

Exhibit No.:

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Ranges, Attributions
and Urban Heat
Island*

Witness: Mark Kiesling

Sponsoring Party: MoPSC Staff

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*Case No.: EO-2024-0369 and
EO-2024-0370*

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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MARK KIESLING

EVERGY METRO, INC.

d/b/a EVERGY MISSOURI METRO

CASE NO. EO-2023-0369

and

EVERGY MISSOURI WEST, INC.

d/b/a EVERGY MISSOURI WEST

CASE NO. EO-2023-0370

Jefferson City, Missouri

August, 2024

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1 A. No, Staff does not agree with Mr. File’s assumption of the assumed percentage
2 of funds available to Evergy customers. Missouri Department of Natural Resources
3 ("MODNR") has said that currently there is no plan to limit the amount of funds available to a
4 particular area or region of the State.

5 Q. Is there any additional information that Mr. File talks about with IRA funding?

6 A. Yes, Mr. File states in his rebuttal testimony, “Missouri Department of Natural
7 Resources (“MO DNR”) website states that “[t]he rebates may not be made available until
8 mid-2025 at the earliest and potentially as late as 2026.”²

9 Q. Does Staff agree with Mr. File’s statement that no IRA funds will be available
10 in 2025 or as late as 2026?

11 A. No, Staff does not agree with Mr. File’s statement. Mr. File is referencing the
12 State programs that are going to be funded by the IRA. Staff understands that MODNR has a
13 process to follow once IRA funds are released to them for the State specific programs, but Staff
14 understands the potential for some of those funds being available in 2025. However, currently
15 there are federal tax credits available to households and commercial businesses for energy
16 efficiency upgrades and improvements that are be made. IRA funding is currently available
17 and being utilized.

18 **PROGRAMS**

19 Q. What in Dr. Marke’s rebuttal testimony are you specifically addressing about
20 Evergy’s proposed residential programs?

21 A. Dr. Marke discusses that Evergy’s application does not include a cost-benefit
22 ratio for the subsets of programs that are being proposed to be bundled as part of the

² Brian File Rebuttal Testimony in EO-2023-0369, pgs. 17 &18, lines 23 thru 1.

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1 residential program. Presenting the ratios in this manner has the effect of promoting
2 measures/programs that would otherwise not be cost-effective.³

3 Q. Does Staff agree with Dr. Marke's assessment that cost-benefit ratios should be
4 included and broken out for all subsets of the residential programs?

5 A. Yes, Staff agrees with Dr. Marke that all programs, subsets of programs and
6 measures within the programs should have a total resource cost (TRC) value of at least 1.0 to
7 show that they are cost effective.

8 Q. Does Evergy witness Mr. File talk about cost effective programs?

9 A. Yes, Mr. File states in his rebuttal testimony that it is also important to keep in
10 mind that the statutorily defined goal of MEEIA programs is "achieving all cost-effective
11 demand-side savings."⁴

12 Q. Does Staff believe that all of Evergy's proposed residential programs and subset
13 programs are cost-effective?

14 A. No. Staff requested the TRC for each of the subset programs in the residential
15 program on a stand-alone basis, minus the educational piece, that Evergy is proposing through
16 a data request.⁵ Staff requested the removal of the educational component from the TRC test
17 since any educational component in MEEIA program does not have to be cost-effective.

18 Q. What did Staff discover through its data request?

19 A. Staff discovered that three of the five proposed programs in the Whole Home
20 Efficiency Program are not cost-effective. Below are tables showing the TRC ratio for each of

³ Geoff Marke Rebuttal Testimony in EO-2023-0369, pg. 19, lines 8 thru 12.

⁴ Brian File Rebuttal Testimony in EO-2023-0369, pg. 19 lines 12 thru 14.

⁵ Staff DR No. 44 in EO-2023-0369 and EO-2023-0370.

