

*Exhibit No.:*

*Issues:*

*Energy efficiency  
adoption and  
market transformation;  
Other sources for  
energy efficiency  
funding*

*Witness:*

*Sponsoring Party:*

*Type of Exhibit:*

*Case No.:*

*Mark Kiesling  
MoPSC Staff  
Direct Testimony  
EO-2024-0369 and  
EO-2024-0370*

*Date Testimony Prepared:*

*May 24, 2024*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**ENERGY RESOURCES DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**MARK KIESLING**

**EVERGY METRO, INC.**  
**d/b/a Evergy Missouri Metro**  
**CASE NO. EO-2023-0369**

**EVERGY MISSOURI WEST, INC.**  
**d/b/a Evergy Missouri West**  
**CASE NO. EO-2023-0370**

*Jefferson City, Missouri*

*May 24, 2024*

1 **DIRECT TESTIMONY OF**

2 **MARK KIESLING**

3 **EVERGY METRO, INC.**  
4 **d/b/a Evergy Missouri Metro**  
5 **CASE NO. EO-2023-0369**

6 **EVERGY MISSOURI WEST, INC.**  
7 **d/b/a Evergy Missouri West**  
8 **CASE NO. EO-2023-0370**

9 Q. Please state your name and business address.

10 A. Mark Kiesling, P.O. Box 360, Jefferson City, Missouri 65102.

11 Q. By whom are you employed and in what capacity?

12 A. I am a Senior Research and Data Analyst in the Energy Resources Department  
13 of the Industry Analysis Division.

14 Q. Describe your educational background and work experience.

15 A. Please refer to the attached Schedule MBK-d1.

16 Q. Have you previously filed testimony before the Commission?

17 A. Yes, please refer to Schedule MBK-d1, attached to this direct testimony, for a  
18 list of cases in which I have filed testimony or recommendations.

19 **EXECUTIVE SUMMARY**

20 Q. What is the purpose of your direct testimony?

21 A. I support Staff's overall recommendation in this case that it is not reasonable at  
22 this time for the Commission to approve a Missouri Energy Efficiency Investment Act  
23 ("MEEIA") program portfolio and its corresponding cost recovery that is being proposed by  
24 Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("EMM") and Evergy Missouri West, Inc.  
25 Evergy Missouri West ("EMW") (collectively "Company" or "Evergy"). My direct

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1 testimony discusses The Energy Independence and Security Act (“EISA”) standards and other  
2 energy efficiency funding sources.

3 **Energy Efficiency Adoption and Market Transformation**

4 Q. What are some ways the market for energy efficiency products has evolved  
5 since the start of MEEIA?

6 A. The EISA enacted by the Federal Government in 2007 set baseline standards  
7 for production of energy efficient products across several different areas. One targeted area  
8 was light bulbs. The EISA minimum efficiency standards for light bulbs was set so that the  
9 old incandescent light bulbs do not meet the new requirement and have essentially been  
10 phased out and eliminated, and creating the standard for light bulbs to eventually be  
11 light-emitting diode (“LED”). This is the case for both residential light bulbs and commercial  
12 light bulbs. This is one example of how the EISA standards are helping to transform the  
13 market with higher energy efficiency products being produced across the board for a wide  
14 range of products and becoming the main, if not the only, option for consumers. EISA  
15 standards continue to be raised to help ensure the most energy efficient products are being  
16 produced. The EISA standards should be used to help shape program designs for MEEIA  
17 programs. The standards could be used to help set a floor or starting point for particular  
18 programs that EISA standards could be applied to.

19 **Other Sources for Energy Efficiency Funding**

20 Q. Are there other energy efficiency loan or rebate programs that are currently  
21 available to Evergy ratepayers they can utilize other than MEEIA programs?

22 A. Yes, there are several other programs that promote energy efficiency upgrades.  
23 One example of this is a low interest loan program offered by the Missouri Department of

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1 Natural Resources (DNR). This low interest loan program provides an avenue of funds to  
2 municipalities, school districts, and other organizations to help upgrade particular areas to  
3 energy efficient products. This is just one example of a program that is helping to promote  
4 energy efficiency, and further supports how the market is transforming to higher energy  
5 efficient products. It is also important to highlight how this program and others like it can  
6 influence Evergy's MEEIA program goals and savings targets. Realizing programs like these  
7 and similar ones available in the marketplace could allow the utility to focus on gaps in the  
8 market in which a utility's resources could be more beneficial. These programs that are  
9 providing energy efficiency upgrades opportunities to the public that are not funded through  
10 utility rates could benefit all customers without the corresponding increases in their bills. It  
11 could also protect ratepayers from impacts of free-ridership,<sup>1</sup> which could possibly lead to  
12 skewed numbers that could be costing ratepayers millions of dollars.

13 Q. Can DNR's low interest program and other similar programs being offered  
14 influence MEEIA Cycle programs and savings goals?

15 A. Yes. Programs like DNR's low interest program and other programs offered by  
16 other outlets can heavily influence Evergy's MEEIA program goals and savings targets by  
17 creating a potential large number of free-riders. An example would be if a school district in  
18 Evergy's service territory was awarded a low interest loan from DNR to upgrade their  
19 heating, ventilation, and air conditioning ("HVAC") system, and after the HVAC system is  
20 installed, the school district then applies to Evergy to receive rebates for the same HVAC  
21 system. Even though the rebates likely were not the primary driver that incentivized the  
22 school district to do the project, Evergy claims those savings for its program, taking full credit

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<sup>1</sup> Free-riders are program participants who would have implemented a program measure or practice in the absence of the program. Per Guidehouse, Program Year 3(2022) Annual EM&V Report, FINAL Report, pg. 6.

