concerts, plays, and community events, reflecting the town's strong commitment to the arts.

Another standout attraction is the Garden of Eden, an extraordinary outsider art environment crafted by Civil War Veteran S.P. Dinsmoor in 1907. With over 150 three-story concrete sculptures, this site—recognized in the National Register of Historic Places—embodies Lucas's pioneering spirit and its celebration of art from all walks of life.

This award does more than just recognize Lucas's artistic achievements; it highlights the community's spirit, resilience, and creativity. We invite KPP Energy members and friends to explore and engage with the rich artistic and cultural offerings of Lucas and congratulate the city on the award.



March Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER



The KPP Energy Board of Directors held their regular monthly meeting on March 21, 2024, at KPP offices in Wichita. A summary of meeting highlights is provided here.

February 2024 ECA

James Ging presented the monthly update relating to the February 2024 ECA calculation. Total costs were below budget \$210,236. Energy costs were below budget \$388,925; transmission costs were above budget \$36,115, and capacity costs were above budget \$146,590. KPP energy sales for the month were below budget by 16% and KPP demand was below budget by 18%, driving the monthly ECA up. The actual February 2024 ECA was \$0.01136 vs. budgeted of \$0.00231.

January 2024 Financial Statements

Written financial statements for the period ending January 31, 2024, were presented, showing a net position before DAI of \$497,703 and a change in net position of \$110,249. On the Balance Sheet, Vickie Matney noted she added the Deferred Walnut Energy Plant Cash and the Deferred PACE Grant Cash under Deferred Inflows of Resources.

PACE Project

Members were provided with proposed Electric Generation Utility Easement documents related to the PACE solar project for a total of six sites in the following Member cities: Ellinwood, Greensburg, Hillsboro, Marion, Wellington, and Winfield. The Board approved and authorized the documents to continue to move forward

with the PACE project. The easement document from Clay Center is forthcoming, and staff hopes to have easement documents secured from the final two sites in Kingman and Mulvane before the deadline of May 1.

The KPP Energy Board also adopted Resolution 2024-03-21-B, providing notice of the intent to issue approximately \$48 million in electric utility revenue bonds for the PACE solar project. While KPP has not formally received the PACE loan approval, the resolution is necessary for the application process.

It was noted that a Zoning Determination Letter will need to be acquired from each site's city as to proper zoning of each site for the solar array use. In addition, conversations continue between Hansen, Matney, J.T. Klaus, and bond counsel about financing the project and scheduling debt repayment.

Amendment to Dogwood Participation Agreement

Larry Holloway presented to the Board an Amendment to the Participation Agreement governing the Dogwood Generating Facility. Holloway explained the need for the change, resulting from the Missouri Electric Commission (MEC) looking to increase their ownership of Dogwood from 17% to 28% and requested the Board's approval of the same. He noted that the increase in ownership would make the Missouri Electric Commission the majority owner. The Board unanimously authorized the signing of the presented agreement.

Dogwood Gas Prepay Contract Background

At the last meeting, 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. Updated estimates

(continued on page 4)



March Board Meeting Review

CONTINUED FROM PAGE 3



show the annual savings to KPP will be closer to \$175,000.

Office Space

CEO and General Manager of KPP Energy, Colin Hansen, provided the Board with an update on the search for new office space for KPP Energy, starting with due diligence on a property at 151 South Laura. To that end, members were provided with the following:

- A six-page report dated February 23, 2024, from Steward Engineering Consultants, LLC, finding the building is in “generally good structural condition,” with only minor structural defects noted.
- A sixteen-page Property Evaluation from E. Carter Girrens, state certified appraiser with Martens Appraisal dated February 13, 2024, listing a final opinion of value as \$725,000.
- A sketch of the existing main floor of 151 South Laura drawn up by 3Ten Architecture.
- An estimate of \$61,340.38 from Farha Roofing to remove and replace the existing roof system there.
- Contractor cost estimates for renovations.

Hansen recommended against the purchase of 151 South Laura as he said he did not think it would be effective use of agency dollars. The KPP Board instructed staff to continue to look at other alternatives for KPP Energy’s new home with a preference to own rather than lease. Following discussion, the Board agreed to not purchase

151 South Laura. They also authorized Hansen to execute another “free look” contract, with a deposit not to exceed \$30,000, with approval of the President and review by General Counsel.

KPP Resource Adequacy

Larry Holloway gave a presentation on the important topic of KPP Resource Adequacy and changes in requirements coming down from Southwest Power Pool (SPP). He covered fuel assurance changes as well as changes in accreditation, which will change how variable energy, such as solar and wind, count towards resource adequacy. Larry Holloway informed the Board that SPP Reserve Requirements would be increasing, and that there would be consequences for resource deficiency.

