

Kansas Electric Transmission Authority

League of Kansas Municipalities Annual Conference

Senator Janis Lee

Topeka
October 5, 2009

KS Electric
Transmission Authority
KETA



KETA

- Created by a 2005 law
- 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

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Members

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

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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



KETA Authority

KETA also has broad authority to seek assistance from other governmental units

- 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



Financial Authority

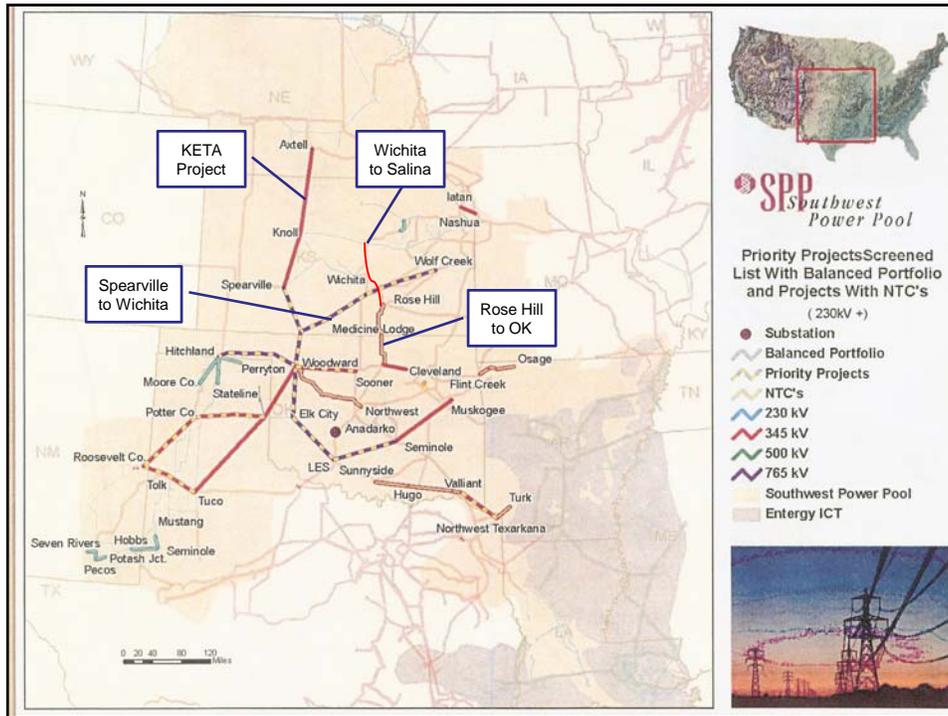
- Contract with Kansas Development Finance Authority to issue bonds and provide financing for projects
- Recover costs through Southwest Power Pool (SPP) Regional Transmission Organization tariffs, through assessments on all Kansas retail customers, and through fees for service

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How Does KETA Do Its Job?

- Identify projects that will benefit Kansas
 - Commissioned an SPP study of economic benefit projects
- Spur utilities 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
 - Spearville – Wichita – (Prairie Wind and ITC Great Plains) 765 kV

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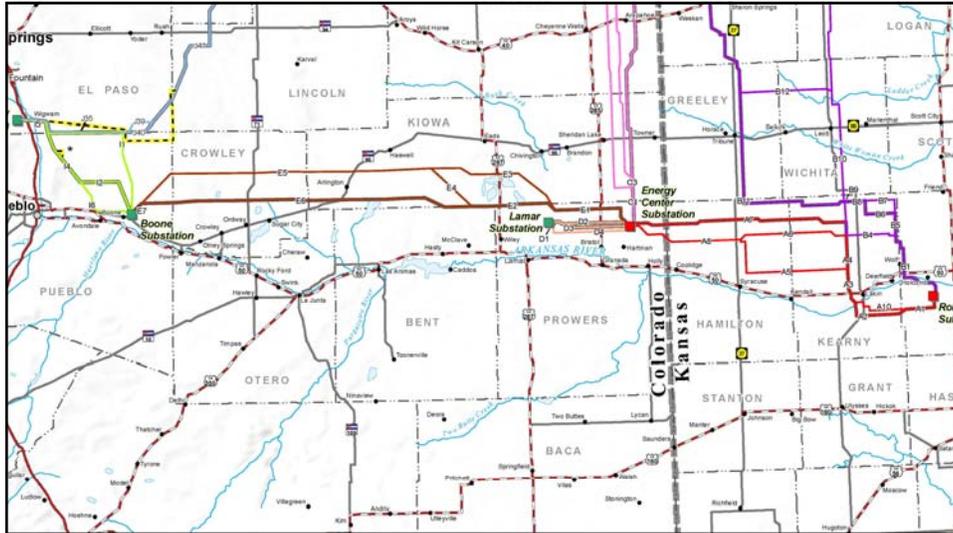


Key KETA Activities

- Improve understanding of the importance of a robust grid to the expansion of renewable energy generation
 - Public awareness
 - Building bridges to other states with similar infrastructure authorities; Colorado, New Mexico, Wyoming, Idaho, North Dakota, South Dakota

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Source: Eastern Plains Transmission Project
Western Area Power Administration, 1/16/08



Key KETA Activities

- Provide a forum and focus for discussion of transmission issues
 - Monitor the progress many Kansas transmission projects
 - Augment efforts of Kansas' SPP members in cost recovery discussions



Projects Being Monitored

- | | |
|--|--|
| • Wichita - Reno 345 kV | Completed |
| • Reno – Summit 345 kV | Under Construction |
| • Rose Hill - Sooner 345 kV | Siting Permit Approved –
Construction 2010-2012 |
| • Knoll - S Hays - Heizer 230 kV | Conversion completed |
| • Phillipsburg - Norton 115 kV | Design phase |
| • Spearville – Wichita 345/765 kV | Awaiting SPP Cost Recovery
Decision |
| • Spearville – Knoll (S. KETA project) | Siting Permit Approved |

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New Effort

Exploring development of “collector lines” to move renewable energy resources to the high-voltage elements of the grid

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KETA's Contribution

- Fostering a competitive environment for transmission 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 transmission line construction.

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Challenges of Renewable Transmission

- Accurately capturing proposed project benefits and costs – moving energy generated by renewable resources is expensive
 - Wind farms are located where wind and land are plentiful – usually long distances from customers
 - Distance and resistance to siting make transmission costs very high

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Opportunities

- Reduce financing costs for KETA sanctioned projects
- Facilitate upgrades to existing transmission lines
- Work with SPP and other states to establish a truly regional and reliable extra high voltage network
- Reduce transmission costs for renewable project developers
- Reduce rate increases for customers

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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?

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