

# **KPP** LIGHTNING ROUND

**May 2023**

## **KPP Invites Members to Regional Appreciation Events - July 26 & 27**

Please mark your calendars for two regional member appreciation events to be held this summer in two KPP member communities. The events provide a great opportunity to learn more about all the activities happening at KPP Energy and to network and socialize with other KPP members.

The first Member Appreciation Event will be held Wednesday, July 26<sup>th</sup> in Wellington. The welcome event and meeting will be held at the Wellington Golf Course and will begin with a reception at 5 p.m., dinner at 6 p.m. and a short presentation and Q&A session with door prize drawing afterwards.

The second Member Appreciation Event will be held the following day, Thursday, July 27<sup>th</sup> in Minneapolis. The meeting will take place at The Farm, an exciting new venue in Minneapolis. Again, the schedule will be a reception at 5 p.m., dinner at 6 p.m. and a short presentation from KPP staff.

We would love to see as many KPP members as possible attend one – or both – of the member appreciation events. Please mark your calendars and join us in July!

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## May Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Energy Board of Directors held their regular monthly meeting on May 18, 2023 at the KPP offices in Wichita. A summary of meeting highlights is provided here.

### April 2023 ECA Analysis

The April 2023 ECA Analysis was presented by James Ging, KPP Director of Engineering Services. The news continues to be positive for KPP rates, with a lower-than-expected energy cost adjustment (ECA). For the month of April, KPP costs were below budget by \$560,537. Transmission costs were below budget \$162,936, energy costs were below budget \$66,332, and capacity costs came in under budget by \$329, 601. The resulting ECA was a negative 0.785 cents per kilowatt-hour (kWh), well below the budgeted ECA of negative 0.211 cents / kWh.

### Financial Statements

Vickie Matney, KPP Controller, presented the agency's financials and an update on Winter Storm Uri. KPP financials continue to be strong with total KPP assets of \$99.5 million. Following the April payment of \$533,224 to the State of Kansas for the Winter Storm Uri loan repayment, KPP has \$2.38 million remaining to be paid back. If energy sales meet budget estimates, KPP members should expect three more months of the Winter Storm Uri surcharge – May, June and July.

### Solar Proposals

The KPP operations team – Larry Holloway, James Ging & Colin Hansen – provided updates to the Board on two separate proposals regarding solar energy. The first proposal was for feasibility studies to be conducted for several KPP communities. The concept is to conduct the feasibility studies to be “shovel ready” should the

conditions be right to proceed (grant availability, direct tax incentives, etc.).

A second solar proposal heard by the Board was for a large utility-scale solar project in western Kansas. Under this proposal, KPP could participate in a 20- or 30-year purchase power agreement (PPA) at a set price. After discussion, the Board took no action on either proposal.

### Walnut Energy Center

Key representatives from engineering company Burns & McDonnell joined the Board meeting virtually to provide a presentation on the project development path for Walnut Energy Center. Walnut Energy Center is KPP's largest project to date and will include three 18 megawatt (MW) Wärtsilä units to be placed near the existing steam plant in Winfield.

The next step in the project is to contract with an engineering firm to develop a project scope, schedule and budget. The engineering work will be on a parallel path with development of financing options and awaiting final approvals from the Southwest Power Pool (SPP).

An engineering proposal was presented that includes two considerable tasks. The first is the development of a Project Definition Report (PDR) that will include:

- Conceptual Design / General Arrangements
- Division of Responsibilities/Equipment Lists
- Performance Estimates
- Geotechnical Investigation
- Air Permit Review
- Sound Assessments
- Project Schedule Development

*(continued on page 3)*



## May Board Meeting Review (continued)

The secondary task will create a Budget Level Cost Estimate for the project and include:

- Class 3 Cost Estimate (suitable for seeking bonding)
- Risk Assessment / Contingency Analysis
- Cash Flow Summary

Following discussion, the KPP Board approved the proposal from Burns & McDonnell for project development support.

### Operations Report

KPP Assistant General Manager of Operations Larry Holloway provided a report to the Board on numerous operational activities over the past month. He noted that voltage imbalance issues at Solomon Energy Storage Center (SESC) have largely been resolved and that the unit is currently operating in the SPP market and offering regulation services. Holloway also reported on Dogwood Power Plant. The planned Spring outage for Dogwood has been moved from April to May to repair steam valve leaks and investigate turbine bearing vibration that developed during startup. The municipal owners of Dogwood continue to evaluate a possible natural gas prepay contract.

