

## Winter Storm Uri Surcharge Ended

KPP Energy is pleased to announce that the Winter Storm Uri surcharge has been retired and will no longer appear on member bills going forward. The surcharge to KPP members ended with the July 2023 billing that was sent in August. All outstanding Winter Storm Uri costs have been repaid.

In February 2021, extreme cold temperatures throughout the Midwest caused a major disruption in the supply of natural gas due to frozen and damaged natural gas wellheads, pumps and pipelines. The dire situation was compounded by freezing at conventional power plants and blade icing on wind generation. For a brief period, natural gas prices and related electricity prices increased exponentially. KPP's costs to provide power to its members during those eight days similarly increased exponentially.

KPP utilized over \$18 million from its accounts, including money market reserves, the emergency stabilization fund (ESF), and line of credit to cover Winter Storm Uri expenses. In response to this emergency, the State of Kansas established the City Utility Low Interest Loan Program administered by the State Treasurer. The loans were made available to municipal utilities and the state's two municipal energy agencies to pay the costs of natural gas and electricity during February 2021.

KPP replenished the balance of the money market and ESF from the state loan program. KPP received a loan in the amount of \$18 million bearing interest at an initial variable rate of 0.25% and to be repaid to the state in monthly payments over five years.

KPP generated revenues to repay the loan through an additional surcharge of \$.01 per kWh from its members. In addition to the state loan, KPP was also subject to pay funds resulting from Southwest Power Pool (SPP)

*(continued on page 2)*

### IN THIS ISSUE

- Winter Storm Uri Surcharge Ended
- Winter Storm Uri Progress
- A Time to Celebrate, Say Thanks, and Prepare
- Fitch Affirms KPP Energy's Credit Rating
- Join Us at the KPP 2023 Conference!
- KPP Members Getting the Most Out of Summer
- August Board Meeting Review
- KPP Resources by Fuel Source
- Public Power Week Competition
- Concerns Over Electric Generation Capacity in the Southwest Power Pool Region
- 2023 Events Calendar



# Winter Storm Uri Progress

PERCENTAGE OF EXPENSES RECOVERED THROUGH JULY 2023



Winter Storm Uri Total Expenses

\$21,063,883

Surcharge Recovered

\$21,063,883

Balance Remaining

\$0

## Winter Storm Uri Surcharge Ended (ctd. from page 1)

S120 resettlements of the integrated market caused by the February 2021 weather event. The S120 resettlement was a total of \$2,491,766. Finally, in August 2021, KPP was notified that their portion of February cost from GRDA was \$1,326,481. In December 2021, the KPP received a resettlement back from the integrated market of \$538,635.

All costs associated with Winter Storm Uri have been recouped through the surcharge and ended with the July billing that was sent out in mid-August.



## A Time to Celebrate, Say Thanks, and Prepare

COLIN HANSEN, CEO / GENERAL MANAGER



As the story on the previous page notes, KPP's Winter Storm Uri surcharge was officially retired with the July billing that was sent out in August. As I hope it is within your community, this news is cause for celebration at the KPP offices. It has been a long and challenging two years

to respond and recoup the damaging losses caused by Winter Storm Uri. So much so that we, your KPP staff, hope to never have to utter the three words "Winter Storm Uri" again.

When Winter Storm Uri (darn – I guess I still have to say those words) struck, I was still at Kansas Municipal Utilities (KMU) serving as Executive Director. It was an emergency to the municipal electric and natural gas community unlike any that I have seen or faced in my now thirty years of working in the industry. The scale of financial loss was astounding, and Kansas was all-too-close to blackouts and loss of gas supply that almost certainly would have led to loss of life. I made numerous calls to KPP in the early days of the crisis and was constantly amazed that, while the emergency was severe, a plan was in place and things were under control.

For me, perhaps the most memorable day of my public power career will always be March 3, 2021. It was on that day that KMU advanced a bill creating a state loan fund for cities that were hard hit by the winter storm. Most remarkably, the bill went from a hearing that morning, to emergency passage by the House, to passage that afternoon by the Senate and signed by the Governor that evening. To my knowledge, there has not been another

bill that has been moved through the legislative process so efficiently and rapidly in decades. Within 48 hours, I appeared at a press conference with the State Treasurer to announce that the loan program was accepting and processing applications.

