2024

Evergy Missouri Metro

EO-2023-0369

Evergy Missouri West

EO-2023-0370

MEEIA Cycle 4 2025-2028 Filing

evergy

MEEIA | Missouri Energy Efficiency Investment Act

4-Year Program Plan: *Continuing Evergy's commitment to energy efficiency and sustainability*

OVERVIEW

12 core **residential** and **business programs**

$29 million in **income-eligible programs**

$38 million in **residential customer incentives**

$12+ million investment in **small businesses and non-profits**

IMPACT

30+ direct jobs expected to be created *(and many more indirect)*

Over **$2.80 in benefits** expected for each $1 spent

300 MW demand savings by year 4

401 GWh annual **energy savings**

Equivalent to:

37,187 homes powered with energy saved annually

1.1 billion Electric vehicle miles driven annually

39 wind turbines producing for 1 year

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8.0 APPENDICES

TERMINOLOGY

AFUDC	Allowance For Funds Used During Construction
ASC	Accounting Standards Codification
DLC	Direct Load Control
DR	Demand Response
DSIM	Demand-Side Investment Mechanism
DSM	Demand-Side Management
EE	Energy Efficiency
EM&V	Evaluation, Measurement and Verification
EO	Earnings Opportunity
FERC	Federal Energy Regulatory Commission
FFO	Funds from Operations
IRP	Integrated Resource Plan
MAP	Maximum Achievable Potential
MARC	MidAmerican Regional Council
MEEIA	Missouri Energy Efficiency Investment Act
MPSC (or Commission)	Missouri Public Service Commission
MO West	Evergy Missouri West, Inc.
MO Metro	Evergy Metro, Inc. Missouri jurisdiction
NPV	Net Present Value
NPVRR	Net Present Value of Revenue Requirement
NTG	Net-to-Gross
PCT	Participant Cost Test
RAP	Realistic Achievable Potential
RIM	Ratepayer Impact Measure Test
SCT	Societal Cost Test
SPP	Southwest Power Pool
TD	Throughput Disincentive
TOU	Time-of-Use
TRC	Total Resource Cost Test
TRM	Technical Resource Manual
UCT	Utility Cost Test
UHI	Urban Heat Island

1.0 EXECUTIVE SUMMARY

While varying industry, policy, government, and technology changes have impacted utility energy efficiency and demand response programs since Evergy's Missouri Energy Efficiency Investment Act (MEEIA) Cycle 3 filing in 2018, it remains clear that Evergy and our customers can still **create great benefits** in partnering through programs to reduce energy and demand. Compared to prior Cycles and recent extensions, Evergy's MEEIA Cycle 4 (2025-2028) filing includes **larger energy and demand savings outcomes** with corresponding increased financial investment. **Using the MEEIA statute framework**, the plan provides a least-cost resource by investing in customers to mitigate their demand and energy. This can occur when aligned with the MEEIA intent to treat demand-side management (DSM) investment equal to other supply-side investments. Moreover, this plan **aligns with Evergy's 2024 Integrated Resource Plan (IRP) preferred plan**. We request that the Missouri Public Service Commission (MPSC or Commission) approve this plan to **start on January 1, 2025,** which allows for a continuous offering of DSM programs to Evergy's customers.

FIGURE 1.1: Summary of Evergy's MEEIA Cycle 4 Four-Year Plan - Combined Jurisdictions (MO Metro & MO West)

Sector	Budget ($MM)	Energy Savings (MWh)	Demand Savings (MW)	Total Resource Cost Test
Residential EE	$39,391,908	66,382	27.9	1.59
Hard-to-Reach Homes EE	$29,623,611	37,998	6.8	0.66
Urban Heat Island (UHI)	$3,065,570	64	**0.01**	0.02
Business EE	$74,394,385	291,735	61.0	2.43
Demand Response	$65,165,537	5,105	620.5	5.87
Pilots	$1,600,000	-	-	-
TOTAL PORTFOLIO	**$213,241,011**	**401,285**	**716.3**	**2.89**

1.1 Overview of Program Benefits for All

Evergy is proposing a robust portfolio of programs for January 1, 2025 through December 31, 2028, by investing $213[1] million to achieve 716 MW[2] of capacity reduction and 401 GWh of first-year energy savings.

