

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

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro’s 2023 Integrated Resource Plan) File No. EO-2023-0212
Annual Update Filing)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West’s 2023 Integrated Resource) File No. EO-2023-0213
Plan Annual Update Filing)

**EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST
RESPONSES TO INTERVENOR COMMENTS**

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. (“Evergy Missouri West”) (collectively, “Evergy” or the “Company”) and, hereby files its responses to the comments filed on August 31, 2023 by Staff (“Staff”) of the Missouri Public Service Commission (“Commission”), the Office of the Public Counsel (“OPC”), the City of Kansas City, Missouri (“KCMO”), Council for the New Energy Economics (“NEE”), Renew Missouri Advocates d/b/a Renew Missouri (“Renew Missouri”), and Sierra Club (“Sierra Club”) (“collectively, the “Intervenors”). The Company has reviewed the filed comments offered by the Intervenors and respectfully submits the following response to the Commission *Order Directing Response* issued on September 13, 2023. The Company explains below how it plans to incorporate these comments into the upcoming 2024 Annual Update and does not believe any additional Commission action is necessary in this docket regarding the 2023 Annual Update.

RESPONSE TO STAFF

Staff indicated in its filing that the review period for the Company’s 2023 Annual Update Filing is insufficient due to significant changes in Evergy's annual updates. Staff also shared that they will continue to evaluate the 2023 Annual Update including, but not limited to, the manual

testing of plant retirements and demand-side management (“DSM”) portfolio additions, carbon price assumptions, etc. Staff highlighted that they will fully investigate any proposed acquisitions or new generation facility certificates of convenience and necessity (“CCNs”) in the appropriate case that the Company will have to file in the future seeking approval from the Commission.

RESPONSE: Evergy appreciates Staff’s ongoing evaluation of the 2023 Annual Update and looks forward to engagement with Staff and other stakeholders in preparation for the 2024 Triennial Filing. In addition to investigations conducted in the course of other cases, the Company will appreciate ongoing feedback from Staff in the Triennial and future IRPs so that IRP processes can continue to be enhanced, as needed, to better supplement these other cases and better achieve the fundamental objectives of the IRP process. As defined in the IRP rules¹, the IRP process is the mechanism by which the Company establishes and refines its preferred resource plans, as well as corresponding implementation plans, and thus this process will benefit from active engagement and feedback from all stakeholders.

RESPONSE TO OPC

On August 31, 2023, OPC filed comments with alleged concerns regarding Evergy Missouri West and Evergy Missouri Metro’s 2023 Annual Update. OPC also offered recommendations for some of their concerns.

¹ See 20 CSR 4240-22.010

1. **Concern: Evergy Missouri Metro and Evergy Missouri West plans to rely excessively on the Southwest Power Pool (“SPP”) energy and capacity markets thereby exposing its retail customers to potential extreme costs.**

RESPONSE: Evergy agrees that it should plan to meet the needs of its customers in the future, including ensuring that energy is available to meet customer demand in every hour. However, Evergy also benefits from participation in the SPP market. In determining the most cost-effective resource plan for the future, the Company tried to balance the objective of having a fleet profile that matches customer risk while still recognizing that it may realize economic benefits from trade. As explained in the IRP, the Company modeled resource plans under the assumption that by the middle of time horizon, utilities could only purchase (or sell) energy equal to approximately 15% of average load, per hour. This assumption was intended to align future resource decisions with the expected customer load profile. The Company recognizes there is some disagreement among stakeholders as to the appropriate level of market reliance to assume in future planning and what level of cost is “prudent” to incur as a hedge for customers.

2. **Concern: It is unclear how Evergy Missouri Metro and Evergy Missouri West is planning for the addition of Schedule MKT customers.**

OPC Recommendation: Evergy Missouri Metro and Evergy Missouri West needs to develop a good methodology for forecasting the impact on its resource plans of the large customers that are in its economic development pipeline.

RESPONSE: Evergy’s Resource Planning group maintains high levels of visibility to the economic development pipeline and that capacity procurement for Schedule MKT customers would be outlined in agreements specific to those customers as established in the respective Schedule MKT tariffs. It is critical to maintain separation between those specific customer capacity agreements and planning for the capacity needs of other customers to ensure costs associated with

those MKT customers can be specifically allocated to those customers, subject to the terms of the MKT tariff, and that these costs are not borne by other customers.

