Kansas Electric Transmission Authority (KETA)

A Briefing for Utility Perspectives

Rep. Carl Holmes, Chairman

Washington, D.C.
October 13, 2009

KETA

• Created by Kansas Legislature in 2005
• Began operations in 2006
• Seven Board Members
  – Three Appointed by Governor and Confirmed by the Senate
  – Four Year Staggered Terms
  – Four Legislators ex officio – Chairs and ranking minority members of Senate and House Utilities Committees
Members

- Chairman, Representative Carl D. Holmes
- Vice-Chairman, Earnie Lehman
- Secretary, Tim McKee
- Les Evans
- Senator Pat Apple
- Senator Janis Lee
- Representative Annie Kuether

Mission

- Ensure reliable operation of the electrical transmission system
- Diversify and expand the Kansas economy
- Facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure
KETA Authority

- Plan, finance, construct, develop, acquire, own and dispose of transmission facilities
- Function as a public entity and contract for maintenance and operation of transmission facilities

Financial Authority

- Contract with Kansas Development Finance Authority to issue bonds and provide financing for projects
- Recover costs through Southwest Power Pool (SPP) Regional Transmission Organization tariffs, through assessments on all Kansas retail customers, and through fees for service
Drivers For KETA’s Creation

• Assist development of wind energy resources for use in Kansas and to export
• Increase ability to import and export fossil-fueled generation
• Reduce large retail rate disparities within Kansas

What We’ve Done

• Identified projects that will benefit Kansas
  – Commissioned an SPP study of economic benefit projects
• Spurred other parties to construct important projects
  – Spearville – Axtell, NE (will be built by ITC Great Plains) – “KETA” Project 345 kV or 765 kV
  – Wichita – Reno – Salina (Westar Energy) 345 kV
  – Wichita – Rose Hill – OK Border (Westar Energy) 345 kV
What We’ve Done

• Encouraged the construction of a fourth transmission line
  – Spearville to Wichita (construction planned by Prairie Wind and ITC Great Plains)

• Improved understanding of the importance of a robust grid to the expansion of renewable energy generation
What We’re Doing

• Working with Southwest Power Pool to develop regional tariffs to support transmission expansion

• Monitoring the progress of many Kansas transmission projects
What We’re Doing

• Exploring development of “collector lines” to get renewable energy resources to customers

• Building bridges to other states with similar infrastructure authorities; Colorado, New Mexico, Wyoming, Idaho, North Dakota, South Dakota

KETA, State and Local Entities

• State and local entities must provide information, assistance and advice requested by the Authority

• State and local entities may lease, lend, grant, or convey land to the Authority without public notice
KETA Limitations

• KETA projects must be accepted by the SPP

• Private entities must have an opportunity to provide intent to build before KETA can proceed with construction

• If the project is not started within 180 days by the private entity, KETA may proceed with the project

Coordination With Other States

• KETA actively engaged with other state transmission/infrastructure authorities to facilitate regional transmission expansion and large wind projects

• The states have jointly sought federal tax exemption for bonds issued by KETA and its sister authorities

• The FERC has begun to take notice of the states’ grassroots efforts
KETA’s Contribution

- Fostering a competitive environment for construction
  - Kansas has gone from little transmission expansion to competing companies desiring to build the same lines

- Challenging the planning process by recognizing benefits hitherto ignored. This will justify more construction.
Challenges

• Accurately capturing proposed project benefits and costs

• Tapping federal tax-exempt financing to stimulate construction

• Integrating into regional transmission planning process

Opportunities

• Reduce financing costs for entities willing to build KETA sanctioned projects

• Facilitate future upgrades to existing transmission lines

• Work with SPP and other states to establish a truly regional and reliable EHV network

• Reduce transmission costs for renewable project developers

• Reduce rate increases for customers
Continuing Concerns

- Cost recovery mechanism
  - KCC and SPP roles – complex decisions
- Kansas ratepayer benefits
  - Balancing direct and indirect benefits never easy
- Will Wind developers build along proposed transmission routes?
  - Who “blinks” first?

Contact Information

Rep. Carl D. Holmes
PO Box 2288
 Liberal, KS  67905
repcarl@aol.com
http://www.kansas.gov/keta/