



# KPP LIGHTNING ROUND

## MAY 2022

## Winter Storm Uri Progress

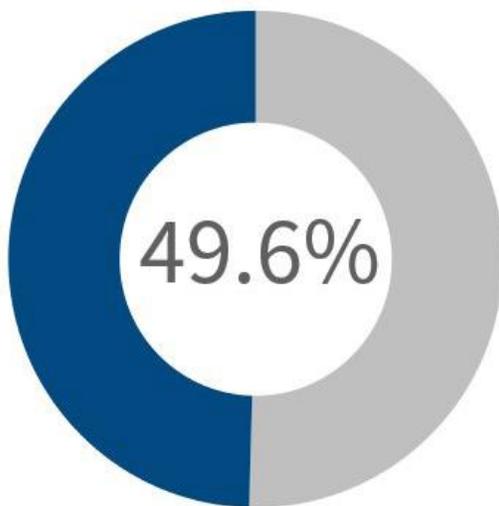
In February 2021, extreme cold temperatures throughout the Midwest caused a disruption in the supply of natural gas due to frozen and damaged pumps and pipelines. For a brief period, natural gas prices and related electricity prices increased exponentially and KPP's costs to provide power to its members similarly increased.

The KPP utilized approximately \$18,000,000 from its accounts, including its money market and emergency stabilization fund (ESF) to pay the costs. In response to this emergency, the State of Kansas established the City Utility Low Interest Loan Program administered by the State Treasurer to pay the costs of gas and electricity during February 2021. The KPP has replenished the balance of the money market and ESF with a \$18,000,000 loan from the State of Kansas' City Utility Low Interest Loan Program.

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## Winter Storm Uri Costs



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

**SURCHARGE RECOVERED: \$10,443,012**

The KPP was also subject to pay funds resulting from Southwest Power Pool (SPP) S120 resettlements of the integrated market caused by the February 2021 weather event. The S120 resettlement was a total of \$2,491,766. In August 2021, The KPP was notified that their portion of February Winter Storm Uri cost from GRDA was \$1,326,481. In December 2021, the KPP received a resettlement back from the integrated market of \$538,635. The total cost of Winter Storm Uri for KPP was \$21,063,883.

Beginning in February 2021, a one-cent per kWh surcharge was added to Member city monthly billings to generate revenues to repay Winter Storm Uri expenses. As of April 2022, \$10,443,012 has been collected from these surcharges. To better educate and assist the KPP membership, this information will now be included in the monthly Lightning Round newsletter.

## KPP Holds 2022 Member Appreciation Dinner

On April 27, KPP held its annual Member Appreciation Dinner in Wichita. Held in conjunction with the KMU 2022 Conference, the Member Appreciation Dinner provided an opportunity for KPP members to come together for a relaxing evening of great food and fellowship. It is also an opportunity for the KPP Board and staff to offer thanks for their support and dedication to the agency.

The dinner was held at a new location this year. The Boathouse, located directly across from the Wichita Hyatt Regency, was a unique venue that also allowed members to explore the Kansas Sports Hall of Fame located within the facility. Thanks to all the KPP members that joined us for the Member Appreciation Dinner.



## May Board Meeting Update

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Board of Directors held their regular monthly meeting on Thursday, May 19. The meeting included two action items in addition to updates from the KPP staff on a variety of projects.

### April 2022 ECA Analysis

KPP Director of Engineering Services James Ging provided the energy cost adjustment (ECA) for April 2022. The ECA analysis is provided at the beginning of every KPP Board meeting and members are encouraged to listen in and ask questions. In April, KPP's transmission costs were above budget by \$56,978. However, energy costs were below budget by \$560,512 and capacity costs were below budget by \$223,366. The KPP load factor for the month was 67 percent compared to a budgeted load factor of 74 percent. The overall ECA for April was very favorable compared to budget. The actual ECA of \$0.00646 compared to a budget forecast of \$0.01774. April is typically budgeted to be the highest ECA of the year due to decreased energy sales during the shoulder months.

