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 Evergy Missouri, Inc. d/b/a Evergy Missouri Metro in its Next Triennial Compliance Filing Triennial Compliance Filing or Next Annual Update Report	)	File No. EO-2023-0100
In the Matter of a Determination of Special Contemporary Resource Planning Issues to be Addressed by Evergy Missouri West, Inc. d/b/a Evergy Missouri West in its Next Triennial Compliance Filing Triennial Compliance Filing or Next Annual Update Report	)	File No. EO-2023-0101

THE CITY OF KANSAS CITY, MISSOURI'S LIST OF SUGGESTED SPECIAL CONTEMPORARY ISSUES

COMES NOW Pursuant to 20 CSR 4240-22.080(4), The City of Kansas City (the "City") hereby recommends to the Commission that it order Evergy Missouri, Inc. and Evergy Missouri West, Inc. (collectively, "Evergy") to address the following as special contemporary issues:

INTRODUCTION

The City is one of Evergy's largest customers. The City recognizes the growing urgency of addressing climate change and environmental inequities. In August 2022, the Kansas City Climate Protection and Resiliency Plan[1]("CPRP") was passed by City Council. This plan sets out Kansas City's vision for a healthier, more equitable and resilient future and includes municipal and community-wide greenhouse gas ("GHG") emissions reduction goals. Specifically, it states that the City will:

1. Reduce citywide emissions from electricity generation 100% by 2030.
2. Advocate for the retirement of Hawthorn coal plant by 2025.

[1] https://playbook.kcmo.gov/cprp-mobilize

3. Advocate for the retirement of Evergy's remaining coal plants by 2030.
4. Decarbonize municipal buildings and fleets by 2030 and encourage citywide equitable building decarbonization.
5. Achieve carbon neutrality by 2040 citywide.
6. Prioritize affordability, especially for residents who experience a high energy burden.

A constructive and fruitful partnership with Evergy, coupled with the experienced guidance of this Commission, will be critical to achieving the City's goals. Kansas City's ability to achieve CPRP goals, including its carbon reduction goals, relies in part on the carbon intensity of Evergy's grid mix which, under the existing regulatory structure, Evergy and the Commission have significant influence over. The decisions made in the next Integrated Resource Plan ("IRP") process will critically impact the City's ability to meet its renewable energy and GHG reduction goals. Utility resource planning needs to not only keep pace with the changes that are happening, but also must set the pace for enabling more changes as the energy system becomes increasingly decentralized.

In addition to influencing the City's energy supply, Evergy's next IRP can also play an essential role in addressing energy burden and reducing utility shut-offs for nonpayment. Energy burden is the percentage of annual income that a household or individual pays toward their energy bills (electricity and gas). While all households experience a unique energy burden, a household is typically considered in "high burden" if its energy bills exceed 6% of its annual income and in "severe energy burden" if its energy bills exceed 10 percent. Energy burdens can be attributed to a number of causes such as poor insulation, outdated appliances and/or excessive energy use. Energy burden is not evenly shared across society and is quickly becoming known for its importance in energy-equity considerations as low-income communities face energy burdens that

far exceed national averages. As energy bills are the most common reason that people turn to short-term loan products, energy burdens are increasingly contributing to chronic poverty in the United States.

Equity is one of the pillars of the CPRP. Household energy burden and utility shut offs pose challenges for many Kansas City families. Energy rate structures as well as shortcomings in energy efficiency are part of what drive these patterns of energy burden. As such, many of the City's suggestions herein are motivated by the strong desire to alleviate this burden on residents in a sustained way without exacerbating other health and environmental inequities.

The average energy burden for Kansas City in 2018 was 4.9%, ranking 4th highest in the country.[2] In 2016, low-income households in Kansas City had an average energy burden of 8.5%, 9th highest in the country.[3] Additionally, the number of customers of Evergy Metro who received final disconnection notices for non-payment in May and June nearly doubled since last year. In May and June 2021, just under 10,000 people received disconnection notices. This year, more than 19,000 customers were notified.[4]

The City, Evergy and the Commission have a collective responsibility to carefully examine how the decisions made in this venue will benefit and burden communities, particularly low-income communities of color, that are already severely burdened. Given the City's carbon reduction priorities and its call to action through the CPRP as well as the specific interest in creating an energy system that alleviates energy burdens and ensures the social, economic and health benefits of a low carbon energy sector are received by all, the City has reviewed Evergy's IRP and submits the following comments.