### Engineering Report

Director of Engineering Services James Ging reported on the progress on projects in several KPP member cities, including Marion, Mount Hope, Mulvane, and Waterville. He also reported on the final resource adequacy study that was performed and submitted to SPP. KPP experienced a 2.2 MW decrease in load in 2022. Ging noted the importance of member-owned generation in meeting our reserve margin obligations at SPP.

### CEO Report

KPP CEO & General Manager Colin Hansen provided the final report of the meeting. He discussed the new greenhouse gas (GHG) regulations that were announced by the Environmental Protection Agency (EPA) on May 11. Currently, those regulations are focused on coal-fired and large natural gas turbines. His report also included updates on permitting reform on Capitol Hill, a legislative effort urging the Department of Energy to withdraw proposed conservation standards for electric distribution transformers, the Evergy rate increase request, and upcoming member appreciation events in Wellington and Minneapolis.



## KPP Members Awarded at KMU 2023 Conference

Several KPP members received awards at the KMU 2023 Conference in Wichita in late April. The awards were presented at the KMU Conference Banquet on April 28<sup>th</sup> at the Wichita Hyatt Regency.

### Fred Diehl Award - Mayor Stan Luke

Burlington Mayor Stan Luke was awarded the 2023 Fred D. Diehl Award for his contributions and leadership towards the advancement of municipal utilities in Kansas. The Diehl award is presented to an outstanding elected official who has done much to benefit the municipal utility industry in Kansas. The award is named for former McPherson Mayor Fred Diehl. Diehl was a pioneer in municipal electric utility management and the first general manager of the McPherson Board of Public Utilities. Mayor of McPherson and as a consulting engineer to many municipal electric utilities across the state leaving a legacy of service to the municipal electric industry.



### Daryle Nielsen Mutual Aid Award - George Rice

Retired Clay Center Electric Superintendent George Rice received the 2023 Daryle Nielsen Mutual Aid Award. The award was established in 2008 to honor the mutual aid efforts of Daryle Nielsen of Ellinwood who served as a Regional Coordinator for the Mutual Aid Program from its inception in 2000 until his retirement in late 2007. The award is bestowed on an individual to recognize exemplary leadership, initiative, and dedicated service to the neighbor-helping-neighbor philosophy of mutual aid.



## KPP Members Awarded at KMU 2023 Conference (ctd.)

### Power Plant Operator Award of Excellence - Marc Cain III

Marc Cain III of Augusta was awarded the KMU Power Plant Operator Award of Excellence. The award is given annually to one power plant operator or maintenance technician from a municipal utility in the state of Kansas. In order to be nominated, the operator must meet a lengthy set of criteria, including demonstrating a commitment to improving the lives of their community members, striving to achieve excellence in their technical field, and acting as a mentor for their peers.



### Taggart Wall, KMU 2023-2024 President

Also at the KMU Conference, Winfield City Manager Taggart Wall became the 2023-2024 President of Kansas Municipal Utilities. The President's gavel was passed to Wall by 2022-2023 KMU President Mike Shook of Coffeyville. Wall has served as the City Manager of Winfield since May 2019. Prior to joining the City of Winfield, Taggart was City Manager of Sterling, Kansas for over five years. In addition, Wall served on the Commission and as Mayor in Winfield from 2009 - 2013.



## EPA Releases Proposed Greenhouse Gas Emissions Rules Targeting Coal & Gas Turbine Power Plants

On May 11<sup>th</sup>, the Environmental Protection Agency (EPA) issued new long-awaited rules to limit carbon dioxide (CO<sub>2</sub>) emissions from new, existing, modified, and reconstructed power plants. Specifically, the rules would regulate new gas-fired combustion turbines, existing coal plants, and certain large and base-loaded existing gas plants. The proposal includes establishing more stringent performance standards and new emission guidelines for fossil fuel-fired generating units. The proposed regulations would also effectively repeal existing Affordable Clean Energy (ACE) rules.

To address greenhouse gas (GHG) emissions from existing fossil fuel-fired stationary combustion turbines, the EPA is proposing emissions guidelines for large and frequently used existing stationary combustion turbines. Further, EPA is soliciting comments on how the agency should approach its legal obligation to establish emissions guidelines for the remaining existing fossil fuel-fired combustion turbines not covered by this proposal, including

smaller, frequently used, and less frequently used, combustion turbines.