### Winter Storm Uri Costs

Over the last month, numerous KPP members have contacted staff asking about the status of the Winter Storm Uri surcharge and how long it might be expected to continue. In response, KPP staff recommended to the Board that we include a chart in each monthly KPP Lightning Round newsletter showing the agency's progress towards paying off the unexpected Winter Storm Uri costs. The KPP Board strongly agreed and directed staff to include the information in the monthly Lightning Round.

### RICE NESHAP Performance Testing

KPP Assistant General Manager of Operations Larry Holloway presented a proposal to the Board for performance testing and compliance documents for KPP member communities that operate reciprocating internal combustion engines (RICE) and are subject to the RICE NESHAP emissions regulations under 40 CFR 63 Subpart ZZZZ. The Board approved the proposal and Donna Oehm of Power Plant Compliance will be available to KPP members to conduct the performance testing.

### ARRs – “Auction Revenue Rights”

Holloway also updated the Board about nomination of congestion paths in the Southwest Power Pool (SPP) annual ARR allocation. ARR refers to “Auction Revenue Right”, a financial right that is awarded during the Annual ARR Allocation Process that entitles the holder to a share of the auction revenues generated in the applicable Transmission Congestion Rights (TCR) Auction(s) and/or entitles the holder to self-covert the ARRs into TCRs. The Board authorized KPP CEO / General Manager Colin Hansen to negotiate and execute an amendment with energy service company Tenaska Power Services Co. dealing with the monthly ARR allocation process.

### Engineering Report

Ging updated the Board about the Kingman Cunningham substation project that is close to completion. KPP and the City of Kingman have developed the project that will interconnect Kingman's 34.5 kilovolt (kV) line to a new 115 kV substation northwest of Cunningham, Kansas. Upon completion, the city will no longer have transmission import limits and their generation facilities will be able to fully dispatch in the Southwest Power Pool Integrated Market. The goal is to have the project energized by early June.



## KPP Board, Staff Tour Dogwood Energy Facility

Members of the Kansas Power Pool Board of Directors and staff toured Dogwood Energy Facility on May 19, 2022. KPP is a 10.3 percent owner of Dogwood and the natural gas fired power plant makes up an important part of the agency's power supply mix. The Dogwood Energy Facility was KPP's first generation asset when the agency issued bonds in 2012 to acquire a significant portion of the power plant.

Located in Pleasant Hill, Missouri, Dogwood uses highly efficient combined-cycle technology based on two Siemens Westinghouse 501F combustion turbines. The turbines began commercial operations in 2003 and have been upgraded to the latest technology offered by Siemens. The majority owners of the facility are five public power agencies / utilities. The total capacity of the plant is 675 megawatts (MW).



Dogwood Energy Facility Plant Manager Steve Hilger describes the attributes of the combined cycle gas plant.

**From left to right:** Vickie Matney (KPP), Brooke Carroll (KPP), Mayor Lou Thurston (Hillsboro), Larry Holloway (KPP), James Ging (KPP), Gus Collins (Winfield), Colin Hansen (KPP), Brad Mears (KMU), Chris Komarek (Ellinwood), Tim Johnson (Augusta), Scott Glaves (Clay Center), and J.T. Klaus (TWG).



## SPP Annual State of the Market 2021 Report

The Southwest Power Pool (SPP) Marketing Monitoring Unit (MMU) released its Annual State of the Market report for 2021. As expected, Winter Storm Uri was the predominant story for the year. Many of the metrics in this report are heavily skewed as a result of the event. For some of the highlights shared below, 2021 values for the full calendar year are shown as well as values for 2021 with February excluded in order to provide a better year-over-year comparison:

**Day-ahead market and real-time market prices increased.** The average day-ahead price was \$27/MWh and the average real-time price was \$25/MWh when the winter weather event is excluded, both a 50 percent increase over 2020. When the winter weather event is included, the day-ahead market price averaged \$63/MWh and real-time market price was \$37/MWh for 2021, an increase of 250 percent for day-ahead and 120 percent for real-time over 2020. Higher gas prices along with effects of the February winter weather event are the largest contributors for the increase.

**Gas prices increased.** The average gas price for 2021 at the Panhandle Eastern hub was \$3.44/MMBtu when the winter weather event is excluded, an increase of 100 percent from \$1.72/MMBtu in 2020. When the winter weather event is included, the average price for the year was \$4.96/MMBtu, up 190 percent.

