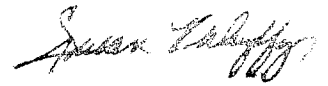


**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

OCT 01 2009



In the Matter of a General Investigation)
Regarding Development of an RFP for a Third-)
Party Provider or Providers of Energy)
Efficiency Program Evaluation, Measurement,)
& Verification Services.)

Docket No. 10-GIMX-013-GIV

COMMENTS OF KANSAS CITY POWER & LIGHT

COMES NOW Kansas City Power & Light Company (“KCP&L”) and pursuant to the Order of the Kansas Corporation Commission (“Commission”) issued on July 8, 2009 (“July 8th Order”) files these Comments on the straw man proposal filed by Commission Staff (“Staff”) on September 1, 2009 (“Straw Man”).

I. BACKGROUND

1. In the Commission’s Order in Docket No. 08-GIMX-442-GIV issued April 13, 2009 (“442 Order”), the Commission indicated it would open this docket to engage in a collaborative process to select a third-party energy efficiency program evaluation, measurement, and verification (“EM&V”) provider(s). In the Commission’s Order opening this docket, the Commission instructed Staff to prepare and file a straw man proposal addressing technical aspects of a request for proposal (“RFP”) and other items identified in the July 8th Order. Staff filed its straw man in this docket on September 1, 2009.

2. Staff’s Straw Man contains the following terms in addition to the RFP specifications:

- (a) All EM&V will be performed by a single provider contracting directly with the Commission;
- (b) EM&V should focus on impact evaluations with the scope of future EM&V evaluations to be determined by the Commission upon review of the first two-year evaluation result;
- (c) Education programs will not be subject to impact evaluations, but will initially undergo process evaluations to determine whether the program is being implemented in an efficient manner;
- (d) Entities which have assisted in developing a utility's energy efficiency ("EE") programs will be disqualified from consideration;
- (e) The provider must be independent from the utility or its affiliates or holding company, and any entity which has conducted EM&V work for a utility or its affiliates or holding company within the last two years will be disqualified from consideration;
- (f) The Commission should reissue an RFP every three years;
- (g) Payment of the EM&V provider:
 - (1) Open a separate docket for the evaluation of each program and charge all expenses related to a program's evaluation to that docket;
 - (2) If a single program is operated by several utilities, open a docket for each utility and bill that utility's portion of the expenses for the program to that docket, or make all utilities operating the program parties to one docket and bill expenses to that docket based on a specific ratio;

- (3) If retainer fees for the EM&V provider are required, open a docket for the purpose of assessing retainer fees and assess the fees to all jurisdictional gas and electric utility companies which have EE programs based on a prorated amount.
- (h) The EM&V provider's evaluation data should be used to construct a Kansas-specific database of EE inputs for use in future benefit-cost analysis.

II. COMMENTS OF KCP&L

3. Single Provider for EM&V. KCP&L is concerned that the Commission will have limited options in selecting a single EM&V provider for all Kansas utilities with demand side management ("DSM") programs. (Straw Man term (a) above). Since the selected EM&V provider cannot have assisted any Kansas utility with program development or have performed prior EM&V for any Kansas utility (Straw Man terms (d) and (e) above), it could be challenging for the Commission to identify a provider that meets this criteria. KCP&L also has concerns whether such a single EM&V provider will possess the necessary competencies to perform evaluations for different types of programs. Various EM&V providers are experienced in evaluating particular program structures while lacking experience in evaluating other types of programs. Based on KCP&L's experience in selecting EM&V providers, it is difficult to find a single EM&V provider proficient at performing EM&V for both energy efficiency and demand response programs.

4. As an alternative, KCP&L proposes the use of a Commission-approved preferred EM&V provider list. The utilities would provide input on which EM&V providers should be on the preferred list and which providers could be used to perform EM&V for a given type of

program or suite of programs. Each utility would then select an EM&V provider based on the utility's specific type of program(s) to be evaluated and the utility meeting the conflict of interest requirements outlined in term (d) above of the Straw Man. The Commission approval of the EM&V provider selected by the utility would be required.

