

*Exhibit No.:*

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

*Witness: Mark Kiesling*

*Sponsoring Party: MoPSC Staff*

*Type of Exhibit: Rebuttal Testimony*

*Case No.: EO-2023-0369 and*

*EO-2023-0370*

*Date Testimony Prepared: July 9, 2024*

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENERGY RESOURCES DEPARTMENT**

**REBUTTAL 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  
July 2024*

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EVERGY METRO, INC.  
d/b/a Evergy Missouri Metro CASE  
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EVERGY MISSOURI WEST, INC.  
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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MARK KIESLING**

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

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

10 Q. Please state your name and business address.

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

12 Q. Are you the same Mark Kiesling that filed direct testimony on May 24, 2024,  
13 in this case?

14 A. Yes, I am.

15 **EXECUTIVE SUMMARY**

16 Q. What is the purpose of your rebuttal testimony?

17 A. The purpose of my rebuttal testimony is to expand on the free ridership issue  
18 that could exist with Inflation Reduction Act (“IRA”) funds becoming available and how this  
19 could impact the programs within Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”)  
20 and Evergy Missouri West, Inc. d/b/a Evergy Missouri West’s (“EMW”) (collectively  
21 “Company” or “Evergy”) proposed Missouri Energy Efficiency Investment Act (“MEEIA”)  
22 Cycle 4. I will discuss issues that Evergy’s Technical Resource Manual (TRM) presents. I  
23 will discuss some of the proposed programs in Evergy’s MEEIA Cycle 4 portfolio and how  
24 they are duplicative of what is available in the IRA. Finally, I will discuss the elimination of  
25 the 11-Step process.

1 **POTENTIAL IRA IMPACTS**

2 Q. Could the rebates/tax credits offered from the IRA impact participation in  
3 Evergy's MEEIA programs?

4 A. Yes. The rebates offered from the IRA could potentially have a dramatic  
5 impact on the participation in Evergy's MEEIA programs.

6 Q. How could the rebates from the IRA impact the participation numbers for  
7 Evergy's MEEIA programs?

8 A. The rebates offered through the IRA may very well be the driving force that  
9 will lead individuals and businesses to make energy efficiency upgrades and not the rebates  
10 offered by Evergy through its MEEIA programs. This could lead to a dramatic increase in  
11 the amount of free ridership within the Evergy MEEIA programs.

12 Q. Do you have any example of how a scenario like the one you describe above  
13 could play out?

14 A. Yes. A similar scenario very likely could play out in Evergy's service  
15 territory that I described in my Ameren Missouri MEEIA Cycle 4 rebuttal testimony.<sup>1</sup> The  
16 scenario is as follows: The Public Service Commission Staff ("Staff") was contacted by an  
17 Ameren customer who had a heat pump heating and cooling system in his house. The heat  
18 pump was an older unit and was starting to give the customer some trouble. The homeowner  
19 contacted a local heating and cooling company to come out and look at his unit. This  
20 Company was a preferred Ameren contractor/vendor for Ameren's residential Heating,  
21 Ventilation, and Air Conditioning ("HVAC") program. The Company informed the  
22 homeowner that it would cost approximately \$1,400.00 to repair the old unit with no

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<sup>1</sup> Kiesling rebuttal testimony in EO-2023-0136.

1 guarantees of how long the unit would continue to run in the future. The homeowner started  
2 to look into new heat pump units and the possibility of upgrading his unit. While  
3 investigating heat pump units, the homeowner discovered the tax incentives that were being  
4 offered from the IRA for new heat pump units. Looking at the tax incentives for the unit he  
5 was interested in for his house, he discovered that he would be eligible for a \$2,000.00 tax  
6 credit if he went with the new unit. Upon being informed that he would be eligible for this  
7 tax credit the homeowner started to calculate the financial impact of getting a new unit versus  
8 repairing his existing unit. After his calculations the homeowner informed the HVAC  
9 company that he wanted to go with a new unit versus repairing his existing unit. Once the  
10 homeowner made his decision the HVAC company informed the homeowner that the new  
11 unit he picked was eligible for a rebate through Ameren's Residential HVAC program. The  
12 rebate was \$500.00 dollars. The tax incentive being offered through the IRA was the driving  
13 factor for this homeowner and not the rebate being offered through Ameren's Residential  
14 HVAC program. Ameren's residential HVAC rebate was just a cherry on the top.  
15 Consequently, Ameren claimed all of the savings from the new unit, even though its rebate  
16 was not what encouraged the customer to proceed with a new HVAC unit.

