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**

REPLY BRIEF OF RENEW MISSOURI

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Introduction

COMES NOW, Renew Missouri Advocates d/b/a Renew Missouri, and for its *Reply Brief* presents the following arguments for the Commission.

The purpose of a Reply Brief is to respond to the arguments made by parties' opponent. Rather than replying to every argument other party's make in their initial briefs, having presented and argued its positions in its *Initial Brief*, Renew Missouri is limiting its replies to where it views further explanation will most aid the Commission in its deliberations. Therefore, Renew Missouri will not address each and every sub-issue or argument made by parties. Renew Missouri stands on its argument made in its *Initial Brief*, and silence on any argument or position should not be taken as acceptance. In determining each contested issue, the Commission should be ever mindful that the law places the burden of proof on Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Metro", "Metro", or "EMM") and Evergy Missouri West Inc. d/b/a Evergy Missouri West ("Evergy West", "West", or "EMW") (collectively, "Evergy" or the "Company"). Evergy has not met its burden of proof that these Projects are economically feasible or in the public interest, which supports a finding that the Projects are not necessary or convenient.

Argument

Economic Feasibility

Evergy claims in its *Initial Post Hearing Brief* ("Evergy Brief") that Evergy's natural gas procurement strategy decreases economic risk and reduce ratepayers' exposure to the market's volatility.[1] However, as Renew Missouri explained in its testimony in this docket, and its *Initial*

[1] p. 11.

Brief, that ratepayers will be expose to more risk and increased costs, based on the historical performance on Evergy's natural gas procurement strategy.[2] Historical performance is all that the Commission has to evaluate, as the Company again states it "is in the process of developing a comprehensive gas procurement plan for the Projects."[3] Failure to have a comprehensive gas procurement plan for the Projects at this stage places unacceptable risk on ratepayers.

Fuel Procurement Plan

1. Fuel Supply Planning Is Essential to Risk Management

Fuel price forecasts are inherently uncertain.[4] A utility's fuel procurement strategy plays a critical role in managing cost risk and determining whether a plant remains economically viable under volatile market conditions.[5] This is especially true for natural gas, which is subject to:

- Limited on-site storage options (unlike coal)[6]
- Single-mode delivery (via pipeline)[7]
- High exposure to both domestic and international market dynamics, including liquid natural gas (LNG) exports[8]
- Usage across multiple sectors, adding demand volatility[9]

This makes effective supply planning crucial to mitigating short-term price spikes and long-term fuel cost escalation. This is why the lack of a fuel procurement plan is so concerning as to the impact on ratepayers and the overall economic feasibility of the Projects.[10] As noted earlier and in Renew Missouri's *Initial Brief*, Evergy has stated that "the details of a fuel procurement plan are

[2] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 19, l. 20 – p. 24, l. 6.
[3] Evergy Brief, p. 11.
[4] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 19, l. 13-14.
[5] *Id.* at l. 14-16.
[6] *Id.* at p. 18, l. 21.
[7] *Id.* at p. 18, l. 21- p. 19, l. 2.
[8] *Id.* at p. 19, l. 11-12.
[9] *Id.* at 1. 7-9.
[10] *Id*. p. 19, l. 20 – p. 24, l. 6.

still being developed."[11] The limited details offered so far suggest the plan does not provide sufficient assurance that fuel price volatility will be managed or that ratepayers will be shielded from spikes and upward trends in gas pricing.[12]

2. Historical Evidence Shows Evergy's Procurement Strategies Have Underperformed

Without firm details of a procurement plan, the Commission must evaluate the only firm and credible evidence presented in the case about the effectiveness of Evergy's fuel procurement strategy. At Hawthorn Station, a comparable CCGT plant with firm transport and advance contracting, Evergy consistently paid more for natural gas than forecasted. From June 2022 to July 2024, the average delivered cost was $3.84/MMBtu, **~40% higher** than mid-case forecasts and **15% higher** than high-case forecasts in Evergy's 2021 IRP.[13] As far as plans of using these Projects as a solution to cold weather events and price spike, said prices spikes were even more extreme. Cold-weather months saw extreme spikes: $11.13/MMBtu (December 2022) and $10.00/MMBtu (Jan 2024).[14] Even with firm transport and advance contracts, Evergy failed to protect ratepayers from both sustained high costs and short-term shocks.

