

**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 West,) Case No. EO-2022-0056
Inc. d/b/a Evergy Missouri West in its)
Next Triennial Compliance Filing or Next)
Annual Update Report)

THE OFFICE OF THE PUBLIC COUNSEL’S SUGGESTED SPECIAL CONTEMPORARY ISSUES

COMES NOW the Office of the Public Counsel and, by the September 15, 2021, filing date the Commission ordered on August 26, 2021, suggests to the Commission that it order Evergy Missouri West to address the two special contemporary issues set out in the attached verified memorandum in its upcoming 2022 Chapter 22 integrated resource planning annual update report that is due to be filed at the Commission on April 1, 2022.

Respectfully,

/s/ Nathan Williams
Nathan Williams
Chief Deputy Public Counsel
Missouri Bar No. 35512

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(573) 526-4975 (Voice)
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Attorney for the Office
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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 15th day of September 2021.

/s/ Nathan Williams

MEMORANDUM

To: Missouri Public Service Commission Official Case File,
Case No. EO-2022-0056

From: Geoff Marke, Chief Economist
Lena Mantle, Senior Analyst
John A. Robinett, Utility Engineering Specialist
Missouri Office of the Public Counsel

Re: Special Contemporary Issues for Evergy Missouri West

Date: 9/15/2021

Issue 1: Generation added due to projected favorable “Economics”

Background

The Commission, in its *Report and Order* in the Ameren Missouri resource planning case EO-2021-0021, stated:

However, the Commission shares Staff’s concern (Concern C) that adding large amounts of renewable generation that are not required to meet MISO resource adequacy requirements or Missouri statutory or rule requirements, including providing safe and adequate service, may place an undue level of risk on ratepayers based on the speculation that market revenues will exceed the overall cost of the assets.¹

Because of this concern, the Commission ordered Ameren Missouri, to “provide detailed analysis comparing ratepayer risks and shareholder risks for additional generation resources, which are not required to meet federal, state, or MISO requirements as part of its next IRP annual update.”²

This is a concern of OPC with respect to each of the electric utilities. Since 2014, Evergy West has entered into numerous wind purchased power agreements (“PPAs”) with the expressed justification that the PPAs would provide economic benefits to its customers from a positive net margin from the Southwest Power Pool (“SPP”) market. None of these PPAs have provided annual benefits to customers. In fact, from 2016 through 2020, these PPAs have shown a negative margin of \$105 million. Because the costs and revenues of these PPAs flow through the fuel adjustment clause, the risk to shareholders is minimal while the cost to customers has been very high.

Evergy West has stated its plans to add significant investments in solar generation not to meet its customers’ electricity requirements but because it estimates the investment, based on its forecasted market revenues, would reduce customers’ bills.

Evergy West differs from Evergy Metro and Empire in that it does not have enough generation, owned and through PPAs, to meet its SPP Capacity Requirements. It has entered into a contract

¹ Page 4.

² Page 5.

with Evergy Metro for capacity, leaving Evergy West at the whim of the SPP market for energy. Even with this short-fall of capacity, Evergy West choose to retire its Sibley Plant early and enter into multiple wind PPAs, not because they would provide energy that its customers needed, but because Evergy estimated that the PPA would reduce customer bills through positive market margins. As previously discussed, Evergy West’s customers have instead had higher bills because of these PPAs while shareholders have shouldered very little of the costs.

The impact on Evergy West is difficult to ascertain in the Evergy resource plan filings. In the past Evergy, while conducting analysis on the basis of Evergy West alone, mainly concentrated on its combined Evergy West and Evergy Metro filing. With the addition of Evergy Kansas, it is even harder to analyze the impact on Evergy West because the resource planning process combines all of Evergy’s utilities with an allocation of any additional resources often left until after the resource has been acquired.

