DATA REQUEST– Set MDNR_20120706
Case: EO-2012-0323
Date of Response: 08/02/2012
Information Provided By: N/A
Requested by: Bickford Adam

Question No. : 2

MDNR #2, which consists of several subparts, is intended to clarify KCP&Lâ€™s treatment of provisions requiring the Company to develop and analyze DSM portfolios with specific characteristics. The provisions appear in the Commissionâ€™s Chapter 22 rules, the Commission-approved stipulation and agreement in Case No. EO-2008-0034 and the Commissionâ€™s order in EO-2011-0041 and are excerpted below as â€œRequired Portfolio 1â€ through â€œRequired Portfolio 5.â€ MDNR #2 is also intended to clarify the relationship to these requirements of the six DSM portfolios identified in the Companyâ€™s compliance filing as DSM Levels A, B, C, D, E and X.

â€¢ Required Portfolio 1 - Realistic achievable potential (RAP) - , 4 CSR 240- 22.050 Purpose statement states that the rule â€œrequires the selection of demandside candidate resource options that are passed on to integrated resource analysis in 4 CSR 240-22.060 and an assessment of their maximum achievable potentials, technical potentials and realistic achievable potentials.â€ The rule also requires the Company to â€œconsider multiple levels of incentives paid by the utility for each end-use measure within a potential demand-side program, with corresponding adjustments to the maximum achievable potential and the realistic achievable potential of that potential demand-side program; RAP is defined in 4 CSR 240-22.020(49).

â€¢ Required Portfolio 2 - Maximum Achievable Potential (MAP) portfolio, See the quotations immediately above and the definition in 4 CSR 240-22.020(40). 4 CSR 240-22.020(40) defines MAP as follows: â€œ(40) Maximum achievable potential means energy savings and demand savings relative to a utilityâ€™s baseline energy forecast and baseline demand forecast, respectively, resulting from expected program participation and ideal implementation conditions. Maximum achievable potential establishes a maximum target for demand side savings that a utility can expect to achieve through its demand-side programs and involves incentives that represent a very high portion of total program costs and very short customer payback periods. Maximum achievable potential is considered the hypothetical upperboundary of achievable demand-side savings potential, because it presumes conditions that are ideal and are not typically observed.â€

â€¢ Required Portfolio 3 - Aggressive portfolio, 4 CSR 240-22.050(3)(A)3: â€œUtilize only demand-side resources, up to the maximum achievable potential of demandside resources in each year of the planning horizon, if that results in more demand-side resources than the minimally-compliant plan. This constitutes the aggressive demand-side resource plan for planning purposes.â€

â€¢ Required Portfolio 4 - One percent portfolio, KCP&L 2008 IRP, Case No. EE- 2008-0034, Stipulation and Agreement: â€œInclude at least one alternative resource plan that demonstrates energy reductions from demand-side resources of at least 1% of the projected retail energy requirements per year over the 20-year planning horizon, assuming a net-to-gross ratio of 1.0." ((KCP&L Stipulation, DNR Deficiency #2)

â€¢ Required Portfolio 5 - Very Aggressive portfolioâ€“, Special Contemporary Issue (File No. EO-2011-0041), Paragraph C: â€œInvestigate and document the impacts on KCP&L-GMOâ€™s preferred resource plan and contingency plans of a very aggressive energy efficiency resource standard (e.g., annual energy savings of 1.5% each year for 20 years and annual demand savings of 1.0% each year for 20 years from electric utility demand-side programs) with no rate cap in Missouri.â€

a. For each of the five DSM portfolio requirements identified in MDNR #2, please state which if any of the six DSM portfolios identified in the Companyâ€™s filing as â€œLevel Aâ€ through â€œLevel Fâ€ meets this requirement. Please describe and document the Companyâ€™s rationale for stating that the requirement is met by the Company portfolio.

b. For any of the five DSM portfolio requirements identified in MDNR #2 that is not met by one of the six DSM portfolios identified in the Companyâ€™s filing as â€œLevel Aâ€ through â€œLevel Fâ€ , please describe and document how the Company meets the requirement in its compliance filing.

c. For each of the five required portfolios, please provide KCP&Lâ€™s estimate of annual incremental demand-side energy savings (in MWh) for each year in the 20-year planning horizon. Please use Response Table A in â€œMDNR Data Request 1 Response Tables EO-2012-0323.docxâ€ to provide this data.

