BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West and Evergy Metro, Inc. d/b/a Evergy Missouri Metro for Permission and Approval of a Certificate of Public Convenience and Necessity for Natural Gas Electrical Production Facilities	)	**File No. EA-2025-0075**

INITIAL BRIEF OF RENEW MISSOURI

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Introduction

COMES NOW, Renew Missouri Advocates d/b/a Renew Missouri ("Renew Missouri") and for its *Initial Brief*, states that due to reasons outlined in Renew Missouri's testimony in this docket, and the reasons expanded upon in this *Initial Brief*, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (EMW or the "Company" or "Evergy") has not meet its burden of proof in showing that the combined cycle gas turbine ("CCGT") generating facility to be located in Sumner County, Kansas ("Viola"), a 440 MW simple-cycle gas turbine ("SCGT") generating facility located in Nodaway County, Missouri ("Mullin Creek #1"), and the 710 MW CCGT generation facility to be located in Reno County, Kansas ("McNew") (collectively, "Projects") are necessary and convenient for the public service. EMW has failed to meet the Tartan Factors, established in State ex rel. Intercon Gas, Inc. v. Pub. Serv. Commn. of Missouri,[1] as the evidence does not show the Projects are economically feasible, nor are the Projects in the public interest.

Renew Missouri provided evidence that Evergy has not satisfied two of the Tartan factors, focusing on the economic feasibility, and public interest standards. First, Renew Missouri presented evidence that historical fuel purchasing history, outdated integrated resource planning modeling (or none for McNew), and increased pressures on the already volatile natural gas prices

[1] 848 S.W.2d 593, 597–98 (Mo. App. W. Dist. 1993) stated:

> The PSC has authority to grant certificates of convenience and necessity when it is determined after due hearing that construction is "necessary or convenient for the public service." Section 393.170.3. The term "necessity" does not mean "essential" or "absolutely indispensable", but that an additional service would be an improvement justifying its cost. State ex rel. Beaufort Transfer Co. v. Clark, 504 S.W.2d at 219. Additionally, what is necessary and convenient encompasses regulation of monopoly for destructive competition, prevention of undesirable competition, and prevention of duplication of service. State ex rel. Public Water Supply Dist. No. 8 v. Public Serv. Comm'n, 600 S.W.2d 147, 154 (Mo.App.1980). The safety and adequacy of facilities are proper criteria in evaluating necessity and convenience as are the relative experience and reliability of competing suppliers. State ex rel. Ozark Elec. Coop. v. Public Serv. Comm'n, 527 S.W.2d 390, 394 (Mo.App.1975). Furthermore, it is within the discretion of the Public Service Commission to determine when the evidence indicates the public interest would be served in the award of the certificate. Id. at 392.

will result in much higher prices for customers. Therefore, Renew Missouri asserts EMW has not demonstrated the Projects are economically feasible. Additionally, failure to evaluate potential alternative ownership arrangements or generating resources reduced Evergy's options in presenting a well-rounded, risk mitigated, least-cost suite of generation resources to meet its energy and capacity requirements. Evergy also has not presented a sound gas procurement plan to ensure the Projects are economically feasible throughout the lifespans.

Finally, Renew Missouri asserts the Projects are not in public interest as the unnecessary risks of fuel price volatility and overall economic uncertainty do not benefit the customers' interest. Furthermore, the public interest attributes of alternative resources such as batteries can provide dispatchable, clean energy, and more effectively work as a hedge in an overcrowded natural gas generating energy market.

Renew Missouri's concerns are not addressed by the *Non-Unanimous Stipulation and Agreement* (the "Stipulation") filed by Evergy Missouri West, Inc. d/b/a Evergy Missouri West (EMW or the "Company" or "Evergy"), Staff for the Missouri Public Service Commission ("Staff"), and Midwest Energy Consumers Group on May 29, 2025. As paragraphs 1 through 5 of the Stipulation allow for Evergy to build all three natural gas facilities, at full capacity, and to recover the confidential construction cost estimates, Renew Missouri filed an objection to Stipulation on June 5, 2025. Accordingly, Renew Missouri objected to Paragraphs 1 through 5 of the Stipulation because they suggest it would be prudent, necessary, convenient, or otherwise in the public interest to approve these Projects. Furthermore, Renew Missouri also objected to the Stipulation to extent it suggested the Tartan factors have been meet. Renew Missouri also objected to EMW's request for decisional prudence but understood the Stipulation to mean that all parties

will be briefing decisional prudence for the Commission to determine in this case, which Renew Missouri will address later in this *Initial Brief.*

Renew Missouri respectfully requests the Commission reject the *Non-Unanimous Stipulation and Agreement* and rejected the CCN request and order EMW to evaluate the alternative proposals outlined in Renew Missouri's testimony.