3. **Concern: Evergy Missouri Metro and Evergy Missouri West’s projected baseline customer energy usage and demand growth are essentially flat, its demand-side management and demand response programs extremely costly with little impact—impact likely to occur without them; therefore, imposing the costs of those programs on Evergy Missouri’s customers is not justified.**

RESPONSE: Evergy disagrees with these broad, unsupported statements. Evergy's DSM potential study analysis shows that the DSM savings do contribute to Evergy's capacity and energy needs. The subsequent IRP analysis shows that DSM meaningfully contributes to the lowest cost net present value to revenue requirements (“NPVRR”) plan and a reduction in the need for future capacity additions irrespective of the shape of the baseline projection. The assertion that the savings "would likely happen without these programs" is unsupported. In fact, multiple third-party evaluators demonstrate every year the energy impact of the MEEIA programs on customers energy usage, specifically demonstrating through scientific methods the attribution of the savings due to incentives and programs.² Regarding the baseline projections, there are no errors. As part of the DSM Potential Study process, AEG developed its own baseline projection. AEG then compared the baseline projection to the baseline in the most recent triennial filing and explained the differences.

² See 20 CSR 4240-20.094(4)(B)(3) - Note there is also a timing difference in these baseline projections. The baseline developed by AEG for the potential study occurs more than a year prior to the triennial filing it is used in. Thus, the comparison uses the prior triennial filing baseline for the comparison.

4. **Concern: The capacity balance graph on Evergy Missouri West’s preferred plan as shown on page 97 of its Annual Update is misleading.**

RESPONSE: OPC seems to be concerned that the “Capacity Needed” line on the graph is the SPP capacity requirement minus capacity purchases. This is true, but Evergy has a couple of clarifications to the OPC interpretation. First, the capacity purchases include ** [REDACTED]

[REDACTED]

[REDACTED] ** also they include ** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] ** The “Build Capacity” category

reflects incremental capacity-only transactions assumed in the IRP for Missouri West. The resource plan ECAA shows that Missouri West only needs incremental summer capacity in 2024-2026. In 2029 it is capacity sufficient based on its own resources and PPAs that include energy. Alternative views of the same information were provided in the workpapers and the referenced view was not intended to be misleading. Evergy appreciates OPC’s feedback and will evaluate relevant improvements and clarifications for the 2024 Triennial.

5. **Concern: Evergy Missouri West does not have the * [REDACTED]**

[REDACTED] **.

RESPONSE: Evergy is monitoring and participating in the SPP stakeholder processes related to winter capacity requirements. There are still some uncertain aspects of how winter

capacity accreditation and reserve margins will be implemented. Currently Evergy tracks expected winter capacity for informational purposes. Some of the assumptions in the tracking include assuming no winter capacity “accreditation” for natural gas resources without firm transport, and assuming that summer tested capability for summer accreditation matches the winter “accreditation”. The assumption requiring firm natural gas transport is a conservative assumption and SPP continues to evaluate less binary approaches to natural gas accreditation (e.g., Performance-Based Accreditation reduces accreditation based on outages caused by lack of firm fuel supply, but does not remove all accreditation from these resources – this approach would result in more capacity credit than Evergy currently assumes) In addition to alternative accreditation methodologies which SPP could implement, Evergy also has some tools to increase its winter position without adding new resources – including procuring additional firm natural gas, and testing resources in the winter because winter max capacity output tends to be higher than summer output. Evergy Missouri West could also potentially buy winter capacity from the market. There are other utilities in SPP with a greater spread between winter and summer peak load, including Evergy Kansas Central and Evergy Metro, that Evergy Missouri West could potentially contract with. The Company is exploring these options in conjunction with long-term resource planning as SPP policy evolves to ensure Evergy Missouri West meets its requirements.

6. **Concern: Evergy Missouri West’s explanation in its annual update regarding the potential acquisition of a portion of the Dogwood Energy Center is incomplete.**

OPC Recommendation: Evergy should provide the details of its potential acquisition of a portion of Dogwood when it files its application with the Commission for a Certificate of Convenience and Necessity for acquiring a portion of Dogwood.

RESPONSE: If negotiations progress to the point where Evergy files an application for a Certificate of Convenience and Necessity (CCN), additional supporting information would be provided beyond what is provided in the IRP Annual Update. Evergy has supplemented analysis of the potential Dogwood addition in this Annual Update based on feedback received during the Persimmon Creek CCN case and is open to feedback on additional analysis that would be helpful in the context of assessing need and evaluating a resource addition within the context of the long-term portfolio. However, it is impractical to attempt to provide the level of detail which would support a CCN case in an IRP filing. The two processes are complimentary, to be sure, but they also have different scopes and core purposes.