17 Q. Does Evergy propose or outline how it might address the impacts the IRA  
18 could have on its proposed MEEIA Cycle 4 programs?

19 A. While Evergy's filing does acknowledge that the impacts of the IRA will need  
20 to be accounted for,<sup>2</sup> no where in its application does it outline or describe how Evergy's  
21 Cycle 4 programs are going to account for IRA participants.

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<sup>2</sup> Evergy Missouri Metro and Evergy Missouri West MEEIA Cycle 4 Report, Conf, page 51.

1 Q. Does this acknowledgement help alleviate Staff's concern for the high  
2 numbers of free riders that could be taking advantage of Evergy's MEEIA programs?

3 A. No. By acknowledging that the IRA needs to be accounted for and then not  
4 having a plan that accounts for it, this illustrates Evergy's willingness to take credit for  
5 energy efficient upgrades that are not driven by its MEEIA programs. Unfortunately, its the  
6 ratepayers who are paying for it, and it is costing them millions of dollars while Evergy is  
7 collecting millions of additional dollars through its MEEIA programs that are not providing  
8 benefits to all ratepayers.

9 **TECHNICAL RESOURCE MANUAL**

10 Q. Does Staff have concerns with Evergy's proposed TRM??

11 A. Yes, Staff has several concerns with Evergy's proposed TRM in its MEEIA  
12 Cycle 4 application.

13 Q. What are the concerns that Staff has with Evergy's proposed TRM?

14 A. The first concern that Staff has is the voluminous amount of measures that are  
15 listed in the TRM. Currently there are over 900 measures listed. Staff is concerned that  
16 certain measures that are listed in the TRM aren't offered in MEEIA programs. Therefore,  
17 Staff believes that the measures listed in the TRM should only be the measures that are  
18 offered within an approved MEEIA Cycle 4.

19 Q. What is another concern with the TRM as it is currently proposed?

20 A. Staff has concerns with the load building measures that are in the TRM.  
21 Some examples of these are dehumidifiers, air purifiers, smart home products (Alexa, Google  
22 Home, etc.), and radon fans. Staff feels that all measures that are listed in the TRM should

1 be energy saving measures, not load building measures. Staff also recommends that all  
2 lighting measures that are listed in the TRM should be removed.

3 Q. What concern does Staff have with the incremental measure cost source?

4 A. In this case, Staff performed a limited review of the TRM and identified  
5 assumed values that do not appear reasonable, are reliant on studies that are likely outdated,  
6 and many of which did not provide clear citation to justification for the deemed savings.  
7 Staff has concerns with the incremental measure cost, energy savings, demand savings, and  
8 useful life sources that Evergy provides because these are just referenced sources and not  
9 links to the exact data. This creates a very burdensome task trying to find the referenced cost  
10 measure to allow Staff to verify the deemed measure(s) and subsequently verify that the  
11 measure found is the correct one. Another concern with the incremental measure cost  
12 sources is there are several listed measures that do not have any source linked measure  
13 sources, so the deemed savings for these measures cannot be verified. Staff recommends the  
14 rejection of Evergy's proposed TRM filed in this case. If the Commission approves a  
15 MEEIA Cycle 4 for Evergy, Staff recommends the Commission order Evergy to file a  
16 revised TRM with sourced data links and deemed savings links to savings information, and  
17 that only non-load building energy efficient measures be listed. All measures that are not in  
18 the approved MEEIA Cycle 4 should be removed from the TRM.

19 **PROGRAMS**

20 Q. Staff's overall recommendation in this case is for the Commission to reject  
21 Evergy's proposed MEEIA Cycle 4. Are there any particular proposed programs in Evergy's  
22 MEEIA Cycle 4 application that Staff would like to point issues out with?

1           A.     Yes, Staff would like to address certain issues with the proposed Whole Home  
2 Efficiency Program, Home Energy Education Program, Whole Business Efficiency Program,  
3 Hard-to-Reach Business Program, and Business Energy Education Program.