Though these changes are not scheduled to go into effect until 2026 at the earliest, because of the negative financial implications KPP Energy could face, KPP staff are working to establish a gameplan to diminish the negative effects and to educate and update the Board on the matter. Specifically, they will complete updated load forecasts, accredited resources forecasts, consider the cost of short-term paper capacity, and consider the value of additional generation. Additional information will be provided at the April Board meeting covering updated resource adequacy and margin forecast. Staff recommendations on resource adequacy will be presented at the May Board meeting.



Energizing Cybersecurity

HIGHLIGHTS FROM THE KPP ENERGY CYBERSECURITY SUMMIT SERIES

We are pleased to share with you the highlights and key takeaways from the first session of our KPP Energy Cybersecurity Summit Series. Held on March 12th, the event was the first in four summits aimed at bolstering cybersecurity infrastructure and knowledge within KPP member communities. The summit trained participants from Augusta, Clay Center, Ellinwood, Haven, Kingman, Marion, Mount Hope, and Winfield.

Casey Davis, Chief Product Officer at Skyhelm, served as speaker and facilitator for this first cybersecurity summit. His session, titled “Basic Cyber Hygiene,” covered a spectrum of crucial topics:



- Understanding Cyber Threats and Risks: An eye-opening discussion on the landscape of cyber threats and the potential risks they pose to our operations.
- Password Management Techniques: Practical strategies for creating and managing strong, secure passwords to protect our digital assets.
- Safe Browsing Practices: Tips and best practices for navigating the internet safely, minimizing exposure to malicious content.
- Email and Phishing Awareness: Critical insights into recognizing and defending against phishing attempts and email-borne threats.
- Security Software and Firewalls: Guidance on leveraging security software and firewalls to fortify our defenses against cyber incursions.

Building on the momentum of our initial summit, we are excited to announce the next session scheduled for May 14th, focusing on Electric Utility Security. This upcoming event will feature a SCADA Hacking Lab, offering a hands-on experience in understanding and defending against vulnerabilities in our critical control systems. Line-crew and utility workers are particularly encouraged to attend, as the session promises to be both enlightening and instrumental in enhancing our operational security.

Registration for the next summit is now open. We urge all members to mark their calendars and visit the KPP Energy website for more details on how to participate. Together, we can continue to advance our knowledge, strengthen our defenses, and secure our future against cyber threats. For any questions, please contact Brooke Carroll at bcarroll@kpp.agency.





CYBERSECURITY SUMMIT SERIES

A thorough and detailed series aimed at empowering your municipality with the essential strategies and practices for complete cybersecurity readiness.

4-Part Series Include:

- Basic Cyber Hygiene - 3/12/24
- Electric Utility Security & SCADA Hacking Lab - 5/14/24
- Financial Crimes - 8/13/24
- Preparing for Cyber Disasters - 10/15/24

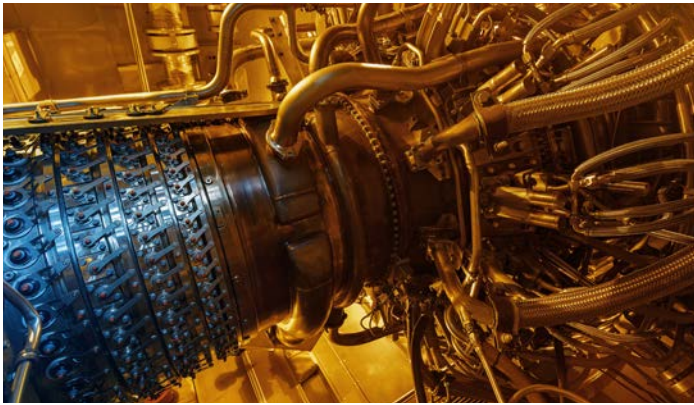
All KPP Energy Members & Guests are Invited
KMU Training Center, McPherson, KS
9AM to 3:30PM
Lunch Will Be Provided

Register at
www.kpp.agency
or by contacting Brooke Carroll
at bcarroll@kpp.agency.



EPA Delays New Standards for Existing Gas-Fired Combustion Turbine Power Plants

The U.S. Environmental Protection Agency (EPA) announced on February 29th that it would not apply proposed power sector greenhouse gas (GHG) rules to existing natural gas-fired stationary combustion turbines (CTs). Instead, the agency plans to proceed with new regulations on new gas-fired CTs.