- **Customer Bill Savings** – Participating customers will benefit immediately with reduced bills, and all customers will benefit in the long run with lower bills as compared to a more expensive supply-side investment. The proposed DSM portfolio will generate an anticipated $296.7 million[3] in net present value of net benefits for customers.

[1] Includes UHI program budget of $2,564,990 that was previously approved.

[2] 716 MW is the mathematical addition of all the annual MW targets in the MEEIA plan. Due to Business Demand Response having a one-year measure life, the net incremental achieved by year 4 is expected to be 312 MW.

[3] Net Present Value of TRC benefits for the four-year program implementation for both jurisdictions combined.

- **Affordability** – An investment of more than $29 million in income-eligible programs will expand equitable options for all, specifically reducing the burden on families with tight budgets.
- **Portfolio Connectivity Focus** – Engage and connect customers with programs complementary to MEEIA, such as other utility offerings (like time-of-use rates and weatherization) and non-utility options (like federal incentives) to drive savings.
- **Regional Economic Impact** – Local and regional investment spurs economic output from direct jobs delivering DSM programs (30+) to the indirect effect of other contractor, technology, and commercial jobs supporting the clean energy industry.
- **Environmental and Health Benefits** – The societal benefits of reducing energy use can be quantified in terms of emissions reductions and indirect health benefits from better indoor conditions from air quality and home and work environments from energy-efficient equipment.

Evergy is uniquely poised to be in a perfect position with customers in our jurisdictions to guide them through options available to save energy and money that will provide multiple benefits well into the future.

1.2 Consistency with MEEIA Objectives

The proposed portfolio — presented here for both MO Metro and MO West — is consistent with MEEIA and the associated rules of the MPSC.[4] These rules support the state policy to value demand-side investments equal to traditional investments in supply and delivery infrastructure, allow recovery of all reasonable and prudent costs for delivery of cost-effective demand-side programs, and provide guiding principles for filing new programs and reporting.

Alignment of Rules/Statute/Stakeholders/Utility

With guidance from MEEIA, this filing demonstrates our commitment to DSM as a priority, understanding its importance to our customers, the community, stakeholders, and our Company. The proposed plan outlines an implementation plan that will:

- Meet MEEIA's intent by:
  - Promoting energy efficiency and demand response programs in such a way that all customers in a class benefit whether participating or not.
  - Treat DSM investments like supply-side investments with a proposal for a Demand-Side Investment Mechanism (DSIM) that addresses the three cost/financial components.
- Comply with MEEIA rules for applying for and delivering DSM programs by:
  - Adhering to filing and submission requirements 20 CSR 4240 20.093 and 20 CSR 4240 20.094 (see Section 7).
- Work with Stakeholders during the approval process and upon implementation to:

[4] 20 CSR 4240 20.093 and 20 CSR 4240 20.094

- Ensure all customers can participate and benefit from the programs.
- Ensure customers are not burdened by utility investments in DSM.
- Achieve high levels of DSM and strive to move Missouri into a comparable place regarding nationwide energy efficiency gains.
- Develop programs and target sectors based on best practices.
- Provide opportunities to invest in energy efficiency to make businesses more efficient.
- Allow for comprehensive opportunities to invest in energy efficiency while improving appropriate levels of spend.
- Have a clear, achievable business plan of energy efficiency investments that are fair to customers and meet stakeholder objectives.
- Provide demand-side energy solutions that customers value while providing revenue opportunities equal to supply-side investments.