Meanwhile, the KPP Board, members and staff were calmly responding to the crisis and developing a strong and effective plan to respond. KPP's lines of credit were utilized to deal with the most immediate emergency. KPP implemented the one-cent Winter Storm Uri surcharge in February and were subsequently successful in securing an \$18 million loan from the state program. At that level, repayment of the loan was accelerated so that it could be off KPP member bills as soon as possible.

As KPP made its last Winter Storm Uri payment this past month, it's instructive to benchmark ourselves amongst our utility colleagues. Many utilities that also faced huge financial losses due to the storm are only now beginning to recoup those costs through customer bills. For instance, residential customers in the Evergy Central will see their bills increase by an estimated \$2.82 per month for two years that only began in April 2023. Kansas Gas Service will recoup \$366 million in Winter Storm Uri gas costs by passing along \$5.64 per bill on residential customers. The KGS surcharge only began in December of last year and will last for ten years.

For KPP, I believe it is a time to celebrate. As we work to maintain laser focus on affordability and reliability, that celebration comes in the form of lower rates. Beginning in 2023, KPP base rates were lowered by nearly one cent per kilowatt-hour (kWh) and are at the lowest level that they have been since 2014.

*(continued on page 4)*



## A Time to Celebrate, Say Thanks, and Prepare (ctd. from page 3)

If we now subtract the Winter Storm Uri surcharge, overall KPP rates have decreased a total of 23.6 percent. This is cause for celebration, particularly in a time of inflation and rapidly increasing costs. Most utilities have passed along rate increases of late.

More important than celebrating, however, is offering thanks to the KPP membership for standing strong with the agency during this difficult and challenging time. I want to offer my gratitude to the KPP Board of Directors for their bold leadership in developing an ambitious and important recovery path. I also want to express my appreciation to the KPP staff for all their hard work, month after month, in executing that plan. Most importantly, I wish to thank all of you for your support and steadfastness.

Finally, it remains critically important that we use this important moment in the history of KPP to prepare for

future weather events. I would love to report to you that all necessary changes have been made to the regional natural gas system and interconnected electric grid so that something like Winter Storm Uri could never happen again. That would be untrue.

Instead, KPP has and is preparing for the possibility of another winter weather event to best protect the KPP membership. That means making sure that our members' generation is winterized as best as possible leading into winter months and ready to operate on diesel if natural gas becomes unavailable or uneconomic. It means looking for hedging opportunities. And it means developing appropriate financial liquidity and cash reserves to be ready for catastrophic events.

As we celebrate this milestone, I again want to thank the KPP membership for demonstrating the strength and value of joint action in providing for our communities.

## Fitch Affirms KPP Energy's Credit Rating

On August 10, Fitch Ratings affirmed the credit rating of KPP Energy at "A-" with a stable outlook. The review of the KPP's credit rating impacts the agency's Long-Term Issuer Default Rating (IDR) and \$31.4 million in outstanding electric utility revenue and revenue refunding bonds.

In its credit outlook, Fitch noted that, "KPP's 'A-' rating reflects the agency's strong financial profile and low leverage, which have historically been bolstered by strong operating cash flow and debt amortization."

The key rating drivers noted by Fitch as strengths to KPP Energy include:

- Long-Term, Full-Requirements Contracts
- Low-Cost Power Supply
- Strong Financial Profile
- Full Recovery of 2021 Winter Storm Costs



In its rating affirmation, Fitch went on to note, "the rating also considers the potential impact of KPP's planned construction of a small 55 megawatt (MW) natural gas-fired facility, which would replace capacity from expiring purchased supply contracts (PSCs). Construction of the facility, which was initially expected to commence in late 2023, has been delayed to late 2024 or early 2025, due to the backlog of interconnection requests to the Southwest Power Pool Integrated Marketplace (SPP). The facility is expected to be entirely debt-financed and preliminary cost estimates now approximate \$100 million."



## Join Us at the KPP 2023 Conference!

Please mark your calendars for the KPP 2023 Conference on September 28 & 29 at the Wichita Hyatt Regency. We have a terrific agenda for the conference and look forward to bringing together the KPP membership for an interesting, educational and entertaining event.