Procedural History

On November 15, 2024, Evergy filed an application for a certificate of convenience and necessity (CCN) to construct, install, own, operate, manage, maintain, and control three natural gas electrical production facilities. Evergy later filed supplemental direct testimony on February 19, 2025.

A local public hearing was held on April 1, 2025.

Midwest Energy Consumers Group, Sierra Club, and Renew Missouri requested and were granted intervention. Renew Missouri and Sierra Club, along with Staff and the Office of the Public Counsel, filed rebuttal testimony on April 25, 2025.

EMW filed surrebuttal testimony on May 14, 2025.

On May 29, 2025, Evergy, Staff, and Midwest Energy Consumers Group filed the Stipulation. On the same day, Renew Missouri, along with Sierra Club, indicated that they would oppose the Stipulation in a *Revised List of Issues* filed by the parties in the docket. Parties additionally agreed that the case could be briefed on its merits, and that a formal hearing was not necessary.

On June 5, 2025, Sierra Club and Renew Missouri both objected to the Stipulation.

Argument

Parties have agreed to limit the issues before the Commission to those contested by parties, to be briefed on the record as the record stands. Renew Missouri. As such, the issues for the Commission to decide are as follows:

A. Does the evidence establish that (1) the advanced 710 megawatt ("MW") combined cycle gas turbine ("CCGT") generating facility to be located in Sumner County, Kansas ("Viola"), (2) a 440 MW simple-cycle gas turbine ("SCGT") generating facility located in Nodaway County, Missouri ("Mullin Creek #1"), and (3) the 710 MW CCGT generation facility to be located in Reno County, Kansas ("McNew") (collectively, "Projects") for which Evergy Missouri West is seeking a certificate of convenience and necessity ("CCN") are necessary or convenient for the public service?

1. Should the Commission find that the Projects satisfy the first Tartan Factor of need?

2. Should the Commission find that the Projects satisfy the second Tartan Factor of economic feasibility?

5. Should the Commission find that the Projects are in the public interest and satisfies the fifth Tartan Factor?

C. Should the Commission grant Evergy Missouri West's request that its decision to acquire, construct, own, and operate the Projects is prudent under Section 2(C) of Commission Rule 20 CSR 4240-20.045?

D. Should the Commission approve the Agreement?

Answer:

The evidence in this case does not support a granting of CCN for the entirety of all three facilities, nor approval of the Stipulation. Serious questions regarding the economic feasibility regarding the Projects have been raised. Neither Staff nor the Office of the Public Counsel (OPC) can definitively state that the Projects are economically feasible.[2] It would be an unprecedented

[2] *Staff Recommendation Report*, p. 45-46, and generally the *Rebuttal Testimony of Jordan Seaver*.

departure to grant CCNs to Projects that are not convenient to the public, nor a cost justifying their improvement.[3]

EMW has not proven that the proposed plants are economically feasible, and, in fact, they will increase ratepayers' exposure to economic risk and detract from investment in more feasible resource options.[4]

The natural gas market is notoriously volatile and unpredictable, posing the risk of both short-term price spikes as well as sustained increases in fuel cost.[5] Evergy has not provided a fuel supply plan nor a full analysis of their ability to manage these risks.[6] Where they have considered fuel costs, they have used an outdated natural gas price forecast.[7] Updated outlooks for the 2030s, from respected sources such as the Energy Information Agency (EIA) and Kansas City Federal Reserve survey of energy executives, now place fuel prices well above Evergy's expectations for the 2030s when the proposed plants will become operational.[8]

Evergy has claimed that risk from wholesale power markets will be reduced but has not produced any analysis to support this claim.[9] Because the risk of high natural gas prices is highly correlated with the risk of high wholesale power prices, Renew Missouri's analysis on that issue has found that other resource types would be a more economically feasible means of controlling risks from the wholesale market.[10]

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[3] "it requires that the evidence must show that the [addition] would be an improvement justifying its cost and that the inconvenience of the public occasioned by the lack of [the addition] is sufficiently great to amount to a necessity." State ex rel. Beaufort Transfer Co. v. Clark, 504 S.W.2d 216, 219 (Mo. App. 1973).
[4] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 3, l. 12- p. 4, l. 11.
[5] *Id.* at p. 13, l. 3-15.
[6] *Id.* at p. 19, l. 17- p. 18, 1. 2.
[7] *Id.* at p. 14, l. 13-20.
[8] *Id.* at p. 16, l. 1- p. 17, l. 8.
[9] *Id.* at p. 31, l. 20-21.
[10] *Id.* at p. 34, l. 1-19.

