

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In The Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by KCP&L Greater Missouri Operations)
Company in its Next Triennial Compliance)
Filing or Next Annual Update Report)

File No. EO-2017-0075

**RESPONSE OF
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

Pursuant to Missouri Public Service Commission (“Commission”) Rule 4 CSR 240-22.080(4)(B), KCP&L Greater Missouri Operations Company (“GMO” or “Company”) hereby respectfully submits its Response to the lists of special contemporary issues suggested by Missouri Public Service Commission Staff (“Staff”), Brightergy, LLC “(Brightergy)”, Natural Resources Defense Council (“NRDC”) and Missouri Department of Economic Development - Division of Energy (“Division of Energy”).

I. Introduction

In Rule 4 CSR 240-22.080(4)(A) parties to the Integrated Resource Plan (“IRP”) process may file a list of suggested Special Contemporary Issues. The Company has an opportunity to respond to the lists provided in (A) by October 1, according to Rule 4 CSR 240-22.080(4)(B).

The definition of “Special Contemporary Issue” is found at 4 CSR 240-22.020(55):

(55) Special contemporary issues means a written list of issues contained in a commission order with input from staff, public counsel, and intervenors that are evolving new issues, which may not otherwise have been addressed by the utility or are continuations of unresolved issues from the preceding triennial compliance filing or annual update filing. Each utility shall evaluate and incorporate special contemporary issues in its next triennial compliance filing or annual update filing.

II. Staff List of Special Contemporary Issues

On September 15, 2016, Staff filed four suggestions for special contemporary issues. Several of the suggested issues are contemporary issues suggested in the past and addressed by

the Company in recent IRP filings. As such, the Company will address these issues in their next IRP filing in a similar manner and consistent with IRP rules.

III. Brightergy, LLC and Natural Resources Defense Council
Joint List of Contemporary Issues

On September 15, 2016, Brightergy and NRDC filed seven joint suggestions for special contemporary issues. Several of the suggested issues are contemporary issues suggested in the past and addressed by the Company in recent IRP filings. As such, the Company will address these issues in their next IRP filing in a similar manner and consistent with IRP rules. However, the Company objects to the inclusion of the following in the 2017 Annual IRP Update.

a. Review the effectiveness of the MEEIA Cycle II program thus far.

GMO RESPONSE: This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by GMO. A comprehensive review of the performance and effectiveness of the MEEIA programs will be provided with the Annual Report, annual Evaluation, Measurement, & Verification (EM&V), and the prudence review. No additional, interim review is necessary. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

b. Analyze GMO’s ability to achieve energy efficiency savings of at least 1.5% annually.

GMO RESPONSE: It is assumed that this suggestion refers to the “goals” in 4 CSR 240-20.094(2)(A) and 4 CSR 240-20.094(2)(B). This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by GMO. The Company is required by 4 CSR 240-3.164(2)(A) to conduct a market potential study no less than every four years. Maximum achievable potential is defined

by 4 CSR 240-22.020(40) and realistic achievable potential is defined by 4 CSR 240-22.020(49). Thus, the market potential study is already identifying what level of energy efficiency potential is “realistic” and what the “maximum” level of energy efficiency potential is possible. To pursue any other arbitrary goals would be in conflict with the requirements of 4 CSR 240-22.010(2)(B) to “[u]se minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan” To further analyze additional scenarios not already identified by the potential study would add additional and costly analysis to the potential study. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

IV. Missouri Department of Economic Development-Division of Energy
List of Contemporary Issues

On September 15, 2016, Division of Energy filed 12 suggestions for special contemporary issues. Several of the suggested issues are contemporary issues suggested in the past and addressed by the Company in recent IRP filings. As such, the Company will address these issues in their next IRP filing in a similar manner and consistent with IRP rules. However, the Company objects to the inclusion of the following in the 2017 Annual IRP Update.

1. Describe and document how the preferred plan of the Company’s Integrated Resource Plan (“IRP”) positions the utility for full or partial compliance with the U.S. Environmental Protection Agency’s (“EPA”) Clean Power Plan (“CPP”) under Section 111(d) of the Clean Air Act, as released in final form on August 3, 2015, assuming the compliance scenarios described herein and that the rule is upheld by the courts in its current form. Please include in this regard:

a. Qualitative and quantitative evaluations of how renewable energy, energy efficiency and other demand-side resources (including combined heat and power) deployed by the Company after January 1, 2013 could contribute to compliance;

b. Qualitative and quantitative evaluations of how renewable energy, energy efficiency and other demand-side resources (including combined heat and power) deployed by the Company after the submission of a final State Implementation Plan could qualify under EPA's proposed Clean Energy Investment Program ("CEIP");

c. A description and quantification of additional investments (in fiscal, capacity, and energy terms by year) which will be required by the Company to meet the targets in the CPP under a trading-ready "mass-based" approach, with and without participation in the CEIP;

d. Qualitative and quantitative descriptions of the barriers to achieving these additional investments;

e. The price of carbon used by the Company in the analyses above and a justification for this price;

f. A description and explanation of the Company's preferences regarding specific compliance options under a state implementation plan; and,

g. A description of all meetings, analyses, or other efforts made towards preparation for compliance with the CPP (and CEIP, as applicable).

