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MISSOURI PUBLIC SERVICE COMMISSION
COMMISSION STAFF DIVISION
ENGINEERING ANALYSIS UNIT

REBUTTAL TESTIMONY

OF

CHARLES T. POSTON

~~Staff~~ Exhibit No. 224
Date 2-28-17 Reporter KF
File No. ER-2016-0285

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

*Jefferson City, Missouri
December 2016*

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OF

CHARLES T. POSTON

KANSAS CITY POWER & LIGHT COMPANY

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1 **DISPATCHING WITHIN STAFF'S PRODUCTION COST MODEL**

2 Q. How are power plants dispatched by Staff's production cost model?

3 A. Within Staff's production cost model, power plants are dispatched against
4 market prices. The hourly market prices input into the production cost model are compared
5 against the generation cost at each power plant. Dispatching is based on the difference in
6 market price and generating cost, subject to the physical and operational limitations of each
7 power plant. If market prices are high enough to justify the economic operation of a power
8 plant, it is assumed that there is demand within the integrated marketplace for the energy that
9 power plant can produce, and so it would be dispatched to help serve the load of the entire
10 energy market.

11 This market-based dispatch method is not tied to native load requirements. Instead,
12 the dispatching of power plants is dependent on the load behavior of the larger energy market
13 that is communicated through the price of energy within the integrated marketplace. Higher
14 prices are broadly indicative of a greater demand for energy within the market while lower
15 prices are broadly indicative of a lesser demand for energy.

16 **DISPATCHING WITHIN KCPL'S PRODUCTION COST MODEL**

17 Q. How are power plants dispatched by KCPL's production cost model?

18 A. KCPL stated that the production cost model that was included as a part of their
19 direct testimony performed an economic dispatch of generating units and available market
20 purchases in order to serve load in a least cost manner and to make off-system sales when
21 economic.¹

¹ ER-2016-0285, Direct Testimony of Burton L. Crawford, Page 6, Lines 13-15.

1 **DIFFERENCES IN DISPATCHING METHODS**

2 Q. How does the dispatching method used by KCPL in their direct testimony
3 differ from the dispatching method used by Staff?

4 A. Within Staff's production cost model, all power plants are available to be
5 dispatched to meet the energy needs of the integrated marketplace that are communicated
6 through energy prices. Staff's dispatch method can commit power plants to make sales within
7 the integrated marketplace when it is economic to do so without regard to native load
8 requirements. KCPL stated that their production cost model, "generally does not commit
9 resources to make off system sales."² The dispatching method that KCPL had chosen to use
10 in its production cost model was tied to meeting native load.

11 **CURRENT STATUS**

12 Q. Has Staff contacted KCPL in regard to the issue discussed above?

13 A. Yes. On December 19, 2016, Staff contacted KCPL to discuss differences in
14 production cost model dispatching methods. During that phone conversation KCPL indicated
15 that they had plans to adopt a market price-based power plant dispatching method for their
16 true-up testimony.

17 Q. Does this conclude your testimony?

18 A. Yes.

² ER-2016-0285, KCPL Response to Staff Data Request 0283, Response to Items 1-3.

