

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Capital Plan Compliance)
Docket for Kansas City Power & Light)
Company and Westar Energy, Inc. Pursuant) Docket No. 19-KCPE-096-CPL
to the Commission's Order in Docket No.)
18-KCPE-096-MER.)

COMMENTS OF MCPHERSON BPU

COMES NOW the McPherson Board of Public Utilities ("McPherson BPU") and hereby provides the following comments to the Corporation Commission of the State of Kansas ("Commission"):

BACKGROUND

1. On February 6, 2020, the Commission issued an order that established an Integrated Resource Plan ("IRP") framework ("IRP Framework Order")¹ that governs Evergy's IRP process in its informational docket.
2. On May 28, 2021, Evergy submitted to the Commission its triennial IRP filing, and on June 3, 2021, Evergy submitted a revised version of its triennial IRP.² Under that IRP, as revised, EKC's preferred plan contemplated solar resource additions of 350MW in 2023, and retirement of the Lawrence Energy Center ("LEC") Units 4 and 5 in 2023.³
3. After the IRP and revised IRP were filed with the Commission, as part of the ongoing review of its analysis, Evergy determined that retiring only LEC Unit 4 and continuing to operate LEC Unit 5 using natural gas would result in essentially the same net present value

¹ Order Adopting Integrated Resource Plan and Capital Plan Framework, Docket No. 19-KCPE-096-CPL (Issued February 6, 2020).

² Evergy Kansas Central and Evergy Metro 2021 Integrated Resource Plan, Docket No. 19-KCPE-096-CPL (submitted May 28, 2021) (as revised June 3, 2021) ("IRP"). Under the IRP Framework Order, Evergy is required to make both triennial IRP filings and annual updates.

³ IRP at 107, 165 (Alternative Resource Plan CLJVB is EKC's preferred plan under the IRP ("EKC Preferred Plan")).

revenue requirement (“NPVRR”) as retiring both units, but will provide additional reliability benefits. As a result, Evergy then proposed to retire the coal-handling facilities at LEC, including retirement of LEC Unit 4 and retirement of LEC Unit 5 as a coal-fired generator but transitioning it to operate using natural gas, which was different from the EKC preferred plan filed as part of the revised IRP. This information was provided to parties in this docket when Evergy submitted a request for waiver on September 22, 2021 and advised parties of its September 20, 2021, predetermination filing with the Commission. That predetermination petition was subsequently withdrawn on February 24, 2022.⁴

4. While McPherson BPU raised concerns in response to Evergy’s Triennial IRP filing, it did not specifically request a hearing on the issues it raised, but agreed to consider its concerns “partially resolved” as Evergy agreed to provide information based upon the outcome of its predetermination filing, the filing that Evergy withdrew on February 24, 2022.

5. McPherson BPU was not a participant in this proceeding when the IRP Framework Order was issued, but has since participated in this proceeding, Evergy’s Sustainability Transformation Plan (“STP”) docket⁵ and Evergy’s predetermination proceeding, Docket 22-EKCE-141-PRE,⁶ before Evergy subsequently withdrew its Petition in that proceeding on February 24, 2022.

6. On June 10, 2022, Evergy filed its Annual IRP Update for 2022 with the Commission. The Annual Update continues to raise the same concerns McPherson BPU expressed in its Comments filed in this proceeding on October 25, 2021 and some of which were anticipated to be addressed, at least in part, in the predetermination proceeding, which was closed

⁴ Docket No. 22-EKCE-141-PRE.

⁵ Docket No. 21-EKME-088-GIE.

due to the withdrawal of the application. In addition, McPherson BPU has additional concerns that changes that have occurred in the industry in response to the Winter Weather Event of February 2021 are not fully reflected in the 2022 Annual Update, and therefore the 2022 Annual Update is deficient.

COMMENTS ON EVERGY'S 2022 ANNUAL IRP

7. McPherson BPU is a full requirements customer of Evergy and has worked in tandem with Evergy for many years to ensure its customers are served reliably and as economically as possible. It is in furtherance of these continued goals that McPherson BPU submits it concerns that Evergy's Annual Update filing is deficient in that it does not adequately consider the impacts of significant policy changes and does not identify all appropriate costs associated with generation retirements.

