

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

In the Matter of a Determination of Special)	
Contemporary Resource Planning Issues to be)	
Addressed by Evergy Missouri West)	File No. EO-2021-0067
in its Next Triennial Compliance)	
Filing or Next Annual Update Report)	

In the Matter of a Determination of Special)	
Contemporary Resource Planning Issues to be)	
Addressed by Evergy Missouri Metro)	File No. EO-2021-0068
in its Next Triennial Compliance)	
Filing or Next Annual Update Report)	

**EVERGY MISSOURI WEST AND EVERGY MISSOURI METRO’S
RESPONSE TO SUGGESTED SPECIAL CONTEMPORARY ISSUES**

Pursuant to Missouri Public Service Commission (“Commission”) Rule 20 CSR 4240-22.080(4)(B), Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy” or the “Company”)¹ hereby respectfully submits its Response to the lists of special contemporary issues suggested by the Office of Public Counsel (“OPC”) and the Sierra Club (“SC”). The suggestions by the parties for special contemporary issues are identical for both Evergy Missouri Metro and Evergy Missouri West; therefore, the Company hereby submits one response for both special contemporary issue dockets.

I. Introduction

In Rule 20 CSR 4240-22.080(4)(A) parties to the Integrated Resource Plan (“IRP”) process may file a list of suggested special contemporary issues.

¹ Effective October 7, 2019, Evergy Metro Inc. d/b/a Evergy Missouri Metro adopted the service territory and tariffs of Kansas City Power & Light Company (“KCP&L”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West adopted the service territory and tariffs of KCP&L Greater Missouri Operations Company (“GMO”).

The definition of “special contemporary issue” is found at 20 CSR 4240-22.020(55):

(55) Special contemporary issues means a written list of issues contained in a commission order with input from staff, public counsel, and intervenors that are evolving new issues, which may not otherwise have been addressed by the utility or are continuations of unresolved issues from the preceding triennial compliance filing or annual update filing. Each utility shall evaluate and incorporate special contemporary issues in its next triennial compliance filing or annual update filing.

20 CSR 4240-22.080(4) characterizes special contemporary issues generally as, “evolving regulatory, economic, financial, environmental, energy, technical, or customer issues,” that utilities must adequately address in their resource planning. The Commission has provided additional guidance on the assessment of proposed special contemporary issues in its order in File No. EO-2012-0039.

The Company has an opportunity to respond to the lists provided in accordance with Rule 20 CSR 4240-22.080(4)(A). On September 14, 2020 OPC filed a motion requesting the deadline for filing suggested contemporary issues be extended by one week from September 15, to September 22, 2020 and the deadline for comments in response to suggested special contemporary issues be extended by one week from October 1, 2020, to October 8, 2020. On September 15, 2020 the Commission granted OPC’s request and issued an *Order Extending Time To Respond*. Per the Order, Evergy’s response to the suggested special contemporary issues shall be filed by October 8, 2020.

II. OPC List of Contemporary Issues

On September 22, 2020, OPC filed eight suggestions for special contemporary issues. OPC requests the Company address the following topics: (1) Impact of Falling Energy Prices in Southwest Power Pool (“SPP”); (2) Reliable Power; (3) Additive Manufacturing (“AM” or “3D Printing”); (4) Virtual Power Plant; (5) Small Modular Reactors; (6) Combustion Turbine

Conversion to Combined Cycle Units; (7) Grain Belt Express Energy; and (8) Long-Duration Storage.

Topic 1: Impact of falling energy market prices in SPP

1. Model the current preferred plan both with stable (flat) and with declining market prices. The resulting modeled bill impacts should be compared to the currently forecasted bill impacts to give a more likely range of bill impacts of the utility's preferred resource plan.

RESPONSE: The Company can support this request and will evaluate the revenue requirements for the preferred resource plan under flat and declining market price scenarios.