The KPP Conference is the agency's annual gathering that serves as a hub for learning from industry experts and exchanging ideas, knowledge, and experiences among the KPP member communities. Held each fall, the KPP Conference also provides the opportunity to learn about recent activities, programs and initiatives offered by KPP.

The keynote session kicks off on the afternoon of Thursday, September 28 with an introduction and welcome to Wichita from Kansas Speaker of the House Dan Hawkins. We then welcome Scott Corwin, the new President & CEO of the American Public Power Association (APPA) to talk about national public power issues and priorities. The opening session also features Steve Wright, CEO of Inspired Public Service and former Administrator of the Bonneville Power Authority. Steve will present "Building Pride in Public Service" and discuss how a commitment to a public service culture can drive high performance.

The conference will also feature a fun evening of networking at TopGolf. TopGolf combines golf with technology and a social atmosphere. Players hit microchipped golf balls at targets on a driving range, scoring points based on accuracy and distance, all while enjoying food, drinks, and music.

We hope to see you at the KPP 2023 Conference. If you have questions about the conference or would like to register, please contact Brooke Carroll at [bcarroll@kpp.agency](mailto:bcarroll@kpp.agency).

### Conference Speakers Include:

-  **Scott Corwin, President & CEO**  
American Public Power Association
-  **Representative Dan Hawkins**  
Kansas Speaker of the House
-  **Steve Wright, CEO, Inspired Public Service**  
Former Bonneville Power Authority Administrator
-  **Alex Hofmann, Chief Strategy Officer**  
Beneficial Electrification League

SAVE THE DATE

2023 KPP  
CONFERENCE

SEPTEMBER  
28 & 29, 2023

HYATT  
WICHITA, KS

REGISTER  
HERE

CONTACT: Brooke Carroll  
[bcarroll@kpp.agency](mailto:bcarroll@kpp.agency)



## KPP Members Getting the Most Out of Summer Haven, Hillsboro, and Greensburg Community Improvement Projects

**BROOKE CARROLL, DIR. OF MEMBER SERVICES**

Over the past several years, leadership in several of our KPP Energy public power communities had visions of providing more than just electricity to its citizens. They have been working to provide improvements to the quality of life in their communities by offering recreational choices which are especially important when attracting and retaining families in these rural areas. This month, we are excited to highlight three KPP Energy member community improvement projects.

### Haven – City Pool

The City of Haven finally unveiled their new aquatic facility this Summer after four years of going without an operational pool.

The City's previous facility, originally built in 1966, featured a bathhouse, wading pool for young swimmers, and an 80' long pool ranging in depth from 3' to 10' complete with underwater lights and two diving boards – a low and a high. Over time, many changes were made to the facility: stairs were added in the shallow end, the high board was removed for liability reasons, shade was built over the concession stand area, and an ADA lift was added.

In 2018, after 52 years of seasonal use, the City adopted



a plan to overhaul the area. This included demolition of the tiny (by today's standards), dark bathhouse and erection of a new gray and blue brick building for storage, admissions, concessions (complete with electrical outlets), and roomy, well-lit bathroom and showering facilities. Instead of keeping the wading pool, an ADA-compliant 90-degree entry area complete with dumping buckets, sprayers, and a stationary play-boat was added onto the 80' pool.

While much of the previous facility's main pool was kept in place, every single bit of plumbing was replaced. The old blue-tiled, concrete guttering system was replaced with the shiny stainless-steel guttering system you see at many pools today. The concrete pool decking was completely redone to incorporate shade structures and roomier lounging areas for patrons' enjoyment.

Previously, lifeguards supervised from either lawn chairs or the narrow, patched-together high-chair from the 1966 facility, and if they were lucky, they did so under a sun umbrella held onto the chair with duct tape or some other makeshift fashion. The new facility came with two movable low lifeguard stands and one stationary high lifeguard stand, all complete with umbrellas for shade.

*(continued on page 7)*



## KPP Members Getting the Most Out of Summer (ctd. from p. 6)

The facility was made complete with a diving board (with movable fulcrum) and a yellow drop slide. Hours before the facility opened, the line of eager, young patrons began to form. This wasn't surprising given the four-year build-up of anticipation and the fact that the City Council, in an epic move, had voted for pool admission to be free for all patrons for the season. It was soon thereafter the swimming started, continuing with pool parties, and swimming lessons, renewing for all Haven citizens the opportunity to make sweet, summer memories at their hometown pool.