Introduced last year, the proposed rules aimed to regulate GHG emissions from existing coal and new and existing natural gas-fired power plants. However, the EPA is now planning to promulgate standards for existing gas plants in a separate comprehensive rulemaking process that won't begin until late this year. As part of the formal rulemaking process, the final package was sent by the EPA to the White House Office of Management and Budget (OMB) on March 1, for interagency review.

Numerous public power organizations – including the American Public Power Association (APPA) – provided comments on the proposed regulations and highlighted a wide-ranging set of issues and concerns, such as technological limitations, timing issues and the negative impact on electric system reliability.

FERC Affirms New Generator Interconnection (GI) Process

The Federal Energy Regulatory Commission (FERC) on March 21st affirmed its July 2023 rule that streamlined the country's generator interconnection process. FERC's landmark Order 2023 made significant modifications to the pro forma generator interconnection procedures and agreements, notably requiring transmission providers to adopt a first-ready, first-served cluster process. Several entities sought rehearing or clarification of the order.

The FERC order addresses the respective roles and responsibilities of transmission providers and interconnection customers in the interconnection process. It also clarifies many topics ranging from public interconnection information and the cluster study process to withdrawal and study delay penalties, and the consideration of alternative transmission technologies.

KPP Energy has had a project – the 55 megawatt (MW) Walnut Energy Center – the SPP Generator Interconnection queue since 2020. The agency recently received notice from SPP that the project had passed “Decision Point 2” and that no additional financial security was required. The next steps are a Facilities Study and Generator Interconnection Agreement.



Dogwood Gas Prepay Agreement Nears Finalization

KPP Energy and the other municipal owners of the Dogwood Combined Cycle Energy Center (Dogwood) began meeting in August of 2022 to discuss opportunities to save fuel costs by using a tax-exempt natural gas prepay purchase agreement for a portion of their Dogwood energy usage. By carefully crafting an agreement for purchasing quantities of natural gas, IRS regulations allow municipal utilities or joint action agencies (such as KPP Energy) to enter into agreements to prepay for natural gas with entities that purchase the gas using tax exempt bond revenue. The revenue from these bonds goes to natural gas suppliers that agree to provide the quantities of natural gas at stated discount from a specified natural gas index.

Because these contracts require taking the gas, even if the plant is not running, and the gas must be remarketed, the municipal owners of Dogwood decided it made the most sense to only commit to purchasing 50% of the average daily gas volumes for the summer months of June through September, when it is most likely that Dogwood will operate in the market. Original estimates for KPP Energy to prepay that daily summer quantity of gas for Dogwood projected an annual savings (even allowing for administrative fees and some remarketing cost estimates) of about \$101,000. Fortunately, the bond sales were stronger than forecast and instead of the estimated discount of \$0.40/MMBTU of natural gas for the prepaid summer quantities, the sales yielded a discount of \$0.58/MMBTU for an estimated annual savings to KPP Energy of over \$159,000.

KCC Now Seeking EECBG Applications

The Kansas Corporation Commission (KCC) is now seeking applications from eligible entities for the Energy Efficiency and Conservation Block Grant (EECBG) program.

The stated purpose of the U.S. Department of Energy's EECBG Program is to assist units of local governments in implementing strategies to reduce total energy use of the eligible entities, improve energy efficiency, and build an equitable energy economy that prioritizes rural, underserved and disadvantaged communities. The KCC's allocation from the DOE will total \$1.9 million. No matching funds are required.

Under the program, States may make subawards to small local governments (counties and cities) who did not directly receive federal grants under the Program. The KCC intends to support with this program, through subgrants to local governments, projects limited to the replacement of traffic signals and/or street lighting with energy efficient lighting technology with a particular focus to rural,

underserved and disadvantaged communities in Kansas. Many publicly owned facilities in Kansas' communities are aging and inefficient, incurring high costs for energy and maintenance. Replacement of streetlights and traffic signals with more energy efficient lighting can significantly cut energy use and maintenance costs while improving light quality and output.

It is anticipated that awards will be made on a first-come, first-served basis for applications that meet the requirements, priorities and preferences, until the earlier of July 31, 2024 or all available funds have been allocated.

Copy of the Notice of Funding Opportunity and links to the Fund Application Guidance and reference materials can be found on the KCC's website and below.

- https://www.kcc.ks.gov/images/PDFs/kansas-energy-office/EECBG_Notice_of_Funding_Opportunity.pdf
- <https://kshub.submittable.com/submit/a17a81db-a4a3-4edf-a6c4-ed88a8f22469/energy-efficiency-and-conservation-block-grant-ecgb-program>



New Federal Energy Regulatory Commission (FERC) Members Nominated

On February 29th, President Joe Biden announced key nominees including three new FERC Commissioners. By statute, the Federal Energy Regulatory Commission shall be composed of five members, with no more than three from the same political party. The Senate Energy & Natural Resources Committee held a hearing on March 21st to consider the nominations.