Suggestion:

1. In its upcoming annual update, Evergy West should, using actual information from its experiences over the past five years as a basis for estimates in the resource planning period, provide a detailed analysis comparing future ratepayer risks and shareholder risks for the generation resources Evergy West has acquired (or been assigned), which were not required to meet federal, state, or Southwest Power Pool requirements, but were acquired based on projections that they would provide positive revenue streams for Evergy West’s customers. The analysis should show, for each resource, the estimated annual costs and revenues estimated for Evergy West’s customers so the Commission and ratepayers can understand when Evergy estimates these PPAs will start providing a benefit to its customers; and
2. In its upcoming annual update, Evergy West should provide the detailed analysis required of Ameren Missouri by Commission order in EO-2021-0021, comparing ratepayer risks and shareholder risks for additional planned generation resources, which are not required to meet federal, state, or Southwest Power Pool requirements. The analysis should include annual estimates of costs and revenues of each resource.

Issue 2: Additive Manufacturing (“AM” or “3D Printing”)³

Background:

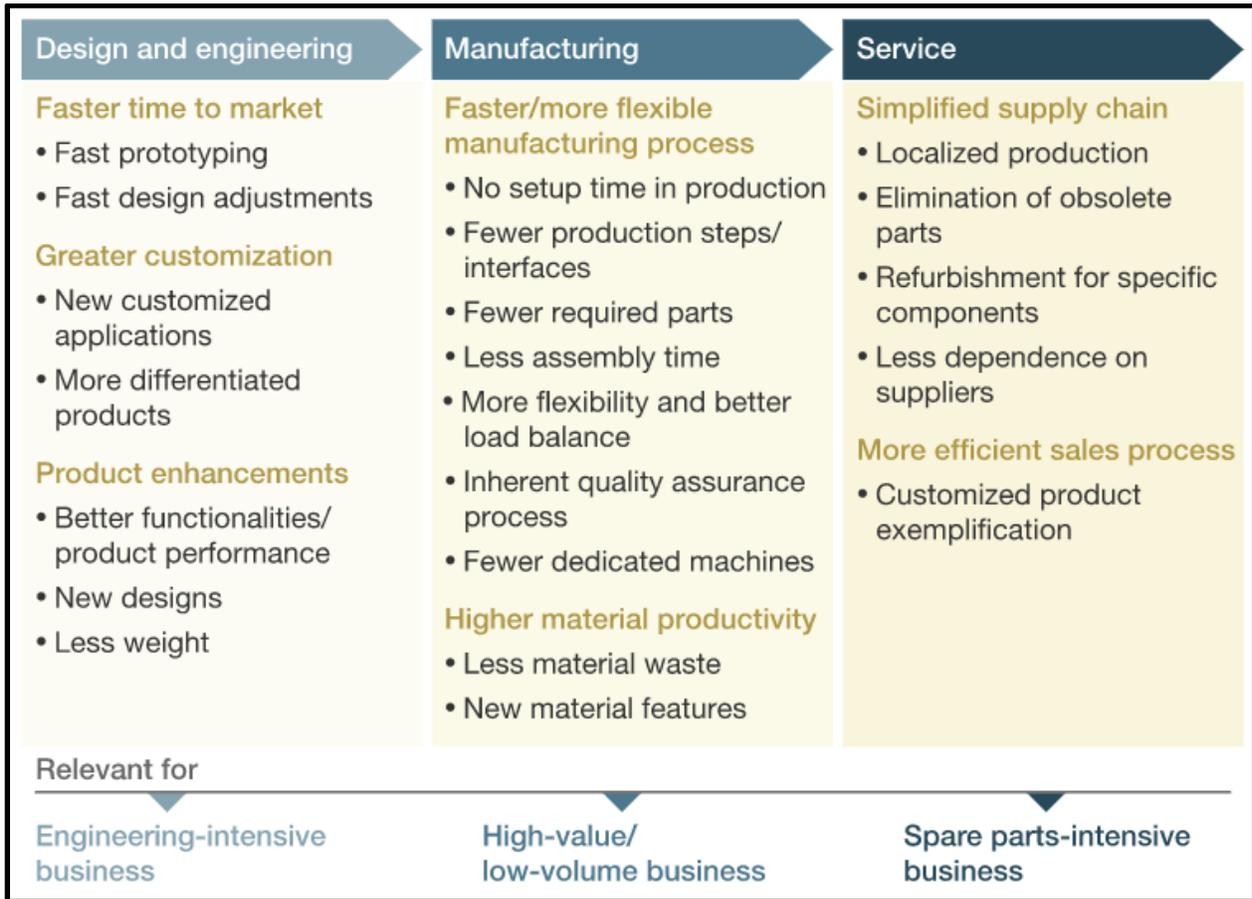
As it has for prior resource planning filings, OPC is requesting the Commission to include additive manufacturing technology as a cost-saving tool and supply chain risk mitigation measure for resource planning purposes as a special contemporary issue.

