

KPP LIGHTNING ROUND

May 2025

KPP Energy 2025 Conference - September 25, 2025

Please mark your calendars for the KPP Energy 2025 Conference on September 25, 2025. This year's event will feature a new format – and new location. The conference will be a full day of informative sessions, networking and fun activities at the new KPP office at 2229 South West Street in Wichita.

The keynote speaker this year is Reed “Roller” Barrett, an award-winning keynote speaker and Air Force fighter pilot. Barrett is a current qualified F-16 Pilot in the United States Air National Guard serving out of Washington DC. Prior to flying the F-16, Reed spent five years working as a professional magician in Las Vegas at the Bellagio Hotel while also working in Emergency Medicine as an EMT. Leveraging his diverse career, Reed will take listeners into the cockpit and leave conference attendees transfixed.

The KPP conference will offer numerous other interesting and educational presentations, including important updates from KPP Energy staff on such issues as rates, resource adequacy, member generation, financial best practices, and more. Always popular at the conference are “KPP Member Spotlights” in which member communities give an update about great things happening in their community.

After a full day of sessions, the conference will end with the first KPP “Great Yard Party” featuring Wichita’s best food trucks, games, and much more. Please mark your calendars for September 25, 2025 and join us for the KPP 2025 Conference!



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KPP to Receive Clean Electricity Low-Income Communities Bonus Credit Program

IF RECEIVED, COST BENEFITS FLOW TO ALL KPP MEMBERS & SIX PACE COMMUNITIES

As part of ongoing efforts to secure funding and tax credits for the Powering Affordable Clean Energy (PACE) solar project, KPP Energy developed a resolution this past February for six PACE participating communities — Clay Center, Ellinwood, Greensburg, Hillsboro, Marion, and Wellington. The resolution aimed to establish a Qualified Low-Income Economic Benefit Program to meet the requirements for a 20% tax credit under Category 4 of the Clean Electricity Low-Income Communities Bonus Credit Program.

Upon receiving the credit, estimated at approximately \$5 million, KPP Energy will annually allocate funds to each of the six communities for five years. Each community will receive an amount equal to 50% of the cost difference

between generating solar energy locally and purchasing that energy from the market. These funds will then be distributed by each community to eligible customers identified through the Low-Income Energy Assistance Program. The first distributions are expected in 2027, approximately one year after project completion.

KPP Energy submitted the applications on February 13, 2025. In late April, the Department of Energy placed the applications in suspended status pending additional information. The required materials, including the adoption of a follow-up resolution by each community, were submitted by May 7. All six applications were officially approved for allocation by May 14.



NERC Summer Reliability Assessment Overview

ERIC ALEXANDER, CHIEF STRATEGY OFFICER



It's at that time of year again, allergy medication, dragging out lawn equipment, stocking up on sunscreen, and reviewing the regulatory agencies annual summer reliability assessments. These assessments summarize the respective agencies' risk analysis of the six Regional

Entities' ability to meet summer peak demands and highlight some notable challenges to the bulk power system.

NERC's 2025 Summer Reliability Assessment provided some assurance that all regions have adequate resources for normal summer weather. However, there are some areas in the middle section of the United States remain at risk during more extreme weather over the next several months. (See Figure 1 below)

When looking at SPP specifically, NERC's assessment states:

"SPP's Anticipated Reserve Margin (28.5%) is similar to last summer, and resource shortfalls are not expected for the upcoming Summer 2025 season"