A brief background on each of the three candidates, as provided by the President's Administration, are below:

Judy Chang

Judy Chang is an energy economics and policy expert with more than 20 years of experience working with energy companies, trade associations, and governments on regulatory and financial issues, particularly as they relate to investment decisions in energy transmission, clean energy, and energy storage. She is the former Undersecretary of Energy and Climate Solutions for Massachusetts, a role in which she led efforts to set policies across the Commonwealth's energy sector and align strategies and plans to meet legal requirements for climate change mitigation. Chang has taught as an Adjunct Lecturer in Public Policy at the Harvard Kennedy School and is a Senior Fellow at the Kennedy School's Mossavar-Rahmani Center for Business and Government. She holds a Master of Public Policy from Harvard Kennedy School and a Bachelor of Science in Electrical Engineering from the University of California, Davis.

David Rosner

David Rosner has fifteen years of experience across energy technologies, market design, and energy policy issues, both in and outside of government. He is an energy industry analyst for the Federal Energy Regulatory Commission, currently on detail to the U.S. Senate

Energy and Natural Resources Committee Democratic staff. During his time at FERC, Rosner led efforts related to the Commission's rulemaking on energy storage resources, electric transmission, offshore wind integration, fuel security, and natural gas-electric coordination. Rosner was previously a senior policy advisor at the U.S. Department of Energy's Office of Energy Policy and Systems Analysis and an associate director at the Bipartisan Policy Center's energy project. Rosner holds degrees in economics and public policy.

Lindsay S. See

Lindsay S. See is the Solicitor General of West Virginia, where she manages appellate and high-stakes litigation for the State of West Virginia. In addition to managing West Virginia's civil and criminal appellate dockets, her work focuses on regulatory and administrative law matters, and she leads and works with multi-state coalitions on a variety of national issues. See previously practiced appellate and administrative law for several years with Gibson, Dunn & Crutcher in Washington, D.C. She graduated magna cum laude from Harvard Law School and clerked for the Hon. Thomas B. Griffith on the D.C. Circuit.



SPP Marks a Decade of Integrated Marketplace and More than \$10.2 Billion in Savings

SOUTHWEST POWER POOL NEWS RELEASE

Southwest Power Pool (SPP) marked the 10th anniversary of its Integrated Marketplace March 1, 2024. The market, which includes day-ahead, real-time and congestion hedging components, has provided more than \$10.2 billion in benefits to members of its regional transmission organization (RTO) since its launch in 2014.



The value of SPP’s Integrated Marketplace has far surpassed initial expectations. Prior to its launch, studies anticipated the market would deliver up to \$100 million in annual benefits to SPP’s 14-state region. In its first year of operation, the Integrated Marketplace delivered \$380 million in net savings, paying for its development in just four months. SPP’s energy markets and RTO footprint have grown exponentially since then, delivering increasing value to the region. In 2023 alone, the Integrated Marketplace provided members \$2.25 billion in annual savings.

“The Integrated Marketplace is an important tool in SPP’s toolbelt. It allows us to provide low-cost reliable generation and additional economic benefits to the region,” said Barbara Sugg, SPP president and CEO. “I’m proud to celebrate this milestone anniversary and look forward to the market’s continued ability to increase value and affordability for our members.”

SPP’s Integrated Marketplace identifies and deploys the most cost-efficient energy in a 14-state region to meet regional demand, balances the supply and demand of electricity in real-time and provides financial products that enable the reliable and affordable use of the regional grid’s transmission lines. In conjunction with SPP’s transmission planning and reliability coordination functions, its market plays a critical role in maintaining regional reliability as affordably as possible.

SPP has served as a market operator for nearly two decades since designing and launching its first energy imbalance market in 2007. Since then, SPP has been committed to the ongoing development of its market solutions, working with members to continuously enhance its product offerings. In 2021, SPP launched the Western Energy Imbalance Services (WEIS) market, a real-time balancing market in the Western Interconnection. SPP is currently developing Markets+, a day-ahead and real-market designed to provide financial and environmental benefits and enhance electric reliability in the West.



Event Calender

2024 DATES TO REMEMBER

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
Norton's Brewing Company
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

JUNE 7-12, 2024
APPA National Conference
San Diego, California

JUNE 10, 2024
KPP Board Meeting

KPP Resources by Fuel Source

FEBRUARY 2024