Renew Missouri's analysis has also shown that the application as submitted does not demonstrate economic feasibility because it fails to show that the utilities plans are more cost-effective than potential alternatives.[11] Specifically, at the margins, Evergy has produced no demonstration that a 50% ownership of the combined cycle plants or that a 100% ownership of the simple cycle plant are more cost effective than a lower ownership percentage would be.[12] By failing to consider such options, Evergy also obscures the potential to bring forward other complimentary resource types which would deliver more cost-effective benefits for ratepayers.[13]

As a means of effectively reducing the risks described above as well as optimizing the deployment of cost-effective resources as available, a diversified mix of new dispatchable resources would be more economically feasible than the plan proposed under this application.[14]

The Projects are not in the public interest. The Commission should reject Evergy's claim that the proposed plants will serve the public interest through lowering exposure to wholesale power market risk.[15] The public interest is not served by non-economically feasible plants, especially when there are alternative models that would be better suit the public interest. As explained in Renew Missouri's testimony, the addition of battery energy storage systems (BESS) could improve economics of a smaller sized natural gas addition, especially over the long term as it reduces ratepayer exposure to volatile commodity markets, but BESS are also advantaged in their modular, zero-fuel, and zero-emissions characteristics, which mean they can be more easily sited, more easily permitted, and more easily constructed than natural gas plants.[16] Natural gas

[11] *Id.* at p. 36, l. 17 – p. 39, l. 14.
[12] *Id.* at p. 40, l. 10 – p. 41, l. 8.
[13] *Id.*
[14] *Id.* at p. 41, l. 16- p. 44, l. 8.
[15] *Id.* at p. 52, l. 9.
[16] *Id.* at p. 37, l. 6-15.

plants face risk that increased environmental regulations, even five or ten years in the future, may reduce capacity factors or increase operational costs for the remainder of their lifespan.[17]

Given that no non-utility party who analyzed the Projects could state the Projects were economically feasible, no decisional prudence should be granted in this case. The Commission does not need to make a finding regarding decisional prudence in this case and has been hesitant to do so in prior cases.

Economic Feasibility

Should the Commission find that the Projects satisfy the second Tartan Factor of economic feasibility?

Evergy has not proven that the proposed plants are economically feasible, and, in fact, they will increase ratepayers' exposure to economic risk and detract from investment in more feasible resource options.[18]

Part of Evergy's failure in providing sufficient evidence to show the Projects are economically feasible was the fact that similar comparisons of resource NPVRR are conducted during the integrated resource planning (IRP) process, they are performed in aggregate, which can obscure the full cost and risks incurred from individual portfolio choices.[19] This is amplified by the fact many cost estimates have increased tremendously from the 2024 IRP, and that McNew was not a resource modeled or selected from the 2024 IRP.[20] Renew Missouri modeled the fuel risk and found fuel costs would be significant.

**[redacted]

[17] *Id.*
[18] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 3, l. 12- p. 4, l. 11.
[19] *Id.* at p. 8, l. 8-10.
[20] *Id.* at l. 10-13.

[redacted].**[21]

Furthermore, when performing this modeling, Renew Missouri calculated a cumulative revenue requirement over the first several years of operation, from 2025-2034.[22] This captures just the 10-year net present value of revenue requirement (NPVRR) impact of cumulative fuel costs for the first five years of operations at Viola and the first four years of operations at McNew and Mullin Creek.[23] This modeling better captures the expected cost of fuel for ratepayers during normal plant operations.[24] By deflating these costs to today's NPV, it avoids overstating the impact of fuel costs in comparison to the Company's portfolio cost analysis.[25] Renew Missouri's analysis found that ratepayers would be on the hook for millions of more dollars than currently modeled.

[redacted].[26]

[21] *Id.* at p. 10, l. 12- p.11, l. 10.
[22] *Id.* at l. 16-22.
[23] *Id.*
[24] *Id.*
[25] *Id.*
[26] *Id.* at p. 12, l. 5-10.