Leslie Atherton, City Clerk stated, "Significant challenges occurred between approving the 2018 overhaul plan and opening the facility for swimmers, but the first peek of the fully functioning facility in late June of 2023 made it worth it for me. Joy seemed to be spritzing from the shallow-end sprayers, while the buckets filled and emptied in perfect rhythm. My heart saw and felt local family traditions being kept alive. After all, this was the facility my mother swam in as a child in the 1960s, that I learned to swim in during the 1980s, and thanks to this project, my own children would now be afforded the same privilege. I knew for a fact the unveiling would touch other long-time residents the same way. The facility was so peaceful and beautiful that, at that moment, I could hardly believe it was ours."

### Hillsboro - The Larry Paine Memorial Splash Pad & Community Plaza

On July 28<sup>th</sup>, the City of Hillsboro dedicated the recently completed city splash pad as "The Larry Paine Memorial Splash Pad" in memory of Larry Paine, former City Administrator, who served the City of Hillsboro for 13 years.

Larry introduced "The Community Plaza" concept including the splash pad, as a grassroots project back in 2017. The model for the concept came from the City of Concordia, where Larry served as City Manager. Local leadership and



a group of community members came together to develop and fund the project.

The City advanced the project in 2019 by acquiring the site and demolishing three dilapidated homes that were on that block. In Fall of 2020, the project received a large donation that enabled the project to move forward. In total the community contributed \$165,000 to the splash park portion of the project.

The City used a portion of its Federal ARPA funds to construct the bathroom, replace watermain and parking, and finish the remaining elements of Phase 1. Phase 2 of the project will be to complete the north portion of the

*(continued on page 8)*



## KPP Members Getting the Most Out of Summer (ctd. from p. 7)

plaza which will include constructing a natural stone sitting wall and green space featuring an outdoor Amphitheatre. The space will be home to outdoor concerts, events, and community gatherings. The City hopes to complete Phase 2 by 2025.

Matt Stiles, City Administrator stated, “The biggest lesson learned was in project management. City crews did the installation of the splash pad, parking, and all the other elements of Phase 1, except for building the bathroom. That was a good and bad experience. It was a big project that required everyone’s help at one point or another. We were able to do it the way we wanted it done and save a lot of money doing it, but it consumed way more time than we anticipated. With limited staff that have other jobs to do too, it stretched the construction timeline out several months longer than we anticipated. We had staffing delays, material delays, and weather delays. Those struggles put pressure on our crews to finish, but they were able to pull together and get the park open for the start of the summer.”

Stiles continued, “It has been an incredibly popular addition to the community and one we can be proud of for years to come. Tragically Larry Paine passed away a few hours before the park was opened to the public. He never saw it completed, but he would have loved it. City Council dedicated it to the memory of Larry Paine in recognition of his love public service and contributions to the community.”

### **Greensburg - Pump Track (Skate/Bike Park)**

By means of a generous donor, the week of July 24<sup>th</sup>, the City of Greensburg installed a pump track at their Swimming Pool Park. What is a pump track? It is a track that allows a skater or biker to move without pedaling or putting his or her feet down on the surface. All you have to do is pump your knees up and down, following the contours of the pump track, to move forward. Pump tracks can accommodate bicycles, scooters, skateboards, roller blades, and longboards.



Stacy Barnes, City Administrator stated, “Make no mistake, it still takes some physical effort to move along a pump track, but it’s safer because there’s less pedaling or pounding feet against the surface.” The City of Greensburg’s pump track came from American Ramp Company in Joplin, MO and is made of pre-cast concrete sections. Pump tracks are trending in public sports facilities because they serve all ages and all abilities with impressive benefits and allows children to learn how to handle their bikes and scooters without a big risk of injury. A pump track is many things, but most importantly, it is fun.





## August Board Meeting Review

**COLIN HANSEN, CEO / GENERAL MANAGER**

The KPP Energy Board of Directors held their regular monthly meeting on August 17, 2023 at the KPP offices in Wichita. A summary of meeting highlights is provided here.

