

Kansas Electric Transmission Authority (KETA)

How Can KETA Support Development of an EHV System?

By
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Lawrence, Kansas
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Transmission Authority**
KETA



A KETA Refresher

- Created by Kansas Legislature in 2005
- Began operations in 2006
- FY 2008 budget includes \$1 million for project development
- Seven Board Members
 - Three Appointed by Governor with Senate Confirmation
 - Four Year Terms (staggered initially)
 - Four Legislators *ex officio* – Chairs and ranking minority members of Senate and House Utilities Committees

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Members

- Chairman Rep. Carl D. Holmes
- Vice-Chairman Earnie Lehman
- Secretary-Treasurer Tim McKee
- Les Evans
- Senator Jay Emler
- Senator Janis Lee
- Rep. Annie Kuether

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KETA'S Mission

- Our mission is to ensure reliable operation of the electrical transmission system, diversify and expand the Kansas economy, and facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure.

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KETA Authority

- The Authority may plan, finance, construct, develop, acquire, own and dispose of transmission facilities.
- The Authority shall function as a public entity and shall contract for maintenance and operation of transmission facilities.

Other Specific Powers

- Enter into contracts with Kansas Development Finance Authority to issue bonds and provide financing for projects.
- Recover costs through Southwest Power Pool (SPP) Regional Transmission Organization tariffs
- *Additional cost recovery through Kansas Corporation Commission (KCC) assessments on Kansas retail customers, including customers of utilities otherwise exempt from KCC regulation. (Creeping Socialization?)*

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KETA Benefits

- KETA can transcend the interests of individual utilities.
 - e.g. may help construct facilities in western Kansas whose benefits are realized in the east.
- KETA can consider benefits beyond those relevant to utilities, e.g. renewable energy development, rate reduction
- KETA is one of an emerging network of state infrastructure authorities who are already establishing closer ties.
- KETA can build more cheaply than publicly traded companies.

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KETA Limits

- KETA has a strong legal and financial framework, but is not fully a business. Thus far it has been only a convener and fact-finder. It has no dedicated staff.
- KETA cannot consider regional benefits in its formal decisions, only Kansas benefits.
- KETA is project-driven, at least so far. We have yet to focus on a long-term development strategy.

Projects of Interest to KETA

- Criteria require a majority of the benefits accrue to Kansas utilities/customers, though the construction may occur in other states.
- To date, no projects >345 kV have been considered.
- Every project of interest to KETA has been “committed” to by one or more utilities. SPP has been a valuable ally in screening and analysis.
(Success has many fathers.)

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Looking Behind the Curtain

- Only three Westar projects appear certain to be constructed. December 3 KETA meeting raised considerable doubts about the timing (not the intent) of construction of other announced projects.
- Holcomb permit denial affects both the economic justification and the reliability need for the X Plan.
- Development of wind projects will be constrained.

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Market Inefficiencies

- A two-level problem; how to facilitate transmission construction with benefits not captured by the current SPP aggregate study process and how to avoid suboptimizing the transmission network in Kansas.
- Near-term KETA analysis will determine the limits of its Kansas-wide cost-sharing powers
 - ability to spread costs for non-financed and/or non-owned projects
 - ability to spread generator interconnection costs
 - ability to spread only the portion of a project's costs that would be needed to cross the economic justification threshold

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Stepping Up The Game

- KETA's next meeting on February 8 will focus on the SPP RSC and CAWG. We want to work with Kansas representatives on these key committees and also assist the committees in moving reforms through the SPP. **KETA wants a truly regional and reliable EHV network.**
- KETA will continue to build working relationships with authorities in other states. Our initial efforts are aimed at securing federal tax exemption for infrastructure bonds. This will take us beyond SPP for project analysis.

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Contact Information

- **KETA website:**

<http://www.kansas.gov/keta/>

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