d. For each of the five required portfolios, please provide KCP&Lâ€™s estimate annual incremental demand-side demand savings (in MW) for each year in the 20-year planning horizon. Please use Response Table B in â€œMDNR Data Request 1 Response Tables EO-2012-0323.docxâ€ to provide this data.

e. For each of the five required portfolios, please provide KCP&Lâ€™s estimate of annual incremental impact of demand-side energy savings as a percentage of baseline energy use for each year in the 20-year planning horizon. Please use Response Table C in â€œMDNR Data Request 1 Response Tables EO-2012-0323.docxâ€ to provide this data.

f. For each of the five required portfolios, please provide KCP&Lâ€™s estimate of annual incremental impact of demand-side programs as a percentage of baseline peak demand for each year in the 20-year planning horizon. Please use Response Table D t in â€œMDNR Data Request 1 Response Tables EO-2012-0323.docxâ€ to provide this data.

g. For each of the five required portfolios, please provide KCP&Lâ€™s estimate of annual expenditure for demand-side programs for each year in the 20-year planning horizon. Please use

Response Table E in â€œMDNR Data Request 1 Response Tables EO-2012- 0323.docxâ€ to provide this data.

h. For each of the five required portfolios, please describe the method used to specify the programs and incentive levels contained in the portfolio and identify the alternative resource plan(s) in which it appears.

i. Does the Company treat any of the five portfolio requirements that are listed in MDNR #2 as identical to one another or otherwise redundant? If so, please indicate which portfolio requirements are treated as identical or redundant and provide the companyâ€™s rationale for treating them as identical or redundant.

<u>Response</u>:

A MAP portfolio was not derived, for this filing, nor were technical potentials identified. To identify this level of DSM, KCP&L has engaged Navigant Consulting to conduct a Demand-Side Management Potential study in the utility's control area. The scope of work and project schedule are contained in the appendix to volume 5 of the filing, "Appendix 5A Navigant_SOW_Signed_01162012.pdf". The scope of the potential study was developed by the company. The Original RFP and the proposal were reviewed by stakeholders to the IRP process during July and August of 2011 and quarterly meetings on scope and progress were held with the DSM advisory group.

A list of programs can be found in the appendix to volume 6, "KCPL DSM Plans A E R Powell Mar 27 2012 Vol 6(4)B1245.xlsx" The "A" tab contains the RAP portfolio.

End use measures are listed in Volume 5 Section 3.3

a. Plan A meets the requirements of Portfolio 1: Realistic Achievable Potential. This is a one half percent reduction

   Plan D meets the requirements of Portfolio 3: Aggressive Portfolio and Portfolio 4: One Percent Portfolio. This is a one percent reduction

   Plan E meets the requirements of Portfolio 5: Very Aggressive Portfolio. Plan E is a 2% reduction and exceeds the requirement described in this data request..

b. KCP&L will meet the requirements of Required Portfolio 2: MAP when it files its annual update, after the DSM Potential Study has been completed.

c. Please see the appendix to volume 5 of the filing, "KCPL DSM Plans A E R Powell Mar 27 2012 Vol 6(4)B1245.xlsx"

d. Please see the appendix to volume 5 of the filing, “KCPL DSM Plans A E R Powell Mar 27 2012 Vol 6(4)B1245.xlsx”

e. Please see the appendix to volume 5 of the filing, “KCPL DSM Plans A E R Powell Mar 27 2012 Vol 6(4)B1245.xlsx”

f. Please see the appendix to volume 5 of the filing, “KCPL DSM Plans A E R Powell Mar 27 2012 Vol 6(4)B1245.xlsx”

g. Please see attachment “Q2_KCPL DSM Plans - MIDAS Annual Expenditures.xlsx”

h. Required Portfolio 1 – Realistic Achievable Potential was created using the methods described in Volume 5 Section 3.3.

   Required Portfolio 3 – Aggressive Portfolio and Required Portfolio 4 – One percent DSM reduction, were produced by doubling the one half percent reduction achieved in Required Portfolio 1 and increasing the cost of the additional DSM at a cost of $0.525 per kWh for the first year savings.

   Required Portfolio 5 – Very Aggressive Portfolio was produced by quadrupling the one half percent reduction achieved in Required Portfolio 1 and increasing the cost of the additional DSM at a cost of $0.525 per kWh for the first year savings.

i. The Company treated Required Portfolio 3: Aggressive Portfolio and Required Portfolio 4: One percent portfolio as identical. A one percent reduction is considered by the company to be aggressive.

Attachment:

Q2_KCPL DSM Plans - MIDAS Annual Expenditures.xlsx

Q2 MO Verification.pdf