



October 27, 2022

To: Senate Select Committee on Wind Turbine Lighting

From: Lindsay Archer, Research Analyst

Re: History of the Kansas Electric Transmission Authority

The Kansas Electric Transmission Authority (KETA) was created by the 2005 Legislature (2005 HB 2263, KSA 74-99d07 – 74-99d14) and abolished by the 2016 Legislature (2016 SB 318, KSA 74-99d15).

Creation of KETA¹

In the KETA New Member Orientation Guide from January 12, 2015, the following information was listed as justification for the creation of KETA:

In 2005:

- No significant transmission had been constructed in Kansas since the completion of the Holcomb, Jeffrey 3, and Wolf Creek generating stations in 1984 and 1985;
- Kansas was lagging behind in wind energy production despite the abundance of this natural resource, particularly in the western part of the state. Texas and upper Midwest states like Iowa were far ahead;
- The Southwest Power Pool (SPP) had no comprehensive process for planning and paying for a robust regional transmission network, and utilities and wind producers found it nearly impossible to plan; and
- High natural gas costs and limited transmission capacity aggravated large differences in electric rates paid by Kansas consumers. There was no access to lower cost resources.

Representative Carl Holmes, long-time chair of the House Utilities Committee and, later, long-time chair of KETA, spearheaded the creation of KETA. There was discussion about tariffs for assigning costs associated with transmission construction at the SPP and the Federal Energy Regulatory Commission (FERC). Representative Holmes and others believed that

¹ Information in this section comes directly from the Kansas Electric Transmission Authority's New Member Orientation Guide, January 12, 2015, and public testimony on 2016 SB 318.

Kansas needed a stronger transmission grid that connected eastern and western Kansas; however, there was a fear that the absence of reasonable tariffs would strand Kansas generation. Upon hearing of a state infrastructure authority in Wyoming that had the authority to fund infrastructure improvements through the state, Representative Holmes introduced legislation that ultimately created KETA.

Mission of KETA

The Legislature established KETA's mission:

- Further ensure reliable operation of the electric transmission system;
- Diversify and expand the Kansas economy; and
- Facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure.

Allowable Actions by KETA

The Legislature also set out the actions that KETA could take:

- Plan, finance, construct, develop, acquire, and own and dispose of transmission facilities;
- Function as a public entity and contract for maintenance and operation of transmission facilities; and
- Recover costs through SPP tariffs, assessments on all Kansas retail customers regardless of whether their utility is regulated by the Kansas Corporation Commission (KCC), and fees for service.

Membership and Organization of KETA

The Legislature established that KETA would be governed by a nine-member board of directors, with the following appointments:

- Five members appointed by the Governor, subject to confirmation by the Senate, with no more than three of the members being members of the same political party;
- Four ex officio members, including the following:
 - Chairperson and Ranking Minority Member of the House Committee on Utilities; and

- Chairperson and Ranking Minority Member of the Senate Committee on Utilities.

The board of directors was authorized to elect each year from its members a chairperson, vice-chairperson, and secretary.

KETA was staffed by analysts and a committee assistant from the Kansas Legislative Research Department, attorneys from the Office of the Revisor of Statutes, and a contracted attorney from Stevens & Brand, LLP. Meetings of KETA were held quarterly, often at KCC headquarters.

Bill to Abolish KETA

SB 318 was introduced by the Senate Committee on Utilities during the 2016 Legislative Session.

Senate Committee Action

At the Senate Committee on Utilities hearing on Thursday, January 21, 2016, representatives of Americans for Prosperity – Kansas, Westar Energy, Kansas City Power & Light, and Empire District Electric testified in favor of the bill. The proponents stated that while KETA had provided significant service to the state by promoting transmission in western Kansas, with the approval of regional tariffs by FERC, KETA's influence for getting transmission built in Kansas and within the SPP footprint has arguably been reduced. In addition, the SPP transmission planning process had evolved significantly since the inception of KETA.

Representatives of WindSoHy and the Kansas Sierra Club testified in opposition to the bill. The opponents stated that KETA had been successful in its mission and had been productive for Kansas. In addition, the opponents stated KETA was a key player in discussion regarding grid reliability and transmission matters and that it holds Kansas's best interests in the SPP. Written testimony in opposition to the bill was submitted by a representative of the Climate+Energy Project.

Neutral testimony was presented by the KETA Chairperson, KETA Secretary, and a member of KETA, all three of whom were appointed by the Governor.

House Committee Action

At the House Committee on Energy and Environment hearing on Wednesday, February 17, 2016, representatives of Americans for Prosperity – Kansas and Westar Energy testified in favor of the KETA portions of the bill.

[*Note: The Senate Committee added new provisions that pertained to a non-KETA policy issue. Because of these added provisions, KDHE provided proponent testimony in the House Committee, and the KCC provided written-only proponent testimony on those particular provisions. Neither agency took a position on the KETA provisions of the bill.*]

A representative of the Kansas Sierra Club testified in opposition to the bill. Written testimony in opposition to the bill was submitted by a representative of the Climate+Energy Project.

Written neutral testimony was presented jointly by the KETA Chairperson, KETA Secretary, and a member of KETA, all three of whom were appointed by the Governor.

Governor and Abolishment

Governor Brownback signed 2016 SB 318 into law on May 6, 2016. The bill was published in the *Kansas Register* on May 19, 2016, which officially abolished KETA.

Notable Actions of KETA

In its New Member Orientation Guide of January 12, 2015, in addition to the events in 2005 that were used to justify the creation of KETA, KETA included the following regarding the state of the Kansas transmission system at the time of the new member orientation:

In 2015:

- New 345 kV lines in service north from the Wichita area to Salina and south from the Wichita area to Oklahoma;
- 345 kV KETA line relieves congestion, improves access for wind energy in western Kansas;
- Double circuit 345 kV lines extend east-west across Kansas for the first time, further enhancing market access for Kansas wind energy and for Kansas electric customers;
- A 345 kV line is being extended north from Salina;
- Kansas is a national leader in the growth of its wind industry;
- SPP has a comprehensive integrated transmission planning process with iterative near-term 10-year and 20-year plans. Innovative cost recovery through the highway-byway method is seen as a national model. Kansas has been a significant net beneficiary from the new 345 kV projects thanks to this methodology;
- Rate differences across Kansas have lessened as a result of lower natural gas prices and higher costs from environmental compliance; and
- New cost and reliability challenges have arisen as environmental regulation and compliance costs expand.