### July 2023 ECA Analysis

KPP Director of Engineering Services James Ging presented the monthly update relating to the July 2023 energy cost adjustment (ECA) calculation. Total cost was below budget \$1,296,803. Energy costs were below budget \$1,238,361, transmission costs were below budget \$183,908, and capacity costs were above budget \$129,192. Even with an extremely hot month, energy sales were below budget by 7%. In total, the ECA for the month was a negative 1.25 cents per kilowatt-hour (kWh), well below the budget estimate.

### June 2023 Financial Statements

Vickie Matney, KPP Controller, presented the financial statements for the period ending June 30, 2023. The Winter Storm Uri surcharge is officially retired as of the July billing that went out to the KPP membership in mid-August. Colin Hansen, KPP CEO & General Manager, and Matney thanked the Board of Directors for their bold leadership in recovering from Winter Storm Uri.

### Walnut Energy Center Update

James Ging presented updated drawings of the design for the new Walnut Energy Center plant and changes in the plant layout since the last Board meeting. Burns & McDonnell provided a draft Piping & Instrumentation Design diagram for the plant equipment that KPP staff is currently reviewing.

### Burns & McDonnell PSD Air Permitting Proposal

A proposal from Burns & McDonnell to develop a Prevention of Significant Deterioration (PSD) air permit for the proposed Walnut Energy Center project was



discussed by KPP Assistant General Manager of Operations Larry Holloway. The proposal was a change order from the existing Burns & McDonnell contract that needed to be pushed back due to a delay in the Southwest Power Pool (SPP) Generation Interconnection queue. The air permit is required prior to KPP proceeding with the new Wärtsilä power plant.

### Generation Task Force

KPP CEO & General Manager Colin Hansen presented a draft task force scope statement for the proposed new KPP Generation Task Force. Hansen noted that the Generation Task Force would be made up of one representative from each KPP Energy generating city. Specific activities would include, but not be limited to:

- 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.
- Addressing emerging issues and requirements for generation accreditation under the SPP tariff.

Following Board discussion, the Board voted unanimously to approve the Task Force Scope Statement.

*(continued on page 11)*



## August Board Meeting Review

(ctd. from page 10)

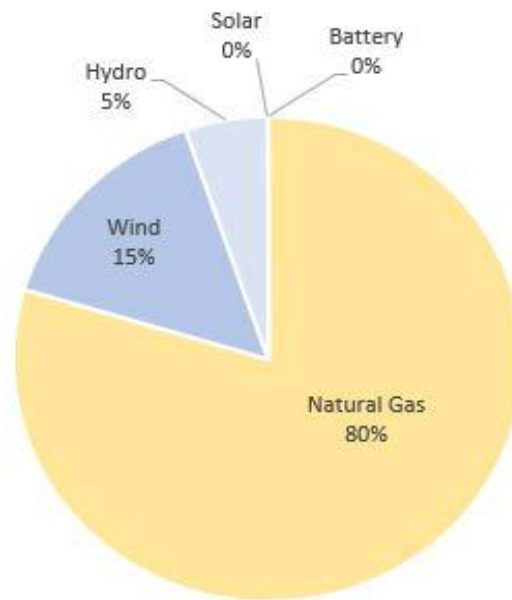
### Dogwood Energy Natural Gas Prepay

The municipal owners of the Dogwood Energy Power Plant – KPP Energy, KMEA, Kansas City BPU, the Missouri Public Utility Alliance, and the City of Independence, Missouri continue to hold meetings to discuss a potential natural gas prepay program. Larry Holloway provided a presentation to the Board regarding the benefits of such a program, potential savings to the KPP membership, and a list of current concerns with the structure of the deal and the contract language. No formal action was requested from the Board as the presentation was informational only.



## KPP Resources by Fuel Source

JULY 2023



## Public Power Week October 1<sup>st</sup> – 7<sup>th</sup> KPP Energy Member Competition



The annual KPP Public Power Week competition will be held once again during the first week in October. Last year, KPP awarded the City of Hillsboro the title “**Public Power Week Grand Champion,**” a check for **\$500** to their electric utility department and presented with the coveted **KPP Traveling Trophy**. Who will win this year? We are extremely excited to find out!

