

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

In the Matter of a Working Case to Explore)
Emerging Issues in Utility Regulation) Case No. EW-2017-0245

**RESPONSE OF KANSAS CITY POWER & LIGHT COMPANY AND
KCP&L GREATER MISSOURI OPERATIONS COMPANY
TO ADVANCED ENERGY MANAGEMENT ALLIANCE RECOMMENDATIONS**

Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company (“GMO”) (collectively, “KCP&L” or “the Company”) hereby submits their comments (attached hereto as **Exhibit A**) in response to the Recommendations on Distributed Energy Resources in Missouri filed by Advanced Energy Management Alliance (“AEMA”) in this docket on March 9, 2018.

WHEREFORE, the Company respectfully requests the Missouri Public Service Commission (“Commission”) consider its responsive comments in the attached Exhibit A.

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorneys for Kansas City Power & Light
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 28th day of March 2018, to all counsel of record.

/s/ Roger W. Steiner

Roger W. Steiner

**Attorney for Kansas City Power & Light
Company and KCP&L Greater Missouri
Operations Company**

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

**Response to Advanced Energy Management Alliance
Recommendations on Distributed Energy Resources in Missouri**

File No. EW-2017-0245

In response to AEMA, Section III Recommendations, KCP&L would like to provide an update of our demand response (DR) programs. We agree that DR programs are valuable and would like to clarify that much more progress has been made over the past ten years than indicated in the comments filed by AEMA.

History and Progress of KCP&L's Demand Response Programs

KCP&L began a series of demand side management pilot programs in 2005 as part of its Comprehensive Energy Plan in Missouri and Kansas. Our offerings have continued to mature with the Company expecting over 160 MW of Demand Response program capacity across its KCP&L and KCP&L-Greater Missouri Operations Company (GMO) service territories for the summer of 2018.

KCP&L has pioneered with multiple thermostat technologies and partnered with multiple commercial and industrial customer types to bring demand response solutions that benefit the customer, the electric grid and the Company. The Company's 2018 DR assets include approximately 44,000 paging thermostats, 6,400 Wi-Fi thermostats, 35,00 smart thermostats, and 70 MW of commercial load curtailment response (Demand Response Incentive Program).

KCP&L has received multiple awards over the last 24 months from industry organizations for our thermostat program. KCP&L launched Missouri's first thermostat program in 2004 with Honeywell and in 2015 the Company partnered with Nest on its "Rush Hour Rewards," installing 35,000 internet enabled two-way devices in the first years of the program. KCP&L was able to deliver more than 8,000 of those thermostats in 2016, more than doubling its first-year goal, and was tapped for a Thought Leader award by the Peak Load Management Alliance. Other awards were given to KCP&L by SEPA and Distributech – Demand Response Project of the Year 2018 and including industry write-ups on UtilityDive.

KCP&L's future Demand Response capacity from the Company's most recent DSM Market Potential Study reflects a possible 110 MW additional in KCP&L-MO and 63 MW additional in GMO in the next 6 years. KCP&L is committed to bringing more solutions to engage customers to participate in helping manage the overall peak demand of the region.

AEMA Comments

AEMA misstates KCP&L's existing program's cost effectiveness. KCP&L's demand response incentive programs have received significant participation as indicated above and have been highly cost effective. As a result of its EM&V for Program Year 1 of its Cycle 2, the Total Resource Cost test was 1.54 and 1.63 for KCP&L's residential programmable thermostat in GMO and KCPL-MO, respectively. For its Demand Response Incentive (DRI) program, the Total Resource Cost test was 3.09 and 13.56 in GMO and KCPL-MO, respectively, for this same period. It should also be noted that KCP&L's existing programs expire on March 31, 2019, rather than December 31, 2018 as stated in AEMA's filing.

In addition, KCP&L has not limited aggregator participation. In fact, its current DRI tariff refers to the use of utility approved aggregators. The comment by AEMA that the current tariff language subjects customers to “longer seasons, more curtailments and longer events” is unclear to the Company. KCP&L designs its DR programs to minimize the impacts to the customer as much as is practical, however, DR programs, by their very nature, must have events. Determining the appropriate duration of events, the event season(s), and number of events for a DR program takes careful consideration of the balance between the impacts on the customer and the effectiveness of the program at reducing the peak load.

AEMA also refers to “low customer participation”. The performance of programs is consistent with the results of the DSM Market Potential Study, which was developed by an independent consultant. The results of the potential study are also rigorously analyzed in the integrated resource plan process, a prescriptive process governed by a comprehensive set of rules. KCP&L agrees with AEMA that offering customers higher compensation levels would likely increase participation; however, KCP&L must operate a cost-effective program and not overpay for participation. The cost of the programs are ultimately borne by all customers and KCP&L is sensitive to that impact.

AEMA also suggests that the MPSC implement “clearly defined event triggers that achieve reductions in peak demand”. The programs do achieve reductions in peak demand as verified by Evaluation, Measurement & Verification reviews. KCP&L disagrees with the recommendation of a blanket requirement of an “event trigger” over all types of DR programs. KCP&L disagrees that blanket event triggers would achieve higher peak demand reductions and limit risk to customers and “costly, unnecessary, dispatches.” Establishing inappropriate or rigid event triggers could actually have the opposite impact. Each type of DR program and technology such as DRI, automated DSM (ADSM), thermostats, or other direct load control (DLC) switches all have different operational characteristics and impacts to the customers. While establishing an event trigger or threshold might be appropriate for some DR programs, KCP&L must maintain the discretion and flexibility to determine how and when to use such tools.

Summary

In summary, KCP&L believes that the comments filed by AEMA underestimates KCP&L’s leadership and commitment towards promoting demand response to date in Missouri. KCP&L’s demand response programs have shown positive impacts and results and received multiple rewards. KCP&L suggests that Missouri’s current MEEIA stakeholder process is a robust and appropriate vehicle to evaluate and recommend changes to demand response programs.