8. In February 2021, Winter Storm Uri (also commonly known as the "Winter Weather Event") turned the electric industry on its head in the SPP, ERCOT, and MISO regions. The Federal Energy Regulatory Commission ("FERC") and the North American Electric Reliability Corporation ("NERC") have worked diligently since then to assess the most significant causes of the load-shed and generation outage and de-rate issues associated with Winter Storm Uri, and provided findings related to this event in a final report delivered in November of 2021.⁷ Efforts to address the recommendations from that report are being coordinated with NERC, FERC, NAESB, the relevant ISOs/RTOs, and the industry as a whole. In addition, regulators at every level of the industry have coordinated their efforts in an attempt to ensure the electric grid is better prepared for an event of this magnitude.

⁷ FERC-NERC-Regional Entity Staff Report, *The February 2021 Cold Weather Outages in Texas and the South Central United States* (<https://www.ferc.gov/media/february-2021-cold-weather-outages-texas-and-south-central-united-states-ferc-nerc-and>) (issued November 2021).

9. FERC, NERC, and the Regional Entity Staff submitted their final report related to the February 2021 Winter Weather Event in November of 2021⁸ and since that time, FERC has held technical conferences and issued multiple notices of proposed rulemakings in an attempt to address issues related to reliability of the electric grid as a whole, including, but not limited to, changes to transmission planning processes, better storm hardening, and better gas-electric coordination and management of gas supply and pricing.⁹

10. As a part of its separate response to the 2021 Winter Weather Event, Southwest Power Pool, Inc. (“SPP”) is in the process of implementing significant changes to its resource adequacy provisions, including (1) an increase in its Planning Reserve Margin (“PRM”) from 12% to 15% effective for 2023,¹⁰ (2) implementation of a performance-based accreditation methodology for renewable resources that is, on average, likely to decrease the individual accreditation of wind and will decrease more as additional wind is added to the SPP system,¹¹ and (3) approval by stakeholders of a performance-based accreditation methodology for conventional resources which may also decrease accreditation for conventional generation units.¹² Evergy indicates in its Annual Report that these types of policy changes could have

⁸ Id.

⁹ See FERC-NERC-Regional Entity Staff Report cited above; FERC Technical Conference on the Threat to Electric System Reliability from Climate Change and Extreme Weather (Docket No. AD21-13, June 1-2, 2021); FERC NOPR regarding Transmission System Planning Performance Requirements for Extreme Weather – NERC Reliability Standard TPL-001 (Docket No. RM22-10, Issued June 16, 2022); NAESB Convening Forum on Gas-Electric Coordination in Response to FERC’s July 25, 2022 regarding issues from FERC’s November 2021 Report on the February 2021 Winter Weather Event.

¹⁰ This PRM will apply to both the Summer and Winter Seasons, although there are currently no penalties for noncompliance with the Winter PRM. At this time, SPP has not yet taken a position on when it may propose additional increases in its PRM after 2023.

¹¹ This new accreditation methodology was approved by FERC on August 5, 2022 (subject to compliance filing), in Docket No. ER22-379 (180 FERC. ¶61,074).

¹² This accreditation methodology was presented to the SPP Markets and Operations Policy Committee, Regional State Committee, and Board of Directors/Members Committee in its July 2022 quarterly meetings as policy whitepaper that will now have to be translated into governing document and process revisions and filed with FERC for approval.

significant impacts on its resource adequacy.¹³ All of these developments are recent, but their combined impact on Evergy's resource adequacy position could be significant as compared to that presented in Evergy's 2022 Annual Report. The level of significance of those impacts needs to be determined and addressed before any retirements of conventional baseload units are implemented.

