

## State regulator says gas plants enhance power reliability; opponents question need

By Brad Cooper - April 22, 2025



A top state regulator said Tuesday that Evergy's two proposed natural gas plants are essential to ensuring the reliability of electric power for Kansas consumers while acknowledging that there is a shifting emphasis away from affordability.

Justin Grady, deputy director of utilities for the Kansas Corporation Commission, testified in support of Evergy's plan to build a natural gas plant in Sumner County and a second in Reno County at an estimated cost of \$2 billion.

Representing only the KCC's regulatory staff, Grady addressed the competitive nature between consumer affordability and the reliability of electric power Kansans count on during sweltering summers or bone-chilling winters.



Commissioner Dwight Keen pointedly asked Grady whether the proposed gas plants would add to Evergy’s dispatchable resources – power that can be turned on and off quickly – and improve the reliability and resilience of its system.

“That is absolutely a fair statement,” Grady told the commission.

“I really believe that for the reliability of the system, these plants need to be built,” he said.

“I hope we can make it until they come without a major reliability issue in this state,” he said. “But I can’t be 100% certain that we will.”

Grady said he wasn’t trying to sensationalize the scope of the issue facing the state, explaining at one point why reliability was as important, if not more, than affordability.

“It’s a real cost, but I really believe that reliability is first and foremost and it needs to be,” he said.

“I wouldn’t support their decision to build these plants if they weren’t needed for reliability,” he said.

Keen asked Grady directly what risks Kansans would be exposed to if Evergy isn’t allowed to proceed with the plants.

“I think there’s both a reliability potential cost and an economic potential cost in terms of opportunity if we don’t pursue...this opportunity at this time,” he said.

In recent years, there’s been a lot of debate at the Kansas Capitol about keeping electric rates regionally competitive and holding down utility capital investments, Grady said.

“I think we are entering a time, where we’re in that ever-present balancing act that we have to engage in as regulators between reliability and affordability,” he said.

“Unfortunately I think we’re going to shift more of our focus toward reliability.”

“The unfortunate reality...is that’s likely to lean us away from so much focus on affordability,” he said.

He noted that a portion of Evergy’s transmission and distribution system is beyond its useful life. He said ideally, the state is entering a period where new development and load growth can offset the affordability pressure the state is facing.



"I think that it would be unwise for everyone in this room to think that the next seven years is going to present the kind of rate stability that customers have become accustomed to from the previous seven years," he said.

Grady's testimony came during the second day of a three-day hearing on Evergy's request to build two 710 megawatt plants that are expected to cost more than \$1 billion each.

They would be the first base load power plants that Evergy has constructed since the Wolf Creek nuclear power plant in Burlington came on line in 1985, company officials said.

The utility is facing opposition from a group of heavy industrial users and agri-business associations, including 23 parties that intervened in the case.

"To state as Evergy and (KCC) staff has done that the gas-plant agreement is not unanimous is a massive understatement," said Overland Park energy lawyer Jim Zakoura.



*Jim Zakoura*

"Essentially, 99.9% of the retail ratepayers do not support the agreement," he said.

"I want to make specific request for the commission to listen to us," he said. "Evergy and KCC staff should not be the only voices that are heard by the commission in this room."

If the KCC approves the plants, it would likely mean an 8.6% rate increase for the 738,000 customers served in Evergy's central area, which includes Topeka, Manhattan and Wichita.

Those rate increases would not start until the plants are operating in 2029 and 2030.

The KCC also is being asked to give the utility the ability to recover interest and carrying costs for construction of the new gas plants through a line item added to the customers' bills, which could range from 0.58% to 3.82% of the bill.

The line item charge can be imposed no sooner than 365 days after construction of the natural gas plants begin. The charge could be periodically increased but not more than every six months under the proposed settlement agreement.

Evergy Central would own 50% of each plant. Evergy Missouri West would own the other 50%. Regulators in both Kansas and Missouri must approve the project.