5. Conflict of Interest Requirements. KCP&L agrees with the first conflict of interest requirement which disqualifies an EM&V provider who has assisted in developing a utility's energy efficiency programs (Straw Man term (d) above). However, KCP&L disagrees with the second conflict of interest requirement which disqualifies an EM&V provider who has conducted EM&V work for the utility within the last two years (Straw Man term (e) above). This second conflict of interest requirement will limit the field of preferred EM&V providers and is not a necessary conflict of interest requirement assuming the EM&V provider did not assist in the design of the utility's energy efficiency or demand response programs. This requirement would unnecessarily exclude EM&V vendors that could provide independent and unbiased review of programs. KCP&L recommends that the second conflict of interest requirement be eliminated.

6. Provider Contracted Directly with Commission. If the EM&V provider will be contracted directly with the Commission, as proposed by Staff, KCP&L has concerns regarding (a) input to evaluation results and (b) the control of EM&V provider fees. Given prior experience with EM&V providers, it is often necessary for the provider to make revisions to evaluation reports. In the case of a direct Commission / EM&V provider contract, KCP&L proposes that the EM&V provider should furnish both the utility and Staff with a draft of the evaluation report and allow the utility an appropriate amount of time to provide feedback on the report. Such feedback could be coordinated through Staff but should occur prior to final

submission of the report to the Commission. KCP&L is also interested in what controls the Commission would put in place to keep the EM&V provider from inflating fees paid by utilities if the contract with the EM&V provider is directly with the Commission. As an alternative, assuming a preferred provider list and the proposed conflict of interest rule in place, the utility could contract directly with a Commission-approved EM&V provider(s) from the approved provider list and address these two concerns directly.

7. Focus of Impact Evaluations. The Commission in its Order Following Collaborative on Benefit-Cost Testing and Evaluation, Measurement, and Verification issued April 13, 2009, paragraph 150, determined that EM&V should be focused solely on “impact” evaluation, at least until the first two-year review. Consistent with that finding, Staff proposes only impact evaluations for energy efficiency and demand response programs with only process evaluations required for educational programs. KCP&L’s EM&V provider currently performs both process and impact evaluations for all energy efficiency and demand response programs as both are required by the State of Missouri. These evaluations are performed on a Company-wide basis for those programs effective in both states. Given the additional complexity of KCP&L serving two states, it will likely be cumbersome and expensive to manage KCP&L data on a state-specific basis. KCP&L requests that the Kansas EM&V requirements allow it the flexibility to perform program evaluations on a Company-wide basis. KCP&L also requests that the Commission consider this multi-jurisdictional complexity in the requirements for the EM&V evaluations as KCP&L is currently subject to the requirements of Missouri 4 CSR 240-22.050(9), a copy of which is attached hereto as Exhibit A.

8. Development of Scope of Work. Specification 3 of the RFP states that the EM&V provider “will work with staff to design and implement EM&V of all jurisdictional

utility's energy efficiency programs on a recurring basis." KCP&L believes that the utility should be involved in determining EM&V design and implementation with the vendor and the Staff. Allowing the utility, the vendor, and Staff to work together in the EM&V design and implementation process will likely produce more thorough and meaningful evaluations.

9. Evaluation Standards. Specification 5 of the RFP states that evaluations may deviate from the International Performance Measurement and Verification Protocol ("IPMVP") "if consistent with best practices and deemed appropriate by Utilities Division staff." KCP&L requests the addition of the words "and the utility" to the end of this sentence.

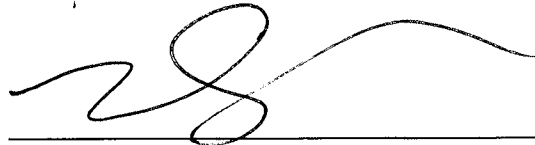
10. Evaluation Guidelines – Use of Primary Data for Peak Demand Programs. Specification 5(A)(5) of the RFP states that primary data such as continuous meter data or spot measurements of peak consumption should be used to estimate gross or net demand savings for the evaluation of programs designed to reduce peak demand. KCP&L disagrees with using primary data and alternatively requests using statistical sampling. As an example, KCP&L would incur a significant expense in gathering primary data for each of its Kansas Energy Optimizer customers, over 16,000 and growing, if the Commission required the use of primary data. The difference in costs between primary data and statistical sampling would be approximately \$2.4 million (primary data) as opposed to \$20,000 (statistical sampling at a 90% confidence level).