4           Q.     Why is Staff opposed to the Whole Home Efficiency Program?

5           A.     Staff is opposed to the Whole Home Efficiency Program for a couple of  
6 reasons. Staff believes that multiple components within this program are simply not  
7 needed.

8           1. The Home Products program proposes hiring a third party contractor to provide  
9 marketing materials in retail stores and training retail sales staff. This does not seem  
10 like a good use of ratepayer funds. It is not Evergy's job to use ratepayer funds to  
11 train a sales associate at a local Wal-Mart or any other retail store.

12           2. The proposed Appliance Recycling program has been included in past MEEIA  
13 Cycles and was discontinued or stopped because it proved to continuously be  
14 ineffective and not cost effective. Evergy's own analysis in this case shows this  
15 program is not cost effective.<sup>3</sup> Evergy is trying to show this program as cost effective  
16 by bundling it with other programs.

17           3. The Home Comfort program that is being proposed sounds like something Evergy  
18 should already be doing on its own. Evergy is proposing hiring a third-party to  
19 provide customer support, engage local contractors, process rebates and review  
20 applications and pay out the rebates. Again, this sounds like a waste of ratepayer  
21 funds.

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<sup>3</sup> Data Request Response No.0044 in EO-2023-0369.



1 If the Commission approves a MEEIA Cycle 4, Staff recommends the Commission not  
2 approve the residential Whole Home Efficiency Program. There is nothing that is proposed  
3 in this program that is beneficial to Evergy's ratepayers.

4 Q. What does Evergy propose in the Home Energy Education Program?

5 A. The Home Energy Education Program provides a wide range of topics that  
6 include Building Codes Training, Market Influencer Training and Outreach, and Customer  
7 Education.

8 Q. Why is Staff opposed to the Home Energy Education Program?

9 A. Staff is recommending rejection of the Home Energy Education Program for  
10 the following reasons:

11 1. Staff believes that it is not Evergy's place to be establishing building codes. The  
12 building codes are different for every County and Municipality in Evergy's service territory  
13 so there is no need to be trying to establish a standard building code.

14 2. The IRA offers money that can be used to accomplish what Evergy is proposing  
15 with these programs. It is free money that can accomplish the same goals that Evergy is  
16 proposing. Staff believes that instead of using ratepayer money, communities in Evergy's  
17 service territory could take advantage of the IRA funding and still accomplish the same  
18 things without costing ratepayers money.

19 Q. What does the Whole Business Efficiency Program offer?

20 A. The Whole Business Efficiency Program offers rebates to businesses in  
21 varying ways such as Business Comfort, Business Products, Business Operational, and  
22 New Construction.

1 Q. Why is Staff opposed to the Whole Business Efficiency Program?

2 A. Staff is opposed to the lighting incentive that is being offered in the business  
3 products portion of the Whole Business Efficiency Program. With The Energy Independence  
4 and Security Act (“EISA”) standard for light bulbs being LED, Staff believes there is no need  
5 to incentivize lighting projects. If the Commission approves a MEEIA Cycle 4, Staff  
6 recommends the removal of the lighting incentive from the Whole Business  
7 Efficiency Program.

8 Q. What does the Hard-to-Reach Businesses Program offer?

9 A. The Hard-to-Reach Businesses Program offers targeted energy efficiency  
10 measures and incentives to small businesses and non-profit customers.

11 Q. Why is Staff opposed to The Hard-to-Reach Businesses Program?

12 A. Staff is opposed to the lighting incentive that is being offered in The  
13 Hard-to-Reach Businesses Program. With EISA standard for light bulbs being LED, Staff  
14 believes there is no need to incentivize lighting projects. If the Commission approves a  
15 MEEIA Cycle 4, Staff recommends the removal of the lighting incentive from The  
16 Hard-to-Reach Businesses Program.

17 Q. What does the Business Energy Education Program offer?

18 A. The Business Energy Education Program offers Building Operator  
19 Certification, Local Business Energy Benchmarking, Building Codes Training, and Market  
20 Influencer Training and Outreach.

