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Kelly, Evergy tout new powerplants that are likely unneeded

Author: Patrick Richardson – November 1, 2024

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Kansas Governor Laura Kelly recently touted the announcement of two new “high-efficiency” natural gas-fired power plants by Evergy.

On Oct. 21, 2024, Kelly joined Evergy executives and legislative leaders to announce that the company will invest more than \$2 billion in building two new 705 megawatts (MW) combined-cycle natural gas plants in Kansas. Together, the new projects will provide more than 1,400 MW of dispatchable power, according to a [press release](#).

The plant in Sumner County is expected to begin providing electricity in 2029, and the plant in Reno County is

[Electric Rates](#), [Evergy](#), [Government](#), [Jim Zakoura](#), [Kansas](#), [Kansas Legislature](#), [Laura Kelly](#), [Power Plants](#), [Southwest Power Pool](#)

expected to be in service in 2030.

There's only one problem — Kansas doesn't actually appear to *need* new generating capacity, which means Kansans will unnecessarily pay higher rates to pay for the new plants.

In 2021 Kansas was [already supplying](#) approximately one-third of the electricity for the *entire* 17-state Southwest Power Pool — far in excess of Kansas' own needs.

Indeed, according to [data](#) from the United States Energy Information Administration, Kansas generates 50% more electricity than it consumes — sending most of it out of state — and actual *demand* for power has been dropping for years.

EIA data shows that — even while customer bases have grown modestly — [actual demand](#) in the last five years has not.

As the table below shows, in every single Evergy region from 2018 through 2023 — the last year for which data is available — customer count has increased while the amount of power sold has gone down, in some cases, by as much as 100,000 megawatt-hours.

Description	Thousands of MWHs Sold		Customers		Thousands MWHs per Customer		
	2018	2023	2018	2023	2018	2023	Change
Evergy Kansas Central	3,565,607	3,447,296	330,847	340,314	10.8	10.1	-6.0%
Evergy Kansas South	3,170,796	3,161,889	289,364	298,842	11.0	10.6	-3.4%
Evergy Metro Kansas	2,951,761	2,857,073	224,468	242,173	13.2	11.8	-10.3%
totals	9,690,182	9,468,281	846,697	883,352	11.4	10.7	-6.3%

Source: United States Energy Information Administration

State officials and Evergy claim new demand requires new plants

The Kelly administration and Evergy are claiming new demand is driving the need for the plants — plants Kansas rate-payers will have to pay for.

According to James Zakoura, an attorney who represents both industrial and retail ratepayers before the Kansas Corporation Commission, that demand simply hasn't been demonstrated.

“They contend there is new demand that has not been demonstrated at this point, nor has it been provided in any detail,” Zakoura said. “The most that is said is that they want new plans to meet demand for, I think, data centers and artificial intelligence, and that carries a whole separate question because those facilities use lots of power, probably more power than used for Panasonic, and they have very few employees, certainly under 50 employees, compared to someone like Panasonic’s 4,000 employees, or someone like Spirit Aerosystems 10,000 employees.

“So you have a large investment to provide electric power for an entity who doesn’t have a contractual commitment to Kansas, and ... there’s no statement, at least to date, that they would pay their fair share. And, of course, we would not be supportive of basically 900,000 retail ratepayers building new plants for data centers, which have so few employees, but use so much electric power, because every single cent of the construction will be paid for by retail ratepayers.”

Moreover, according to Zakoura, it is likely that Evergy wants to retire existing coal-fired facilities which still have a useful life.

“(A), there has to be determination as additional power is needed. (B), if that additional power is needed, is this the lowest cost? (C), is the decision made based on the retirement of existing facilities,” he said. “If that’s so, be straightforward and honest with the Commission, telling them that’s what you did, that you’re putting in two new gas plants and you’re going to retire whatever coal plants over a period of time. And then take a real honest look and thorough look as to whether and in what manner the resources that exist in the state are being used to the benefit of the retail ratepayers.”

This spring, Governor Kelly signed [House Bill 2527](#), a bipartisan bill that enhances Kansas policies to incentivize electric infrastructure investment, which is critical to ensuring Kansas has the infrastructure needed to meet the energy needs of Kansas citizens and businesses. This

legislation makes Kansas more competitive for investment, increases opportunities for economic development, and ultimately saves Kansas ratepayers money on their electric bills.

“Kansas is experiencing record economic growth, and Evergy is prepared to deliver the reliable, affordable, and sustainable energy needed.” Kelly said in the release.

“Evergy’s multi-billion-dollar investment brings direct value to the Hutchinson and Sumner County areas in jobs and tax dollars. It also ensures Kansas can continue to invite business growth that benefits the entire state.”

“High-efficiency, modern natural gas plants will meet the electricity needs for our region’s growing economy. These plants also will bring good paying jobs and tax dollars to Kansas,” said David Campbell, Evergy chairman, president and chief executive officer said in the release.

“Dispatchable natural gas is an important resource within Evergy’s growing and diverse energy portfolio, complementing our planned investment in wind and solar resources and supporting our commitment to affordable, reliable, and sustainable electricity.”

Dave Trabert, CEO of The Sentinel’s owner, Kansas Policy Institute, says the data doesn’t support Kelly’s claim about the Kansas economy.

“Kansas continues to trail the nation with weak private-sector job growth, and 2nd quarter real GDP was 1.9% higher than the 2nd quarter of 2023, whereas the national average is 3.2%.”

Additionally, Kelly and Evergy are touting this as a jobs program — stating in the release that more than 500 construction jobs are anticipated per plant and 20 to 40 skilled jobs paying more than \$90,000 annually on a permanent basis.

That is — and *should be* — secondary, according to Zakoura.

“The whole jobs thing is a separate consideration,” Zakoura said. “What it ought to be, exclusively, is ‘where is the power is needed is at the lowest cost.’

“What somebody needs to say and swear, *swear to*, is that ‘this is the retail rate impact.’ Nobody should be asked to buy a pig in a poke here.

They say the cost is going to be above a billion dollars, where there’s a lot of room about. and nobody is saying what the retail rate impact is going to be. It seems like they say 8% is that for each plant, or is that for both plants? And our statute says that the policy of Kansas is for reliable service, at regionally competitive rates. And before we do that, we need to see whether or not we’ve reached regionally competitive rates at the end of the day.”

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