

# LIGHTNING ROUND

November 2021

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## KPP Members Gather for Annual Rate Forum

### 2022 Rates Expected to Reflect Increases in Natural Gas, Transmission Service

Kansas Power Pool members gathered earlier this month getting a preliminary look at all the important drivers of electric rates and energy cost adjustments for 2022.

Assistant General Manager, Larry Hol-loway, led the customary presentation drawing detailed attention to change drivers including increases in energy and transmission service costs as well as fore-casted electric loads and member projects.



Project bond issuances impact KPP debt service coverage. Plus, following successive years of flat natural gas prices, trending prices are expected to upwardly impact energy prices in the Southwest Power Pool (SPP) market. Increases in SPP transmission ser-

vice of more than 15% are also among contributors to an anticipated increase in KPP rates of more than 7.7% over 2021 budgeted rates. KPP Staff noted that with only three quarters of 2021 costs known, actual costs for 2021 have quite closely tracked costs as budgeted this time last year. February, of course, was an extreme anomaly.



Slight decreases versus the 2021 budget for both demand and energy are projected for 2022. KPP members are reminded that such decreases necessarily result in rate increases needed to recover costs.

Members have been assured for several years that the expiration of the Jeffrey Energy Center contract results in a

dramatic decrease in KPP's cost structure. Now within sight, that participation agreement with Evergy (Westar) terminates on December 31, 2022. When that happens, coal will be a tiny portion of the KPP resource mix.

Members are encouraged to review the power point slides from the Rate Forum. Those can be accessed on [www.kpp.agency](http://www.kpp.agency). There is no login required. Under the News & Links tab, they can then be downloaded from the Presentations section.



Members will next meet in the Annual Membership Meeting on December 10, 2021 in McPherson. At that time, formal consideration will be given by members to approve rates for 2022 and to conduct other KPP business.

## ANNUAL MEMBERSHIP MEETING

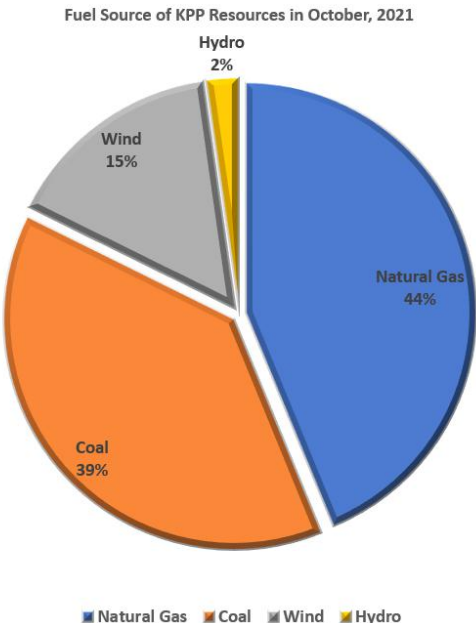
Friday, December 10, 11 AM, KMU Training Center, McPherson  
**LUNCH WILL BE SERVED.** Register at [www.kpp.agency](http://www.kpp.agency). **Registration ends 12/1.**

Click on the banner at the top of the home page.

