

Electric Department Infrastructure Grant Considerations

For Electric Distribution Department Capital Repair Needs:

KCC has announced their BIL projects and one of them is a grant that can be used for grid resilience which can include updating our infrastructure in need of repair. As you know, we are trying to catch up our outdated distribution maintenance and have alleys and poles that need replaced. This funding mechanism could be a possible opportunity to do that. For more information, feel free to review the following link:

<https://www.kcc.ks.gov/kansas-energy-office/formula-grant-for-preventing-outages-and-enhancing-the-resilience-of-the-electric-grid>

For Solar Farm Benefits to the Rate Payer:

The goal with power is to make our portfolio as diverse as necessary to secure the best possible rates to our citizens. Everyone right now is of course looking at solar due to the tax credits available. This is an update of our solar options.

Note – The City has shown interest in both contracting for solar power and or constructing a local solar farm. KMEA wrote a large grant to construct a solar farm with the intention to make contracting available to our cities. We are on the list for this. They received word 2 weeks ago that their Letter of Interest was approved to submit an actual Grant Application, which they are proceeding to do.

For local solar infrastructure – The Inflation Reduction Act of 2022 brought the opportunity for the Investment Tax Credit (ITC) which is a one-time payment after the facility is placed into service. Municipalities now have the opportunity to receive direct payment in lieu of tax credit. ITC can pay back 30% of the applicable costs to construct the solar farm, with the opportunity to increase that percentage up to an additional 30% if qualifying. I have attached a handout from the recent KMEA conference regarding this program. With this, it is a guarantee of at least 30%, likely at least 40% paid for. For the remaining portion I recommend the following for consideration:

Electric Distribution repairs are needed and identified under our current plan of operations. We are funding them at approx. \$200,000 per year and saving up to afford them over a five-to-ten-year period depending on the repair. If we apply for the first grant through KCC and could get the infrastructure replaced for better resilience, at no cost to the city, that creates the opportunity to switch the funding from capital repairs to the balance needed after tax credits to pay for the solar farm. It's just an early thought to fund both projects at no additional cost to the city in a way that could result in lower electric rates in the future. Just a thought.