7. **Concern: Evergy Missouri West’s workpapers are inconsistent with its Annual Update.**

OPC Recommendation: Evergy Missouri West should provide workpapers that are consistent with its annual update or update its annual update to be consistent with its workpapers.

RESPONSE: Evergy recognizes that the IRP analysis is voluminous, and it is likely to be time consuming to reconcile all of the inputs and assumptions. Evergy provided a large number of workpapers for this Annual Update in an attempt to be more transparent and helpful. Many of the workbooks provided displayed the information that the modeling team uses throughout the

process to understand modeling results from different viewpoints. The team will try to incorporate stakeholder feedback to improve the quality and informational value of the workpapers.

The items OPC noted as confusing were Dogwood capacity, wind capacity, load forecast, and demand response capacity. The Dogwood capacity is included in the “capworkbookview” sheets of all of the resource plan workpapers as its own line item. The generation from Dogwood is grouped with “Build CC” in the “GenLoadbalance” sheet. Every specific assumption about Dogwood that was incorporated into the modeling is detailed in the New Build Parameters workpaper. The wind accredited capacity assumption changes in 2037 due to the roll-off of many PPAs by that time. Under current SPP accreditation rules, Evergy has a higher accreditation for the first-tier amount of wind, and lower accreditation for any incremental wind. In 2037, Evergy assumes it can reallocate some projects to first-tier status as it loses PPAs that are currently allocated to first tier. The load forecast in the IRP includes new economic development load, which is not included in the base load forecast. For Missouri, this is only applicable to Missouri West which has a particular likely customer. The demand response capacity differences are due to some tables reporting maximum capacity by the end of the year, versus IRP inputs which considered the amount of capacity that could be accredited by the summer deadline. Second, some DSM workpapers show the values “at the meter” (which is prior to accounting for line losses) versus “at the generator” which represents the total load reduction used in the IRP modeling. Finally, demand response is considered a net to load, so for capacity planning purposes it counts as its tested value plus 15%. Thus, there are different ways of viewing the data depending on the specific use.

Due to the increasingly dynamic planning environment and the large number of inputs and outputs involved, workpapers are likely to remain voluminous in order to maintain transparency with IRP stakeholders. Evergy encourages OPC and other stakeholders to provide ongoing feedback on workpaper format and to seek clarification if specific workpapers are unclear so that improvements can be made in future processes.

RESPONSE TO CITY OF KANSAS CITY, MISSOURI

KCMO raised the following eleven alleged concerns based on its evaluation of Evergy's 2023 Annual Report in its filing.

1. **Evergy's 2023 IRP Update Puts Kansas City at Risk of Violating National Ambient Air Quality Standards**

KCMO Recommendation: Retiring Hawthorn, emissions from which contribute to ground level ozone, would likely bring the region into compliance.

RESPONSE: In May and June 2023, many areas across the eastern United States, including the Kansas City area, experienced increased ozone ambient monitoring concentrations from smoke that was transported from wildfires located across Canada. The Missouri Department of Natural Resources ("MDNR"), other state agencies and the Environmental Protection Agency ("EPA") are working together to evaluate the impact this unprecedented event had on 2023 ambient ozone monitoring data utilized for ensuring compliance with the Ozone National Ambient Air Quality Standard ("NAAQS") and determining whether all or a portion of this data qualifies as an "exceptional event" as defined in EPA's Exceptional Events Rule ("EER"). Any monitoring data classified as exceptional event data will be excluded when evaluating compliance with the Ozone NAAQS. The Kansas City area continues to remain in attainment with the Ozone NAAQS. Hawthorn Energy Center has operated state of the art nitrogen oxides ("NOx") controls for over

thirty years, thus helping to ensure the Kansas City metro area remains in compliance with the Ozone NAAQS.

2. **Evergy's 2023 IRP Update Overestimates Costs of Renewables and Battery Storage**

RESPONSE: Evergy disagrees with this assertion and points to the results of the All-Source request for proposal conducted in the Spring of 2023 as real-time evidence of the pricing of renewables in the current market.