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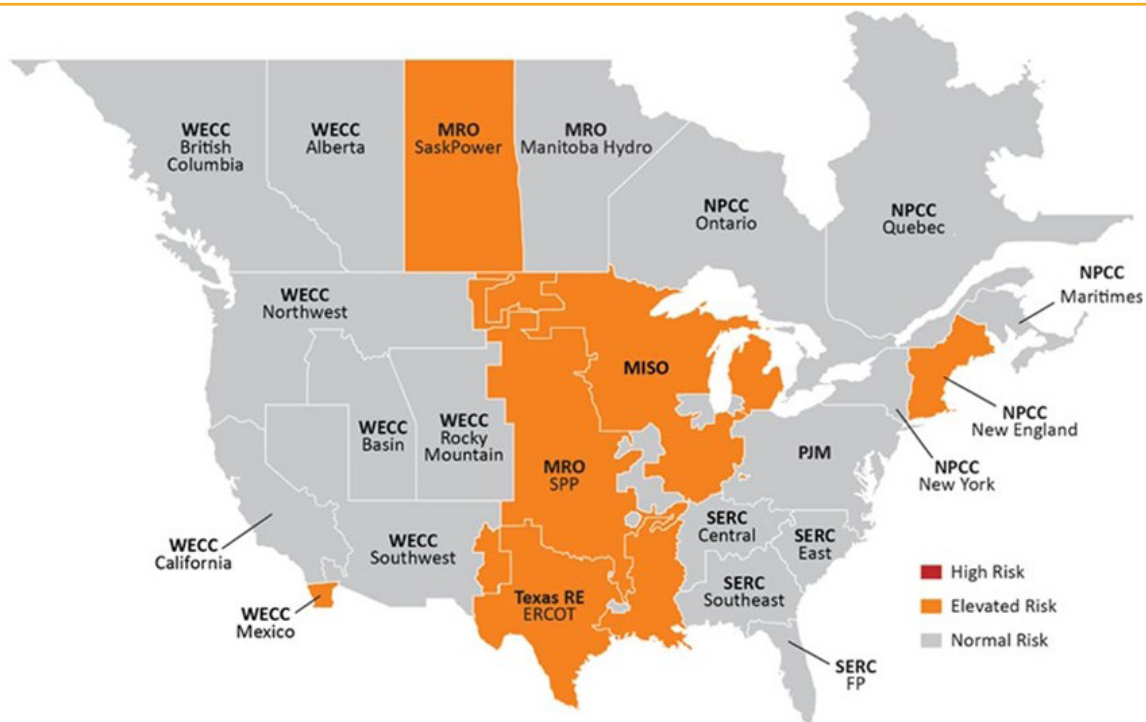


Figure 1: Summer Reliability Risk Area Summary

Seasonal Risk Assessment Summary	
High	Potential for insufficient operating reserves in normal peak conditions
Elevated	Potential for insufficient operating reserves in above-normal conditions
Normal	Sufficient operating reserves expected



NERC Summer Reliability Assessment Overview

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under normal conditions. However, SPP remains at risk for energy shortfalls if above-normal peak demand periods coincide with low wind output and high generator forced outages. Other known operational challenges for the upcoming season include managing wind energy fluctuations; SPP often experiences sharp ramps of its wind generation that can cause transmission system congestion as well as scarcity conditions.”

Touching on a few of the reliability issues, we begin with the predicted above average temperatures displayed below for the upcoming summer season.

