BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the 2017 Integrated Resource Plan Annual Update for Kansas City Power & Light Company	)))	**File No. EO-2017-0229**

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'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. KCP&L 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. Instead of describing the changes, the filing frequently cross-references workpapers, the 2017 DSM Potential Study, and the separate Demand Side Resource Analysis document. The actual results do not always appear in the update. For example, the Total Resource Cost cost-effectiveness results for KCP&L's Missouri territory have to be extracted from the individual program descriptions in the Potential Study (vol. 4, pp. 15–55).

To make matters worse, 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). Demand-side management option E is called "MEEIA/KEEIA" (Update p. 42). It turns out to mean that it adds no new programs (p. 110). There is no RAP portfolio.

The treatment of demand-side resources is deficient.

NRDC is disappointed to see KCP&L select RAP- (RAP minus) as its new MEEIA portfolio. 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).

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). Any plan with an aggressive DSM portfolio should often emerge as the favored result because DSM is the least-cost energy resource. KCP&L has contrived to defeat the purposes of MEEIA and Chapter 22.

A cursory review of the update suggests some means by which this was done. The update uses four demand-side options (p. 42). Four of the eight alternative resource plans (ARPs) use option C (RAP-) and a fifth uses a non-existent option B (p. 43). Option C is already obsolete since KCP&L must implement demand-side rates under the Commission's Report and Order in ER-2016-0285. That leaves option H (RAP- with demand-side rates) as the only competition for MAP and RAP+. The other option is MEEIA/KEEIA. Kansas programs should not be included since they should not affect Missouri ratepayers.

RAP- and RAP+ were arbitrarily "extrapolated" from RAP and MAP. RAP- is defined as 75% of RAP participation levels. RAP+ is the "approximate average of RAP and MAP participation levels" (Potential Study vol. 1, p. 20). Technical potential, economic potential and "achievable potential" (MAP) are defined at the measure level; only "program potential" (RAP) is defined at the program level (*Id.* p. 1).

ARPs are supposed to be "substantively different mixes of supply-side resources and demand-side resources and variations in the timing of resource acquisition," 4 CSR 240-22.060(3). KCP&L's eight ARPs are identical in their supply-side resources with the exception of one ARP that adds more wind and therefore naturally has a higher NPVRR than all the others.

When DSM portfolios are compared to a static supply-side portfolio, it is not surprising that the most parsimonious DSM portfolio will be part of the ARP with the lowest NPVRR despite the long-term load reduction benefits of stronger DSM programs.

<u>The update fails to consider alternatives to coal.</u>

KCP&L has chosen to stand pat with the wind additions and coal plant retirements it recently announced. Only one ARP included retirement of a plant other than Montrose (La Cygne 1 in 2025); interestingly, it ranked third for NPVRR (update pp. 43, 45).

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. Now the update is satisfied (at least "in part," whatever the other part might be) with just meeting the Renewable Energy Standard (Update, pp. 4, 67).

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, KCP&L 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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