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1 for the savings from the upgrade. The school district was incentivized to do the project  
2 because of the low interest loan awarded to them, not because of the rebates offered by  
3 Evergy's MEEIA program. This is one example. There are numerous energy efficient  
4 programs, loans, and grants available to help promote energy efficiency that could potentially  
5 have the same impact of free-ridership. Ratepayers should not fund programs that are often  
6 not the primary deciding factor for installing energy efficiency measures that generate  
7 projects or savings.

8 Q. Are there any other programs that could lead to major free-ridership that could  
9 skew Evergy's MEEIA programs and target savings numbers?

10 A. Yes, the Federal Inflation Reduction Act ("IRA") passed by the Federal  
11 Government with funding beginning in 2025.

12 Q. What is the IRA?

13 A. The IRA is a Federally Funded program that is funneling millions of dollars  
14 into Missouri to offer rebates to help promote energy efficiency upgrades to residents and  
15 businesses of Missouri. Currently it is projected that more than \$150 million could be  
16 available to Missouri residents to promote energy efficient upgrades in the following areas:  
17 HVAC upgrades, heat pump upgrades, weatherization, and other areas. These federal funds  
18 will be handled by the Missouri State Division of Energy ("DOE").

19 Q. How could this impact a future MEEIA Cycle?

20 A. The IRA could have major impacts on future MEEIA Cycles. The areas that  
21 the IRA is targeting are some of the main areas of Evergy's MEEIA programs. This has the  
22 potential for creating an increase in free-ridership similar to the DNR low interest loan  
23 program scenario. The rebates that could be offered through the IRA will very likely be the

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1 driving force for these upgrades, incenting the citizens of Missouri, even the ones in Evergy's  
2 service territory, to upgrade HVACs and other products around their houses. This could  
3 potentially lead to an increase in free-ridership numbers that could greatly overstate the cost  
4 effectiveness of Evergy's MEEIA programs. Evergy customers can still apply for rebates  
5 from Evergy, even if the Evergy rebates are not the primary driver for those Evergy customers  
6 moving forward with an energy efficiency project. Customers could potentially try to use  
7 funds from the IRA to make energy efficiency upgrades and then try to get Evergy rebates,  
8 even though the IRA funding would be the driving force for the project and not MEEIA  
9 rebates. The MEEIA rebates would be a handout, paid for by all other customers, to  
10 customers who would have moved forward with an energy efficiency project absent the  
11 rebate. This potential scenario could lead to inflated participant numbers and overestimate  
12 savings within the Evergy MEEIA programs, when in reality it is simply free-riders taking  
13 advantage of a handout that is available and not really driving energy efficiency.

14 It does not make sense to have a ratepayer funded program that offers rebates and is  
15 costing ratepayers millions of dollars when those rebates are not the primary driver  
16 influencing ratepayers toward energy efficiency. Ratepayers would be better off utilizing the  
17 IRA funding to drive energy efficiency upgrades, rather than paying higher rates to subsidize  
18 a MEEIA program that is not benefiting all rate payers. By allowing the IRA to drive energy  
19 efficiency upgrades and moving away from ratepayer funded programs, it would benefit all  
20 ratepayers of Evergy as they would be saving millions of dollars annually. It also does not  
21 make sense to have a multiple-year ratepayer funded MEEIA portfolio knowing that virtually  
22 identical programs are on the horizon that are far cheaper for ratepayers than another MEEIA  
23 cycle, saving ratepayers millions of dollars.

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1 Q. Does this conclude your direct testimony?

2 A. Yes.

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

In the Matter of Evergy Metro, Inc. d/b/a )  
Evergy Missouri Metro's Notice of Intent to ) Case No. EO-2023-0369  
File an Application for Authority to Establish )  
a Demand-Side Programs Investment )  
Mechanism )  
)  
n the Matter of Evergy Missouri West, Inc. )  
d/b/a Evergy Missouri West's Notice of ) Case No. EO-2023-0370  
Intent to File an Application for Authority to )  
Establish a Demand-Side Programs )  
Investment Mechanism )

**AFFIDAVIT OF MARK KIESLING**

STATE OF MISSOURI )  
) ss.  
COUNTY OF COLE )

**COMES NOW MARK KIESLING** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Mark Kiesling*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
MARK KIESLING

**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 21<sup>st</sup> day of May 2024.



  
Notary Public



## Mark Kiesling

### CURRENT POSITION:

I am currently an Senior Research and Data Analystist in the Energy Resources Department, Industry Analysis Division, of the Missouri Public Service Commission.

### EDUCATIONAL BACKGROUND & WORK EXPERIENCE:

I received my Bachelor of Science Degree in Marketing from Lincoln University in December of 2001. In October of 2014 I began employment with the Missouri Public Service Commission as a Utility Management Analyst II. In January of 2018, I was promoted to a Senior Research/Data Analyst.

### Case Summary

Case Number	Company	Issues
EC-2015-0309	<u>Kansas City Power &amp; Light Company (Electric)</u>	Policy/Complaint
SA-2015-0065	Missouri American Water	CCN Case
SA-2015-0150	Missouri American Water	CCN Case
SM-2017-0187	Lake Region Water & Sewer CO, Camden Public Water	Merger/Sale
SM-2018-0117	Confluence Rivers	Merger/Sale
WR-2017-0343	Gascony Water Company, INC	Policy
ER-2019-0374	Empire Electric	C&I Custom Rebate Program
EE-2020-0351	Ameren Missouri	Variance/Waiver for Commission Rule
ER-2021-0240	Ameren Missouri	Rate Case
ER-2022-0337	Ameren Missouri	Rate Case
EC-2023-0037	Ameren Missouri	Complaint
EO-2023-0136	Ameren Missouri	MEEIA Cycle 4 Case