3. Spot Purchases Have Been Expensive and Risky

** [redacted] **[15]

NEE's experience shows that major financial institutions routinely offer long-term hedge quotes for planned plants.[16] Failure to solicit such quotes undermines the credibility of the Company's fuel price forecast and violates basic principles of risk-aware resource planning. ** [redacted]

[11] *Id.*
[12] *Id.* at p. 20, l. 5- p. 21, l. 7.
[13] *Id.* at p. 24, l. 7-18.
[14] *Id.* at p. 25, l. 19 – p. 26, l. 2.
[15] *Id.* at p. 22, l. 4-6.
[16] *Id.* at l. 8-10.

[redacted][17]

Evergy relies heavily on spot purchases for its fleet, especially simple-cycle units like those at Mullin Creek.[18] An analysis of fleet-wide spot purchases (2021–2024) reveals Evergy spent more than **$207 million** on spot purchases, which is roughly **$80–100 million more** than projected by Evergy's mid- and high-case IRP scenarios.[19] The average delivered cost was $5.44/MMBtu**,** but spiked above $8/MMBtu in **three of the last four winters**, even when national prices were stable.[20] Spot market exposure has consistently resulted in much higher costs than forecasted and exposes ratepayers to severe market volatility. This may be exacerbated in the future, as future gas market risks may be worse than historical trends.[21] With increased gas dependence, Evergy will have fewer alternatives when gas prices rise, as these Projects will operate as "must-run" plants.[22] Furthermore, LNG exports will further pressure domestic prices upward.[23] However, price increases that automatically flow through the Company's fuel adjustment clause ("FAC") may not incentivize Evergy efficiently enough to develop other procurement plans. This concern is shared by Staff as well, stating that EMW's shareholders are insulated from poor fuel cost estimates due to the FAC mechanism, leaving ratepayers to bear the economic risk.[24] However, battery storage, as discussed in Renew Missouri's testimony and *Initial Brief,* becomes infinitely more valuable as diversified resource and a robust hedge to rely on.

Evergy's current approach to fuel supply planning is incomplete, vague, and exposes ratepayers to unjustified risk. Historical data from the Company's operations and emerging market

[17] *Id.* at p. 20, l. 18-21.
[18] *Id.* at p. 21, l. 11-13 & p. 27, l. 1-7.
[19] *Id.* at p. 28, l. 1-5.
[20] *Id.* at p. 27, l. 12-16.
[21] *Id.* at p. 29, l. 21- p. 30, l. 1.
[22] *Id.* at p. 30, l. 1-4.
[23] *Id.* at l. 5-6.
[24] Ex. 200, *Staff Recommendation,* p. 55, l. 7–9.

trends suggest that the proposed strategy will not adequately control fuel costs or ensure long-term feasibility. Given the absence of a credible and protective fuel plan, the Commission should deem the current fuel plan inadequate for protecting ratepayers and ensuring economic feasibility as well as require diversification of resources (e.g., non-fueled renewables or storage) as an alternative to adding gas-only capacity.

Market Volatility and Fuel Costs

Evergy attempts to argue that it has provided ample evidence support the Projects are economically feasible. At the same time, Evergy attempts to argue that the Projects do not need to be:

> currently needed to supplement [a utility's] load capacity" , "is not the least-cost alternative" , and "is not needed to comply with current environmental regulatory requirements."[25]

Under Evergy's glib approach, the Projects do not need to be affordable or needed for capacity to be economically feasible. Evergy claims this is because "the Commission in Tartan noted that if the applicant had "underestimated the economic feasibility of its project," it "bears most of the risk" and "the public benefit outweighs the potential for underestimating these costs." "[26] However, as the Company notes, the Signatories to the Agreement **only** agreed that the Company "shall bear the burden of proof to show that any amount it incurs **in excess**" of the project cost estimates "is prudently incurred and is just and reasonable to recover from EMW customers."[27] This does not cover situations where the entire plant is not economically feasible and the benefits never materialize for customers, not does it cover fuel cost over runs due to market volatility. Ratepayers are still left with substantial risk, even with the *Non-Unanimous Stipulation and Agreement*.

[25] Evergy Brief, p. 14.
[26] *Id.*
[27] *Id.*

The Commission should consider fuel costs in evaluating the economic feasibility and public interest value of Evergy's proposed plants for several critical reasons.