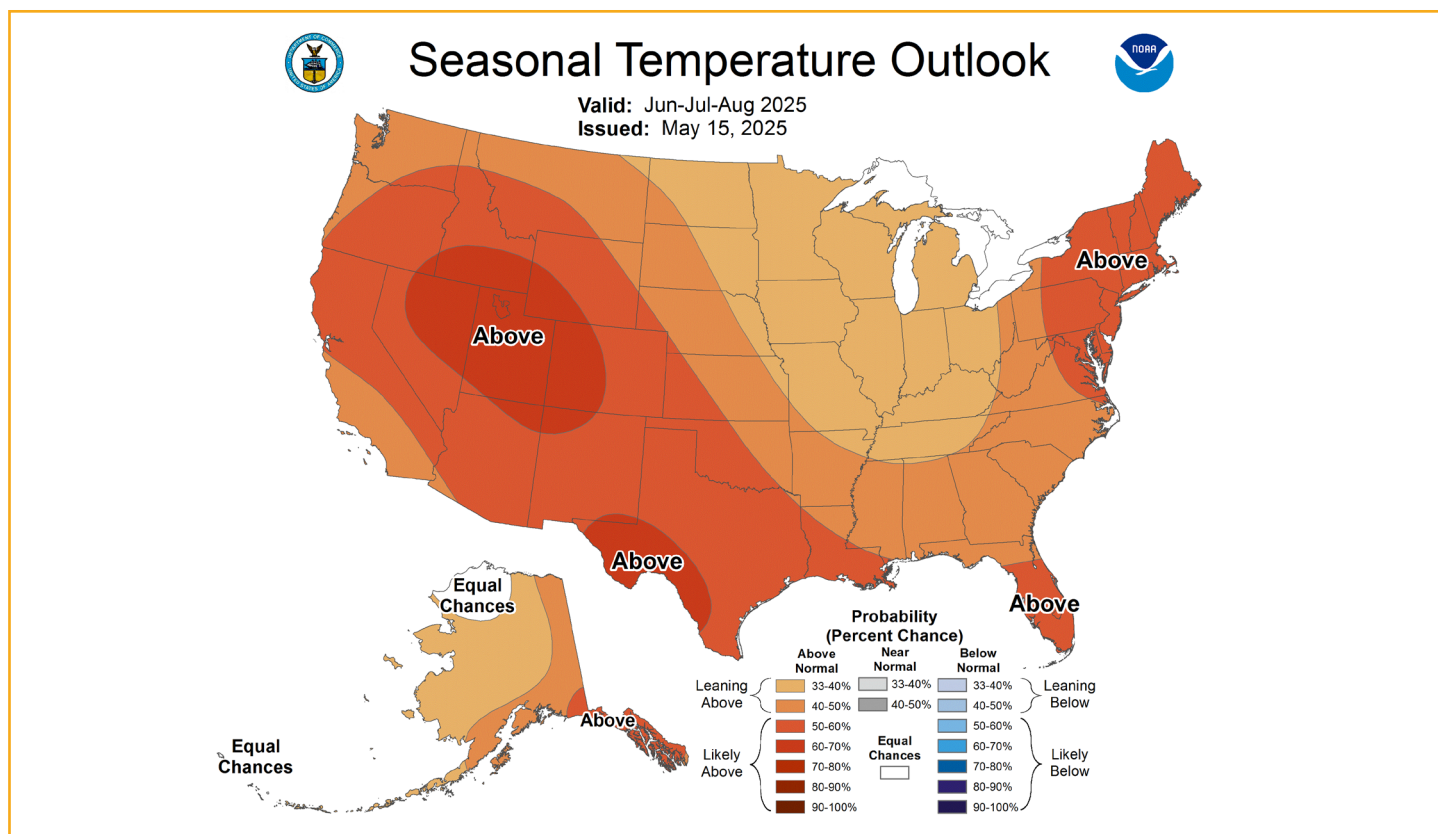
NERC’s study mentions, “average temperatures across the United States and Canada were not as hot as 2023, but 2024 still managed to rank in the top four hottest recorded

summers with certain areas breaking records again.”

Although there were no load shedding events for the 2024 summer, there were still several emergency alerts issued. Sustained heat can play havoc on energy infrastructure causing outages and derates, and if the heat is widespread, it could limit the interregional power flows that regions have become increasingly more dependent on for energy during extreme weather events.

Another concern NERC identified is year-over-year load growth. “Fifteen of the 23 assessment areas are expecting an increase in peak summer demand from Summer 2024. Aggregated peak demand across all assessment areas has increased by over 10 GW since 2024. This is more than double the increase in peak demand from 2023-2024.”

(continued on page 5)



NERC Summer Reliability Assessment Overview

CONTINUED FROM PAGE 4

Lastly, the report also highlights that an aging generation fleet is presenting resource adequacy challenges because forced outage rates for conventional resources are increasing, thereby reducing the amount of available generation balancing authorities have for dispatch during those peak days. SPP's Performance Based Accreditation, starting in the summer of 2026, will penalize generators for these outages and derates by reducing how much capacity accreditation load responsible entities can claim for their planning reserve margin.

Unfortunately, refurbishing these aging generators in a timely fashion presents its own challenges such as supply chain bottlenecks for parts and the risk of additional repairs being identified, resulting in additional time and money.



MRO-SPP

SPP PC's footprint covers 546,000 square miles and encompasses all or parts of Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming. The SPP long-term assessment is reported based on the PC footprint, which touches parts of the MRO Regional Entity and the WECC Regional Entity. The SPP assessment area footprint has approximately 61,000 miles of transmission lines, 756 generating plants, and 4,811 transmission-class substations, and it serves a population of more than 18 million.

Highlights

- SPP projects a low likelihood of any emerging reliability issues impacting the area for the 2025 Summer season.
- Generation availability is not expected to be impacted by fuel shortages or river conditions this summer.
- BA generation capacity deficiency risks remain depending on wind generation output levels and unanticipated generation outages in combination with high load periods.
- Using the current operational processes and procedures, SPP will continue to assess the resource needs for the 2025 Summer season and will adjust generation and energy supply portfolios as needed to ensure that real-time energy sufficiency is maintained throughout the summer.