2. Generation resources added above what is required to meet customers' capacity and energy requirements should be modeled with realistic market price forecasts that include a sharing of the risk of the market between the utility acquiring the resource and its customers.

RESPONSE: The Company does not support this request. The Company does not consider the sharing of energy and capacity market benefits and costs a special contemporary issue. If a sharing mechanism is to be evaluated, it should be as part of a rate case.

Topic 2: Reliable Power

1. Evergy should analyze with the assumption of 50%, 75%, and 100% of the fossil fuel generation of the RTO being retired by 2025.

- a. The economic impact to customers of continuing to pay for fossil fuel plants that have shut down and the loss of load probability of the current preferred plan;*
- b. The economic impact to customers of continuing to pay for fossil fuel plants that have shut down and impact of lower/flat market prices and the loss of load probability of the current preferred plan; and*

- c. *The economic to customers of continuing to pay for fossil fuel plants that have shut down and impact of lower/flat market prices, and the cost of adding storage to maintain current loss of load probability.*

RESPONSE: The Company does not support this request. The assumption that 50%, 75% and 100% of fossil fuel generation in the Southwest Power Pool (“SPP”) footprint is retired by 2025 is unrealistic. As such, this proposed evaluation would not be a productive use of resources. As of year-end 2019, approximately 68% (over 61,000 MW) of the capacity in SPP was fossil fueled. Even retiring 50% (or 30,000 MW) of this by 2025 is not practical. As a frame of reference, the Evergy system peak load is around 10,000 MW, so for the SPP region to retire 50% of its fossil generation by 2025 would mean retiring the equivalent of about 3 times the entire Evergy system peak load. There was approximately 1,500 MW of SPP fossil-fired generation retired in 2019.

Please note that the Company does intend to evaluate various assumptions on coal plant retirements in the SPP footprint as part of the 2021 IRP analysis, including scenarios retiring all coal-fired generation at 50 and 60 years of age.

Topic 3: Additive Manufacturing (“AM” or “3D Printing”)

1. *Evergy should explore this technology within the Special Contemporary Topics sections of its IRP.*

RESPONSE: The Company does not support this request. The Company does not believe at this point that 3D printing would have a significant impact on resource planning in the near future.

Topic 4: Virtual Power Plant

1. Evergy should determine the necessary rooftop solar penetration and the steps it would need to take to achieve that penetration within its service territory to justify a VPP option as a resource candidate in future supply-side generation planning and modeling scenarios.

RESPONSE: The Company does not support this request. This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by the Company. A virtual power plant (“VPP”) is a control system used to dispatch dispatchable distributed energy resources such as distributed generation, battery electric storage, electric vehicles (“EV”), and other demand response technologies. Rooftop solar is distributed but is not a dispatchable resource. The Company’s 2020 DSM potential study evaluated several forms of distributed generation and storage technologies such as EVs, batteries, and other demand response technologies. A separate study is also evaluating Behind-the-meter (“BtM”) solar and storage potential. The demand-side management (“DSM”) programs and the BtM solar and storage potential will be evaluated in the 2021 triennial IRP. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

Topic 5: Small Modular Reactors

1. Investigate the option of a small modular reactor as a resource candidate in future supply-side generation planning and modeling scenarios.

RESPONSE: The Company can support this request and will include small modular reactors in at least one Alternative Resource Plan.

Topic 6: Combustion Turbine Conversion to Combined Cycle Units

1. *Identify existing combustion turbines and consider (to the extent applicable) the conversion of combustion turbine units to combined cycle units as a resource candidate in supply-side generation planning and modeling scenarios.*

RESPONSE: The Company can comply with this suggestion.

Topic 7: Grain Belt Express Energy

1. *Include Grain Belt Express Energy as a Power Purchase Agreement resource candidate in supply-side generation planning and modeling scenarios.*

RESPONSE: The Company can support including the Grain Belt Express project as a resource in at least one Alternative Resource Plan. However, the Company proposes that it will be included under an ownership structure as opposed to a Power Purchase Agreement.