Opponents on Tuesday countered with their expert, who told the commission that Evergy was too aggressive in its plan to construct the natural gas facilities.



He suggested a delay of at least five years.

He questioned whether there would be enough natural gas in the future to supply the plants as well as how that would be transported to the facilities.

Michael Gorman said Kansas consumers would bear more expense than needed if Evergy moved ahead with the gas plants without retiring its three coal facilities in its central area, something the company wouldn't commit to during the hearing.

"If you don't retire the coal-fired capacity in 2030, then you don't need the gas capacity by 2030," Gorman said.

"If they don't retire that firm base-load capacity...they will have more base-load firm dispatchable capacity than needed to serve Evergy (Central's) customers' demands."

Keen asked Darrin Ives, the vice president of regulatory affairs for Evergy, about the company's plans for retiring coal plants in the future.

"We've got some retirement dates out there, but right now we're going to continue to evaluate those retirements all the way up to and through 2030," Ives said.

Ives said the company needs the flexibility to deal with all energy forms, especially with new economic development projects coming into the state.

At one point, Zakoura tried to pin Ives down on when Evergy might close its plants within the central service territory.

He asked Ives whether Evergy would commit Monday to not close its coal plants before the end of their "useful" lives."

Ives said the company wouldn't make any statement about the future of its facilities and commit to any kind of specific retirement date.

"There are too many factors and unknowns," Ives said.

"Today, I would say it looks very favorable from a federal policy position to continue to consider our coal fleet and operate them for a number of years," he said.

Gorman, meanwhile, said delaying Evergy's plan to build the plants would allow more time to investigate the available and cost needed to fuel the plants.

"If that determination shows it's not available at a price that makes the resource economic, there are alternatives such as some storage method that allows for the plants to be fed," Gorman told the commission.



“Delaying the in-service date of those facilities will allow for more time to better understand, define and know what the uncertainty is around the availability to actually operate these plants,” he said.

In testimony under questioning from Keen on Monday, Ives acknowledged that the company has not executed contracts for a natural gas supply at this point.

“We’ve had a number of discussions with the interstate gas companies,” Ives said.

“They have expressed a level of confidence that they’re going to be able to provide the supply for the level of gas that we’ve asked for at the sites for these units,” he said.

“We haven’t gotten indications at this point that anybody’s expressed concern with being able to supply these plants at these locations,” he said.

During Monday’s hearing, KCC Chair Andrew French questioned whether this was the right time for Evergy to embark on the project given the shape of the economy, which has been shaken in recent weeks because of tariffs imposed on other countries.

“It’s nobody’s fault, but the timing of this proceeding is not convenient with a lot of uncertainty and volatility in investment planning,” French said.

“Any business that has a large capital investment plan is evaluating whether they can delay that investment to get to more certainty,” he said.

“In this case, why is it fair for customers to have to make that investment decision right now versus wait and see just like every other private business is trying to do right now?”

Ives told French that the company needs to examine the risk of not moving ahead, not just weighing how much revenue it might lose because it decided to delay a project.

“If we make the wrong call and we delay and it results in a system failure – if we can’t serve customers during a peak event or if we can’t serve customers because our supply is inadequate, that’s not just a little bit of foregone revenue for us,” he said.

“That’s a life-threatening issue on the coldest days of the year,” he said.

“We always have to consider first and foremost we have an obligation to serve customers,” he said.

“There are real implications beyond just profits and outcomes if we don’t adequately supply and have good reliability.”

French asked Ives what would happen if the country dives into a recession and when would that show up in Evergy’s demand forecast.

Ives said that would depend on the severity of the economic downturn.

"We've gone through a couple of recessions in the U.S. over the last decade or two that I wouldn't suggest that we saw a downturn in demand in Kansas or Missouri," he said.



"Other parts of the country did. The Midwest and our jurisdictions held pretty well. It kind of depends on the dynamics of it."

He added, "We've been insulated, I would say, the last two recessions in our service territories compared to national recessions."