There are a variety of ways to earn points this year. It is particularly important that you communicate what you have done during the week to [bcarroll@kpp.agency](mailto:bcarroll@kpp.agency) by end of day, Thursday, October 5<sup>th</sup>.

### Earn Points...

- 10**

We want to encourage **Community Service** during Public Power Week. Host a **Food Drive** at your City Hall or Utility Department. Donate the food to your local food pantry or church.
- 10**

Have your Governing Body adopt the **Public Power Week Proclamation**.
- 10**

**Organize an event** at your local school to promote public power. There are resources available for younger kids on the American Public Power Association website at <https://www.publicpower.org/event/public-power-week>.
- 5**

Provide an **appreciation breakfast or luncheon** for your staff during Public Power Week. KPP will reimburse you for the costs. Send those receipts to us!
- 5**

Send **three pictures** of City Staff, Utility Workers, or Governing Body with a statement on why Public Power is important to them to us.
- 2**

**Email names of your utility crew** and staff to [bcarroll@kpp.agency](mailto:bcarroll@kpp.agency). We will put those names in our Friday drawing for Amazon gift cards. Join us Live at noon on Friday – KPP Facebook Live!
- 2**

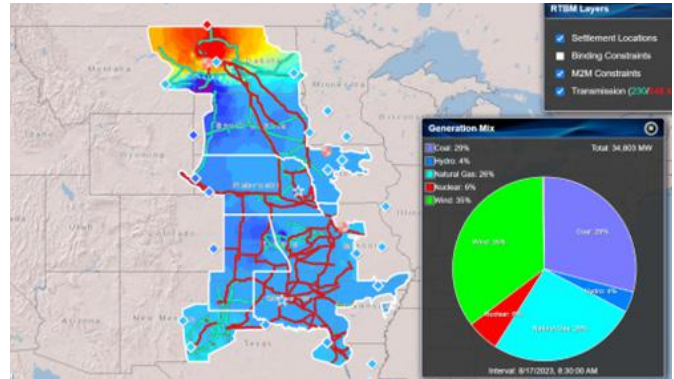
**Creative Public Power Spirit Events** - This is up to you on how to promote Public Power in your community. Your city will receive two points for every time you organize these creative and unique events. Please submit your list of events by end of day Thursday, October 5<sup>th</sup>!



# Concerns Over Electric Generation Capacity in the Southwest Power Pool Region

**LARRY HOLLOWAY, ASSISTANT GENERAL MANAGER - OPERATIONS**

You have probably noticed an increasing amount of news recently about hot weather and the strain it is putting on the electric system. You are not alone. The utilities in the 15-state region that make up the Southwest Power Pool (“SPP”) are also concerned about making sure we have enough generation capacity to keep the lights on. In fact, when you walk into the KPP Energy office you will see that we monitor the situation in the SPP very closely. You can too if you want. The following is a screen shot of the SPP market at 8:30 am on August 17th, 2023. As shown the power prices in the north are much higher than the south part of SPP at that time and there is adequate wind generation to meet much of the SPP load (this information is updated every 5 minutes, and you can access this information any time you wish at <https://pricecontourmap.spp.org/pricecontourmap/>).

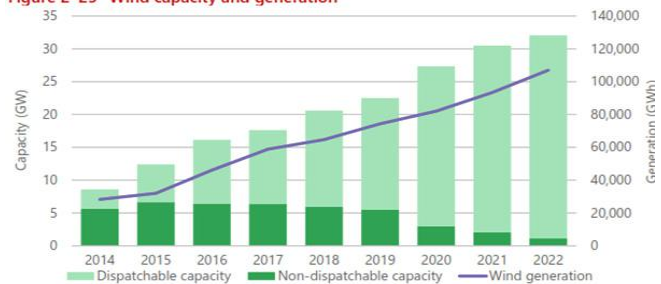


The SPP Market Monitor publishes an annual report providing perspective on just how big a change this has been in the last few years. As shown on the following graph from the 2022 Report, wind generation nameplate capacity has increased since 2014 to 2022 from about 8,000 MW to over 32,000 MW.