Although Evergy witness Mr. Humphrey refers to the changes in market prices as "speculative variables"[27] and appears to brush them aside, variables that may increase costs by hundreds of millions should not be so easily brushed aside.

Because of the variables inherently at play in this Application, and because Evergy did not evaluate the Projects across a range of fuel prices, the Projects cannot be said to be economic feasible.

Evergy tries to claim its IRP process is robust enough to rely on for approving these Projects.[28] However, it is difficult to state an IRP process is robust enough to approve Projects, when some of the Projects were not captured in the IRP process.[29] Additionally, the natural gas market is notoriously volatile and unpredictable, posing the risk of both short-term price spikes as well as sustained increases in fuel cost.[30] Where the Company has considered fuel costs, they have used an outdated natural gas price forecast.[31] Updated outlooks for the 2030s, from respected sources such as the Energy Information Agency (EIA) and Kansas City Federal Reserve survey of energy executives, now place fuel prices well above Evergy's expectations for the 2030s when the proposed plants will become operational.[32]

Renew Missouri did a simple exercise to determine the inadequacy of Evergy's fuel cost estimates. Renew Missouri considered precedent for Evergy's natural gas procurement practices at a similar plant – the Hawthorn Station in Kansas City, Missouri, as model for future performance.[33] At Hawthorn, Evergy Missouri Metro has operated a 313 MW combined-cycle unit for 27 years, alongside a 569 MW coal steam unit with natural gas co-firing capability and two 82

[27] Ex. 14, *Surrebuttal Testimony of Jason Humphrey*, p. 7, l. 23- p. 8, l. 4.
[28] Ex. 16, *Surrebuttal Testimony of Cody VandeVelde*, p. 6, l. 9- 21.
[29] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 7, l. 8-10.
[30] *Id.* at p. 13, l. 3-15.
[31] *Id.* at p. 14, l. 13-20.
[32] *Id.* at p. 16, l. 1- p. 17, l. 8.
[33] *Id.* at p. 22, l. 18-p. 23, l. 3.

MW simple cycle natural gas units.[34] While the simple cycle units presumably act as peakers, the combined-cycle and co-fired steam units would conventionally be considered baseload resources, similar to the proposed CCGT plants.[35] In addition to similarities in plant characteristics, gas procurement for Hawthorn during the period of analysis appears to employ risk management strategies similar to what is proposed for the Viola and McNew plants.[36] This means that the historical data from Hawthorn is an indicator for the likely effectiveness of the proposed strategies moving forward.[37] Historical data from Hawthorn shows the Commission that Evergy has neither been successful at protecting customers from short-term price volatility risk, nor curb customer exposure to risk long-term, costing ratepayers more money than forecasted.[38] Evergy paid an average delivered cost of $3.84 per MMBtu for Hawthorn.[39] This is roughly 40% more than the Company's mid-case and 15% more than the Company's high-case price forecasts for the period analyzed as presented in its preceding 2021 Triennial IRP.[40] It is important to look at Evergy's past forecasts, and the risk of those past forecasts being incorrect, to evaluate the reliability of Evergy's forecasts used to justify these Projects. In other words, if Evergy had proposed to build similar natural gas projects in 2022, based on its 2021 Triennial modeling results, the NVPRR of these Projects would be approximately 15% more expensive than even the high price forecasts included in Evergy's IRP. This is an incredible risk to place on customers.

[34] Energy Information Administration, Form EIA-860 M Detailed Data Schedule 3 'Generator Data.' Accessible at: https://www.eia.gov/electricity/data/eia860/.
[35] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 23, l. 1-3.
[36] *Id.* at p. 23, l. 17- p. 24, l. 1.
[37] *Id* at l. 1-2.
[38] *Id.* at p. 24, l. 5-8.
[39] Energy Information Administration, Form EIA-923 Detailed Data Schedule 2. Accessible at: https://www.eia.gov/electricity/data/eia923/.
[40] In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's 2021 Triennial Compliance Filing Pursuant to 20 CSR 4240-22, File No. EO-2021-0035, *Evergy Missouri Metro Letter of Transmittal and Integrated Resource Plan - Volume 4: Supply-Side Resource Analysis*, pg. 47.