To allow us to accomplish all the above, we request the Commission support the state policy by:

- Providing timely cost recovery.
- Ensuring that utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains utility customer incentives to use energy more efficiently.
- Providing timely earnings opportunities associated with cost-effective, measurable, and verifiable savings.

1.3 Selecting DSM Investment as a Resource in our Preferred Plan

DSM continues to be the right long-term resource for our region. We follow a rigorous process required by IRP Missouri CSR rules to evaluate possible scenarios and resources to meet our customers' demand. As MO Metro and MO West continue to execute their strategies of responsibly meeting current and future customer electricity needs with a diverse resource portfolio, leveraging DSM as a long-term resource becomes increasingly important. The broader energy industry is facing demand that is growing faster than it has in decades, which is causing many utilities to forecast constrained current and future capacity reserve margins. MO Metro and MO West are in a similar position and expect DSM to be an important part of solving for long-term customer electricity needs. In fact, in our most recent 2024 IRP triennial filing, the combined MO Metro and MO West Preferred Plans outline over 1.6 gigawatts of new generation nameplate capacity additions. Absent the incremental DSM that this MEEIA Cycle 4 plan proposes, Evergy's Missouri utilities would need to develop even more supply-side resources than what is outlined in the 2024 IRP Preferred Plans. In this filing, we'll explain the interplay between the MEEIA statute and IRP rules and how we find the right balance in the resource selection process. In summary, the DSM scenarios in the IRP analysis resulted in some key findings that were highlighted in the recent IRP filing:

- The RAP+ DSM plans for MO territories are chosen as opposed to accelerating / increasing near-term renewables, as the RAP+ plans are generally lower cost plans in CO2 scenarios, most gas price scenarios, and mid/high construction cost scenarios.
- Reducing DSM compared to the selected plan (RAP+ vs. RAP) results in increased needs for supply-side investments in the near term (2025-2030) horizon for both MO Metro and MO West.
- In the MO Metro and MO West analysis, MEEIA DSM provides a reduced Net Present Value of Revenue Requirement (NPVRR) of $250 million and $302 million, respectively, and benefits all customers compared to no future DSM.

1.4 Timeline and Considerations for Approval

MEEIA Cycle 3 programs are effective through December 31, 2024, as a result of a second one-year extension approved by the MPSC in November 2023. To provide customers with continuous DSM offerings, we propose that MEEIA Cycle 4 starts January 1, 2025 and run through December 31, 2028. Approval to start on January 1, 2025 follows the MPSC-approved procedural schedule and entertaining a suggested final Order in November 2024.

A seamless transition from one cycle to another offers many benefits, a few among them including:

- Avoids program operations ramp-down and ramp-up that can increase vendor costs, additional marketing communications, and costs related to starts and stops.
- Reduces administrative burdens for Evergy and regulatory agencies related to gaps and handling close out and start-up of new cycles.
- Allows customers uninterrupted programs, thereby continuing to build trust in utility energy offerings.

2.0 PLAN OVERVIEW

Our DSM program portfolio is MEEIA statute and rule-compliant because it offers benefits to all customers in a class regardless of whether the programs are utilized by all customers in that class.

- The IRP selects the level of demand-side resources using the minimization of NPVRR as the primary selection criteria.
- The portfolio and each individual program (excluding Hard-to-Reach Homes[5], Urban Heat Island Mitigation, Education, and Pilot programs) pass the total resource cost (TRC) test prescribed by the MEEIA and IRP rules.
- The demand-side portfolio is evaluated on an equivalent basis compared to supply-side and renewable resources.
- The diversity of offerings gives all customers the opportunity and option to participate.
- Viewing programs through the lenses of cost-effectiveness metrics allows all customers to understand that our DSM investment is beneficial to them.

2.0 DSM History

Our history of implementing DSM programs began with various demand reduction and pricing programs throughout the 1990s — and most notably increased with the adoption of the Comprehensive Energy Plan in 2005.