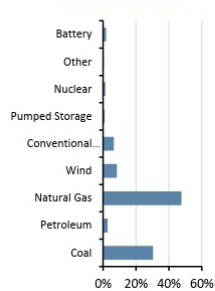
Risk Scenario Summary

Expected resources are sufficient to meet operating reserve requirements under normal peak-demand and outage scenarios. Above-normal summer peak load, low wind conditions, and higher-than-normal forced outages could result in the need for operating mitigations (e.g., demand response and transfers from neighboring systems) and EEAs.

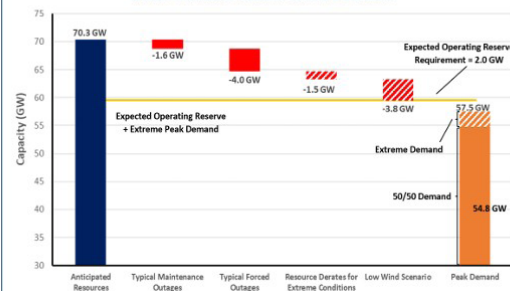
On-Peak Reserve Margin



On-Peak Fuel Mix



2025 Summer Risk Period Scenario



Scenario Description (See Data Concepts and Assumptions)

Risk Period: Highest risk for unserved energy at peak demand hour

Demand Scenarios: Net internal demand (50/50) and extreme demand is a 5% increase from net internal demand

Maintenance and Forced Outages: Represent five-year historical averages; calculated from SPP's generation assessment process

Extreme Derates: Additional unavailable capacity from operational data at high-demand periods

Low Wind Scenario: Derates reflecting a low-wind day in the summer





2025 KPP

ANNUAL CONFERENCE

EMPOWERING KANSAS COMMUNITIES



KPP HEADQUARTERS

2229 S. West Street, Wichita, KS



THURSDAY

SEPTEMBER 25 | 9AM

Join us at our brand-new headquarters for a full day of learning, updates, and connection.

EVENT HIGHLIGHTS:

- Featured Speaker: Reed Barrett
- Technical Sessions
- Member Spotlights
- The Great Yard Party

REGISTER TODAY!

KPP.ENERGY/EVENTS/2025-KPP-CONFERENCE/

May Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER



The KPP Energy Board of Directors held their regular monthly meeting on May 15th at KPP Energy in Wichita. A summary of meeting highlights is provided here.

May 2025 ECA Analysis

Chief Operating Officer

James Ging walked Board members through the April 2025 ECA presentation. He noted that the total costs were under budget by \$1,127,424. Transmission costs were below budget \$99,663; energy costs were below budget \$404,944; and capacity costs were below budget \$621,375. In terms of sales, demand was 1% below expected and energy was 7% below expected. Ultimately, this resulted in an actual ECA of negative \$0.00442 versus budgeted positive \$0.01179.

Organization & Industry Update

CEO and General Manager Colin Hansen, provided an industry update covering Congressional budget reconciliation as it relates to PACE. He also noted that Trump Administration budget is calling for \$19.3 Billion to be cut from the Department of Energy. He also provided information about the SPP Expedited Resource Adequacy Study as well as detailed updates on FERC and NERC.

Financial Statements

Chief Financial Officer Vickie Matney presented written financial statements for the period ending March 31, 2025, showing a net position before DAI of \$1,909,475 for the year. Collection and Disbursement of Generation

Resource ECA Funds total around \$7.5 million. Matney reviewed a comparison of March 2025 balance sheet to the March 2024 balance sheet.

Market Update

Chief Strategy Officer Eric Alexander provided the market update, including weather outlooks, degree days, load prices, and natural gas storage and prices.

Walnut Energy Center

Director of Energy Services Mike Shook provided an update on the Walnut Energy Center but noted there have not been many developments since the previous month. Additional resource technology has been evaluated, including refurbished Cooper reciprocating engine units, Caterpillar reciprocating engine units, and Solar industrial combustion turbines.

At staff's request, 1898 & Co., a subsidiary of Burns & McDonnell, provided a Class 5 estimate proposal to study various Solar Titan gas turbine units as well as a Siemens SGT-800 unit. Staff requested Board authorization to negotiate pricing while slightly expanding the study to include several additional units. The Board approved the request.

Additional Capacity

The Board increased staff's authority to purchase capacity from a total of 25 megawatts (MW) to 35 MW.