Evergy tries to handwave Hawthorne's gas supply plan and the impacts it has on rates by stating they are not comparable but expanded little beyond that.[41] It rings hollow though, when Evergy has not provided a fuel supply plan nor a full analysis of their ability to manage these risks.[42] Evergy does not point to actionable differences between Hawthorne's procurement plan and plans for the Projects, and as Evergy Missouri West does not have its own employees, it is difficult to intuit how West plans on managing fuel supply risks differently than how Evergy Missouri Metro is currently. Although Evergy witness Mr. Humphrey tries to discuss capacity factors and heat rates to muddle the details,[43] the Commission, which often relies on historical test year information to set future ongoing costs, only has this factual evidence to rely upon. Without a firm supply plan, it's difficult to determine if a plant will be economically feasible and in service of the public interest even when market conditions change unexpectedly.[44] Furthermore, Renew Missouri has considered variables such as heat rates and capacity factors when reviewing holistic future fuel costs, as part of its evaluation of the Projects across a range of scenarios, which Evergy failed to do.[45]

Evergy has claimed that risk from wholesale power markets will be reduced but has not produced any analysis to support this claim.[46] Because the risk of high natural gas prices is highly correlated with the risk of high wholesale power prices, Renew Missouri's analysis on that issue has found that other resource types would be a more economically feasible means of controlling risks from the wholesale market.[47]

[41] Ex. 14, *Surrebuttal Testimony of Jason Humphrey*, p. 13, l. 10-17.
[42] Ex. 500, *Rebuttal Testimony of William "Nick" Jones* at p. 19, l. 17- p. 18, 1. 2.
[43] Ex. 14, *Surrebuttal Testimony of Jason Humphrey*, p. 14, l. 1-13.
[44] Ex. 500, *Rebuttal Testimony of William "Nick" Jones* at p. 18, 1. 12-18.
[45] *Id.* at p. 10, l. 1-9.
[46] *Id.* at p. 31, l. 20-21.
[47] *Id.* at p. 34, l. 1-19.

Renew Missouri's analysis has also shown that the application as submitted does not demonstrate economic feasibility because it fails to show that the utilities plans are more cost-effective than potential alternatives.[48] Specifically, at the margins, Evergy has produced no demonstration that a 50% ownership of the combined cycle plants or that a 100% ownership of the simple cycle plant are more cost effective than a lower ownership percentage would be.[49] By failing to consider such options, Evergy also obscures the potential to bring forward other complimentary resource types which would deliver more cost-effective benefits for ratepayers.[50]

As a means of effectively reducing the risks described above as well as optimizing the deployment of cost-effective resources as available, a diversified mix of new dispatchable resources would be more economically feasible than the plan proposed under this application.[51] Finally, Sierra Club raised credible evidence in their testimony that increased transmission risk also raise questions about the economic feasibility of these Projects. This is in addition to similar concerns to those raised by Renew Missouri, such as that with thorough analysis "all three proposed gas generators are uneconomic under a range of scenarios for gas prices, power prices, and costs and constraints for generator starts."[52] Sierra Club raises some alarming concerns that:

> LMPs near the proposed Viola combined-cycle site in Sumner County, Kansas were negative 24.9% of the time and averaged only $15.30/MWh in 2023-2024. Near the proposed McNew combined cycle site in Reno County, Kansas, LMPs were negative 23.5% of the time and averaged only $16.30/MWh in 2023-2024. Near the proposed Mullin Creek #1 combustion turbine site in Nodaway County, Missouri, LMPs were negative 15.8% of the time and averaged $18.60/MWh in 2023-2024. For comparison, the average price across SPP was $24/MWh in 2023, around 50% higher than prices near the sites of Evergy's proposed combined cycle generators.[53]

[48] *Id.* at p. 36, l. 17 – p. 39, l. 14.
[49] *Id.* at p. 40, l. 10 – p. 41, l. 8.
[50] *Id.*
[51] *Id.* at p. 41, l. 16- p. 44, l. 8.
[52] Ex. 600, *Rebuttal Testimony of Michael Goggins*, p. 6, l. 6-8.
[53] *Id.* at p. 11, l. 1-9.

Even more concerning, Evergy apparently is aware of these risks and yet chooses to disregard them.

[redacted][54]

Failing to properly account for how increased transmission costs impacts economic feasibility makes it difficult to claim the Projects have satisfied the economic feasibility factor.

Public Interest

Should the Commission find that the Projects are in the public interest and satisfies the fifth Tartan Factor?