The 2009 passage of MEEIA and associated regulations put into place in 2011 enabled Evergy to begin offering programs starting with Cycle 1 in 2013. Evergy completed its MEEIA Cycle 1 on December 31, 2015, completed its MEEIA Cycle 2 on December 31, 2019, and is currently in the fifth program year (2024) of MEEIA Cycle 3. This report addresses Cycle 4, a proposed four-year plan through December 2028.

As shown in Figure 2.1, Evergy has invested $329 million in DSM programs under MEEIA through 2022, with another $58 million total approved for 2023-24.

[5] Hard-to-Reach Homes target single family and multi-family residential customers that meet income requirements. Low-income customers are 200% or below the Federal poverty level, and moderate-income customers are between 201% and 300% of the Federal poverty level.

FIGURE 2.1: Historic DSM Program Summary (as reported in final EM&V reports)

	Timeframe	Investment (program costs)	Energy Savings (first-year incremental)	Demand Savings (first-year incremental)
Cycle 1	Ended 12/31/15 (Metro: 18 months, West: 36 months)	$107.1 M	403,404 MWh	122.6 MW
Cycle 2	Ended 12/31/19 (45 months)	$136.8 M	641,143 MWh	328.6 MW
Cycle 3	1/1/20 to 12/31/22 (36 months)	$85.1 M	384,766 MWh	303.6 MW
Total		**$329.0 M**	**1,429,314 MWh**	**754.8 MW**
Cycle 3, PY 4 Extension (as approved)	1/1/23 to 12/31/23	$29.03 M	89,119 MWh	102.5 MW
Cycle 3, PY 5 Extension (as approved)	1/1/24 to 12/31/24	$29.04 M	73,062 MWh	95.3 MW
Cycle 4 proposed	1/1/25 to 12/31/28 (48 months)	$213.2 M	401,285 MWh	716.3 MW

DSM has continually evolved since MEEIA Cycle 1 offerings in 2013. With these and other changes, our ability to further DSM and provide value to customers has increased.

2.1 Market Potential and DSM Targets

DSM targets for participation, savings, and spending are triangulated on three primary inputs:

- **DSM Market Potential Study.** Applied Energy Group conducted a market potential study to support the 2023 IRP and MEEIA Cycle 4, specifically to satisfy the demand-side analysis requirements of the Missouri resource planning regulations. The study evaluated electric energy efficiency, demand response, and demand-side rate potential and developed IRP bundles to support the 2023 IRP. We facilitated a series of workshops with Missouri stakeholders to solicit feedback on key deliverables throughout the study. The full report is available in Appendix 8.8.
- **IRP Preferred Resource Plan.** In our 2024 IRP, the realistic achievable potential (RAP) plus scenario was selected for inclusion. The preferred plan provides the most value for customers because it shows a sustainable plan to implement demand-side programs in the short- and long-term compared to supply-side resources on an equivalent basis. The IRP analysis demonstrates the net revenue requirement with MEEIA Cycle 4 level of DSM is reduced compared to a plan without DSM programs.
- **Experience with MEEIA DSM Programs.** With several Evaluation, Measurement, & Verification (EM&V) processes completed, we've gleaned many insights into what makes programs run well and how various attributes can drive participation. For example, we've continuously gained valuable knowledge about the market opportunity for residential heating and cooling equipment with customer sensitivities to price and contractor engagement driving participation levels. We understand the expected turnover of the HVAC stock in our territory due to age and efficiency levels and have incorporated these insights into expectations for

participation. Evergy will continue to develop EM&V plans and conduct studies to inform future programs.

In addition to these three key items, we gain insights from benchmarking against Evergy's historical DSM spending and nationwide utility targets. The spend and savings levels for MEEIA Cycle 4 place it in good standing among our peer group.

Our planned DSM cumulative MEEIA 4 savings achieved as a percent of retail sales is approximately 2.13% and 2.25% for MO Metro and MO West, respectively. Our planned savings and budgets represent growth in DSM investment levels through the scaling of programs and an increase of program choices based on an increasing avoided cost environment compared to previous cycles.