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1 the programs listed in the Whole Home Efficiency Program.⁶ The first table is for Evergy
2 Metro and the second is for Evergy West:

Sector	Program	Component	TRC Ratio	TRC Ratio	TRC Ratio	TRC Ratio
Sector	Program		2025	2026	2027	2028
Sector_Sector	Program_Program	Component_	TRC Ratio_2025	TRC Ratio_2026	TRC Ratio_2027	TRC Ratio_2028
Residential	Whole Home Efficiency Program	Home Products	0.64	0.79	0.68	0.74
Residential	Whole Home Efficiency Program	Appliance Recycling	0.90	0.97	0.84	0.70
Residential	Whole Home Efficiency Program	Home Comfort	1.77	1.88	1.68	1.47
Residential	Whole Home Efficiency Program	Single Family New Construction	0.75	0.78	0.74	0.70
Residential	Whole Home Efficiency Program	Multi-Family New Construction	1.49	2.95	2.79	2.62

3

Sector	Program	Component	TRC Ratio	TRC Ratio	TRC Ratio	TRC Ratio
Sector	Program		2025	2026	2027	2028
Sector_Sector	Program_Program	Component_	TRC Ratio_2025	TRC Ratio_2026	TRC Ratio_2027	TRC Ratio_2028
Residential	Whole Home Efficiency Program	Home Products	0.52	0.59	0.56	0.64
Residential	Whole Home Efficiency Program	Appliance Recycling	0.90	0.97	0.84	0.70
Residential	Whole Home Efficiency Program	Home Comfort	1.95	2.07	1.85	1.63
Residential	Whole Home Efficiency Program	Single Family New Construction	0.67	0.70	0.67	0.64
Residential	Whole Home Efficiency Program	Multi-Family New Construction	1.37	1.44	1.36	1.29

4

5 Q. Why would Evergy bundle non-cost-effective programs with cost-effective
6 programs?

7 A. Evergy is bundling programs like this to masquerade the cost-effectiveness of
8 these programs. Evergy is bundling non-cost-effective programs with cost-effective programs
9 to make the whole program look cost-effective. As I stated previously in this testimony, Evergy
10 is bundling education programs within these programs in order to skirt around the
11 cost-effectiveness of the programs. Programs that include an educational component do not
12 have to be cost-effective.⁷

13 Q. What is Staff's recommendation to the Commission in regards to the Evergy
14 proposed MEEIA energy efficiency programs?

15 A. Consistent with Staff's overall recommendation, Staff is requesting rejection of
16 Evergy's proposed MEEIA energy efficiency programs.

⁶ DR Response to Staff DR No. 44 in EO-2023-0369.

⁷ § 393.1075.4, RSMo.

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1 Q. What does Dr. Marke mention and propose for the Business Programs?

2 A. Dr. Marke talks about how the current application does not cap the amount of
3 incentives that can be allocated for lighting, and that the current one-year extension for
4 Evergy's MEEIA Cycle 3 has a cap of at least 40% of the business programs expenditures need
5 to be devoted to non-lighting measures.⁸

6 Q. Does Staff agree with Dr. Marke that there needs to be a cap on commercial
7 lighting projects?

8 A. Yes. If approved, Staff strongly agrees with Dr. Marke that there needs to be a
9 cap on commercial lighting projects. The standards for lighting have evolved over the years
10 and the current Energy Independence and Security Act ("EISA") standard is light emitting
11 diode ("LED") bulbs. By not having a cap, all the Commission is doing is incentivizing
12 something that is already available and is essentially the efficient baseline standard. This would
13 allow Evergy to simply claim savings for low-hanging fruit and not really drive strong energy
14 efficient upgrades.

15 Q. Besides proposing no cap or limit on commercial lighting, what other concerns
16 does Staff have about the proposed Business Programs?