No. The Projects are not in the public interest. The Commission should reject Evergy's claim that the proposed plants will serve the public interest through lowering exposure to wholesale power market risk.[55] The public interest is not served by non-economically feasible plants, especially when there are alternative models that would be better suit the public interest. As explained in Renew Missouri's testimony, the addition of battery energy storage systems (BESS) could improve economics of a smaller sized natural gas addition, especially over the long term as it reduces ratepayer exposure to volatile commodity markets, but BESS are also advantaged in their modular, zero-fuel, and zero-emissions characteristics, which mean they can be more easily sited, more easily permitted, and more easily constructed than natural gas plants.[56] Natural gas

[54] *Id.* at p. 12, l. 9-22.
[55] Ex. 500, *Rebuttal Testimony of William "Nick" Jones* at p. 52, l. 9.
[56] *Id.* at p. 37, l. 6-15.

plants face risk that increased environmental regulations, even five or ten years in the future, may reduce capacity factors or increase operational costs for the remainder of their lifespan.[57] EMW provides support for this very real concern in their own testimony, by justifying the need for new generation by noting environmental rules could lead to the retirement or reduced operation of certain generation assets.[58] This makes it more baffling that greenhouse gas compliance in the future isn't being considered more proactively for the current Projects.

Sierra Club also noted the benefits of BESS in its testimony, touting that batteries can interconnect to the grid faster, and have experienced price decreases over time.[59] Furthermore, Sierra Club notes that batteries can provide grid reliability benefits as they can be micro-sited to avoid congestion or provide other locational benefits.[60] Additionally, batteries can be quickly receptive to locational marginal pricing, which makes them a better hedge than natural gas facilities.[61]

BESS would be expected to outperform natural gas plants in hedging against wholesale power market risks. Renew Missouri analyzed how a 4-hour duration BESS plant would dispatch during 2023 in SPP, assuming a conservative 'round-trip' efficiency of 85%.[62] This also assumed that the batteries would charge and discharge based on a simple algorithm that compared each hour's market price to the prices observed over the previous 24 hours, charging the batteries when prices are low and discharging the batteries when prices are high.[63] Compared to natural gas capacity, BESS capacity would hedge against wholesale prices on a different principle – an

[57] *Id.*
[58] Ex. 14, *Surrebuttal Testimony of Jason Humphrey*, p. 3, l. 9-14.
[59] Ex. 600, *Rebuttal Testimony of Michael Goggins*, p. 33, l. 17- p 47, l. 7.
[60] *Id.*
[61] *Id.*
[62] Ex. 500, *Rebuttal Testimony of William "Nick" Jones* at p. 34, l. 3- 9.
[63] Specifically, the model assumed that batteries would charge whenever system lambda sunk below the 40th percentile when compared to the previous 24 hours and discharge whenever system lambda rose above the 75th percentile when compared to the previous 24 hours.

arbitrage of the short-term, typically intraday spread of marginal power prices. Unlike with natural gas, the opportunity for this form of arbitrage would be expected to grow in future years as Evergy and other regional utilities build out renewable resources and particularly solar.[64]

The Commission should reject Evergy's claim that the Projects are in the public interest because they will work a hedge in customers' favor. As Renew Missouri's witness Mr. Jones explained in testimony:

> I analyzed hourly lambda (the marginal cost of generation) in SPP in 2023 as a proxy for wholesale power market prices. I then compared this with an assumed cost to generate at a generic combined cycle or combustion turbine with gas purchased at daily Henry Hub prices with an additional 30 cents per MMBtu added to account for variable transportation or regional basis pricing. I modeled the savings that would result from dispatching each of these resources rather than buying wholesale power at the SPP lambda price. This is a crude method that does not consider factors that could lower the cost of generation, such as effective advanced procurement of fuel, nor factors that could raise the cost of generation such as regional congestion on gas pipelines. However, by comparing these datasets, I can evaluate how effective natural gas capacity would be at hedging risk from the wholesale power market.
>
> **Q: What were the findings of that analysis?**
>
> A: Unsurprisingly, natural gas prices and SPP lambda are generally correlated. This is to be expected because natural gas-fired power plants are frequently the marginal plant-type and therefore natural gas prices frequently set the marginal cost of generation and wholesale power prices. This lessens the degree that natural gas generation can act as a hedge against wholesale power prices as the two variables are likely to follow one another much of the time.
>
> However, other factors besides fuel costs can also drive up wholesale power prices. This means the cost of generating at utility-owned gas plants can still sometimes be cheaper than wholesale power prices. In my analysis of the 2023 period, a combined cycle would be expected to economically dispatch at a capacity factor of 44%. Before considered capital and fixed operating costs, this would represent a gross savings of $60 per KW of capacity compared to purchasing wholesale power. While this would initially appear to be a successful strategy for hedging against power market risks, the benefits are erased once capital costs and fixed operating costs are included. The Company has provided a levelized cost of capacity (LCOC) estimate for the McNew plant of **[redacted]** per KW-month, which equates to **[redacted]** per KW-year. Compared to the gross savings modeled above, this would imply that operating a utility-owned CCGT during this period would have cost **[redacted].
>
> A combustion turbine would also fare poorly in this analysis. Dispatching economically at a capacity factor of just 12%, such a plant would result in gross savings of