1. Fuel Costs are Material to Evaluating Economic Feasibility

Considering only construction costs or rate base totals is only half of the equation the Commission should consider in this proceeding. Fuel costs are passed through to customers and can significantly affect ratepayer bills.[28] Risk is shifted to customers, and the FAC can dull incentives to control prices. This risk, and the fuel cost driving it, are material to customers' bills. Without fuel costs included, the economic analysis is incomplete and potentially misleading.[29] It understates total plant costs and associated risks. Furthermore, it allows Evergy to perfunctorily dismiss Sierra Club and Renew Missouri's analysis regarding battery energy storage systems ("BESS") as saying BESS, and other renewable resources were "considered" in prior integrated resource plans ("IRP").[30] Comparing natural gas plants to non-fuel alternatives, like BESS or renewables, requires a full accounting of fuel costs to fairly assess which options are most cost-effective and least risky over time.[31]

2. IRP Assumptions Are Outdated and Faulty

Not only are fuel costs not adequately captured, but the overall analysis Evergy is relying upon to justify the Projects does not adequately captured market volatility and potential fuel costs.[32] Two major drivers contributing to the staleness of the analysis include inflation in gas plant

[28] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 6, l. 12-18.
[29] *Id.* at p. 7, l. 1- 16.
[30] Evergy Brief, p. 13.
[31] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p.7, l. 20- p. 8, l. 22.
[32] *Id.* p. 14, l. 15-p.15, l. 14.

construction costs[33] and new tariffs increasing material costs.[34] These changing dynamics necessitate a re-evaluation of whether gas plants remain the most cost-effective solution.

Furthermore, IRP analysis is aggregate; this docket requires plant-specific review for the most accurate evaluation of the economic feasibility. IRP analysis models entire portfolios, which can obscure the full costs and risks of individual projects.[35] The McNew plant**,** in particular, was not even included in the 2024 IRP, meaning its economic rationale hasn't been fully vetted.[36] Evergy's claims that the IRP analysis support these Projects obscures the real purpose of this CCN docket: to review each proposed plant on its own merits, with updated assumptions and detailed fuel cost modeling.[37] The specific plants on their own merits have not passed muster.

3. High-Case Fuel Scenarios Indicate Significant Ratepayer Risk

This is because fuel costs could be twice as high as the current baseline. **[redacted].[38] [redacted][39]** In high-case fuel price scenarios, which Renew Missouri contends is an appropriate evaluation data point,[40] long-term additional costs could be in the hundreds of millions. **[redacted][41] [redacted]

[33] *Id.*
[34] *Id.* at p. 7, l. 1-2.
[35] *Id.* at p. 8, 8-10.
[36] *Id.* at p. 7, l. 7-10.
[37] *Id.* at l. 11-16.
[38] *Id.* at p. 10, l. 12-17.
[39] *Id.* at p. 11, l. 5-6.
[40] *Id.* at p. 15, l. 12-14.
[41] *Id.* at p. 14, l. 5-10.

[redacted]**This represents a substantial increase in ratepayer costs and a failure to protect against market risk.

4. Claims of Reduced Market Risk Are Misleading Without Fuel Cost Consideration

Evergy argues that new plants reduce reliance on the wholesale market, and that parties have requested Evergy reduce market reliance by building generation.[42] However, relying on natural gas simply shifts the market risk from electricity to gas markets.[43] Full fuel cost accounting is necessary to verify whether these plants actually reduce market risk or simply reallocate it.[44]

The Commission should require full inclusion of fuel costs in the economic evaluation of these proposed plants.[45] This ensures a transparent, data-driven comparison with alternative options, especially as market dynamics shift and non-fuel technologies become more competitive.[46] Failing to do so risks approving projects that are costlier, riskier, and less aligned with the public interest than viable alternatives.[47]

The Commission should consider fuel costs when evaluating Evergy's proposed natural gas plants because:

- Fuel costs directly affect customer bills through the Fuel Adjustment Charge (FAC) and excluding them understates the total cost and risk.
- Comparing gas plants to fuel-free alternatives like batteries requires accounting for fuel costs to assess true economic feasibility.
- IRP assumptions are outdated due to market changes like increased load growth, inflation, and declining battery costs.

