

May 2024

EPA Finalizes Power Sector Rules

The U.S. Environmental Protection Agency (EPA) recently published four wide-reaching rules that specifically target the power sector. The coordinated effort in publishing these rules serves to highlight EPA's focus on limiting existing coal-fired and new natural gas generation.

The published rules include:

- Power Sector Carbon Rule (*Greenhouse Gas Emissions Rule / Clean Power Plan 2.0*)
- Steam Electric Power Generating Effluent Guidelines (ELGs)
- Mercury Air Toxics Standards (MATS)
- Coal Ash Disposal for Legacy Surface Impoundments (CCR)

In response, a coalition of 25 states led by West Virginia filed a petition for review of the Power Sector Carbon Rule in federal court on May 9th. The petition claims the rule "...exceeds the agency's statutory authority and otherwise is arbitrary, capricious, an abuse of discretion, and not in

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Haven Recovers From Severe Storm With Mutual Aid

LESLIE ATHERTON, ADMINISTRATIVE MANAGER



A storm system with fierce winds caused severe damage to the KPP member community of Haven on May 19, 2024. Straight-line winds tore the roof and rooftop air conditioning units from the Haven Fire Station, built in 2008.

Resulting debris caused further damage downtown, twisting the awning at City Hall, weakening the roof at the Fitness Center, and shattering large windows at Haven Auto and the Senior Center.

Haven's electrical distribution system was not spared. The storm ripped services from homes and damaged or downed ten poles, leaving all of Haven's customers without power. Haven's two-man Public Works crew spent most of that sleepless Sunday night assessing the damage and



Above: Hillsboro crew member Jason Plett, reestablishing electric service.

reached out to KPP's James Ging to facilitate mutual aid through the KSMAP program.

The light of Monday morning revealed Haven riddled with downed limbs and trees, damaged vehicles and structures, and a pressing need for an "all hands on deck" approach. Although the KPP member city of Mount Hope was also without power due to the storm, they quickly sent assistance to Haven until Evergy restored their electricity, causing them to retreat to fix issues within their own system.

Meanwhile, mutual aid trucks began rolling into town with eager, skilled linemen. Over the next two days, Ging directed crews from KPP member cities Kingman, Hillsboro, and Winfield to expedite the restoration of electricity to Haven's customers, alleviating what would have been an almost impossible task for Haven to manage alone. Except for a handful of customers who needed service line repairs, all of Haven's customers were back online in less than 40 hours.

Events and outcomes like these highlight the spirit and power of mutual aid and collaboration. Thanks to the willingness of KPP members to lend their expertise and staff for a few days, Haven was able to speed up restoration and recovery, proving that together, we are indeed stronger.



Above: Winfield crew member, Alex Markus, helps with restoration efforts.



KPP Energy RP3 Working Group Update

BROOKE CARROLL, DIRECTOR OF MEMBER SERVICES



The Reliable Public Power Provider (RP3) designation from the American Public Power Association (APPA) recognizes public power utilities that excel in four key disciplines: reliability, safety, workforce development, and system improvement. This designation signifies a utility's

commitment to delivering the highest level of service and operating at the peak of industry standards. In 2024, KPP Energy introduced an RP3 Working Group to assist its members in working towards and achieving the RP3 designation. Currently, participants include utilities from Augusta, Burlington, Haven, Hillsboro, Mulvane, and Winfield. Membership in the RP3 Working Group is open at any time, encouraging utilities to join and start utilizing the monthly content to enhance their teams' skills and knowledge. This collaborative effort is significantly improving our members reliability and safety.

physical infrastructure protection, and cybersecurity. The safety section has also been briefly introduced and will be the primary focus of the upcoming June and July meetings. To date, the group has addressed topics worth twenty-five points.

RP3 Working Group meetings occur on the first day of each month and continuously address essential components of the RP3 application. The next meeting, scheduled for June 3rd, will focus on the elements of the Safety Section. Those interested in joining the RP3 Working Group can contact Brooke Carroll at bcarroll@kpp.agency.



During the May 1st monthly meeting, we concentrated on reliability, focusing on disaster and emergency response plans, as well as conducting disaster drills. Each participant received a disaster plan template tailored to electric utilities and a sample narrative of a disaster drill to enhance their preparedness capabilities.