3. **Evergy's 2023 IRP Update Underestimates the Impact of Historic Federal Funding**

KCMO Recommendation: Evergy, in the 2024 IRP, should account for more federal funding coming to MO for transmission, renewables, low-income rooftop solar, virtual power plants, and virtual solar as well as Kansas City's plans for more solar for its population due to the IRA's funding. This should account for a higher percentage of the energy mix as well as capacity. Kansas City is even more inclined to take matters into its own hands and speed up the build out of local renewables given Evergy's plans to slow down the transition to clean energy. Evergy should include this in their modeling.

RESPONSE: Evergy is excited by the possibilities afforded in the IRA for new, clean infrastructure. The “generic” resources modeled in the IRP included an assumption that resorted the “full-value” of the PTC or ITC back to 100%. This is a large incentive afforded to projects in the IRA. During the procurement activities for individual projects they may be found to qualify for additional federal incentive through energy community, or domestic content adders for grid-scale projects.

4. **Evergy’s 2023 IRP Update Does Not Include New FERC and SPP Rules which Streamline Approvals for New Projects**

KCMO Recommendation: Evergy’s assumptions for how long it will take to bring new renewable projects online are already outdated given the new rules adopted by FERC that speed up the approval process. Evergy should revise its estimates for project approvals.

RESPONSE: Evergy disagrees with KCMO that the Generation Interconnection (“GI”) queue is no longer an issue or source of risk. While SPP continues to make progress in working through the GI backlog, the backlog is still very significant and growing, with a record number of requests submitted in the 2022 window. While Evergy is optimistic that SPP’s ongoing efforts to improve GI processes will be effective, this is still a risk to future resource additions which much be monitored and incorporated into planning.

5. **Evergy’s 2023 IRP Update Does Not Include Existing and Planned Commercial Solar as a Resource**

KCMO Recommendation: In its 2024 IRP, Evergy should model all the commercial solar and storage energy that is already built or planned as a resource, including commercial installations like Panasonic or Google.

RESPONSE: The IRP and SPP rules require Evergy to serve its retail and wholesale load with generation it owns or for which it has direct contracts. While neither Google nor Panasonic have announced grid scale generation, behind the meter installation would potentially impact peak demand from a customer and would then require fewer grid resources.

6. **Evergy's 2023 IRP Update Does Not Consider Enhanced Geothermal**

KCMO Recommendation: Evergy should investigate prioritizing enhanced geothermal as a carbon-free, proven resource that is economically feasible today and should not wait on carbon capture and storage ("CCS") or other risky, expensive, unproven technologies. Evergy should solicit RFPs on this technology.

RESPONSE: Evergy solicited bids in the Spring of 2023 for all-proven technologies over 50 MW as part of its 2023 all-source RFP. No responses for Geothermal energy were received as part of the 2023 All-Source RFP. In addition, Kansas and Missouri have relatively low potential for Geothermal Energy compared to states in the West and Texas, so it is unlikely developers will target this part of the country for Geothermal production in the near-term future.

7. **Evergy's 2023 IRP Update Underestimates the Impact of Time of Use Rates on Peak Demand**

KCMO Recommendation: Evergy should account for the potential shift in usage before committing to new gas peaker capacity, especially given the volatile nature of natural gas prices and the health impacts to surrounding communities. Evergy should report to the Commission the change in demand after the TOU rates have been in effect for 12, 24, and 36 months.

RESPONSE: As part of the standard IRP process, the Company will consider the impact of the TOU rate impact on the residential class.

8. **Evergy's 2023 IRP Update Does Not Include Virtual Power Plants**

KCMO Recommendation: Evergy should be planning to utilize EV batteries for grid stabilization to allow their customers to share in the benefits of clean energy. We urge the Commission to require Evergy to consider VPPs, made up of homes, buildings, and car/bus fleets, as a resource in their models that will decrease peak demand.

Evergy should advocate that the Southwest Power Pool to remove its capacity requirement because it unfairly raises costs for customers.

RESPONSE: Evergy's IRP update does in fact have virtual power plants. Evergy's existing and planned demand response programs function the same as "virtual power plants". The

DSM potential study considers all potential resources in the initial steps of developing the achievable potential scenarios. At the end, only cost-effective resources remain in the achievable scenarios.

Evergy is actively following the development of vehicle-to-everything (“V2X”). While there may be a specific use case where vehicles can serve as grid assets, at this time it is premature to assume vehicles will provide accredited capacity to a meaningful degree over the planning period. Please refer to the Special Contemporary Issue response on this topic in the Integrated Resource Plan report (see Section 9 in both Metro and West reports).