Additive manufacturing (AM) is the process of producing objects from computer-aided design (CAD) model data, usually adding layer upon layer, in contrast to conventional subtractive manufacturing methods that involve the removal of material from a starting work piece. AM is also called 3-D printing, additive fabrication, or free-form fabrication. Once employed purely for

³ Dowd, K. (2020) How 3D printing can help power the energy industry. *BizTech Magazine*.
<https://biztechnmagazine.com/article/2020/02/how-3d-printing-can-help-power-energy-industry>

prototyping, AM is now increasingly used for spare parts, small series production, and tooling. The continued proliferation of AM can provide utilities (and other industries in general) new design flexibility, reduced energy use, and shorten time to market. The number of materials and complexity that AM can handle is constantly expanding and is already a reality in many industries through enhanced benefits listed in Figure 1 from a recent McKinsey Consulting white paper:

Figure 1: Enhanced benefits of AM applications⁴



In principle, additive technologies are able to produce almost every part that can be produced by means of traditional procedures. The increase of AM will no doubt have cost and operational implications on an investor-owned utility’s cost of service that should begin to be considered as a relevant input in future planning scenarios. Such examples include but are not limited to:

⁴ Kelly, R. & J. Bromberger (2017) “Additive Manufacturing: A Long-Term Game Changer for Manufacturers.” McKinsey Consulting. <https://www.mckinsey.com/business-functions/operations/our-insights/additive-manufacturing-a-long-term-game-changer-for-manufacturers>

a) Generation construction of wind turbines (or other production plant parts):

The enormity of wind turbines (blades and tower segments) makes it both difficult and expensive to transport materials on the highway to project sites. 3D printing could enable construction at the project site which should result in financial savings. Most recently, a California startup (Reinforced Concrete Additive Manufacturing “RCAM” Technologies) was awarded a grant from the California Energy Commission (“CEC”) to develop and test AM printing technology of concrete for turbine towers on-site in the hopes of boosting capacity factors and lowering overall costs.⁵

b) Lower costs, quicker delivery of spare parts for grid reliability:

Simplification of the supply chain necessary to support grid reliability can be improved by eliminating the need to produce components at different sites or having to store excess distribution and transmission investments in warehouses. With AM, “on-demand” products/parts could be manufactured in proximity to the impacted area following both low- impact, high frequency events (e.g., a power outage from a blown transformer) and high-impact, low frequency events (e.g., severe weather events, earthquake, and electromagnetic pulses). In theory, AM could provide a cost-effective alternative to securing long-lead-time transmission and distribution equipment.

c) Load forecasting implications:

If AM technology were to be adopted and utilized on a macro-scale it could have profound implications on the entire economy. AM has already created homes,⁶ cars, and homes⁷ + cars.⁸ Verhoef, et al. (2018) estimate that AM could lead to a 5-27% reduction in global energy use by 2050 primarily from “material savings, transportation savings, production savings, savings in use phase and in operation and maintenance.”⁹ Table 1 provides a U.S. Department of Energy assessment of AM impact attributes on both product offerings and supply chain structures.