21 Q. Why is Staff opposed to the Business Energy Education Program?

22 A. Staff is recommending rejection of the Business Energy Education Program  
23 for the following reasons:

1           1. Staff believes that it is not Evergy's place to be establishing building codes. The  
2 building codes are different for every County and Municipality in Evergy's service territory  
3 so there is no need to be trying to establish a standard building code.

4           2. The IRA offers money that can be used to accomplish what Evergy is proposing  
5 with these programs. It is money that can accomplish the same goals that Evergy is  
6 proposing. Staff believes that instead of using ratepayer money to train contactors and  
7 builders on energy efficiency codes in communities, the communities in Evergy's service  
8 territory could take advantage of the IRA funding and still accomplish the same things  
9 without costing ratepayers money.

10 **11-STEP PROCESS**

11           Q. Does Evergy have a process in place for MEEIA Cycle 3 to change incentives  
12 for measures through its tariff?

13           A. Yes. Per Evergy's tariff sheets for its currently effective MEEIA programs,<sup>4</sup>  
14 there is an 11-Step process that it must follow to propose incentive changes.

15           Q. What does the 11-Step process allow Evergy to do?

16           A. The 11-Step process allows Evergy to change the incentive for a particular  
17 measure that is offered through MEEIA programs. The 11-Step process can be initiated at  
18 any time in a Cycle year. This is often done to drive participation.

19           Q. Is there a specific process that has to be followed to initiate an  
20 11-Step process?

21           A. Yes, there are steps needed to initiate an 11-Step process. The 11-Step  
22 process is as follows:<sup>5</sup>

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<sup>4</sup> MO.P.S.C Schedule No. 2 Ninth Revised Sheet No. 1.04B thru Original Sheet No. 1.95.

- 1 • Discuss proposed change with evaluator;
- 2 • Analyze impact on program and portfolio (cost effectiveness, goal
- 3 achievement, etc.);
- 4 • Inform the Staff, Office of the Public Counsel, and the Missouri Department of
- 5 Economic Development – Division of Energy (“DE”) of the proposed change, the
- 6 time within which it needs to be implemented, provide them the analysis that was
- 7 done and consider recommendations from them that are received within the
- 8 implementation timeline (the implementation timeline shall be no less than five
- 9 business days from the time that the Staff, Office of the Public counsel, and the DE
- 10 are informed and provided the above-referenced analysis);
- 11 • Take timely received recommendations into account and incorporate them where the
- 12 Company believes it is appropriate to do so;
- 13 • File updated web pages and, if appropriate, updated list of Measures and Incentive
- 14 amounts in File No. EO-2019-0132;
- 15 • Inform Participants, Program Providers, Program Partners, Trade Allies, etc.

16 Q. Does the Commission approve these proposed changes?

17 A. To date no proposed 11-Step process has gone in front of the Commission for  
18 approval. The 11-step process as currently constructed is a notification process that defers to  
19 the Company’s discretion for changes. Stakeholders can provide feedback, but the Company  
20 is not obligated to incorporate any Stakeholder feedback.

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<sup>5</sup> MO.P.S.C Schedule No.2 Ninth Revised Sheet No.1.74 thru Original Sheet No. 1.78.

Rebuttal Testimony of  
Mark Kiesling

1 Q. How often does Evergy propose an 11-Step process?

2 A. Since the start of Evergy's MEEIA Cycle 3, on January 1, 2020, Evergy has  
3 initiated only a hand full of 11-Step processes for Residential, Business, and Demand  
4 Response programs.

5 Q. Does Staff have any proposed changes to the 11-Step process?

6 A. Consistent with Staff's overall recommendation, Staff recommends rejection  
7 of Evergy's MEEIA Cycle 4 Application. If the Commission decides to approve the  
8 application with modifications, Staff recommends that the Commission reject the 11-step  
9 process and require that any program tariff sheet approved include the incentive amount for  
10 each measure available through each program. Changes and modifications can occur without  
11 the 11-step process, these incentive changes can be made through modifying the tariff sheet  
12 for a particular program.

13 Q. Does this conclude your rebuttal testimony?

14 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 *Rebuttal 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 3<sup>rd</sup> day of July 2024.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: April 04, 2025 Commission Number: 12412070
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Notary Public