At this point, it appears that the new regulations are focused primarily on coal-fired power plants and natural gas combustion turbines. It is unclear whether the newly proposed regulations might eventually affect reciprocating internal combustion engine (RICE) units. KPP staff is investigating the possible impacts and will keep the KPP membership updated.

Under Section 111(d) of the Clean Air Act (CAA), states must submit plans to EPA that provide for the establishment, implementation, and enforcement of standards of performance for existing sources. These state plans must generally establish standards at least as stringent as EPA's emission guidelines. States may consider remaining useful life and other factors when applying standards of performance to individual existing sources. In Kansas, the regulations would be promulgated and enforced by the Kansas Department of Health and Environment (KDHE).



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

**REGISTER TODAY!**

### CONTACT:

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Director of  
Member Services

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## Moran, Marshall Introduce SWPA Bill

U.S. Senators Jerry Moran and Roger Marshall recently introduced legislation to “help provide stable energy rates and a reliable energy grid to states in the Southwestern Power Administration (SWPA), including Kansas, Arkansas, Louisiana, Missouri, Oklahoma and Texas.”

The Southwestern Power Administration Fund Establishment Act would give the SWPA the authority to operate on a self-funding, revolving Treasury fund to help provide long-term stability to SWPA. This would give the SWPA more stable funding in order to lower customer rates, which can be highly volatile due to market demand and weather. Furthermore, this legislation would provide SWPA more clarity to help plan long-term infrastructure improvements and power replacement. This bill will also allow SWPA to avoid drastic and unnecessary spikes in power rates charged to its wholesale customers in an extreme or multi-year regional drought situation.

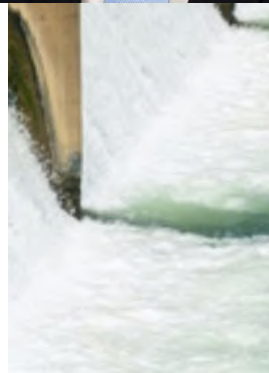
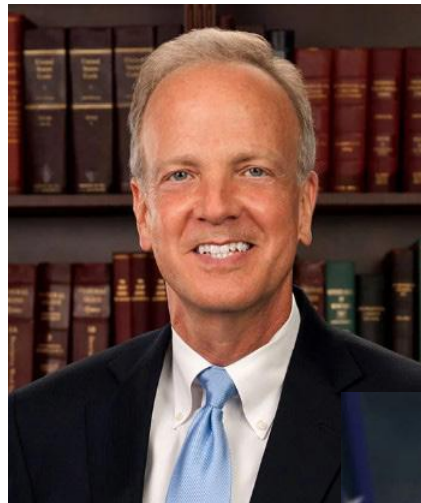
“It is critical that Kansans have access to reliable electricity at stable rates, especially during extreme and dangerous weather,” said Sen. Moran. “This legislation will provide funding stability that will allow energy providers to make needed infrastructure improvements and prevent Kansans from suffering mass power outages.”

“At a time of economic uncertainty and skyrocketing inflation, I am proud to work with Senator Moran on legislation that will drive down energy rates for consumers,” said Sen. Marshall. “Kansans depend on reliable and affordable power, especially our Ag producers, who are already facing worsening drought conditions across the state. This bill will help

provide certainty by delivering stable and affordable power to consumers while improving our power grid infrastructure.”

“Federal hydropower is a reliably renewable generation resource. This legislation recognizes the value of protecting that resource throughout the six-state region, making sure that these important assets are maintained. This legislation would go a long way toward ensuring grid reliability and affordably throughout the region for millions of homes, farms and small businesses. I thank Sens. Moran and Marshall for introducing this important bill that represents good business sense,” said Nicki Fuller, Executive Director, Southwestern Power Resources Association.

Several KPP members receive an allocation of power from the Southwestern Power Administration.





## Permitting Reform Gathers Steam

Negotiations on Capitol Hill to reform infrastructure permitting processes continue to gain traction. In March, the House passed H.R. 1, the Lower Energy Costs Act, a consolidation of energy production and permitting reform bills.

Meanwhile, on the Senate side, Senate Energy and Natural Resources (ENR) Committee Chairman Joe Manchin (D-WV), ENR Ranking Member John Barrasso (R-WY) and Senate Environment and Public Works (EPW) Ranking Member Shelley Moore Capito (R-WV) each introduced permitting reform proposals.

