

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the 2017 Integrated Resource)
Plan Annual Update for KCP&L Greater) **File No. EO-2017-0230**
Missouri Operations Company)

COMMENTS OF NATURAL RESOURCES DEFENSE COUNCIL

Comes now the Natural Resources Defense Council (NRDC) and, pursuant to 4 CSR 240-22.080(3)(D), files these comments on KCP&L-GMO's 2017 Annual IRP update within 30 days after the company filed its Notice of June 29 that it would make no changes as a result of the stakeholder meeting of June 23.

Chapter 22 does not provide for the Commission to take action on a filing of this nature. NRDC has not expended more than minimal resources on this response but considers it important to go on record with its objections in light of the triennial filing due in April, 2018. GMO has changed its preferred resource plan and its resource acquisition strategy. NRDC anticipates that this will be the starting point if not the end point of the triennial filing.

Deficiencies in IRP Update.

Rule 22.080(3)(B) says, "The depth and detail of the annual update report shall generally be commensurate with the magnitude and significance of the changing conditions" since the last filing, and that if the resource acquisition strategy has changed "the annual update report shall describe the changes and provide updated capacity balance spreadsheets..."

Despite these minimal requirements, NRDC finds the filing deficient. For starters,

GMO has misnamed its new preferred plan. The winner, by the NPVRR rankings, is GCGHP, in GMO's nomenclature, but P stands for PPA whereas the description of plan GCGHP shows a combustion turbine as the non-renewable capacity addition, which would make it plan GCGHA (Update pp. 42, 43–4, 68). There is no plan GCGHA.

This last letter in the naming protocol represents “Generation additions,” but it does not include all the options that appear in the alternative resource plans (ARPs). According to the “naming convention,” “A=CT” while “B=CT/Existing CC (207 MW)” (Update p. 42). But some ARPs have 207 MW of natural gas while others have 414 MW of combustion turbines, one has 207 MW of CT and 207 MW of combined-cycle gas, and another has 828 MW of CTs (Update at 43–4). Perhaps it is time for KCP&L and GMO to drop their confusing method of naming their plans.

The documents sometimes use different terminology. Instead of Maximum Achievable Potential (MAP) and Realistic Achievable Potential (RAP), the Potential Study uses “achievable potential” and “program potential” (see, e.g., Potential Study vol. 1, p. 1). The actual results do not always appear in the update. For example, the Total Resource Cost cost-effectiveness results for GMO's Missouri territory have to be extracted from the individual program descriptions in the Potential Study (vol. 4, pp. 15–55).

The treatment of demand-side resources is deficient.

GMO does not follow KCP&L in selecting RAP- (RAP minus) as its new MEEIA portfolio. GMO opts for RAP plus demand-side rates. Nonetheless, the cumulative energy and peak demand savings of this portfolio are woefully short of the guidelines for

progress established in the MEEIA rules, 4 CSR 240-20.094(2). Indeed, all four portfolios, including MAP, fall short of these goals (Potential Study vol. 4, pp. 6–7).

The update is not consistent with either the potential study or the Demand Side Resource Analysis. The update contains no discussion of DSM at all (p. 39). GMO’s Demand Side Resource Analysis, like KCPL’s , includes MAP and RAP portfolios and two additional, “extrapolated” portfolios, RAP- and RAP + (DSR Analysis, pp. 113–4). These do not appear in GMO’s ARPs. The demand-side management options in the update are MAP, RAP, RAP with demand-side rates, and “MEEIA” (Update p. 42). There is no explanation of what this last option means.

Chapter 22 directs the utility, in 22.050(1)(B), “To fulfill the goal of achieving all cost-effective demand-side savings” by designing “highly effective potential demand-side programs consistent with subsection (1)(A) that broadly cover the full spectrum of cost-effective end-use measures for all customer market segments”. DSM is to be treated on an “equivalent basis” with supply-side resources, 22.010(2)(A), and any plan with a strong DSM portfolio should often emerge as a favored result because DSM is the least-cost energy resource. GMO has contrived to defeat the purposes of MEEIA and Chapter 22.

GMO projects 259 MW of capacity savings by 2026 with its preferred plan (Update pp. 9, 62). If GMO pursued more aggressive DSM it might achieve enough capacity savings to retire an additional coal unit. This would benefit its customers.

The update fails to consider alternatives to coal.

GMO has chosen to stand pat with the wind additions and coal plant retirements it

recently announced. GMO and KCP&L added the Osborn and Rock Creek windfarms in Missouri because they make economic sense at a time when wind PPAs can be had for 2 cents/kWh or less.

The cost of wind energy has fallen to the point that it is less than the cost of continuing to operate existing coal plants. *See* Moody's Investors Service, "Rate-Basing Wind Generation Adds Momentum to Renewables" (March 15, 2017). As part of its obligation to its customers, GMO should seriously model and consider adding wind and retiring more coal-fired generating units.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct PDF version of the foregoing was filed on EFIS and sent by email on this 28th day of July, 2017, to all counsel of record.

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