

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

In the Matter of Every Missouri Metro and)
Every Missouri West's Notice of Intent to)
File Applications for Authority to Establish) **File No. EO-2019-0132**
a Demand-Side Programs Investment)
Mechanism)

STAFF'S CHANGE REQUEST

COMES NOW the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and for *Staff's Change Request*, states as follows:

1. On March 11, 2020, in its *Amended Report and Order*, the Commission approved the Missouri Energy Efficiency Investment Act ("MEEIA") application of Evergy Metro, Inc., d/b/a Evergy Missouri Metro ("Evergy Metro"), and Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy West"), (collectively, "Evergy").
2. Evergy filed its annual Evaluation, Measurement, and Verification ("EM&V") Report for program year 2021 ("PY2021") on July 5, 2022. Evergreen Economics filed its Independent EM&V Audit of the Evergy PY2021 Program Evaluations on July 10, 2022.
3. Evergreen Economics' audit listed several issues with Evergy's PY2021 EM&V reports. Due to concerns about the scoring of the spillover questions, the lack of a credible link between the Company's program activities and the non-participant purchases, the possible double counting of LED savings, and the inclusion of non-like measures, Evergreen Economics does not recommend that non-participant spillover ("NPSO") numbers be accepted for the PY2021 Heating, Cooling, and Home Comfort ("HCHC") program.

4. As further explained in the attached memorandum, Staff requests the following changes based on Evergreen Economics' audit:

- a. For the Heating, Cooling, and Home Comfort ("HCHC") Program, change the non-participant spillover ("NPSO") rate from 14 percent to 2 percent. This reduces net savings for this program by 1,159,725 kWh (12%).
- b. For the Energy Products Program, change the participant spillover rate from 7 percent to 0 percent. This reduces net savings for this program by 3,699,887 kWh (7%)
- c. For the air sealing and insulation measures, change the baseline heating assumptions as discussed above to reflect a more accurate allocation of existing heating types between gas and electric.

WHEREFORE Staff prays that the Commission will order these changes, as supported by the evidence in Evergreen Economics' PY2021 EM&V report.

Respectfully submitted,

/s/ Nicole Mers

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**Attorney for the Staff of the
Missouri Public Service Commission**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and/or counsel of record on this 22nd day of July, 2022.

/s/ Nicole Mers

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2019-0132
Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc.
d/b/a Evergy Missouri West

FROM: Brad J. Fortson, Regulatory Compliance Manager

/s/ Brad J. Fortson 07/22/2022 /s/ Nicole Mers 07/22/2022
Energy Resources Department / Date Staff Counsel's Office / Date

SUBJECT: Change Request Concerning Incremental Annual Net Energy Savings Resulting
from the Evaluation, Measurement and Verification Reports for Evergy Metro and
Evergy Missouri West's Program Year 2021 MEEIA Programs

DATE: July 22, 2022

Summary

This memorandum is a “Change Request” for the Missouri Public Service Commission’s (“Commission”) determination of the program year 2021 (“PY2021”) incremental annual net energy savings resulting from the evaluation, measurement and verification (“EM&V”) of Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West’s (“EMW”) (collectively “Company”) Missouri Energy Efficiency Investment Act (“MEEIA”) energy efficiency programs.¹

The Change Request process for Cycle 3 EM&V is described in the Company’s EM&V plan filed as an attachment to its *MEEIA Cycle 3 2019-2022 Filing* filed on November 29, 2018, in Case No. EO-2019-0132.² The Company’s EM&V plan allows for stakeholders to file a Change Request within 14 days after the Commission’s Auditor³ has filed its final report. In this case, Evergreen Economics filed its *Independent EM&V Audit of the Evergy PY2021 Program Evaluations* (“Final Report”) on July 10th, therefore giving stakeholders until July 24th to file a Change Request.

Staff supports Evergreen Economics’ recommended changes to the Company’s PY2021 net energy savings as further explained below.

¹ ADM Associates, Inc. is the Company’s current Residential and Demand Response EM&V contractor and Guidehouse Inc. is the Company’s current Commercial and Industrial EM&V contractor.

² Case No. EO-2019-0133 for EMW was consolidated with Case No. EO-2019-0132 for EMM.

³ Evergreen Economics.