17 A. Staff is involved with the opt-out option that commercial customers can request
18 to stop paying the MEEIA Energy Efficiency Investment Charge ("EEIC") on their electric bill.
19 Numerous times over the decade-plus of Evergy's MEEIA Cycles, customers have contacted
20 Staff through phone conversations to see if they can repay the rebate they received for a
21 particular energy efficiency upgrade they made so they can opt-out of paying the EEIC charge.
22 If a customer has received a rebate, then they must stay in the MEEIA program for three years

⁸ Geoff Marke Rebuttal Testimony in EO-2023-0369, pg. 14, lines 1 thru 12.

1 before they would be eligible to opt-out. The reasons stated to Staff for wanting to repay the
2 incentives is that they do not see the benefit of receiving the rebate and having to pay the EEIC
3 charge and staying in the program. They would rather not pay the EEIC charge and just do the
4 upgrades themselves and pay out of pocket for them without any incentives. Not all of these
5 instances are lighting projects, but several involve lighting projects.

6 **Program Budgets and Incentive Ranges.**

7 Q. In his rebuttal testimony, OPC witness Dr. Marke talks about how Evergy is
8 proposing one large program with many possible subsets totaling \$37 million over a four-year
9 period. “I interpret the application as allowing Evergy to have the fungible ability to allocate
10 funds across the subsets as no specific sub-category of budgets were proposed.”⁹ Does Staff
11 agree with Dr. Marke’s interpretation of Evergy having fungibility within the proposed program
12 budgets?

13 A. Yes, Staff agrees with Dr. Marke’s interpretation of Evergy’s proposed program
14 budgets. In Evergy’s MEEIA Cycle 4 application they only have one proposed budget for the
15 residential and commercial programs. In order to find individual budgets for the subset
16 programs in each of the residential and commercial programs, you have to dig into the
17 workpapers. The Commission does not approve a workpaper that is provided for an application,
18 they approve the application that is filed. If that application has only one budget for a particular
19 program, like Evergy is doing in this application, and the Commission approves that
20 application, it is giving the Company the freedom to move money around from one program to
21 another program without any oversight or approval. One of Staff’s greatest concerns is that this
22 can be done to manipulate and influence the Company achieving its earnings opportunity

⁹ Geoff Marke Rebuttal Testimony in EO-2023-0369, pg. 17, lines 10 thru 13.

1 (“EO”) goal. For these reasons Staff is asking the Commission to reject Evergy’s proposed
2 MEEIA Cycle 4 application.

3 Q. Does Staff have concerns with the proposed program incentive ranges?

4 A. Yes, Staff has the same concerns with the proposed incentive ranges in
5 Evergy’s Cycle 4 application as it has with the proposed program budgets that was just
6 illustrated. The proposed incentive ranges are very voluminous for several programs and
7 several measures have a very large range between the low and high incentives. Some examples
8 of this are:

- 9 • high efficiency pool pump: low-end incentive \$30 dollars and high-end
10 incentive \$600 dollars;
- 11 • Variable Speed ECM Pump, Heating Water Circulation: low-end incentive \$200
12 and high-end incentive \$1,650.00.

13 These are just a few of the numerous measures with very large incentive ranges being
14 proposed for approval in this filing. Just like the concerns outlined for the budgets, the same
15 applies to the incentive ranges. If approved, the Company can change incentive ranges by
16 simply notifying stakeholders through the 11-Step process. However, as I mentioned in in my
17 rebuttal testimony¹⁰ in this case, that process has no real oversight and allows Evergy to change
18 whatever they want when they want. Also, by approving the wide range of incentive levels it
19 makes it more likely that the incentive used when the Company modeled the costs, savings,
20 throughput disincentive (“TD”), EO, etc. will differ substantially from what Evergy is asking
21 the Commission to approve in this filing. For these reasons, Staff is recommending rejection
22 of the proposed incentive ranges in Evergy’s MEEIA Cycle 4 application.

¹⁰ Mark Kiesling Rebuttal Testimony in EO-2023-0369, pg. 9 thru 11.

1 **ATTRIBUTION**

2 Q. Does Evergy talk about how they plan to account for free-ridership from IRA
3 participants and customers also receiving MEEIA incentives?