PACE Solar Project

Chief Operating Officer, James Ging, provided engineering and environmental updates for the PACE project. He noted that the Environmental Assessment for

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May Board Meeting Review

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Winfield is ready for agency review as the second-round of comments have been addressed and are 508-compliant, and the Wellington environmental assessment is complete.

The remaining solar modules are set to be delivered June 27th but shipment may be delayed to August to avoid storage issues.

The mobilization date within the construction timeline is August 1, 2025, with Winfield and Wellington coming online January 26, 2026, and Clay Center coming online March 26, 2026. The effect of timing on paying the temporary financing was discussed.

CEO Colin Hansen advised the Board that KPP Energy's LMI tax credit applications have been approved for allocation for all six sites that qualified, which provides an injection of several million dollars to the project and will further help control KPP electric rates.

Changes to Future Meeting Dates

Due to scheduling conflicts, General Manager and CEO, Colin Hansen, provided the Board with a revised Board meeting schedule that moves the August meeting from the 21st to 28th, the September meeting to the 24th, and the October meeting to the 23rd.



SPP Board Approves Expedited Generation Interconnection Process

DESIGNED TO HELP ADDRESS REGIONAL RESOURCE ADEQUACY CONCERNS

At its May 6th meeting, the Southwest Power Pool (SPP) Board of Directors approved the proposed Expedited Resource Adequacy Study (ERAS), a move designed to help meet the regional grid's reliability needs in a timely manner. SPP developed ERAS in collaboration with its stakeholders and in response to an imminent and growing need to bring new generating resources online before the region's generating capacity is outpaced by its electricity needs. ERAS is a one-time, expedited study process designed to significantly accelerate the addition of new generating resources to the grid.

Pending final approval by the Federal Energy Regulatory Commission (FERC), the ERAS process establishes a parallel path to SPP's traditional generator interconnection (GI) study queue that will allow entities who are responsible for meeting consumers' electricity demand to bring new generating resources online faster than before. The process is available only to generation projects that are nominated by qualified load responsible entities (LRE) and that meet clearly defined thresholds related to near-term resource adequacy needs.

As many KPP members are aware, the SPP generation interconnection (GI) queue has faced serious backlogs over the past few years. As a painful example, the Walnut Energy Center project that KPP submitted into the GI queue back in 2020 only recently received the green light to move forward. The five-year delay in project approval has resulted in a significant cost increase that jeopardizes the agency's ability to proceed.

SPP developed the ERAS process to mitigate reliability risks associated with rapidly increasing load forecasts,

a backlog of projects in the existing GI queue and the accelerating pace of generator retirements.

"ERAS offers utilities who are responsible for keeping the lights on a clearly defined and impactful opportunity to address real and immediate needs," said SPP President and CEO Lanny Nickell. "It's not a replacement for broader interconnection reforms, but this complementary effort will ensure reliability isn't compromised during a transitional period while we work to implement more permanent solutions."

Key elements of the ERAS process include:

- Eligibility is limited to new generation nominated by LREs, of a maximum capacity set by a formula using each LRE's accredited capacity and the gap between its capacity and seasonal reserve requirements, up to a calculated ceiling
- Projects must be capable of reaching commercial operation within five years of executing a generation interconnection agreement
- The one-time process will run separately from SPP's standard GI queue
- Projects that were submitted for consideration in SPP's most recent batch of GI study requests will be given the option to transfer their submissions to the ERAS queue

"SPP is committed to evolving its processes to better serve our members and the millions who rely on them for reliable power," said Nickell. "ERAS is one part of that evolution — an innovative solution that will mitigate acute reliability risks without disrupting SPP's other processes or ongoing GI queue reforms — and it comes just in time to meet the reliability needs of a quickly changing grid."



Event Calendar

2025 DATES TO REMEMBER

JUNE 6 - 11, 2025

APPA National Conference
New Orleans, Louisiana

JULY 24, 2025

KPP Board Meeting

AUGUST 28, 2025

KPP Board Meeting

SEPTEMBER 24, 2025

KPP Board Meeting

SEPTEMBER 25-26, 2025

KPP Energy Conference

OCTOBER 5 - 12, 2025

Public Power Week

OCTOBER 23, 2025

KPP Board Meeting

NOVEMBER 7, 2025

Rate Forum

DECEMBER 12, 2025

Annual Membership
Meeting

KPP Resources by Fuel Source

APRIL 2025