2. *Analyze impact of Grain Belt Express Energy on existing wholesale contracts (i.e., potential lost customers) and implications (if any) on future lost load.*

RESPONSE: The Company does not support this request. The Company has no way of knowing what actions existing wholesale customers may take with or without the Grain Belt Express project. In addition, the Company has minimal existing wholesale customer load, and as such the selection of a preferred resource plan is not contingent upon their actions.

Topic 8: Long-Duration Storage

1. Evergy should include a section within its Special Contemporary Issues to consider the potential feasibility of such applications within its 20-year planning horizon. That is, at least a cursory review of best available technology and promising options if new LDES systems (as opposed to old, e.g., pumped hydro. OPC is not requesting any specific modeling of LDES technology that has not been proven commercially.

RESPONSE: The Company does not support this request. Evergy recognizes that battery storage is widely anticipated to play an important role in transformation of the future grid. Lithium-ion batteries with 4-hours duration are widely-accepted as a “proven” technology, with installations and continuing to grow across the nation. While there is substantial interest in battery technologies which are anticipated to offer longer storage duration, such as flow batteries, we are not aware of any new LDES technologies which are considered commercially-proven at this time. Based on the lack of reliable data, it is not considered a good use of resources to try to identify a best available new LDES technology. Evergy does continue to actively monitor emerging storage technologies and anticipates considering proven battery storage technologies as potential supply-side options in our integrated resource planning document.

III. Sierra Club List of Contemporary Issues

On September 22, 2020 Sierra Club filed eleven suggestions for special contemporary issues.

1. Analyze and document on a unit-by-unit basis the net present value revenue requirement of the relative economics of continuing to operate each Evergy coal-fired generating unit versus retiring and replacing each such unit in light of the total costs (fuel, capital, and non-fuel O&M costs) needed to keep each unit operating as compared to the cost of other supply-side and demand-side resources.

RESPONSE: The Company does not support this request and the Commission should exclude this proposed issue from the final list of suggested issues. The IRP is not a process by which individual assets are analyzed. The Company shall test for the benefit of coal unit retirements in an integrated manner as specified by Chapter 22 rules. This same request by Sierra Club was rejected by the Commission for inclusion in the 2020 IRP Annual update.

2. Analyze the comparative public health impacts of each of the alternative resource plans considered by the Company. At a minimum, Evergy should quantify the public health cost that various air pollutants have on public health, including, but not limited to, sulfur dioxide (SO₂), nitrogen oxides (NO_x), particulate matter (PM), and mercury.

RESPONSE: The Company does not support this request as it is not a special contemporary issue. In addition to not being a special contemporary issue, public health impacts are assessed when environmental regulations are established. Each alternative resource plan considered by the Company is based on resources that comply with environmental regulations. As such, no additional public health assessment is needed to evaluate alternative plans.

3. Analyze and develop as candidate resource options the satisfaction of municipal and corporate renewable energy goals.

RESPONSE: The Company does not support this request. This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by the Company, and Municipal and corporate renewable energy goals are not candidate resource options. However, Evergy does support the goals of the communities that it serves and has tariffs available to accomplish this. While customer goals are a consideration in the Company’s procurement of additional renewables, Evergy cannot solely base its portfolio on a subset of customers wanting to be 100%

renewable. It is not cost effective for all customers and by rule, minimizing the expected value of NPVRR across many scenarios is the primary objective function. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

4. *Analyze and document whether inclusion of an all-source procurement (e.g., an all-source request for proposals or request for information) into Evergy's IRP process could have benefits for customers.*

RESPONSE: The Company does not support this request as it is not a special contemporary issue. In addition, as part of the 2021 IRP process the Company issued an all-source request for proposals ("RFP"). The responses to the RFP will be evaluated during the IRP process.

