

Together we can make this work.

That was the theme behind the collaboration last year between Kansas City Power & Light Company (KCP&L, a subsidiary of Great Plains Energy) and the Sierra Club—an agreement that cleared the way for construction of a new coal-fired generation plant in Platte County, MO, in exchange for a series of commitments. Under the agreement, KCP&L will make the new project carbon-neutral by leveraging new and existing programs. These include a total of 375 megawatts (MW) of energy efficiency (EE), 500 MW of wind energy, and additional carbon dioxide (CO₂) reductions to offset the estimated 6 million tons of CO₂ to be emitted annually from the 850-MW coal facility—Iatan Unit 2—now under construction. In return, the Sierra Club released its objection to KCP&L's construction permit.

One year later, what's actually been implemented?

The Challenges

To move the collaboration forward, KCP&L and Sierra had some history to overcome. The utility obtained approval from the Missouri Department of Natural Resources for the Iatan project in January 2006 only to have Sierra file an appeal with the Missouri Air Conservation Commission, stalling the project for a year. The parties also had longstanding disputes before the Missouri Public Service Commission, the Kansas Corporation Commission, and the U.S. District Court.

To make the Iatan project work, KCP&L committed to several new projects. First, it promised to undertake additional EE and demand reduction programs designed to reduce annual electricity demand by 100 MW by the end of 2010 and an additional 200 MW by the end of 2012. As of August 31, KCP&L had implemented about 92 MW of demand reduction through a series of 14 energy efficiency programs. In addition to launching more programs, KCP&L is also in the process of starting its Power2Save educational program. By the end of 2008, the utility expects to have implemented a total of about 106 MW of new energy efficiency.

With EE, KCP&L committed to add 100 MW of new wind-generated electric power by the end of 2010 and 300 additional MW of wind capacity by the end of 2012. Sierra agreed

KCP&L AND THE SIERRA CLUB

By Lisa V. Wood,
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to support regulatory approval for these projects. As of September 2008, KCP&L has an existing 100-MW wind farm in operation. Although it assessed the possibility of building another 100 MW of wind capacity in 2008, it has delayed plans until at least 2009, given market conditions. "Power project timelines don't always work as planned," says Bill

Riggins, the utility's general counsel and chief legal officer, "because capital markets affect us, and we didn't foresee the market conditions that we've had for the past several months."

Subject to regulatory approval, KCP&L is still on target to complete the total of 400 MW by the end of 2012.

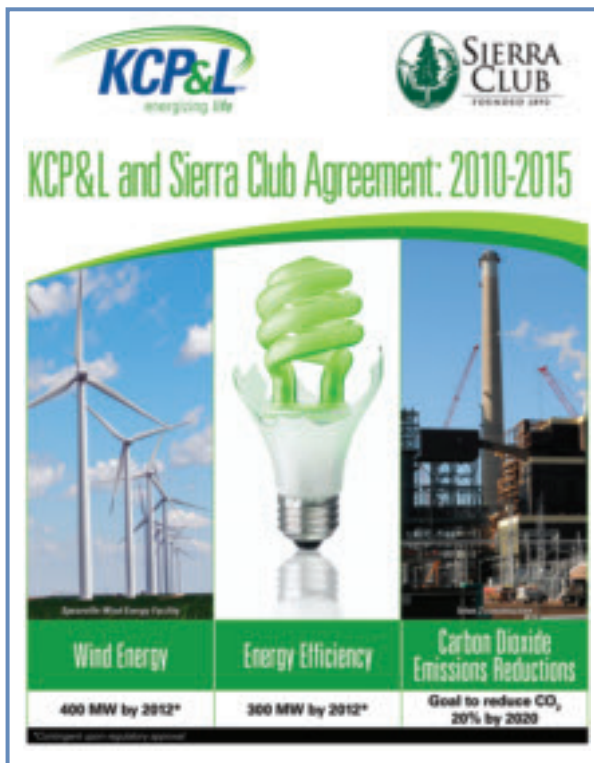
Regarding CO₂, KCP&L also agreed to undertake new projects that would offset 711,159 tons of CO₂ emissions annually, through additional renewable energy and efficiency projects (over and above its other commitments) and improvements in the efficiency of any of the utility's operations. KCP&L is in the process of assessing potential EE projects at all of its generating facilities. The utility is looking for heat-rate improvement projects, for example, as well as efficiency projects that reduce electric consumption at nongenerating facilities. The goal is to determine which projects provide not only reduction in carbon emissions, but also economic return.

The Take-Aways

Today, KCP&L customers are reaping the benefits of the agreement. "Our collaboration

with the Sierra Club really demonstrates how we can use energy efficiency to meet our demands and goals for the future—both power demands and environmental goals," says Riggins. "Energy efficiency helps us achieve both cost-effectively. It is an important piece of the power supply puzzle."

Construction of Iatan 2 began in 2006, and the project is scheduled to be online in summer 2010. ♦



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NOVEMBER / DECEMBER 2008

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