11. KCP&L's Current EM&V Contract. KCP&L contracted with Opinion Dynamics Corporation ("ODC") to perform EM&V for DSM programs approved as a result of the Stipulation & Agreement in Docket No. 04-KCPE-1025-GIE ("1025 S&A"). KCP&L worked with ODC to develop evaluation plans and ODC has provided evaluation reports on several of KCP&L's DSM programs. Under the contract, and in compliance with the 1025 S&A, EM&V is

performed two and a half years following the tariff approval date for each program. Since program approval dates are staggered, KCP&L remains under contract with ODC to perform evaluations until fall 2010. ODC did not provide program development work for any of KCP&L's programs. KCP&L requests that it be allowed to fulfill its contract with ODC and complete the remaining evaluations under contract with ODC in the interest of efficiency and cost savings. Any evaluations beyond the existing ODC contract would be subject to the Commission's rules for EM&V as determined in this Docket No. 10-GIMX-013-GIV.

WHEREAS, KCP&L respectfully requests the Commission to adopt KCP&L's proposed modifications and additions to Staff's Straw Man proposal.

Respectfully submitted,



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**COUNSEL FOR KANSAS CITY POWER &
LIGHT**

EXHIBIT A
Missouri 4 CSR 240-22.050(9)

(9) Evaluation of Demand-Side Programs.

The utility shall develop evaluation plans for all demand-side programs that are included in the preferred resource plan selected pursuant to 4 CSR 240-22.070(6). The purpose of these evaluations shall be to develop the information necessary to improve the design of existing and future demand-side programs, and to gather data on the implementation costs and load impacts of programs for use in cost-effectiveness screening and integrated resource analysis.

(A) Process Evaluation. Each demand-side program that is part of the utility's preferred resource plan shall be subjected to an ongoing evaluation process which addresses at least the following questions about program design:

1. What are the primary market imperfections that are common to the target market segment?
2. Is the target market segment appropriately defined or should it be further subdivided or merged with other segments?
3. Does the mix of end-use measures included in the program appropriately reflect the diversity of end-use energy service needs and existing end-use technologies within the target segment?
4. Are the communication channels and delivery mechanisms appropriate for the target segment? and
5. What can be done to more effectively overcome the identified market imperfections and to increase the rate of customer acceptance and implementation of each enduse measure included in the program?

(B) Impact Evaluation. The utility shall develop methods of estimating the actual load impacts of each demand-side program included in the utility's preferred resource plan to a reasonable degree of accuracy.

1. Impact evaluation methods. Comparisons of one (1) or both of the following types shall be used to measure program impacts in a manner that is based on sound statistical principles:

- A. Comparisons of preadoption and postadoption loads of program participants, corrected for the effects of weather and other intertemporal differences; and
- B. Comparisons between program participants' loads and those of an appropriate control group over the same time period.

2. The utility shall develop load-impact measurement protocols that are designed to make the most cost-effective use of the following types of measurements, either individually or in combination: monthly billing data, load research data, end-use load metered data, building and equipment simulation models, and survey

responses or audit data on appliance and equipment type, size and efficiency levels, household or business characteristics, or energy-related building characteristics.

(C) The utility shall develop protocols to collect data regarding demand-side program market potential, participation rates, utility costs, participant costs and total costs.

VERIFICATION

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

The undersigned, Mary Britt Turner, upon oath first duly sworn, states that she is the Director, Regulatory Affairs of Kansas City Power & Light Company, that she has reviewed the foregoing Comments, that she is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of her knowledge and belief.

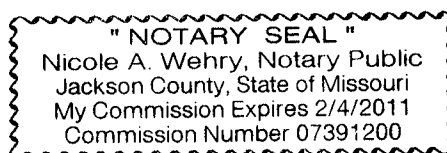
Mary Britt Turner
Mary Britt Turner
Director, Regulatory Affairs
Kansas City Power & Light Company

Subscribed and sworn to before me this 1st day of October, 2009.

Nicole A. Wehry
Notary public

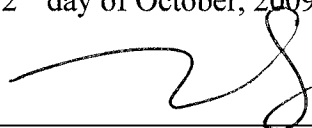
My commission expires:

Feb. 4, 2011



CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing has been mailed, First Class mail, postage prepaid, this 2nd day of October, 2009 to all counsel of record.



Victoria Schatz