[2] https://nextcity.org/urbanist-news/new-data-shows-energy-burdens-across-50-major-cities
[3] https://www.aceee.org/research-report/u1602
[4] https://www.kcur.org/news/2022-09-05/kansas-city-hottest-summer-utility-bills-shutoff-threats-evergy

SPECIAL CONTEMPORARY ISSUES

1. Accelerate Carbon Reduction in Evergy's Grid Mix

a. Scope. The CPRP identifies a goal of reducing the emissions of grid-supplied electricity to zero by 2030. Consistent with that CPRP goal as well as overarching GHG reduction targets, the City requests the Commission order Evergy to analyze and document in its next triennial compliance filing or next annual update report the following:

i. Conduct a full retirement study of its coal fleet using optimized capacity expansion software. This analysis should evaluate the economics of continuing to operate its coal plants relative to retirement, identify the optimal retirement date for each of its coal-fired power plants and design an optimal future resource mix to meet the Company's projected load.

ii. Model both the immediate and accelerated retirement (no later than 2025) scenario of the Hawthorn coal plant..

iii. Model the scenario of retiring all coal plants no later than 2030.

iv. Provide modeling files in its IRP for transparency.

v. Consider environmental justice and health impacts.

vi. Avoid further investments in coal or gas-fired generation.

vii. Utilize securitization to minimize costs to customers.

viii. Include more demand side management and explore partnership with virtual power plant services like OhmConnect that pay customers cash (not just bill credits) to save during peak demand times.

ix. Request a subsequent all-source procurement strategy following the approval of the IRP.

b. Importance to Kansas City. The City commends Evergy's plans for retiring some coal units early. In consideration of the economic, health and climate impacts of coal plants, the City strongly encourages Evergy to retire all coal plants by 2030 and prioritize the retirement of the Hawthorn coal plant by 2025 due to proximity to densely populated neighborhoods in addition to climate benefits. The City acknowledges that retiring coal plants could necessitate replacement with other sources, subject to capacity needs. The City desires that Evergy switch to clean energy sources while lowering electric bills, maintaining grid reliability and reducing pollution that harms public health and our environment.

c. Equity Connection. The City desires accelerated coal retirement because of the positive benefits to public health, long-term affordability and the environment, which benefits all.

d. Health Concerns.

i. The City strives to improve the health outcomes of all residents and ensure access to clean air and water. Along with contributing to climate change, pollution from coal plants is linked to lung conditions including asthma, heart conditions and brain and nervous system conditions,[5] all of which disproportionately affect low-income and black and brown communities. Children, whose lungs are still developing and who are more likely to be active

[5] https://www.ucsusa.org/resources/coal-and-air-pollution;
https://www.sciencedirect.com/science/article/pii/S2300396017300551

outdoors, are at the greatest risk from air pollution. The average asthma rate for children in Kansas City is 16.6%, nearly double the national average of 8.9%[6].

ii. Women living within 5 kilometers of a coal plant experience significantly higher rates of preterm birth, especially women of color. Communities surrounding coal plants in California saw a 23% decrease in preterm births for women of color just one year after coal plants closed.[7] The longer coal plants remain online, the more they will negatively impact the health of Kansas City residents.

e. Economic Concerns.

i. There is a financial impact of keeping coal plants online once their operating expenses exceed the costs of renewable energy combined with storage. The City would prefer to have ratepayer dollars invested locally in efficiency, demand response and renewable energy, or kept in customers' pockets through lower rates rather than outstate coal purchases.

ii. The Council for the New Energy Economics estimates that retiring all of Evergy's coal plants in the next decade would save Evergy Metro customers approximately $632 million, and that was before the passage of the Inflation Reduction Act, which provides additional incentives.[8]

iii. The City desires life-cycle cost transparency as well as continuous movement toward a generation mix that saves customers money and reduces GHG emissions. The City also wants to ensure IRP decisions made now do not later