[64] *Id.* at p. 35, l. 1-7.

about $25 per KW during 2023. **[redacted]**[65]

In other words, as natural gas does not make an effective hedge, because natural gas is often the price setting fuel type. Alternative fuel sources would be much more effective to hedge against natural gas pricing risks. Furthermore, the Projects aren't even an effective hedge against winter storm volatility, as only one plant, Mullin Creek #1, out of the three, even has the ability to work as a winter storm hedge, as the other two natural gas plants cannot utilize liquid fuel, which is the primary fuel source during significant winter storm events.[66]

Decisional Prudence

Should the Commission grant Evergy Missouri West's request that its decision to acquire, construct, own and operation the Projects is prudent under Section 2(C) of Commission Rule 20 CSR 4240-20.045?

No. Given that no non-utility party who analyzed the Projects could state the Projects were economically feasible, no decisional prudence should be granted in this case. The Commission does not need to make a finding regarding decisional prudence in this case and has been hesitant to do so in prior cases.[67] Evergy also tries to brush aside concerns, stating "Any information or future developments that emerged after EMW's decision to obtain the CCNs, such as the administration's tariffs on steel and aluminum imports, fluctuations in costs or revenues, or shifts in other governmental policies should not be factored into the evaluation of decisional

[65] *Id.* at p. 32, l. 3- p. 33, l. 14.
[66] Ex. 15, *Surrebuttal Testimony of J Kyle Olson*, p. 5, l. 22- p. 6, l. 5.
[67] See for instance, In the Matter of the Application of The Empire District Electric Company d/b/a Liberty to Obtain a Certificate of Convenience and Necessity to Enhance System Resiliency, File No. EA-2023-0131, *Order Approving Stipulation And Agreement And Granting Certificate Of Convenience And Necessity*, p. 5., In the Matter of the Application of The Empire District Electric Company for a Certificates of Convenience and Necessity Related to Wind Generation Facilities, File No. EA-2019-0010, *Report and Order*, p. 57, In the Matter of the Application of The Empire District Electric Company for Approval of Its Customer Savings Plan, File No. EO-2018-0092, *Report and Order*, (p. 22, "While the Commission cannot make the legal conclusion that Empire requests").

prudence."[68]However, this ignores the reality that customers may in fact be better off, in light of the highly unusual and volatile conditions occurring currently, with Evergy canceling the Projects for the partial costs of un-refundable fees and deposits, being a less expensive proposition for customers than the full Project costs. Furthermore, a delay on decisional prudence allows Staff to more fully present its concerns and findings, discussed through pages 42-45 of the *Staff Recommendation*, that large load customers may be incurring system and capacity costs that all customers are paying for, but are driven by large scale, identifiable discrete loads. There may be solutions in cost allocations driven by that analysis and principles of cost causation that would be appropriate to explore without the decisional prudence forestalling any party's arguments.

Conclusion

Renew Missouri believes that even if the Commission grants the Projects, with the delay between the construction of the Viola plant and the remaining two plants, there is time for evaluating a post construction reduction in net ownership in the proposed plants and evaluating of BESS and other alternatives as fractional substitutions to optimize the economic feasibility and better serve the public interest.[69] The Commission should require that Evergy evaluate the potential for expanded customer subscription programs to fund incremental renewable projects as a risk-minimizing complement for new natural gas generation, which would additionally further the public interest as customers have expressed in participating in customer subscription programs.[70]

[68] Ex. 13, *Surrebuttal Testimony of Kevin D. Gunn*, p. 8, l. 9-13.
[69] *Id.* at p. 52, l. 11-18.
[70] *Id.*