2.2 Avoided Costs

In the development of any DSM portfolio, avoided costs are a key input into the calculation of program benefits and, ultimately, in the benefit-cost analysis (cost-effectiveness) in the California Standard Practice Manual tests. Avoided costs can be broken down into multiple components to help determine the value or benefit of a kW or kWh saved. A higher-level breakout of avoided costs is splitting the value into avoided energy costs (expressed in $/kWh) and avoided capacity costs (usually expressed in $/kW-yr). In this case, avoided capacity costs used by Evergy can be broken down into avoided generation capacity and Southwest Power Pool (SPP) fees.

For this filing, Evergy utilized the following methodologies to attribute avoided costs to the various components:

- **Avoided energy costs ($/kWh):** Evergy's avoided energy costs are aligned with the energy prices used in its 2024 IRP. As Metro[6] and MO West's DSM programs reduce energy, the load quantities purchased at the applicable SPP settlement nodes are also reduced. Evergy averages the IRP's projected hourly MO Metro and MO West load settlement prices for each year 2025-2043 to come up with an average annual dollar per megawatt-hour for avoided energy cost.
- **Avoided generation capacity costs ($/kW-yr):** Evergy developed a specific model of expected costs to meet additional capacity needs in the 20-year horizon. There are two main components to the avoided capacity cost model: 1) annual capacity reserve margin (forecasted MW position) and 2) estimated annual capacity costs. Both components are calculated with inputs directly aligned with Evergy's 2024 IRP modeling assumptions. Evergy factors in short-term "market" capacity costs and the cost of building new generation (commonly referred to as cost-of-new-entry or CONE), depending on resource plans and load forecasts, consistent with Evergy's 2024 IRP.
- **Avoided SPP fees ($/kW-yr):** Evergy utilized calculations of reduction of SPP transmission-related fees associated with peak and energy reduction as a result of reduction in demand

[6] The IRP Metro refers to Evergy's Kansas and Missouri jurisdictions.

across Evergy. The fees associated with three SPP schedules will be reduced and can be calculated with reductions in MWs and MWhs resulting from the implementation of the proposed MEEIA programs. More details can be found in Evergy's workpapers.

2.3 Cost-Effectiveness

Designing cost-effective programs is essential to capturing the long-term resource potential. A program is cost-effective if the total value of all future benefits is greater than the investment costs. Five industry standard cost-effectiveness tests — the TRC, utility cost test (UCT), participant cost test (PCT), ratepayer impact measure test (RIM), and societal cost test (SCT) — gauge the economic merits of DSM measures, programs, or portfolios. Each test uses unique perspectives and definitions to compare the benefits of the DSM activities to costs in terms of the net present value (NPV) of future cash flows.

MEEIA prescribes that "[t]he commission shall consider the total resource cost test a preferred cost-effectiveness test."[7] However, it notes the exception is "[p]rograms targeted to low-income customers or general education campaigns do not need to meet a cost-effectiveness test… ."

The IRP rules also stipulate that the TRC test "…shall be used to evaluate the cost-effectiveness… of energy efficiency programs — and require the calculation of the UCT test solely "…for purposes of comparison."[8] The IRP further evaluates and compares demand-side programs on an equivalent basis to supply-side and renewable resources. It does this by using the minimization of the NPV of long-run utility costs as the primary selection criteria, which serves the public interest and results in efficient and reasonable rates. These cost-effectiveness metrics — in concert with the rigor of the IRP minimization of NPVRR — demonstrate how all customers save money in the long run by investing in energy efficiency as opposed to other supply-side resource choices necessary in the future to meet electricity demand.

Sector-level and portfolio-level cost-effectiveness results are presented in Figure 2.2 (combined for MO Metro and MO West). Detailed program-level results by jurisdiction are available in Appendix 8.1.