4 A. In Evergy witness Brian File's rebuttal testimony, Mr. File talks about how they
5 expect the independent, third-party program evaluator to develop questions that will account
6 for attribution.¹¹

7 Q. Does Staff feel this will be an accurate way to account for free-ridership within
8 the MEEIA programs?

9 A. No, Staff does not feel that this will be an accurate way to account for free-
10 ridership. Often, these surveys are conducted several months after the incentives are sent to the
11 customer. It is hard to verify if the information that is being collected is an accurate assessment
12 of what was really the driving factor for the energy efficiency upgrade. These surveys are being
13 conducted by a third-party evaluator that Evergy picked, so there could be bias to make sure
14 program savings targets are met and not account for free-ridership accordingly. It is extremely
15 unlikely that a program participant will be able to determine the influence that each program
16 had on their decision through a survey. Staff agrees with the Commission's independent
17 EM&V contractor on how to potentially account for free-ridership which is to exclude all IRA
18 projects from Savings claims. If they are to be included, Staff recommends a net-to-gross that
19 is more reasonable.

¹¹ Brian File Rebuttal Testimony in EO-2023-0369, pg. 20, lines 3 thru 6.

1 Q. What would a more reasonable net-to-gross value look like?

2 A. Based on conversations with Staff's independent EM&V contractor, they
3 recommended for the IRA, free-ridership, etc., a more reasonable net-to-gross would be
4 around 10%.

5 Q. Does Mr. File propose anything else that would lead to large numbers of
6 free-ridership?

7 A. Yes, Mr. File suggests that the IRA rebates and incentives should be braided
8 with MEEIA programs.¹²

9 Q. Does Staff agree with this concept?

10 A. No, Staff vehemently disagrees with this concept. If the IRA funds were blended
11 with MEEIA programs there would practically be no way to account for free-ridership.
12 There would be no way to identify what the driving force was for any energy efficiency
13 upgrades. Ratepayers would be on the hook for millions of dollars of MEEIA incentives that
14 may not be the main driving force for the upgrades. If the Commission permits the braiding of
15 IRA incentives with MEEIA incentives, Evergy would essentially be making ratepayers foot
16 the bill for millions of dollars going to Evergy and its shareholders, without the ratepayers
17 receiving any benefits. The only ones who would be benefiting if this were allowed would be
18 Evergy and its shareholders.

19 **Urban Heat Island**

20 Q. What does Dr. Marke discuss about Urban Heat Island (UHI) in his
21 rebuttal testimony?

¹² Brian File Rebuttal Testimony in EO-2023-0369, pg. 21, lines 3 thru 5.

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1 A. Dr. Marke makes the recommendation in his rebuttal testimony to keep the
2 agreed upon funding levels from previous MEEIA extensions at those current levels.¹³

3 Q. Does Staff agree with Dr. Marke's recommendation to continue the funding
4 levels as is for the UHI?

5 A. Yes, Staff agrees with keeping the funding levels at the currently agreed to
6 levels.

7 Q. Are there any changes Staff would like to recommend for the UHI initiative?

8 A. Yes, Staff would recommend that UHI be removed from MEEIA altogether.
9 UHI is something that can be done outside of MEEIA. There are plenty of funding sources like
10 Urban USDA and Community Forestry Grant that can help move UHI along. Another reason
11 Staff would like to see UHI removed from MEEIA is UHI is only a program that will benefit
12 the customers that live in the Kansas City area (Evergy Metro Customers). Evergy West
13 customers will not benefit from an UHI. They are paying for something that has zero impact
14 on their energy consumption. It is a waste of Evergy West ratepayer's money for this to be
15 included in MEEIA. This is not a benefit for all customers like the programs for MEEIA are
16 supposed to provide.

17 Q. Does this conclude your surrebuttal testimony?

18 A. Yes, it does.

¹³ Geoff Marke Rebuttal Testimony in EO-2023-0369, pg. 39, lines 10 thru 12.