Previous sessions have covered a variety of topics including reliability data collection, outage management, mutual aid,

Criteria Area	Section	Question	Subject of Question	Maximum Point Value
Reliability 25%	A - Reliability Indices Collection	A1	Monitoring and Tracking Reliability Data	2
		A2	Reliability Statistic Tracking	3
	B - Reliability Indices Use	B1	Use of Service Reliability Indices	4
		B2	National Reliability Benchmarking	2
	C - Mutual Aid	C1	National Mutual Aid Agreement	3
	D - Disaster Plan	D1	Utility Disaster Plan	4
		D2	Disaster Drills	1
	E and F - Physical Infrastructure and Cyber Security	E1	Physical Infrastructure Security	3
		F1	Cyber Security Policy or Procedure	1
		F2	Cyber Security Awareness	1
		F3	Periodic Cyber Security Assessments	1



FERC Approves “Building for the Future” Rule

On May 13th, the Federal Energy Regulatory Commission (FERC) held a special meeting where they approved, on a 2-to-1 basis, a new 1,300-page “Building for the Future” final rule. Also released was a lengthy 77-page dissent by FERC Commissioner Mark Christie, the sole opposing vote.

The grid rule adopts specific requirements for transmission providers to conduct long-term planning for regional transmission facilities and determine how to pay for them. It reflects tens of thousands of pages of comments, filed over the course of the past three years, from hundreds of stakeholders representing all sectors of the electric power industry, advocacy groups and state and other government entities.

The rule requires transmission operators to conduct and periodically update long-term transmission planning over a 20-year time horizon to anticipate future needs. It also provides for cost-effective expansion of transmission that is being replaced, when needed, known as “right-sizing” transmission facilities. And it expressly provides for the states’ pivotal role throughout the process of planning, selecting, and determining how to pay for transmission lines.

FERC Chairman Willie Phillips hailed the rule as necessary, stressing its historic nature and the need to act. It will be named Order 1920, in honor of the year the Federal Power Act was enacted.

“Our country is facing an unprecedented surge in demand for affordable electricity while confronting extreme weather threats to the reliability of our grid and trying to stay one step ahead of the massive technological changes we are seeing in our society,” FERC Chairman Willie Phillips said. “Our nation needs a new foundation to get badly needed new transmission planned, paid for and built. With this new rule, that starts today.”

Commissioner Christie authored a scathing 77-page dissent on the rule. He highlighted the rule’s elimination of the NOPR’s option for a region to adopt state consent as the only cost allocation alternative; its elimination of certain state controls over planning inputs; and its omission of the NOPR’s proposed elimination of the 100% CWIP incentive. He broadly challenged the rule as partisan and lacking due process and argued that it would shift costs to consumers from generation developers, transmission developers, and major customers (e.g., data centers) that have preferences on their power sources.



Above: FERC Chairman Willie Phillips



Above: FERC Commissioner Mark Christie



May Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER



The KPP Energy Board of Directors held their regular monthly meeting on May 16, 2024, at KPP offices in Wichita. A summary of meeting highlights is provided here:

April 2024 ECA

James Ging presented the monthly update relating to the April 2024 ECA calculation. Total costs were below budget by \$277,069. Energy costs were below budget \$64,725; transmission costs were above budget \$89,313, and capacity costs were below budget by \$299,911. The actual April 2024 ECA was \$0.01176 vs. budgeted of \$0.01065.

Financial Statements

Vickie Matney presented written financial statements for the period ending March 31, 2024, showing a net position before DAI of \$1,905,084.09 and a decrease of \$124,406.15 in net position since last month. Vickie Matney also provided information on the collection and disbursement of Walnut Energy Center and PACE ECA funds.

Office Space

KPP Energy CEO and General Manager Colin Hansen guided the Board through a 38-slide presentation entitled “KPP Office Space Analysis,” primarily focused on 2229 S. West, formerly Hutton Construction headquarters. He noted that the price point for the facility is reasonable, has been well maintained by Hutton, and includes more than \$100,000 in furnishings. Due diligence has been exercised on the property, including an independent appraisal, roof inspection, HVAC inspection, review of utility and maintenance costs, architectural schematic design, property and title review,

and an environmental Phase I study.

Hansen then provided metrics on renting versus buying office space. The 20-year cost for renting is estimated at \$5.2 million. The 20-year cost for buying is estimated at \$3.5 million but with retainage of the asset. There is no anticipated impact to member rates caused by purchase of the building.

Advantages of purchasing 2229 S. West include a lower long-term cost to members, savings on events and space rentals, flexibility for future use, industrial location, ease in access, and safety. After discussion, the Board unanimously approved purchase of the office facility.



Burns & McDonnell Proposal for Long-Lead Equipment Support

Board Members were provided a five-page proposal from Burns & McDonnell to conduct the engineering needed to purchase long lead time equipment. Holloway noted that KPP will collect \$5 million through rates this year to set aside funds for pre-procurement of long lead time equipment for Walnut Energy Center

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May Board Meeting Review

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project. Purchasing these items will help to maintain the project schedule and the anticipated commercial operation date. The Board approved the proposal unanimously.