There are important differences between Evergy’s retail demand response programs and wholesale market programs (where customers work with a third party to offer their demand response into the wholesale market, including programs often referred to as “virtual power plants.”)

Evergy’s demand response programs are utilized to offset costs to all ratepayers. The costs and benefits of these programs are vetted and overseen by the Missouri Public Service Commission. Qualified resources are used to offset Evergy’s requirement to maintain adequate capacity, which helps us to keep the cost of electricity low for all customers. Wholesale market demand response programs, in contrast, are treated as an alternative “supply” resource by the wholesale market. These resources are not controlled by Evergy and cannot be utilized by Evergy to offset Evergy’s capacity needs. Therefore, these programs do not offer a direct benefit to reducing costs for capacity and distribution infrastructure like Evergy-sponsored programs are designed to do. "

9. **Evergy's 2023 IRP Update Does Not Provide Transparency**

KCMO Recommendation: KCMO encourages the Commission to follow the lead of other states like Michigan which have implemented a more stakeholder-driven IRP process, including working with stakeholders to establish scenarios, inputs, and assumptions for all utilities to use in their IRPs.

At a minimum, the KCMO requests that the Commission require Evergy to provide full transparency of its modeling files to stakeholders, starting with the 2024 IRP, and clearly communicate inputs and assumptions.

RESPONSE: Evergy met with the KCMO team and modeled the scenarios they requested as part of the 2023 IRP Annual Update process. Evergy also held an annual update workshop with all stakeholders as required under the IRP rules and provided all model inputs and outputs and a copy of the full model in both Excel format and xml format (used by the software) as responses to data requests. Evergy clearly communicated the primary assumptions and drivers of the IRP modeling in the filed IRP documents, workpapers, stakeholder meetings, data request responses, and meetings with the KCMO team. The Missouri IRP rules under 20 CSR 4240-22.080 allow for ongoing incorporation of changing conditions and frequent opportunities for stakeholder feedback. In particular, the upcoming Triennial filing will allow additional opportunities for stakeholder feedback in advance of the filing. Evergy believes the framework for feedback within the IRP rules has been and will continue to be sufficient to provide the transparency and opportunities for input which KCMO is seeking.

10. **Evergy's 2023 IRP Update Does Not Align with the Kansas City Community's Goals**

KCMO Recommendation: Evergy, as a monopoly, has an obligation to make a good faith, transparent, collaborative attempt to consider the goals of the communities they serve, who have no other choice for their energy supplier. Evergy has not fulfilled that obligation in this IRP.

RESPONSE: Evergy has an obligation to meet all of its customer needs and not just the goals of specific customers. While customer goals are a consideration in the Company's procurement of additional renewables and have been evaluated in the 2023 Annual Update as requested by KCMO, Evergy cannot solely base its portfolio on the goal of one customer / subset of customers. It is not cost effective for all customers and by rule, minimizing the expected value of NPVRR across many scenarios is the primary objective function of the IRP process.

11. **Evergy's 2023 IRP Update Does Not Model Health Impacts and Costs**

KCMO Recommendation: Evergy should model the health care costs of all communities impacted by burning coal at its power plants, similarly to how DTE stakeholders modeled it.

RESPONSE: Evergy does not agree that this is a concern in meeting the requirements outlined in the Chapter 22 IRP rule. As stated previously, Evergy's position is that public health impacts are assessed when environmental regulations are established. Each alternative resource plan considered by the Company is based on resources that comply with environmental regulations. As such, no additional public health assessment is needed to evaluate alternative plans. A similar request by Sierra Club was rejected by the Commission for inclusion as a special contemporary issue in both the Company's 2021 Triennial IRP and 2022 Annual Update. Furthermore, the Commission determined in its Order Approving 2021 Triennial Integrated Resource Plan.

The Commission agrees with Evergy and will not require any further response by the Companies to the concern that Evergy failed to evaluate the public health impacts of its ARPs.³

RESPONSE TO NEE

NEE engaged Energy Futures Group (“EFG”) to evaluate Evergy’s 2023 Annual Report. Based on this evaluation of the Company’s 2023 Annual Report, nine recommendations were offered for future IRP Annual Updates.

1. **Provide the Company’s PLEXOS modeling files with future IRPs and IRP Updates to facilitate transparency and stakeholder review.**

RESPONSE: The Company provided all input and output files as well as copies of the full PLEXOS model in both Excel and xml formats as responses to data requests.

