

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

January 8, 2014

Kansas Corporation Commission, 1500 SW Arrowhead Road, Topeka, KS

Members Present

Earnie Lehman, Chairman
Senator Pat Apple, Vice-chairman
Les Evans
Senator Marci Francisco
Representative Dennis Hedke
Representative Annie Kuether

Member Absent

Tim McKee

Staff Present

Cindy Lash, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Matt Sterling, Office of the Revisor of Statutes
Tamera Lawrence, Office of the Revisor of Statutes
Rebecca Cole, Committee Assistant

Chairman Lehman called the meeting to order. The agenda for the meeting was reviewed. *Vice-chairman Apple moved to approve the agenda; the motion was seconded by Mr. Evans. The motion carried.*

Chairman Lehman opened discussion for election of officers for 2014. *Mr. Evans moved to nominate Earnie Lehman for Chairman. Vice-chairman Apple seconded. The motion carried, unanimously.*

Chairman Lehman continued the discussion of election of officers. *Mr. Evans moved to nominate Senator Pat Apple for Vice-chairman. Representative Hedke seconded. The motion carried, unanimously.*

Chairman Lehman opened the discussion for nomination for Secretary. *Mr. Evans moved to nominate Tim McKee as Secretary. Representative Hedke seconded. The motion carried, unanimously.*

Chairman Lehman recognized Cindy Lash, Kansas Legislative Research Department (KLRD), for a suggested correction in the November 5, 2013, minutes (Attachment 1). Ms. Lash stated the minutes incorrectly interpreted the motion that was made regarding the expansion of

the board. The corrected minutes should read: "Vice-chairman Apple made a motion to adopt the first portion of the proposed revisions to the requirements for the Board of Directors and to strike references to the position of the Executive Director of the Kansas Corporation Commission or successor." *Vice-chairman Apple moved to approve the amended minutes of the November 5, 2013, meeting; the motion was seconded by Mr. Evans. The motion carried.*

The Chairman recognized Cindy Lash, KLRD, for presentation of the expenditure report. Ms. Lash stated the report, dated through December 31, 2013, shows an ending balance of \$347,610, with expenditures of \$12,914, and encumbrances of \$30,336. No action was taken (Attachment 2).

The Chairman provided an update on correspondence addressed to Kim Christiansen, Executive Director, Kansas Corporation Commission (KCC), regarding the transfer of funds from the Kansas Electric Transmission Authority (KETA) Administrative Fund to the Public Service Regulation Fund in the amount of \$200,000. Chairman Lehman stated the letter was well received (Attachment 3).

Ms. Lash presented a copy of the Draft Annual Report to the Committee for approval (Attachment 4). *Senator Francisco moved to add the current Committee members names to the draft report as they continue to serve on the Board. Vice-chairman Apple seconded the motion. The motion carried.*

Representative Hedke moved to approve the following clarifications and corrections to the Draft Annual Report: Page two, first bullet add "2013" to the first sentence so that it begins "A siting permit was issued in August 2013 for the Summit to Elm Creek Project"; page two, second bullet, add "2013" to the first sentence so that it begins "A siting permit was issued in November 2013 for the Grain Belt Express"; page two, second paragraph before the final bullets change "these" to "and" so the paragraph would begin "The Authority solicited comments and related questions from a broad group"; page three, second paragraph replace "firm" with "Stevens and Brand LLP"; page three, second paragraph, final sentence, include the name of the study performed; page three, fourth paragraph, change "appreciates" to past tense; and page five, September 2013 meeting, add Kim Christiansen's name as the new Executive Director of the Kansas Corporation Commission (KCC). Vice-chairman Apple seconded the motion. The motion carried.

Chairman Lehman welcomed Paul Suskie, Senior Vice President for Regulatory Policy and General Counsel, Southwest Power Pool (SPP); and Bruce Rew, Vice-President of Operations, SPP. Mr. Suskie opened the presentation on the Integrated Marketplace with an update on regional transmission organizations. He stated Arkansas, Mississippi, and Louisiana are a part of MISO as of December 19, 2013. As of November 1, 2013, the Western Area Power Association, Heartland (a state agency), and Basin (cooperative) announced their intention to join SPP in 2015 as they go through their due-diligence. He anticipates SPP will extend up through the Dakotas in 2015.