[6] https://health.mo.gov/living/healthcondiseases/chronic/asthma/pdf/ChildhoodAsthmaMissouriKC.pdf
[7] https://news.berkeley.edu/2018/05/22/closing-coal-oil-power-plants-leads-to-healthier-babies/
[8] Report of the Council for New Energy Economics, filed in Case Nos. EO-2021-0035 and EO-2021-0036, and available at https://www.efis.psc.mo.gov/mpsc/commoncomponents/viewdocument.asp?DocId=936382821

yield stranded assets (assets such as equipment or resources that lose their value at some time prior to the anticipated end of their economic life due to changes in technology, the market, legislative or regulatory changes, disruptive innovation or other societal changes) whose costs could be passed on to ratepayers, especially to Kansas City residents already in high or severe energy burden.

iv. The City desires that Evergy pursue having some of the demand met today by keeping coal plants online instead met by paying customers cash, not just bill savings, to save energy during peak demand times. This not only reduces energy burden, it could provide new income to households and businesses. Incentives like these coupled with text alerts to customers encouraging conservation helped California avoid rolling blackouts during the heaviest grid usage in state history during the unprecedented heatwave on September 6, 2022.

f. Climate Concerns. Shifting away from fossil fuels is also essential to meeting the City's carbon emission targets. The City has set targets of 100% clean electricity citywide by 2030 and transitioning all of Kansas City to carbon neutral by 2040. In 2019, Evergy's fossil-fuel powered plants generated 55% of the citywide greenhouse gas emissions. Accelerating the retirement of coal generation will reduce Kansas City's contributions to climate change and is necessary to meet the City's goals.

g. Additional Detail and Supporting Information. The City encourages Evergy to explore, and the Commission to request, a competitive, all-source procurement process. All-source procurement is a type of request for proposals (RFP) that is technology agnostic, allowing a full range of potential resources to compete on equal footing, and

can create a fair process for renewable energy, energy efficiency, demand-side management and storage to play a more critical role in addressing future energy and capacity needs.

2. Continue Expanding Use of or Access to Renewable Energy

a. Scope. The CPRP identifies a number of goals related to equitably decarbonizing municipal and non-municipal buildings. Consistent with those CPRP goals as well as overarching GHG reduction targets, the City requests the Commission order Evergy to analyze and document in its next triennial compliance filing or next annual update report the following:

i. Consider the publicly-stated GHG reduction goals of Kansas City in the evaluation of IRP scenarios.

ii. Utilize more renewable energy in their resource planning and to increase the utility-scale renewable energy procurement opportunities available to large customers.

iii. Model stand-alone or hybrid battery storage resources in its IRP.

iv. Eliminate restrictions on buildout of renewables.

v. Include Power Purchase Agreements.

vi. Model all available tax credits for renewable and storage assets.

vii. Use fair cost estimates for renewables.

b. Importance to Kansas City. The City applauds Evergy's plans to expand renewables, but additional renewable energy will be required to achieve municipal and citywide GHG reduction goals. Accordingly, we request the Commission consider collective customer goals when reviewing the proposed scenarios and request Evergy utilize

additional renewable energy resources or develop subsequent customer programs or solutions that allow local governments to reach stated goals.

c. Equity Connection.

i. Renewable energy programs play a role in increasing overall renewable energy procurements. In this regard, the City believes it is important to highlight that the development of locally based resources and programs, such as residential solar or community solar programs, are a high priority as they provide an opportunity to ensure there is equitable access and distribution of renewable energy benefits.

ii. For example, local programs can contribute to resilience, savings and wealth-building by potentially lowering energy bills, especially for low-income customers who face a disproportionately heavy energy burden. Low-income populations are at risk of being left behind in the clean energy transition, especially when it comes to new technologies like rooftop solar. In fact, while nationwide low-to moderate-income households represent 40% of the population, they account for less than 5% of solar installations.

iii. Developing solar resources in ways that can serve to offset the cost of energy for low-income customers should be incorporated whenever possible to improve energy equity and ensure that participation in the clean energy transition is not limited to the wealthiest Evergy customers. The City commends Evergy on their continued efforts to create utility-scale renewable energy programs designed specifically for municipal governments. In pursuit of equitable access to the economic and social benefit of renewable energy for all