[42] Evergy Brief, p. 5.
[43] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 8, l. 14- p. 9, l. 4.
[44] *Id.*
[45] *Id.* at p. 13, l. 13-15.
[46] *Id.* at p. 6, l. 12-17.
[47] *Id.*

Cost Uncertainty

Renew Missouri also believes the cost uncertainty regarding the transmission issues raised by Sierra Club in its testimony and briefing in this case should weighed into the determination of the economic feasibility of the Projects.[48] Evergy tries to brush aside this criticism by touting the consultant they've utilized.[49] But with the uncertainty surrounding the final costs of interconnection facilities and transmission network upgrades, it is important to more carefully examine the issue raised by Sierra Club, as these costs are still unknown and could significantly impact the projects' economic feasibility.[50] Regardless of who Evergy hired, it is clear that Evergy and its consultants did not analyze congestion or locational marginal prices ("LMP"), which are greatly impactful on economic feasibility.[51] The plants are planned for locations with severe transmission grid congestion, which could limit their effectiveness and reliability.[52] Evergy has not adequately studied or addressed this issue.[53] As a result, the plants may be uneconomic, especially during high-demand periods like heat waves or cold weather spells, due to negative locational marginal prices in those congested areas.[54] This is contrary to the belief these Projects could provide additional protection during winter storms. Additionally, Evergy has not proven the economic feasibility of the plants, failing to assess their ability to generate revenue in the Southwest Power Pool ("SPP") market.[55] Because of these shortcomings, Evergy has not presented an economically feasible option, and the proposal does not appear to be in the public interest.

[48] *See* generally, ex. 600, *Rebuttal Testimony of Michael Goggin* and Sierra Club's *Initial Post-Hearing Brief*.
[49] Evergy Brief p. 18-19.
[50] Sierra Club's *Initial Post-Hearing Brief*, p. 8.
[51] Ex. 600, *Rebuttal Testimony of Michael Goggin*, p. 12, l. 3- p. 13, l. 16.
[52] *Id.* at p. 29, l. 4-11.
[53] *Id.* at p. 12, l. 3- p. 13, l. 16.
[54] *Id.* at p. 7, l. 1-12.
[55] *Id.* at p. 24, l. 13-p. 25, l. 12.

Public Interest

Evergy summarily concludes in its Brief that the Projects are in the public interest because they meet the other *Tartan* Factors.[56] Setting aside the arguments about economic feasibility that Renew Missouri and Sierra Club have raised that show Evergy has not meet all *Tartan* Factors, there are public interest reasons that support the Commission denying the Application and not approving the Stipulation and Agreement.

There are environmental consequences of building new natural gas plants, including greenhouse gas emissions and the long-term impact on climate change. Every MW of capacity that is not renewable contributes to this impact. Staff even notes that Evergy is modeling higher natural gas generation than permitted under EPA standards, without sufficient explanation.[57] There is a public interest in the transition to cleaner energy sources. Furthermore, there is an economic interest in the transition to cleaner energy sources. BESS do not run the risk of becoming stranded assets, weighing down ratepayers' budgets, due to environmental regulations, like natural gas plants.[58]

Furthermore, not only is there public support for renewable energy and a sustainable future that these Projects hinder the progress towards, Renew Missouri presented evidence, not refuted by Evergy in its Brief or testimony, that pairing BESS with a portion of the natural gas capacity here brings substantial benefits for customers. Renew Missouri's analysis showed the McNew plant during its first operational year would be modeled to incur average direct fuel costs around ** [redacted] in 2030 under Evergy's mid-case natural gas forecast and ** [redacted].

[56] Evergy Brief, p. 21.
[57] Ex. 200, *Staff Recommendation*, p. 55, l. 3-5.
[58] Ex. 500, *Rebuttal Testimony of William "Nick" Jones*, p. 37, l. 10-15.

[redacted]** under Evergy's high case.[59] For each MWh that a BESS system dispatched instead of the McNew plant, an average net-savings between **[redacted]** would occur.[60] Further assuming a 150 MW BESS facility would maintain a capacity factor near 15%, it dispatches 197,100 MWh per year, representing up to **[redacted] in 2030 in net savings at Evergy's high-case natural gas price.[61]

The public interest in this case is better served by a denial of the Application and Stipulation and Agreement and ordering Evergy to analyze reducing its capacity position in natural gas and replacing it with BESS.