Support for Staff's Change Request

In Evergreen Economics' Final Report, it summarized its recommended changes to the Company's PY2021 net energy savings as follows:

1. For the Heating, Cooling, and Home Comfort ("HCHC") Program, change the non-participant spillover ("NPSO") rate from 14 percent to 2 percent. This reduces net savings for this program by 1,159,725 kWh (12%).
2. For the Energy Products Program, change the participant spillover rate from 7 percent to 0 percent. This reduces net savings for this program by 3,699,887 kWh (7%)
3. For the air sealing and insulation measures, change the baseline heating assumptions as discussed above to reflect a more accurate allocation of existing heating types between gas and electric. The effect on PY2021 savings is indeterminate, as Evergreen Economics could not calculate the impact from the information provided in the evaluation report. These comprise about 7 percent (517,683 kWh) of total HCHC net kWh savings, and this adjustment will substantially reduce the savings for these two measures.

Due to concerns about the scoring of the spillover questions, the lack of a credible link between the Company's program activities and the non-participant purchases, the possible double counting of LED savings, and the inclusion of non-like measures, Evergreen Economics does not recommend that NPSO numbers be accepted for the PY2021 HCHC program. Evergreen Economics recommends that the NPSO revert back to 2 percent used in the PY2020 for the HCHC program. Additionally, Evergreen Economics and Staff both have previously taken issue with the inclusion of non-like spillover⁴ in the calculation of NPSO.⁵ In the *Non-Unanimous Stipulation and Agreement Settling Final EM&V for the 2016 MEEIA Cycle 2 Program Year* filed on September 13, 2017, in Case No. EO-2015-0055, Ameren Missouri, the Missouri Public Service Commission Staff, and the Office of the Public Counsel agreed on a number of issues to settle the Change Request's filed in that case, including to not include non-like spillover in the

⁴ Unlike (or non-like) spillover are energy efficiency actions participants make outside of the program that are unlike program actions but that are influenced in some way by the program.

⁵ *Staff's Change Request for Adjustments to the Cadmus Report of Program Year 2016 Annual Net Energy and Demand Savings from MEEIA Programs* filed on August 14, 2017, in Case No. EO-2015-0055.

calculation of NPSO. The Commission issued its *Order Approving Non-Unanimous Stipulation and Agreement* on September 27, 2017.

For the Energy Products program, the ADM Associates, Inc. (“ADM”) reported they conducted a benchmarking study of eight different programs and took the average to get a participant spillover value of 7%. Evergreen Economics claims that a more accurate description is that ADM referenced a benchmarking study that was conducted by a different firm and published in an evaluation report for Entergy Arkansas (2017). Evergreen Economics notes that there are actually only six studies (not eight), and the average from these studies is actually 8%, and not the 7% that ADM uses in its report. Evergreen Economics points out several problems with using the values from the benchmarking study, including: 1) the reports referenced in the study are all outdated, with half from the 2013-2021 era when CFLs were still a significant part of residential lighting programs, 2) New Mexico, which was included in the study, has since eliminated spillover as being eligible for claimed savings for all of its programs, 3) the reports listed in the study do not contain full reference information, and 4) at least one of the reports in the study include market effects in the spillover calculation.

Due to all of these problems, Evergreen Economics does not recommend that the list of reports be used to calculate participant spillover for the PY2021 Energy Products program. Since this same source was apparently used by ADM for PY2020, there is not an adequate recent value that can be applied to this program for PY2021. Therefore, Evergreen Economics recommends that participant spillover be set at zero for PY2021 and for future years until an acceptable value can be researched specific to the Energy Products program.

For the HCHC program, Evergreen Economics questioned the assumptions used by ADM for existing heating systems for the air sealing and attic insulation measures. For homes where heating type data were not available, ADM assumed a default baseline of electric heat for all homes, which results in much higher savings estimates. In response, ADM looked at homes where heat type information was available and found that approximately 95% were gas heat and 5% were electric. Evergreen Economics states that what ADM did not do was take the logical and expected next step and use this finding to adjust the PY2021 savings for these measures in the final evaluation report. Evergreen Economics recommends that the savings be adjusted for PY2021 using the new allocation of heating system type (95% gas/5% electric) for air sealing and

attic insulation measures. Evergreen Economics further recommends that this same allocation method should be applied in future years for those homes where existing heating type is not available.

Conclusion

Staff agrees with Evergreen Economics' recommended changes to the Company's PY2021 net energy savings. For all of the reasons detailed above and in Evergreen Economics' Final Report, Staff is filing this Change Request supported by that Report.

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and Evergy Missouri West's Notice of) Case No. EO-2019-0132
Intent to File Applications for Authority to)
Establish a Demand-Side Programs)
Investment Mechanism

AFFIDAVIT OF BRAD J. FORTSON

COMES NOW Brad J. Fortson, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.


BRAD J. FORTSON

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 20th day of July, 2022.

Dianne L. Vaught
Notary Public