KPP Resource Adequacy

James Ging delivered a presentation entitled “KPP Resource Adequacy: 2024 Final Results.” For 2024 and 2025, KPP’s resource adequacy is expected to meet or exceed SPP’s planning reserve margin of 15%, but 2026 and thereafter show deficient capacity largely due to GRDA dropping off in 2026. That capacity will have to be made up, particularly since SPP’s planning reserve margin is expected to increase to 16%. Ging noted, under RAW Last-Minute Adjustments, that he had to zero out Clay Center 6, a 6.7 megawatt (MW) unit, but fortunately was able replace it with Burlington 7, a 5 MW unit, which came online April 20, 2024.

PACE Project

The PACE project continues to move forward with these notable items of progress:

- The scope of the project has been refined in preparation for the final application to USDA.
- Battery storage will not be pursued because it would

only add to cost and not to capacity.

- Capacity of the project has been maximized by utilizing the full footprint of each project site.
- Phase I environmental studies are done and in final draft.
- Hydrological studies will be complete by the end of May.
- FAA inquiries for Ellinwood and Winfield are being prepared. No issues are expected.
- Denial of the LMI piece of the project for Wellington site was received May 7. KPP will reapply when the new period opens on May 28.
- No comments have been received from any of the Native American tribes.

Walnut Energy Center Update

Larry Holloway provided the Generation Interconnection (GI) Status Update, noting SPP discovered they erred in GI study process by not properly considering contingent facilities. They assumed some facilities were in place when they were not in place, causing re-studies of projects as old as 2017. This will cause a four-month delay in the Walnut Energy Center study. However, according to Larry Holloway, by March of 2025, KPP should have an answer on KDHE air permit as well as a firm cost estimate on Walnut Energy Center.



KPP Energy Generation Task Force Meets

The KPP Generation Task Force (GTF) met for its second meeting on Tuesday, May 28th at the KPP offices in Wichita. The GTF was formed by the KPP Board of Directors and made up of representatives from each of the KPP members owning and operating generating facilities.

The meeting kicked off with a review of task force goals and objectives before diving into new challenging and complex Southwest Power Pool (SPP) requirements. These new requirements include fuel assurance, unit registration, push for market participation, and

market offers. KPP staff provided updates on the RAW (resource adequacy workbook) results for KPP that were submitted to SPP on May 15th. Staff then discussed the very challenging and troublesome initial results from calculating KPP member generation GADS (Generating Availability Data System) results. Following the presentations, task force members had very informative discussions on KPP potentially covering additional fuel and oil costs to run power plants for training purposes. Other topics of discussion included capacity payments and steps KPP could take to help members keep existing member owned generation well maintained and viable.



EPA Finalizes Power Sector Rules

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accordance with law.” It is expected that these actions will likely be very highly litigated.

The American Public Power Association (APPA) issued a statement regarding the problematic Power Sector Carbon Rule. “APPA is encouraged that the Environmental Protection Agency (EPA) dropped existing natural gas-fired units from inclusion in the final rule and agrees with its finding that hydrogen co-firing, while a promising technology, is not mature enough to be considered a best system of emissions reduction,” APPA said. “Unfortunately, the rule still includes impractical timelines for existing coal units and reduces the capacity factor threshold for new natural gas-fired units that are very

likely to impact grid reliability and increase customer energy bills. Further, APPA is disappointed that the rule includes the requirement to use carbon capture and storage (CCS) technology to reduce emissions from power plants given it is currently not adequately demonstrated, there are significant difficulties getting permits, and cost.”

“Upon initial review, APPA is concerned that the final rule will result in the premature retirement of power plants and at the same time make it much more difficult to get generation built, which is needed to meet increasing electricity demand and resource adequacy needs,” said APPA President & CEO Scott Corwin.



Event Calender

2024 DATES TO REMEMBER

JUNE 3, 2024

KPP RP3 Working Group

JUNE 7-12, 2024

APPA National Conference
San Diego, California

JUNE 20, 2024

KPP Board Meeting

JULY 3, 2024

RP3 Working Group

JULY 18, 2024

KPP Board Meeting

AUGUST 1, 2024

RP3 Working Group

AUGUST 13, 2024

Cybersecurity Summit
McPherson, Kansas

AUGUST 15, 2024

KPP Board Meeting

OCTOBER 3-4, 2024

KPP 2024 Conference

NOVEMBER 1, 2024

KPP Rate Forum

DECEMBER 11, 2024

KPP Annual Members
Meeting

KPP Resources by Fuel Source

APRIL 2024