11. While SPP indicates its has enough capacity footprint-wide to meet the new 15% PRM through 2026, as shown in the table below, these numbers do not take into account the full impact of the new resource accreditation policies currently being implemented. Once accreditation levels are determined for renewables and conventional generating units under these new accreditation methodologies, SPP's numbers may look very different and additional reserves may be required (and a higher PRM implemented) sooner than anticipated.

CURRENT PLANNING RESERVE MARGIN SUMMARY

Decreasing PRM is driven primarily by load growth and increasing resource retirements



SPP 9

12. Evergy's efforts to ensure it can meet SPP's resource adequacy requirements and reliably serve its customers should also consider the value its coal generating resources,

¹³ See Section 5.2, p. 50 and Section 6.2, starting at P. 91, of the public version of the 2022 Annual Update.

including less price volatility when compared to natural gas, and the ability to stockpile significant amounts of fuel to ensure availability during emergency events. Fuel availability will contribute to accreditation results under the new conventional resource accreditation methodology, so those generating units that are able to stockpile fuel and units that can operate on multiple fuels with onsite storage are likely to receive higher capacity accreditation in the future. Evergy's 2022 Annual Report discusses its consideration of volatility of natural gas prices in the short term¹⁴ and indicated that sustained volatility could impact the cost/benefit of the transition of LEC 5 to natural gas, which in turn impacts the IRP as a whole.

13. Evergy indicates that its proposed preferred plan in its 2022 Annual Update does not differ significantly from the 2021 preferred plan that it presented in its revised Triennial IRP filing on September 22, 2021, specifically the continued plan to retire LEC Unit 4 and the proposed transition to operation of LEC Unit 5 on natural gas, with retirement and transition dates in 2024 rather than 2023. As McPherson BPU raised in Evergy's 2021 Triennial IRP filing, the 2022 Annual Update does not address all transmission service costs associated with the retirement of generating units and the addition of new generating resources as designated resources for network integration transmission service ("NITS").

14. As we are all aware, transmission service costs have significantly increased in SPP over the last decade and continue to increase, and these costs should be an important component of Evergy's IRP analysis. McPherson BPU requested more information in this regard in its response to Evergy's 2021 Triennial IRP filing. In response to McPherson BPU's concerns, Evergy agreed to address this issue in its predetermination docket, a docket which is now closed.¹⁵ As a result of that closure, Evergy, without ever providing any additional information

¹⁴ See Sections 4.1 and 6.2 of 2022 Annual Update Report (public version).

¹⁵ See Docket No. 22-EKCE-141-PRE.

regarding transmission service costs related to generation retirements, identified this concern in its 2022 Annual Filing as “nullified”.¹⁶ Until Evergy has submitted the proposed generator retirements to SPP for evaluation and SPP has completed its study and ascertained both the transmission upgrades necessary to maintain reliability and the costs and timing of the completion of those upgrades, as well as the costs for new generating resources being used as designated resources to replace the retiring units, the true cost of the retirements cannot be known and properly evaluated as part of the IRP process.

15. Taking into consideration the significance of the issues described above, including significant changes in SPP resource adequacy and capacity accreditation methodologies and the impact on those methodologies of fuel supply availability and fuel price volatility, as well as the results of ongoing FERC proceedings related to Winter Storm Uri that will likely impact Evergy’s IRP analysis, it is premature to make decisions regarding retirements and transitions of conventional generating units such as LEC 4 and 5 in the 2022-2025 time period as is indicated in the 2022 Annual Update. Those decisions should be held in abeyance until more information is available and more analysis can be performed, likely for the next triennial IRP analysis.

16. McPherson BPU urges caution in accepting that the retirement of long-standing, fuel-secure, reliable baseload generation is an appropriate solution to ensure reliability based upon the uncertainty that surrounds our industry today.

WHEREFORE, McPherson BPU respectfully submits its concerns to the Commission for their consideration.

¹⁶ See Section 7.6, McPherson BPU 2, p. 106 of the 2022 Annual Update Report (public version).

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CERTIFICATE OF SERVICE CHECK FOR NEW PARTIES

I hereby certify that a copy of the above and foregoing was sent via electronic mail, this 29th day of August, 2022, addressed to:

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