To the extent that any uncertainty is involved in determining compliance pathways under the CPP (and CEIP, as applicable) based on the scenarios provided above, please describe and document the Company's choices under the most probable compliance scenarios, with an explanation of why the Company believes these scenarios are the most probable.

GMO RESPONSE: GMO included an analysis of the Clean Power Plan potential impacts in the 2016 IRP Annual Updates, as part of the 2016 Special Contemporary Issues, which described and documented the assumptions used for that analysis. These results were included in the 2016 IRP filing, and discussed at the April 20, 2016 meeting in Jefferson City with stakeholders. There were no outstanding questions, comments or concerns regarding that

analysis. The Company intends to update the CPP analysis in the 2017 Annual Update, but has some concerns regarding the assumptions and the degree of detail regarding Division of Energy's suggestions.

Division of Energy is requesting the analysis be based upon the assumption that the implementation of CPP will be the same as it was released in August 3, 2015. As of this date, the Supreme Court stay has not been lifted on the CPP, and the initial State Implementation Plans (SIPs) deadline (September 2016) will not be met. These SIPs are an important building block for the EPA, states and utilities impacted, to fully develop and evaluate the assumptions and detail requested by Division of Energy's request.

The Company requests that the Division of Energy's subsections 1a – 1g be excluded, as the Supreme Court stay has suspended progress towards the EPA's compliance schedule, such that if and when the stay is lifted, it may likely face some revisions. The Company proposes to perform the 2017 IRP Annual Update CPP analysis on the same basis as the 2016 filing, with updated assumptions based upon current best information available. Note that the Staff's list of Special Contemporary Issues already includes the CPP issue and the Company has no objection to its inclusion as described by Staff.

2. Identify and evaluate the quantifiable non-energy benefits ("NEBs") which could be included in the Company's demand-side management portfolio planning process for the purposes of IRP planning. Such NEBs may include, but are not limited to, those considered during working docket EW-2015-0105 (In the Matter of a Working Docket to Review the Commission's Missouri Energy Efficiency Investment Act (MEEIA) Rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094) and as approved by the Commission for submission to the Secretary of State under EX-2016-0034 (In the Matter

of a Proposed Amendment, Rescission, and Consolidation of Commission Rules Relating to Demand-Side Programs). Additionally, evaluate the impact of a NEBs percentage “adder” as considered during working docket EW-2015-0105 on the Company’s demand-side management portfolio planning process for the purposes of IRP planning. Discuss the Company’s preference for either a study to determine NEBs or the use of a NEBs percentage adder.

GMO RESPONSE: This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by GMO. 4 CSR 240-22.050 Demand-Side Resource Analysis includes instructions for the cost effectiveness testing to be used. 4 CSR 240-22.050(5)(B) states that “The total resource cost test shall be used to evaluate cost effectiveness...” where the total resource cost test is defined by 4 CSR 240-22.020(60) and the benefits of the TRC are defined as the “sum of avoided utility costs plus avoided probable environmental costs.” Thus, the IRP rules clearly specify that the TRC test is the test that is to be used to determine cost effectiveness. The TRC test currently does not include NEBs. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues

3. *Evaluate, describe, and document the feasibility, cost-reduction potential, and potential benefits of joint DSM programs, marketing, and outreach with water utilities.*

GMO RESPONSE: This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by GMO. 4 CSR 240-22.020(13) defines a demand-side resource as “a demand-side program or a demand-side rate conducted by the utility **to modify the net consumption of electricity** on the retail

customer's side of the meter.” [Emphasis added.] It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

4. *Describe and document the benefits and detriments for integrated resource planning to requiring achievement of targets under the Missouri Energy Efficiency Act (“MEEIA”).*

GMO RESPONSE: It is assumed that the “targets” referred to in this suggestion are from 4 CSR 240-20.094(2)(A) and 4 CSR 240-20.094(2)(B). This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by GMO. The Company is already required by 4 CSR 240-3.164(2)(A) to conduct a market potential study no less than every four years. Further, maximum achievable potential is defined by 4 CSR 240-22.020(40) and realistic achievable potential is defined by 4 CSR 240-22.020(49). To pursue any other plan would be in conflict with the requirements of 4 CSR 240-22.010(2)(B) to “[u]se minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan ...”. The market potential study already identifies what level of energy efficiency potential is “realistic” and what the “maximum” level of energy efficiency potential is possible. To further analyze additional scenarios not already identified by the potential study would add additional and costly analysis to the potential study. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 30th day of September, 2016.

/s/ Roger W. Steiner

Roger W. Steiner