**Make-whole payments increased.** Make-whole payments in 2021 were up markedly over 2020, even when removing February from the 2021 totals. Without February, day-ahead make-whole payments totaled \$75 million, up 41 percent from 2020 and real-time make-whole payments totaled \$116 million, up 128 percent from 2020. Including February, day-ahead make-whole payments for 2021 totaled \$978 million, with 93 percent of those occurring during February. Real-time make-

whole payments totaled \$354 million, with 67 percent of those occurring during February.

**Negative priced intervals increased.** The frequency of negative priced intervals increased by 70 percent in the day-ahead market and by 37 percent in the real-time market over 2020. Fifteen percent of all asset owner intervals in the real-time market had negative prices, up from the 11 percent in 2020. Eight percent of the day-ahead asset owner intervals had negative prices, up from 4.5 percent in 2020. The MMU remains concerned about the continued increasing frequency of negative price intervals. Negative prices may not be a problem in and of themselves, however, they do indicate an increase in surplus energy on the system and/or an increase in available low-cost generation.

**Congestion costs increased.** Total congestion payments for 2021 were nearly \$1.2 billion; up from \$450 million in 2020. This marked increase can primarily be attributed to the proximity of existing generation to load, the proximity of newly constructed generation to load, the outage of key transmission facilities.

**Generation mix changed.** Coal generation represented the largest portion of total energy produced at 35.8 percent of the total. Wind generation was slightly behind at 34.6 percent of the total. Gas resources saw a decrease in generation in 2021 to 19.9 percent, with high gas prices causing other generation types to be more economic.

**Wind generation increased.** Nearly 3,800 MW of wind generation capacity was added to the market in 2021. Wind generation capacity now accounts for 29 percent of installed nameplate capacity in the SPP market and stands at 30,493 MW.



## Another KPP Member Installs Advanced Metering Infrastructure (AMI)

We are pleased to announce that another KPP Member city has completed the installation processes of AMI for their electric utility. The City of Erie made the commitment back in December 2020 to move ahead with this advanced technology after researching various vendors and options and attending the KPP AMI Technical event held at the KMU Training Center earlier that year. Erie decided to install the Vision Metering system, which met their goals and needs in an affordable manner. Soon, the city intends to install water meters, which will be compatible with the Vision Metering system.

On April 25, contractors made their way to Erie and conducted a mass meter exchange on electric meters and completed nearly 600 meter exchanges in three days. The city opted to go a step further and have the contractors do CT testing on the polyphase meters to review the accuracy of current installations and make recommendations to improve reliability and reporting.

With the new automated meters and technology, the City of Erie, will be able to read meters remotely from the city offices, saving time, labor, and money, and increasing safety measures for city staff. In addition to reducing operational costs, the new meters, which can receive and send information to computers at the city offices, will help improve the reliability of their system. The new technology allows them to detect problems more quickly and to locate outages more precisely. In some cases, they will be able to fix the problem before customers know their power has been out.

We encourage any member interested in knowing more about AMI to contact James Ging or Brooke Carroll for more information.



## Glick Renominated for FERC Chair by President Biden

President Biden recently renamed Richard Glick as Federal Energy Regulatory Commission (FERC) Chairman and renewed him to serve another term. He had been serving a Commission term that ends June 30, 2022. Glick was first named to FERC by President Trump in August 2017 and confirmed by the U.S. Senate on November 2, 2017. Prior to joining the Commission, he was General Counsel for the Democratic members on the U.S. Senate Energy and Natural Resources Committee, serving as a Senior Policy Advisor on numerous issues including electricity and renewable energy.

Prior to that, he was Vice President of Government Affairs for Iberdrola's renewable energy, electric and gas utility, and natural gas storage businesses in the United States. Glick previously served as a Director of Government Affairs for PPM Energy and before that was Director of Government Affairs for PacifiCorp. Glick served as a Senior Policy Advisor to U.S. Energy Secretary Bill Richardson, and before that was Legislative Director and Chief Counsel to U.S. Senator Dale Bumpers (D-AR). From 1988-1992, Chairman Glick was an Associate with the law firm of Verner, Lipfert, Bernhard, McPherson and Hand. He is a graduate of The George Washington University and Georgetown Law.