Bruce Rew described the SPP's existing real time market that resolves every five minutes. In 2011, wholesale market transactions equaled \$1.2 billion. Real time energy markets can serve communities in three ways: customers can generate their own power, buy from another provider, or buy from the SPP market. The new integrated marketplace will incorporate three markets: real time, day ahead, and operating reserves. It will provide participants with greater access to the reserved energy, balanced supply and demand, and integration of renewable resources. As SPP looks at the day ahead market, it is able to determine which resources they could dispatch. SPP will balance the supply and load demand for the entire

footprint. Much of the savings associated with the Integrated Marketplace comes from reducing the number of balancing authorities from 16 to one. The project will begin March 1, 2014. In response to questions, Mr. Suskie respond as follows:

- A utility must bid enough power into the market to meet its load. It can bid in excess power as well and get reimbursed for it at the market's clearing price.
- Regarding protections for the rate payers, Mr. Rew said the point of a market is to use the least-costly generation. In addition, a utility can protect itself by utilizing a power purchase agreement for its own generation.
- Wind may, on occasion, be bid into the market at a negative price, but the producer might still make money because of the production tax credit for wind ([Attachment 5](#)).

Chairman Lehman recognized Dave Peck, Westar Energy, for an update on the Prairie Wind portion of the Y-Plan. Engineering design, procurements, and easements are complete. Westar is in the middle of construction. The project cost was lowered from the forecast of \$180.4 million to \$170 million. They are working with ITC to see if they can energize the first leg of the line, which runs from Wichita to the Thistle substation. The completion date for the entire project is scheduled to be December 31, 2014 ([Attachment 6](#)).

Dave Peck continued with an update on Westar's portion of the Elm Creek to Summit project. The KCC approved the siting permit for the line in Saline and Ottawa counties. Construction is scheduled to begin in the spring of 2015 with a target completion date of December 2016.

The Chairman welcomed Michael White, ITC Great Plains, for an update on its portion of the Y-Plan. All easements have been secured with only one easement requiring condemnation. Barber County is complete with the line running east to west. Kiowa County is 50 percent complete. Target completion date is late 2014 ([Attachment 7](#)). Regarding the Elm Creek to Summit line, Mr. White said it is a joint-ownership project with Mid-Kansas Electric Company. They received final regulatory approval for the project and are on the same time line as Westar to complete the project in late 2016. ITC is building the northern 30 miles of the project, in Cloud and Ottawa counties.

Chairman Lehman welcomed Mark Lawlor, CleanLine Energy Partners. The Grain Belt Express CleanLine is a proposed 750-mile direct current transmission line that will connect the wind resources of Kansas to Missouri, Illinois, and Indiana. The Grain Belt Express CleanLine will deliver up to 3,500 megawatts of low-cost wind power, via direct current transmission line. The project has all necessary regulatory approvals in Kansas and Indiana, and CleanLine expects to file an application with the Missouri Public Service Commission in March, 2014. The company anticipates filing for approvals in Illinois at the end of 2014 or early in 2015. It recently issued a request for information to developers asking for the amount of wind under development in western Kansas. The company will aggregate this confidential information to generate information about the resource potential for the line. In response to questions, Mr. Lawlor explained that CleanLine does not contract for wind; the company sells capacity. Wind developers contract directly with offtakers. CleanLine will work with the capacity buyers to gradually bring them into the process.

Chairman Lehman recognized Kimberly Svaty, The Wind Coalition, for an overview of wind energy in Kansas. She noted the Buffalo Dunes project was the largest wind project to come online in 2013 in the U.S. In nearly all of 2012, Kansas led the nation in wind farm construction, which equates to \$7 billion in capital investment and 12,000 new jobs. Currently, there are two projects under construction that have been announced: Marshall County Wind Project and Alexander Wind Project in Rush County. The Alexander Project will be the state's first community wind project. Ms. Svaty discussed the characteristics and economic impacts of a number of the Kansas wind farms. She also discussed the impact of the Lesser Prairie Chicken, noting that a wind farm with a known prairie chicken lek in its development area would be required to invest \$1 million per wind turbine to mitigate damage to habitat, as part of a five-state compact (Attachment 8).

The Chairman discussed upcoming SPP meetings. The Regional State Committee and the Board of Directors Members Committee meetings are January 27-28, 2014, in Austin, Texas, at the Omni Hotel at Southpark. Tim McKee stated he plans to attend (Attachment 9). *Vice-chairman Apple moved to allow KETA members to be reimbursed for expenses associated with attending the January 27-28 meeting and the April 28-29 meeting, as well. Representative Hedke seconded the motion. The motion carried.*

The Chairman recognized Tom Day, KCC, who relayed Governor Brownback's official announcement of Senator Jay Emler to fill the remainder of Mark Sievers' term on the KCC. The term expires March 15, 2015.

Chairman Lehman adjourned the meeting at 11:44 am.

Respectfully submitted,
Tim McKee, Secretary

Approved by the Authority on:

June 10, 2014

(Date)