Decisional Prudence

Evergy, in its Brief, states parties are conflating decisional prudence with executional or implementation prudence.[62] It appears Evergy is confusing parties' arguments on the issue. It also appears to Renew Missouri that no party other is willing to grant decisional prudence to Evergy. The circumstances surrounding the Projects may make it so the costs and timelines for the Projects become so untenable that a decision to continue to move forward - even after the granting of a CCN - is imprudent. As Staff notes, several large uncertainties exist, such as infrastructure and supply chain costs, reliability of market revenue projections, and tariff impacts.[63] At any point, these issues may increase costs to an extent that all the Projects become economically unfeasible, and customers are better off paying for cancellation damages than the **entirety** of the three natural gas plants, at total cost of nearly $2.5 billion.[64]

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[59] *Id.* p. 42, l. 4-8.
[60] *Id.*
[61] *Id.* at l. 9-12.
[62] Evergy Brief, p. 22.
[63] Ex. 200, *Staff Recommendation*, p. 56, l. 1-5.
[64] Tr. Vol. II, p. 73-86.

All parties, except for Evergy, are in lockstep on denying decisional prudence to Evergy. Renew Missouri presented credible evidence that Evergy's analysis is flawed. Staff also noted methodological issues and concluded that Evergy's economic justification is insufficient in this case.[65] The Commission is not required to grant decisional prudence when approving a CCN. Granting prudence now would shift financial risk to ratepayers, unduly protect shareholders, and limit future regulatory flexibility.

Stipulation and Agreement Provisions

Contrary to Evergy's claims, the Stipulation and Agreement does not resolve key regulatory issues or narrow disputes.[66] The Stipulation and Agreement's provisions for cost recovery and quarterly reporting do not provide sufficient safeguards to ensure that ratepayers are protected from excessive costs. If other signatories to the party truly believed it did, why would those same parties, but for the moving party, ask the Commission to **reject** Evergy's request for decisional prudence? The Stipulation and Agreement does not provide adequate transparency and accountability for the projects, particularly in light of unresolved issues like fuel costs, interconnection costs, and transmission upgrades.

Conclusion

Evergy's proposed natural gas plants are not economically feasible and are not in the public interest, primarily due to the Company's inadequate fuel procurement strategy, high exposure to market volatility, and the absence of a credible long-term fuel plan. Despite Evergy's claims that its procurement approach will reduce risk, historical evidence, particularly from the Hawthorn

[65] *Id.* at p. 46, l. 20–23 & p. 57, l. 4–8.
[66] Evergy Brief, p. 28.

Station and extensive past reliance on spot market purchases, shows consistent underperformance and higher-than-expected fuel costs. These costs, which are passed directly to ratepayers through the FAC, increase customer risk and undermine the cost-effectiveness of the projects. Moreover, Evergy has not sought long-term hedging options or offered sufficient detail on how it will mitigate market volatility, even as it plans to operate these plants as "must-run" facilities during extreme weather events. Additionally, Evergy's IRP is outdated and insufficient for evaluating project-specific feasibility, especially since the McNew plant was not included in the 2024 IRP. When modeled under high fuel price scenarios, the proposed plants could add hundreds of millions of dollars to customer costs over time. In contrast, BESS offer a lower-risk, cost-effective alternative, particularly during high-cost gas events. Additional concerns raised by Sierra Club regarding unresolved and potentially significant transmission and interconnection costs, as well as potential operational constraints due to grid congestion and locational marginal pricing issues, heavily cast doubt that the Projects will be economically feasible as well. Overall, Renew Missouri urges the Commission to reject the Application, and Stipulation and Agreement, and instead require Evergy to pursue more diversified, cleaner, and economically sound alternatives like battery storage. Ironically, the most succinctly statement on why the Projects should be rejected comes from a signatory to the Stipulation and Agreement:

> Staff and OPC have both produced adequate contrary evidence regarding the prudency of the utility's expenditures and that presumption should disappear from this case, such that EMW has both the burden of proceeding and the burden of proof. From Staff's perspective, EMW has simply not provided adequate economic justification that the decision to move forward with the Projects is prudent, and has thus failed to carry its burden.[67]

If Evergy, as Staff and OPC have asserted, failed to carry its burden in this case, the Projects cannot be approved.

[67] *Initial Brief of Staff*, p. 25.

Respectfully Submitted,

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I hereby certify that copies of the foregoing have been emailed to all counsel of record this 8th day of July 2025.

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