2. **Update thermal capital costs to account for the current inflationary environment.**

RESPONSE: The company refreshed capital costs for all new build options as part of the 2023 IRP Annual Update. Evergy used a professional engineering firm to study and recommend technologies and sites for new thermal generation. The estimates provided in the IRP reflect current knowledge of region and technology specific costs.

³ See, *Order Approving 2022 Triennial Integrated Resource Plan*, dated March 29, 2022; Docket Nos. EO-2021-0035 and EO-2021-0036.

3. **Loosen build constraints for new renewables and battery storage resources.**

RESPONSE: Build constraints were incorporated in the model to allow Evergy to develop or procure resources at a reasonable pace considering capital constraints, project availability, and the capacity of the team to assess, negotiate, and execute projects.

4. **Evaluate the impact of the Energy Community bonus adder for projects that could be located at retiring coal plants.**

RESPONSE: Evergy does not feel that this is a deficiency of the IRP process. The IRP is evaluating the addition of “generic” resources. During the evaluation in the IRP it does not make sense to model speculative tax adders that may or may not apply to an individual project. During project contracting and selection specific tax incentives will be evaluated for an individual sites.

5. **Explore earlier retirement dates and broaden the combination of retirements evaluated.**

RESPONSE: The retirement dates were chosen to avoid large capital spends which were forecasted around the middle of the planning horizon. For the 2024 Triennial filing, Evergy will assess whether there are other dates that make sense based on opportunities for capital savings.

6. **Include the evaluation of coal to gas conversion options.**

RESPONSE: The Company will continue to evaluate coal to gas conversions as options.

7. **Explore the impacts of securitization on those plans that advance coal retirement dates.**

RESPONSE: Securitization is a tool that the Company will evaluate using, when appropriate. However, the Company would highlight that any resource plan that employs securitization on any asset will appear more cost-effective than that same resource plan with balance-sheet financing. Because securitization reduces the financing cost on anything that is securitized, it also follows that the bigger the asset, the more savings that can be gained. This type

of result is misleading, because net book value is a sunk cost, and securitization of any sunk costs of the same size would lead to the same result. Evergy believes that the correct economic analysis focuses on minimizing going forward costs.

8. **Model renewable and storage assets under owned and contracted ownership assumptions.**

RESPONSE: As previously stated by the Company in its 2021 Triennial Compliance Filings, docket No. EO-2021-0035 and EO-2021-0036, Evergy and NEE disagree on whether PPAs should be modeled as discrete resource options. The Chapter 22 IRP rules do call out either bilateral or market purchases of capacity or energy as supply-side resource options which can be evaluated, but the Company’s position is that the purpose of the IRP is to evaluate generic new resource options and not to determine ownership or financial structure. With that in mind, the Company believes ownership of new resources is the appropriate “default” option to represent new resources which are being evaluated.⁴

In its March 29, 2022 order concerning this matter (*Order Approving 2021 Triennial Integrated Resource Plan*) the Commission found:

The Commission agrees with Evergy and will not require any further response by the Companies to the concern of whether PPA should be modeled as discrete resource options.⁵

⁴ See, *Evergy Missouri Metro and Evergy Missouri West Response to Alleged Deficiencies and Concerns*, dated December 10, 2021; Docket Nos. EO-2021-0035 and EO-2021-0036.

⁵ See, *Order Approving 2022 Triennial Integrated Resource Plan*, dated March 29, 2022; Docket Nos. EO-2021-0035 and EO-2021-0036.

9. **Explore reusing injection rights of retiring generators.**

RESPONSE: Evergy agrees that reusing interconnection rights may facilitate resource additions, due to the highly backlogged SPP Interconnection Queue. Evergy considers this in its resource procurement activities, but the opportunities to reuse interconnection rights are highly resource-specific and thus not something that can be assumed for “generic” future resource additions.

RESPONSE TO RENEW MISSOURI

Renew Missouri prepared comments in cooperation with its expert, Kayla McNabb of Vesta Strategic Solutions, LLC. Renew Missouri’s focused their comments on the assumptions around renewable pricing, transmission, and interconnection. Renew urges the Commission to thoroughly vet Evergy’s assumptions around the interconnection queue, solar energy, and natural gas generation going forward.

1. **Transmission Assumptions.**

a. Generation Interconnect Queue: Evergy cites the SPP Interconnection queue status and process as a cause for increased risk and justification for delays in bringing projects online. The backlog of SPP's generation interconnection queue can no longer be considered an issue as it once was and is not a source of risk to be cited by Evergy for any part of their Integrated Resource Plan.