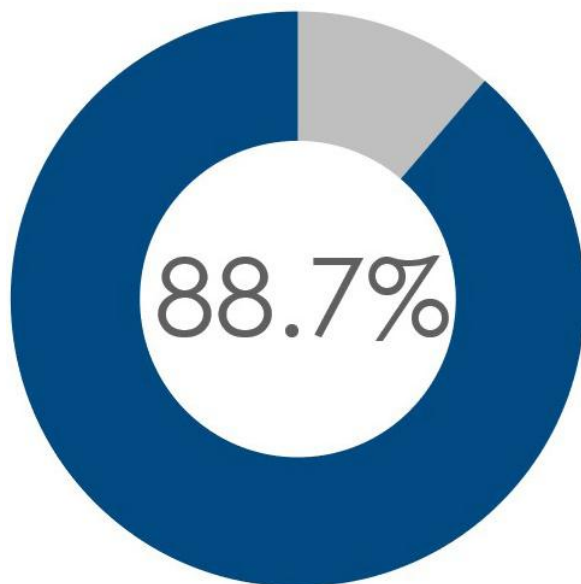
The American Public Power Association (APPA) supports these efforts in Congress “to streamline the federal permitting and siting process, eliminate excessive

regulatory barriers, and ensure more predictable and timely decisions from relevant federal agencies. Reform is urgently needed to meet the growing demand for electricity, and to ensure reliability as more intermittent resources are added to the grid,” APPA noted.

“Congress should recognize that current proposals on permitting reform, including necessary changes to the National Environmental Policy Act (NEPA), reasonable deadlines for federal agencies, and proposals that will provide industry with more clarity and certainty will also make it easier to permit electric transmission projects.” APPA has developed a comprehensive list of permitting reform priorities to guide advocacy efforts on Capitol Hill on behalf of public power utilities.

## Winter Storm Uri Progress

PERCENTAGE OF EXPENSES RECOVERED THROUGH APRIL 2023



Winter Storm Uri Total Expenses

\$21,063,883

Surcharge Recovered

\$18,688,670

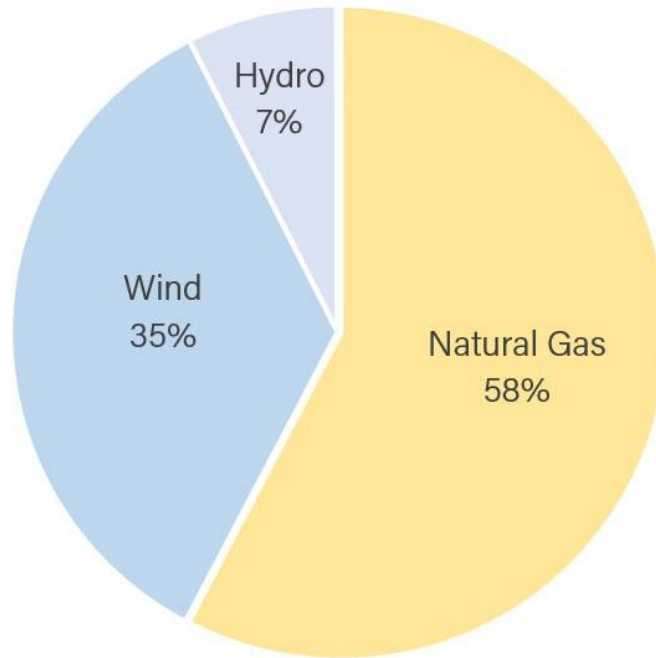
Balance Remaining

\$2,375,213



## KPP Resources by Fuel Source

APRIL 2023



## Event Calendar

### 2023 DATES TO REMEMBER

#### JUNE 17-21, 2023

APPA National Conference  
Seattle, Washington

#### JUNE 19, 2023

KPP Board Meeting

#### JULY 20, 2023

KPP Board Meeting

#### JULY 26, 2023

KPP Member Appreciation  
Event - Wellington Golf  
Club, Wellington, Kansas

#### JULY 27, 2023

KPP Member Appreciation  
Event - The Farm,  
Minneapolis, Kansas

#### AUGUST 17, 2023

KPP Board Meeting

#### SEPT. 28-29, 2023

KPP 2023 Conference

#### OCTOBER 1-7, 2023

Public Power Week

#### OCTOBER 19, 2023

KPP Board Meeting

#### NOVEMBER 3, 2023

KPP Rate Forum  
McPherson, Kansas

#### NOVEMBER 14-15, 2023

GridEx VII  
McPherson, Kansas

#### NOVEMBER 16, 2023

KPP Board Meeting

#### DECEMBER 8, 2023

KPP Annual Members  
Meeting & Board Meeting  
McPherson, Kansas