5. *Analyze and document the prospects for using securitization to support cost-effective accelerated retirement of coal generation assets and to channel the savings into cost-effective investments such as demand-side management, wind and solar generation, and storage.*

RESPONSE: The Company can comply with this suggestion.

6. *Develop and document for use in all economic modeling and resource planning reasonable natural gas prices and CO₂ prices that fully account for the risks to Missouri customers associated with the climate crisis and climate risk.*

RESPONSE: The Company does not support this request as it is not a special contemporary issue. Analyzing resource plans under natural gas and CO₂ price uncertainty is already required by the Commission rules.

7. *Analyze and document the future capital and operating costs faced by each Evergy coal-fired generating unit in order to comply with all existing, pending, or potential environmental standards, including:*

- a. Clean Air Act New Source Review provisions;*
- b. 1-hour Sulfur Dioxide National Ambient Air Quality Standard;*
- c. National Ambient Air Quality Standards for ozone and fine particulate matter;*
- d. Cross-State Air Pollution Rule, including the anticipated 2016 update to the rule to incorporate interstate transport requirements for the 2008 ozone National Ambient Air Quality Standard;*
- e. Mercury and Air Toxics Standards;*
- f. Clean Water Act Section 316(b) Cooling Water Intake Standards;*
- g. Clean Water Act Steam Electric Effluent Limitation Guidelines;*
- h. Coal Combustion Waste rules including removal as well as cap-and-cover;*
- i. Clean Air Act Regional Haze requirements.*

RESPONSE: The Company can comply with this suggestion.

8. *Analyze and document the cost of any transmission grid upgrades or additions needed to address transmission grid reliability, stability, or voltage support impacts that could result from the retirement of any existing Evergy Missouri coal-fired generating unit.*

RESPONSE: The Company can comply with this suggestion.

9. *Analyze and document the criteria by which units are assigned various operational designations (e.g., “must run”) for use in all Evergy Missouri economic modeling and resource planning.*

RESPONSE: The Company does not support this request as it is not a special contemporary issue. However, if the Company were to designate a resource as must run in its modeling, it would document the reasons for such designation. It is expected that no such designations will be made.

10. Analyze and document, using Evergy’s own pertinent variable cost of product data, whether Evergy is bidding generation resources into the MISO energy market at below production costs, committing resources as “must run” even when Evergy expects to incur a negative energy market margin, or otherwise is harming ratepayers through its reliance on “must run” designations.

RESPONSE: The Company does not support this request as it is not a special contemporary issue. Self-committing resources in RTO markets is a daily operational issue and is most appropriately addressed as part of Fuel Adjustment Clause (“FAC”) prudence reviews and rate cases. In addition, neither Evergy Missouri Metro nor Evergy Missouri West bid generation into the MISO energy market.

11. Analyze and screen electric vehicle charging infrastructure as a candidate resource option.

RESPONSE: This suggestion does not meet the definition of “special contemporary issue.” It is not an evolving new issue, which may not otherwise have been addressed by the Company. Evergy’s EV charging infrastructure is not a candidate supply-side resource option for vehicle-to-grid utilization. The Company’s 2020 DSM Potential Study evaluated EVs in a residential direct load control (“DLC”) program. It will be evaluated as candidate demand-side program in the 2021 triennial IRP. However, if the Commission desires to include this suggestion as a special contemporary issue, the Company can provide more detail on this subject in the filing.

Respectfully submitted,

/s/ Roger W. Steiner

Robert J. Hack, MBN 36496

Phone: (816) 556-2791

E-mail: rob.hack@evergy.com

Roger W. Steiner, MBN 39586

Phone: (816) 556-2314

E-mail: roger.steiner@evergy.com

Evergy, Inc.

1200 Main – 16th Floor

Kansas City, Missouri 64105

Fax: (816) 556-2110

**Attorney for Evergy Missouri Metro and
Evergy Missouri West**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 8th day of October 2020.

/s/ Roger W. Steiner

Roger W. Steiner