# Hansen Receives KMU Schowalter Award

## KMU PRESS RELEASE

Colin Hansen, CEO and General Manager of the Kansas Power Pool, and former Executive Director of Kansas Municipal Utilities, was presented with the 2022 Edgar P. Schowalter Award by Kansas Municipal Utilities (KMU), the statewide association of municipally-owned and operated electric, gas, water and wastewater utilities in Kansas. The award, the highest honor provided by KMU, is given annually to recognize individuals that have made outstanding contributions to the municipal utility industry. Hansen was presented the award at the KMU 2021 Conference in Wichita on April 28, 2022, by Brad Mears, KMU Executive Director.

“Colin Hansen has probably done more to advance the interests of municipally-owned utilities in Kansas in his 22 years of service to the association than any other person in the history of KMU,” said Mears. “Through his vision and leadership as KMU Executive Director, KMU was able to dramatically transform the organization to expand the programs and services KMU now offers to its member utilities.”

Colin started his utility association career with the Iowa Association of Municipal Utilities (IAMU) in 1995, but, in 2000, he was hired the KMU Executive Director position of Kansas Municipal utilities. Under Hansen’s leadership, KMU grew more than 10-fold in size and scale including the construction of the KMU Training Center, a \$3.3 million world-class utility training facility dedicated to workforce development for municipal utilities. He oversaw the growth expansion of technical and safety training opportunities for electric and natural gas utilities while dedicating new resources to enhance water and wastewater training and programming for member cities.

During his tenure at KMU, Colin was appointed by a Kansas Governor to Chair the Kansas Energy Council, as

well as serving as chair of the Midwest Municipal Utilities, and the APPA Legislative and Resolutions Committee. He was appointed to committees and task forces on electric, natural gas, water and telecommunications issues by four separate Kansas governors. And, he is currently serving as the Chair of the American Public Power Association through June.

Colin points to his most significant accomplishments at KMU as the construction of the KMU Training Center for municipal utilities and to assembling a staff that could make things happen. When Colin left KMU, he said, “KMU has meant the world to me -- the member cities and staff are family. The progress we have made together in support of community-owned utilities will be some of the proudest achievements of my career.”

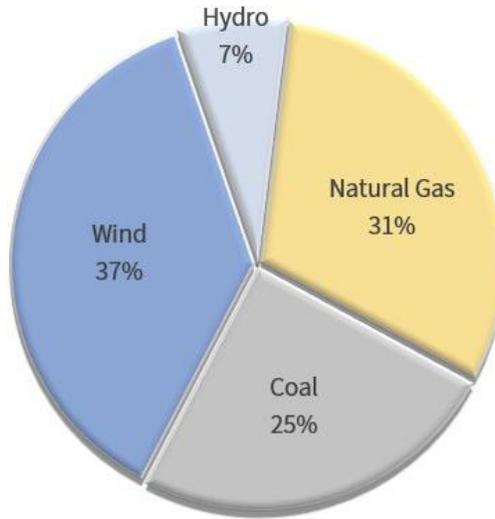
The Schowalter Award is named after the late Ed Schowalter, who was an outstanding leader in the municipal utility industry, both in Kansas and across the United States. Mr. Schowalter served the Kansas City Board of Public Utilities for 28 years and was as a guiding force for KMU for over 27 years.



## KPP Resources by Fuel Source

**APRIL 2022**

Wind - 37%  
 Natural Gas - 31%  
 Coal - 25%  
 Hydropower - 7%



### Event Calender

**DATES TO REMEMBER - 2022**

**JUNE 11 - 15, 2022**  
 APPA Natl. Conference  
*Nashville, Tennessee*

**JUNE 13, 2022**  
 KPP Board Meeting

**JUNE 30, 2022**  
 KPP Cyber Seminar  
*Virtual*

**JULY 21, 2022**  
 KPP Board Meeting

**AUGUST 18, 2022**  
 KPP Board Meeting

**SEPTEMBER 15, 2022**  
 KPP Board Meeting

**SEPTEMBER 15, 16, 2022**  
 KPP Fall Planning Summit  
*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*