RESPONSE: Evergy disagrees with Renew that the Generation Interconnection (GI) queue is no longer an issue or source of risk. While SPP continues to make progress in working through the GI backlog, the backlog is still very significant and growing, with a record number of requests submitted in the 2022 window. While Evergy is optimistic that SPP’s ongoing efforts to improve GI processes will be effective, this is still a risk to future resource additions which much be monitored and incorporated into planning.

b. Market Outlook and SPP's Integrated Transmission Planning Process Futures Discussion: Evergy should utilize SPP's ITP Future 3 Scenario for all market price forecasts and resource addition considerations for their 2023 Integrated Resource Plan.

RESPONSE: As part of the IRP process, the Company considers future uncertainties that may be critical to the performance of the resource plan. The Company identified carbon emissions policy as a critical uncertain factor. Future 3 in the SPP transmission planning model forecasts a resource mix twenty years into the future that would enable SPP to dramatically reduce carbon emissions. This resource mix includes significant retirements of existing resources and new additions of renewables, batteries, and thermal resources with carbon capture and sequestration. This resource mix transition would likely incur substantial fixed costs; however, cost effectiveness was not a consideration in developing the scenario. For the SPP ITP models, this scenario enables stakeholders to see the transmission needs based on rapid decarbonization. Ultimately, the resource mix twenty years from now will be determined mostly by the decisions of utilities/load-serving entities and state regulators, and will likely be influenced by availability of technologies, incentives, environmental restrictions, reliability needs, and cost considerations. Future 3 is a very aggressive scenario, which is dependent on large policy and technology changes. Evergy considers this scenario to be a possibility for the future, but not the most likely scenario at this time.

c. Transmission Congestion: Evergy overlooks the substantial resources being put towards transmission development under the Bipartisan Infrastructure Law and other national programs directed at advancing transmission buildout in the short term.

Evergy is lacking in providing a consistent approach to risk assessment with its disjointed application of SPP's Integrated Transmission Planning Futures in their 2023 IRP Annual Update. This enables Evergy to show increased risk leading to resource decisions that are not in the best interest of their customers.

Evergy provides an inaccurate picture of the transmission interconnection queue status, making the queue backlog more of an issue than what it really is. Evergy manipulates data provided by SPP to try and justify unnecessary levels of risk, leading to additional cost.

RESPONSE: Renew Missouri seems to misunderstand how transmission interconnection risk is incorporated into the IRP modeling. Evergy conducted an all-source RFP for new resource additions in early 2023. The offers received in the RFP allowed the Company to estimate the expected cost and timing of resource additions. The current interconnection backlog affects the project availability in the near term. For example, Evergy did not receive any offers for solar projects that could be in service in 2024 or 2025, so Evergy did not assess potential 2024 or 2025 solar projects for incorporation in the resource plan. The Company considered resource additions based on their earliest available in-service dates and all future years. Evergy is adapting to the delays in the interconnection queue by recognizing that it may need to plan further in advance for resource additions, get queue positions early in the process, and use existing interconnection rights, if possible, to avoid the queue. Evergy is also working within the SPP stakeholder process to advocate for process and rule changes to reduce the backlog and mitigate the risk of future backlogs.

While Evergy is optimistic that ongoing investment in transmission driven by federal funding and ongoing SPP processes will mitigate future transmission congestion and better prepare

the grid for the changing resource mix, this future potential does not eliminate the near-term constraints causing delays in renewable project availability.

2. Renewable Generation Assumptions.

a. Solar and Wind Delays: Evergy is not utilizing the best resource market data to account for what trends are truly happening in resource development.

RESPONSE: Evergy disagrees with this assertion. Market data was extremely current for this filing with information from the 2023 All-Source RFP used as a direct feeder into the generic wind and solar assumptions utilized for the 2023 IRP annual update.

b. Impacts of Federal Inflation Reduction Act: Renew Missouri believes there are certain deficiencies in Evergy's assumptions around solar tax credits that may have important implications for the Company's long-term resource planning.

Renew Recommendation: Evergy should, at the very least, model using the ITC for its planned solar additions in its next IRP filing. Evergy should model out the ITC for new solar additions through 2030. Renew would strongly encourage the company to update the modeling done throughout the IRP for new solar resources to include the ITC and to update the PTC modeling at the corrected incentive levels.