# Highlights of November 18th Board of Directors Meeting

- February Storm Surcharge:** It was noted that in the November 5<sup>th</sup> Rate Forum, the storm surcharge was not reflected in the draft 2022 budget. Board members gave further discussion to the appropriate timing and future application of the surcharge. By consensus, no change was made for the immediate future nor for the year 2022. As has become tradition, the surcharge continues to receive Board meeting attention as to collection and application of revenues.
- Monthly Member Call:** KPP members are routinely invited to participate in this monthly call to discuss anything which may be on the minds of members. The most recent call again featured a description and explanation of the **October Energy Cost Adjustment**. Director of Engineering Services, James Ging, gave a detailed report regarding budgeted versus actual energy sales, capacity sales and transmission costs, among others, which accounted for the October ECA of (\$0.00122) versus the budgeted figure of (\$0.00074).
- Winfield Solar:** KPP’s engineering intern, Alex Chiem, provided summary details of the performance of Winfield’s solar array pertaining to capacity factor and output in both 2020 and 2021.
- Operations Report:** Assistant General Manager of Operations, Larry Holloway, reported on his tracking of various Southwest Power Pool (SPP) task forces and working groups focused on refining **policy for reliability, supply planning and wholesale markets** among others. Larry also updated the Board of data analysis in preparation for future construction at the **Walnut Energy Center (Wartsila)**. He added that **Dogwood** has had a very profitable year. Larry noted also that testing and commissioning at the **Solomon Energy Storage Center** has commenced. A “ribbon cutting” is planned for **2:00 in Minneapolis on December 15<sup>th</sup>**. James Ging noted that the voltage conversion project in **Marion** kicks off on December 6<sup>th</sup>. James noted that if KPP weren’t waiting on delivery of some insulators, the **Kingman Direct Connect** transmission project would be further along. Final wiring of devices in wrapping up.
- Administrative Services:** Director of Administrative Services, Brooke Carroll, commented on having received numerous positive feedback comments on **GridEx**. In addition she noted having received requests from Cities for rate studies. KPP members are reminded of the value of the **comprehensive financial scorecard analysis** and their ready accessibility to KPP Staff for cost of service and rate analysis studies. Regarding **EV charging stations offered by KPP**, two stations are now ready for installation in Hillsboro. Board member and Hillsboro mayor, Lou Thurston, commented on recent discussions with car dealers regarding prospective certification for EV car sales. He indicated his hope the City could possibly assist with further concept promotion. That comment was followed up by such similar conversations in Clay Center (by Scott Glaves) and Wellington (by Jason Newberry).
- Financial Report:** CEO/General Manager, Mark Chesney, reported on the most recent financial reports. Mark drew attention to a summary of surcharge revenues collected since early this year with commensurate repayment to the State Treasurer on the state loan. Mark reminded that in future months those repayments are to be offset by repayment owed to the Grand River Dam Authority. This obligation has been reported on in past issues of the *Lightning Round*.
- Recognitions:** Board President, Gus Collins, recognized attendance by **Colin Hansen** who will join KPP as our CEO/General Manager on February 1<sup>st</sup>. Colin gave some highlights of his work as APPA Board Chairman including an upcoming meeting with **bond ratings agencies** and general discussions regarding Public Power. Colin spoke also of a newly achieved **consensus position within Public Power concerning climate change**. Underlying that position is the belief that phasing out fossil fuels by 2035 is unrealistic. Separately, and of special note, is APPA’s concern on what public policy should emerge protecting consumers against a potential recurrence of another devastating **winter storm** (as occurred in February 2021). Before the adjournment, Gus noted that **Larry Paine (Hillsboro) and Barry Hodges (Minneapolis)** have agreed to serve as members of a **Board of Directors Nominating Committee** prior to elections to be held at the upcoming annual membership meeting in McPherson on December 10<sup>th</sup>.

## September 2021 Distribution of Energy Resources



# GridEx VI Draws Wide Participation from KPP Cities

## Table Top Exercise Simulates Massive Grid Attack

For the sixth time in American history, a nationally simultaneous exercise geared to prepare against threats or attacks to the grid was conducted on November 16<sup>th</sup> and 17<sup>th</sup>. With participation by Kansas municipalities, KPP and the KMU Training Center in McPherson were host to a broad cross section of City representatives. Emergency response personnel, city administrators, clerks and numerous others gathered to carry out their protocols and responses during two days of cascading incidents testing patience and poise.

Facilitated nationally by the North American Electric Reliability Corporation (NERC) Electricity Information Sharing and Analysis Center (E-ISAC), this month was the sixth installment of the biennial event.

Every two years, GridEx has provided the electric industry, government agencies, and other organizations the opportunity to exercise emergency response and recovery plans in response to simulated cyber and physical security attacks and other contingencies affecting North America's electricity system.



With much social and mainstream media challenging the resilience of the grid, GridEx provides a thorough and well-devised opportunity to simulate proper crisis management responses to a coordinated attack – especially one which may be internationally sponsored.

Post-event reactions from KPP Cities and Staff signal enthusiastic anticipation for 2023.