## Increased Use of Intermittent Renewable Generation

As shown in the SPP market screenshot, at that moment in time, the SPP region was depending on wind generation for 35% of its electric energy. But is the wind always there to provide the needed energy to keep your lights on? We all know the wind comes and goes with different weather systems across the region, and most of us understand that the wind blows more in the western parts of SPP and that is where the most wind farms are located. As we have seen wind farms develop over the last few years, it may be no surprise that wind is an increasingly large part of SPP’s generation mix, but few realize just how big a change this has been over the last few years.

**Figure 2-25 Wind capacity and generation**



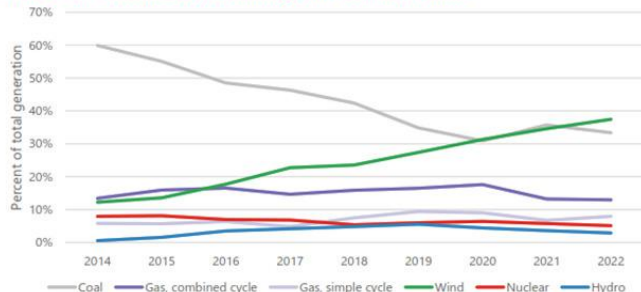
This unprecedented increase of renewable generation in SPP, along with the retirement of many 1950s era coal and natural gas plants has dramatically changed the type of generation used to provide the electric energy in the region. In fact, as shown in the following information from

*(continued on page 14)*



# Concerns Over Electric Generation Capacity in the Southwest Power Pool Region (ctd. from page 13)

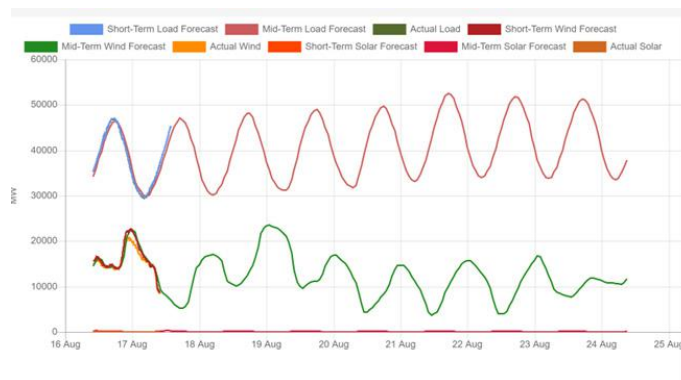
Figure 2-18 Generation by technology type, real-time, annual



the 2022 Report, wind has provided more of our electric energy than coal in 2022. This trend is only expected to increase.

While everyone in the SPP region has benefited from the lower average real time prices from wind generation, wind has had an increasing impact on the operation of the electric grid in SPP. Wind generation is intermittent, and while we can forecast the availability of wind energy, we cannot yet economically save or store this energy for future use. Yet we increasingly depend on wind energy on a real time basis to serve electric users in SPP. In fact, on March 29th, 2022, SPP set a new record. At 2:42 am 88.5% of the energy used to serve load in the 15-state region was from wind generation. This new “wind penetration record” compares to a real time maximum value of about 37% only 9 years ago, in 2014.

Real time market information and operation forecasts at SPP readily illustrate how difficult it is for conventional dispatchable coal and natural gas generation to “fill in” for wind generation when the wind is not available. The following “snapshot” from the morning of August 17<sup>th</sup>, 2023, illustrates just how increasing difficult it is to make up for the difference between the SPP load and the amount of wind generation that “shows up.”



As shown, the wind generation (the green line) commonly is at a maximum amount when the load in SPP (the red line) is at a minimum. Conversely, and more troubling, the wind generation is often least available when the load in SPP is at the highest. For example, in the forecast shown above, the SPP load is forecast to be over 47,000 MW at the August 17th (2023) peak at about 5pm and the wind generation is only expected to be a little over 5,000 MW, or only about 11% of the needed energy. Only 12 hours earlier, at 5am, the SPP load was only 30,000 MW but the wind generation was 16,000 MW, or 53% of the load.

### Operational Concerns in SPP from a Lack of Available Dispatchable Conventional Generation

The SPP region and other areas of the country, and in fact most of the world, increasingly depends on intermittent renewable generation such as wind and solar. When those resources are not available, the real time system operators must use the shrinking fleet of dispatchable resources, such as steam power plants, combustion turbines and engine generators to fill in the gaps. As you may have noticed, SPP has had to issue various alerts and warnings over the past two years whenever wind generation drops very low, and the load is high, to make sure that conventional generation operators are ready to perform to meet load when the wind drops off. In fact, SPP has issued numerous alerts during

*(continued on page 15)*



# Concerns Over Electric Generation Capacity in the Southwest Power Pool Region (ctd. from page 14)

2022 and 2023 when there is a possible shortage of enough conventional dispatchable generation to make up for low wind generation.

