**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**
In the Matter of the 2017 Integrated Resource Plan Annual Update for KCP&L Greater Missouri Operations Company	)))	**File No. EO-2017-0230**

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT – DIVISION OF ENERGY'S COMMENTS IN RESPONSE TO THE 2017 ANNUAL INTEGRATED RESOURCE PLAN UPDATES OF KANSAS CITY POWER & LIGHT COMPANY AND KCP&L GREATER MISSOURI OPERATIONS COMPANY

COMES NOW the Missouri Department of Economic Development – Division of Energy[1] ("DE") before the Missouri Public Service Commission ("Commission") pursuant to 4 CSR 240-22.080(3) and, in response to the annual Integrated Resource Plan updates ("IRP updates") filed, and stakeholder workshops held in, the above-captioned matters concerning Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO") (collectively, "Companies"), states as follows:

1. On June 1, 2017, the Companies filed their IRP updates. Following a stakeholder meeting on June 23, 2017, the Companies submitted a notice on June 29, 2017, stating that their IRP updates would not be changed.

[1] The Division of Energy was transferred from the Department of Natural Resources to the Department of Economic Development on August 29, 2013 by Executive Order 13-03. The Order transfers, "[A]ll authority, powers, duties, functions, records, personnel, property, contracts, budgets, matters pending, and other pertinent vestiges of the Division of Energy from the Missouri Department of Natural Resources to the Missouri Department of Economic Development …."

2. In addition to IRP updates, the Companies filed a market potential study to assess the opportunities for pursuing demand-side management ("DSM") program savings under the Missouri Energy Efficiency Investment Act ("MEEIA").

3. Deficiency: insufficient analysis of DSM resources. GMO's IRP update indicates that its Preferred Plan contains DSM programs at the Realistic Achievable Potential ("RAP") level, as well as demand-side rates. However, KCP&L's IRP update indicates that its preferred plan includes less-than-RAP-level DSM programs, along with demand-side rates. In fact, KCP&L did not evaluate any Alternative Resource Plan containing RAP-level DSM programs; the Companies indicated at the stakeholder meeting that this omission was due to past evaluations of RAP-level DSM programs. Regardless of past analyses, KCP&L has a duty to analyze DSM programs under the most recent set of assumptions and investment options.

4. The lack of an Alternative Resource Plan containing RAP-level DSM programs is problematic from two perspectives. First, while DE continues to disagree with limiting cost-effective DSM programs based on the IRP process, KCP&L's analysis in this IRP update does not even adequately address IRP-related requirements. By not including an analysis of an Alternative Resource Plan with RAP-level DSM programs, KCP&L is not in compliance with the Commission's IRP rules. Under 4 CSR 240-22.050(6):

> Potential demand-side programs and potential demand-side rates that pass the total resource cost test including probable environmental costs shall be considered as demand-side candidate resource options and must be included in at least one (1) alternative resource plan developed pursuant to 4 CSR 240-22.060(3).

5. Second, Section 393.1075.4, RSMo. (the MEEIA statute) supports, "… a goal of achieving **all** cost-effective demand-side savings" (emphasis added), with the preceding subsection stating, "It shall be the policy of the state to value demand-side investments equal to traditional investments in supply and delivery infrastructure …" (Section 393.1075.3, RSMo.). By not evaluating an Alternative Resource Plan containing RAP-level DSM programs, KCP&L does not sufficiently address the goal of achieving all cost-effective demand-side savings; this deficiency also does not result in the equivalent valuation of demand-side and supply-side resources, since KCP&L cannot present a comparative analysis to justify a reduced level of DSM programs as an alternative to RAP-level DSM investments.

6. As a remedy, DE recommends that the Commission order KCP&L to conduct an analysis of at least one Alternative Resource Plan which is similar to its Preferred Plan, except that the additional Alternative Resource Plan(s) must include RAP-level DSM programs. This analysis should be included in KCP&L's current IRP annual update filing.

7. DE also notes that the Electric Power Research Institute's recently released technical update to its *State Level Electric Energy Efficiency Potential Estimates* report provides a useful benchmark for comparing state-level electric energy efficiency efforts to potential savings. According to this report, Missouri is on a path that would only yield 21 percent of the state's economic potential for energy savings.[2] DE encourages the Companies (and the Commission) to evaluate plans for energy efficiency programs in light of this projected shortfall, as well as the statutory goal of achieving all cost-effective demand-side savings.

---

[2] Holmes, C., and Mullen-Trento, S., 2017, *State Level Electric Energy Efficiency Potential Estimates – Technical Update, May 2017*, Electric Power Research Institute, https://energy.gov/sites/prod/files/2017/05/f34/epri_state_level_electric_energy_efficiency_potential_estimates_0.pdf, p. 5-3.

8. Concern: insufficient combination of options evaluated through integration analyses. DE is concerned that neither KCP&L nor GMO analyzed a sufficient number of combinations of resource options in their integration analyses, which may not result in optimal investment decisions. KCP&L did not evaluate Alternative Resource Plans that include RAP-level DSM programs in combination with additional investments in wind energy, and GMO evaluated only one Alternative Resource Plan containing RAP-level DSM programs in combination with additional investments in wind energy. The joint Alternative Resource Plans do not contain any options for additional investments in wind energy. It is especially important to consider investments combining all cost-effective DSM programs with wind energy, the latter of which has experienced dramatic cost declines in recent years. Regardless of the outcomes of the actual analyses suggested below, it is important for stakeholders to have as much information as possible about potential utility investments.

9. As a remedy for this concern, DE recommends that the Commission order the Companies to consider sufficient additional Alternative Resource Plan variations in their next triennial IRP filings, including Alternative Resource Plans that incorporate at least RAP-level DSM programs and additional wind energy investments.

WHEREFORE, DE provides its comments in the above-captioned matters for the consideration of the Commission and recommends an order to remedy the identified deficiency and concern.

Respectfully submitted,

/s/ Angela J. Burke

Angela J. Burke, MO Bar #60801
Senior Counsel
Missouri Department of Economic Development
P.O. Box 1157
Jefferson City, MO 65102
Ph: 573-526-4975
E: angela.burke@ded.mo.gov
Attorney for Missouri Department of Economic Development - Division of Energy

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 28th day of July, 2017.

/s/ Angela Burke
Angela Burke