⁵ Gerdes, J. (2017) Is 3-D Printing the Solution for Ultra-Tall Wind Turbine Towers? GTM.
<https://www.greentechmedia.com/articles/read/is-3d-printing-the-solution-for-ultra-tall-wind-turbine-towers#gs.uTRMrnsU>

⁶ Cowan, M. (2018) The World’s First Family to Live in a 3D-Printed Home. BBC.
<https://www.bbc.com/news/technology-44709534>

⁷ Hanley, S. (2018) LSEV 3D-printed Electric Car Costs Just \$7,500. How is that Possible? Clean Technica
<https://cleantechnica.com/2018/03/19/lsev-3d-printed-electric-car-costs-just-7500-possible/>

⁸ Oak Ridge National Laboratory (2018) ORNL integrated Energy Demo Connects 3D-Printed Building, Vehicle.
<https://www.ornl.gov/news/ornl-integrated-energy-demo-connects-3d-printed-building-vehicle> see video at:
<https://www.youtube.com/watch?v=RCkQBIFJRN4&feature=youtu.be>

⁹ Verhoef, et al (2018) The Effect of Additive Manufacturing on Global Energy Demand: An Assessment Using a Bottom-Up Approach. Energy Policy. 112. 349-360.
<https://www.sciencedirect.com/science/article/pii/S0301421517306997>

Table 1: Impact of AM on product offerings and supply chain:

| AM Attributes compared to traditional manufacturing | Impact on product offerings | Impact on supply chains |
|---|-----------------------------|-------------------------|
| Manufacturing of complex-design products | ● | ● |
| New products that break existing design and manufacturing limitations | ● | ● |
| Customization to customer requirements | ● | ● |
| Ease and flexibility of design iteration | ● | ○ |
| Part simplification/sub-parts reduction | ○ | ○ |
| Reduced time to market | ○ | ○ |
| Waste Minimization | ○ | ○ |
| Weight reduction | ○ | ○ |
| Production near/at point of use | ○ | ● |
| On-demand manufacturing | ○ | ● |

Key: Very High High Medium Low

 ● ● ○ ○

OPC is not requesting any specific modeling; rather, we are looking for the utilities to examine the feasibility and potential cost savings implications (if any) of adopting AM technology to maintain present-day investments or for future investments at the generation, transmission, and distribution levels. Stated differently, we believe this technology should have cost saving and reliability implications that merit further research and consideration and would like the utilities to explore this technology within the Special Contemporary Topics sections of its IRP.

Suggestion:

- 1.) Every West should explore this technology within its Distribution, Transmission and Supply Side Generation Chapters as an approved Special Contemporary Topic for its IRP modeling.

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

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

COMES NOW GEOFF MARKE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Special Contemporary Topics* and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



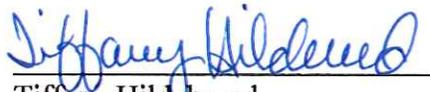
Geoff Marke
Chief Economist

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15th day of September, 2021.



TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

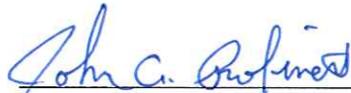
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

COMES NOW JOHN A. ROBINETT and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Special Contemporary Topics* and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



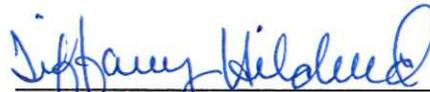
John A. Robinett
Utility Engineering Specialist

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15th day of September, 2021.



TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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

VERIFICATION OF LENA M. MANTLE

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

LENA M. MANTLE, under penalty of perjury and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Special Contemporary Topics* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

/s/Lena M. Mantle
Lena M. Mantle
Senior Analyst
Office of the Public Counsel