SPP uses the following hierarchy of advisories and alerts to notify generation operators and utilities in the 15-state region:

### SOUTHWEST POWER POOL GRID CONDITIONS



You may recall that during Winter Storm Uri in February of 2021 SPP issued Energy Emergency Level 1, 2 and 3 alerts, and even required some utilities to have rotating blackouts to shed load to protect the grid. This was an extreme weather event. However, as SPP utilities increase the amount of renewable generation and decreases the amount of conventional generation, it becomes more and more challenging to reliably operate the system during period of low renewable generation. For this reason, SPP has literally issued dozens of Grid Condition notices over the past 18 months. The following is an example of a notice issued August 11, 2023 at 10:34 am:

*“The SPP Balancing Authority (BA) is declaring the need for a **Conservative Operations Advisory** for the entire SPP BA footprint, effective at 11:00 a.m. CT on Friday, August 11, with an anticipated end at 7:00 p.m. CT on Friday, August 11.*

- Conservative Operations Advisories do not require the public to conserve energy. Conservative Operations is being declared due to continued high load forecast due to continued high load and low wind forecast. As a result, the SPP BA may use greater unit commitment notification

timeframes, including making commitments prior to Day-Ahead Market and/or committing Resources in Reliability Status.

- This Conservative Operations Advisory, effective Friday, August 11 from 11:00 a.m. CT – 7:00 p.m. CT, is being declared in addition to one other advisory already in effect:
- A Resource Advisory in place for SPP’s entire BA footprint effective 12:00 p.m. CT on Friday, August 11, until an anticipated end at 8:00 p.m. CT on Saturday, August 12. Resource Advisories do not require the public to conserve energy.”

### Actions SPP is Taking to Address Operational Issues

SPP has already taken several steps to address reliability issues. Some of these changes include the following:

- Adjusting generation capacity to reflect the availability of generating equipment by adjusting the accredited generation value to reflect forced outages;
- Increasing the summer reserve margin requirements (the amount of generation capacity in excess of peak summer load) from 12% to 15% ; and
- Adopt a winter reserve margin requirement (currently the same as the summer reserve margin for the winter peak but will likely change in the future).

There are currently several leadership committees within SPP that have been formed to address both short- and long-term reliability. The outcome of this effort is a variety of initiatives currently being considered, including:

- Reviewing (and probably increasing) summer and winter reserve margin requirements;
- Adopting requirements for quickly available generation (probably four hours and under);
- SPP compensating generators to stay online instead of retiring;

*(continued on page 16)*



# KPP LIGHTNING ROUND

## Concerns Over Electric Generation Capacity in the Southwest Power Pool Region (ctd. from page 15)

- Shortening the time it takes SPP to study and approve a generation interconnection request (currently 4 years); and
- Rewarding generators that have improved reliability.

### KPP Energy's Actions to Address Increasing SPP Operations and Reliability Issues

KPP Energy Staff is closely monitoring and participating in the SPP policy discussions. We continue to work with our generating cities to implement the increased generation reporting requirements. Our current plans to build a quick start dual fuel generating facility at the

Walnut Energy Center is an example of changing our generation mix to address the needs in SPP for reliable and responsive generation to fill in the gaps left by intermittent renewable generation. At our August board of directors meeting the KPP Energy Board approved the Generation Task Force to develop additional SPP policies focused on the ability to make sure our member generation can best meet these changing requirements. We will continue to update the membership as these requirements change and work together to develop plans to meet these challenges.

## Event Calendar

### 2023 DATES TO REMEMBER

**SEPT. 28, 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

COPYRIGHT © 2023 KANSAS POWER POOL

100 N BROADWAY, SUITE L110 WICHITA, KS 67202

316.264.3166 | INFO@KPP.AGENCY

UNSUBSCRIBE FROM KPP LIGHTNING ROUND NEWSLETTER