RESPONSE: Evergy is excited by the possibilities afforded in the IRA for new, clean infrastructure. The “generic” resources modeled in the IRP included an assumption that resorted the “full-value” of the PTC or ITC back to 100%. As utility ownership, which is the standard generic resource assumed and was affirmed by the MPSC, the use of the ITC would result in normalization effects for the customers. The use of the 100% as the default assumption lowers the revenue requirement of the asset and results in a customer-favored approach for the asset versus the use of a normalized ITC.

RESPONSE TO SIERRA CLUB

Sierra Club has requested that the Commission order Evergy to address the below-listed alleged deficiencies in the Company's forthcoming 2023 IRP Annual Update filings.

1. **Evergy did not adequately model coal unit operations, leading the modeling to be biased towards keeping units on-line.**

RESPONSE: The economic modeling for the IRP assesses how to most cost effectively meet customer needs for capacity and energy over the 20-year horizon. The economic assessment of coal plant retirement decisions includes whether the going-forward costs merit continued operation of the resource or whether it is more cost effective to build new resources to meet customer needs. The primary driver of the Jeffrey retirement decisions is the expected capital spend on emissions control equipment. Based on current forecasts, Evergy could economically replace Jeffrey 2 & 3 for a lower total cost (fixed and variable) as part of a resource plan that meets customer needs. Other coal resources, with lower capital spend forecasts, cannot be economically replaced if their retirement is accelerated. While operational performance is important, it is unlikely that small differences in operational assumptions would materially impact coal plant retirement decisions. However, Evergy will review its modeling inputs to see if heat rates or other operational characteristics should be revised based on current resource performance.

2. **Evergy's selection of new resources is grossly biased towards new gas.**

RESPONSE: The IRP was run with capacity expansion in place in order to produce a plan that optimized the outcome across many different scenarios and futures. No bias on any technology was applied and instead the model was allowed to select the resource mix it found to best balance outcomes across those futures.

3. **Evergy should more actively argue for more transmission.**

RESPONSE: This comment seems irrelevant to Evergy's IRP process and is instead focused on Evergy's engagement with SPP on transmission planning. Evergy is actively involved in the SPP stakeholder process and advocates that SPP utilize realistic assumptions for future

resource mixes to ensure transmission portfolios are identified that align with those resource mixes, with appropriate cost allocation methodologies in place to ensure costs for those portfolios are allocated appropriately. Evergy, SPP, and other SPP members must balance the benefits of additional transmission in enabling interconnection of new capacity, alleviating congestion, or improving reliability with the cost of those transmission investments.

4. **Evergy should apply for Department of Energy funding under the Energy Infrastructure Reinvestment (EIR) provision of the Inflation Reduction Act to lower costs of replacing the coal units with clean energy.**

RESPONSE: Evergy is evaluating the Energy Infrastructure Reinvestment provision of the IRA. The EIR will not impact the infrastructure costs to replace retiring coal units, but rather could lower the financing costs by providing access to lower interest rate debt. The Company will continue to evaluate the opportunity to leverage the EIR, as well as other federal incentives, to lower the cost of its responsible generation fleet transition.

5. **Evergy should work with Kansas and Missouri stakeholders to successfully implement Solar for All to benefit its low-income customers and system resilience.**

RESPONSE: Evergy does not agree that this is a deficiency. The Company in its most recent Missouri rate review received approval on an income eligible solar subscription program⁶. The offering was designed to reduce the first cost barrier to underserved customers through a rate escalation that moves out year benefits forward to keep the solar rate at or below the average retail

⁶ *See*, Report & Order, dated November 29, 2022; Docket Nos. ER-2022-0129 and EO-2022-0130

rate. The resource built at the Company's Hawthorn facility will serve the surrounding income eligible communities. The Company will work with stakeholders to promote this program along with other social service programs designed to help customers with utility resources, weatherization programs and bill options.

6. **Evergy should be responsive to the interests of its customers. Its customers continue to favor the development of clean energy resources over fossil burning power plants.**

RESPONSE: Evergy serves a diverse mix of customers with a diverse mix of fuels. Different customers favor different generation mixes. Evergy is committed to conducting an IRP that results in a balanced approach to its supply side mix across a number of different futures and in concert with its goals around affordability, reliability, and sustainability.

WHEREFORE, the Company respectfully submits its responses to comments by Staff, OPC, NEE, Renew Missouri, KCMO, and Sierra Club.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 2nd day of October 2023.

/s/ Roger W. Steiner

Attorney for Evergy Missouri Metro and
Evergy Missouri West