Kansas City residents, the City would like to express support for continuing to expand community solar offerings and on-site solar incentives to help reduce the energy burden of our most vulnerable populations. The City encourages the Commission and Evergy to not only maximize efforts and create additional opportunities that can meet the growing customer demand for more clean energy within the confines of existing state law, but also work with the City and other Evergy customers to shape new legislation that can equitably enable even more GHG reduction.

d. Economic Concerns. Sources of renewable energy are less susceptible to fuel price fluctuation. To avoid cost uncertainty for its own operations and its ratepayers, Evergy should accelerate the buildout of cheaper and cleaner local alternatives like wind, solar, battery storage and demand response to minimize fuel price volatility.

3. Maximize Use of Energy Efficiency in IRP Planning and Expand Access to Efficiency Programs for Low-Income Customers.

a. Scope. The CPRP identifies a number of goals related to equitably decarbonizing municipal and non-municipal buildings. Consistent with those CPRP goals as well as overarching GHG reduction targets, the City requests the Commission order Evergy to analyze and document in its next triennial compliance filing or next annual update report the following:

i. Maximize the utilization of energy efficiency in its IRP and subsequent resource planning activities.

ii. Update the current IRP scenarios by using a utility cost test ("UCT") and using customer adoption models that include the full range of potential customer adoption methods.

iii. Expand Pay as You Save (PAYS) for energy efficiency.

b. Importance to Kansas City. Energy efficiency is one of the most direct ways to help address energy burden challenges many Kansas City residents face. It also helps reduce the cost of operating the City's municipal buildings and supports the health and economic vitality of Kansas City communities. The City would like to see Evergy estimate the size of the energy efficiency resource available in their service territory change by the UCT method. Upon information and belief, the UCT method would more accurately assess the size of the energy efficiency resources available in Evergy's service territory and the cost-effectiveness of new and prospective programs in comparison to other methods. The City also encourages the Commission to consider requesting Evergy to utilize enhanced customer adoption models, particularly through the lens of multi-family rental energy efficiency programs, that better capture the true potential of customer program demand and utilization. These changes would enable Evergy to prioritize energy efficiency as a least cost resource for the system that delivers health, comfort and affordability benefits to Kansas City communities.

c. Equity Connection.

i. Combating energy burden with energy efficiency can be achieved by improving the ways low-income households can take advantage of energy efficiency programs and rebates. Currently, incentives for energy efficiency and home retrofitting are most frequently delivered to homeowners in single family

dwellings, making it more difficult for low-income renters to benefit from efficiency programs and shrink high energy costs. Further, older buildings with poor energy performance may be less resilient to extreme weather such as higher temperatures, which will only be exacerbated by climate change. Low-income individuals tend to live in these older dwellings which accentuates this equity issue.

ii. Not only can equity be maximized in Evergy's IRP, but going forward, solutions like on-bill financing and other mechanisms can help low-income customers overcome first cost premiums associated with energy efficiency solutions and remove barriers to participation by low-income residents. There are over 100 electric utilities in the United States (~30 of which are investor owned utilities) already offering on-bill financing options for their customers.

CONCLUSION

Among the core objectives of the City is the preservation and improvement of the health, economic well-being and resiliency of its citizens and community. The long-range plans proposed by Evergy will have a profound impact on the City's ability to meet these objectives as well as its own municipal decarbonization goals. Continuing to rely on fossil fuel-based electricity generation runs counter to CPRP goals, is economically uncertain and leads to adverse health impacts, especially for low-income communities and for people of color.

The City has a rich history of partnering with Evergy on energy programs that benefit Kansas City residents, businesses and local government operations. The City looks forward and is committed to continuing to work successfully and collaboratively with Evergy to enable solutions that will accelerate a more affordable, clean, equitable, resilient and reliable energy system.

Through the City's continued partnership with Evergy, including participation in this process, we can demonstrate to Kansas Citians, Missourians and the nation what collaborative, clean energy leadership looks like.

Respectfully submitted,

OFFICE OF THE CITY ATTORNEY

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ATTORNEYS FOR CITY OF
KANSAS CITY, MISSOURI

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand- delivered to all parties listed on the official service list on this 15th day of September 2022.

Respectfully submitted,

/s/ Matthew J. Gigliotti
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