FIGURE 2.2: Portfolio and Sector TRC Cost Effectiveness of Evergy's MEEIA Cycle 4 Plan

Sector	MO Metro	MO West	Combined
Residential EE	1.47	1.69	1.59
Hard-to-Reach Homes EE	0.54	0.95	0.66
Urban Heat Island (UHI)	0.02	n/a	0.02
Business EE	2.31	2.54	2.43
Demand Response	5.32	6.31	5.87
Pilots	-	-	-
TOTAL PORTFOLIO	**2.46**	**3.32**	**2.89**

[7] Section 393.1075.11, RSMo 2016

[8] 4 CSR 240-22.050(5)

2.4 New Attributes this Cycle

We help customers manage their energy and demand consumption through a balanced and diversified portfolio of cost-effective DSM programs — promoted through multiple distribution channels to customers from a broad range of socio-economic and geographic backgrounds within our service territory. Our DSM proposal offers a strong, diverse portfolio of new and existing programs that provide savings opportunities for all customer classes.

Best practices and knowledge earned over decades is a strong foundation for developing innovative, effective programs. We've made improvements based on customer feedback, EM&V results, potential studies, secondary evaluations and research, baseline changes, program processes, and stakeholder input.

MEEIA Cycle 4 proposed adjustments:

- **We've reorganized the programs and components to streamline the incentive opportunities by the target market.** The portfolio structure is grounded in the preceding years' most successful approaches and modified to improve the overall customer experience, simplify processes, and increase customer awareness.
- **We're focused on the most cost-effective programs to maximize savings and benefits while keeping energy prices affordable.** This balanced plan allows us to meet challenging goals and manage bill impacts at a time when costs are rising and energy-saving impacts are decreasing in certain technologies. We recognize our responsibility to be vigilant stewards of ratepayer funds and ensure programs are cost-competitive and highly effective.
- **We're supporting a wide range of choices to meet different customer needs and interests.** The portfolio includes new programs, components, products, and pilots with an expansion of customer-preferred products to provide a broad, comprehensive portfolio to all customer types.

3.0 PROGRAM PORTFOLIO DETAILS

Evergy is committed to providing innovative, accessible, and effective solutions to help our customers use less energy and save more. The primary objectives that shaped our design of the proposed MEEIA Cycle 4 DSM Portfolio underscore that commitment:

- Create programs that benefit all by satisfying the TRC test cost-effectiveness criterion by maintaining a benefit-to-cost ratio greater than 1.0 at the portfolio- and program levels, except for the Hard-to-Reach Homes and Pilots programs.
- Maintain linkage to the IRP by providing low-cost capacity reductions that require less capital outlay than traditional supply-side resources to provide grid relief at peak system times.
- Increase customer satisfaction by delivering DSM programs that provide a positive experience and highlight our brand.
- Provide DSM program offerings appropriate for the unique service territories — considering climate, culture, and market conditions — while providing consistency for all customers.

This section outlines energy efficiency and demand response programs for both residential and business customers — and offers a brief look at potential new, innovative programs. We also discuss our marketing approach to provide insight into how we plan to build awareness, educate, and engage customers with DSM offerings.

3.1 Highlights of MEEIA Cycle 4 Programs

As mentioned above, Evergy is proposing a step-change in investment in MEEIA Cycle 4 in our DSM programs. That incremental investment will provide increased savings and demand relative to prior years and will do that cost-effectively in today's environment. Figure 3.1 presents the proposed MEEIA Cycle 4 portfolio and program budgets, net energy savings, and net demand savings (combined for MO West and MO Metro). Figure 3.2 presents the MEEIA Cycle 4 Plan cost-effectiveness (combined for MO Metro and MO West).

FIGURE 3.1: Evergy MEEIA Cycle 4 Plan – Program Details 2024-2028

Sector	Program	MWh Savings	Peak MW Savings	Budget
Residential EE	Whole Home Efficiency Program	66,382	27.9	$36,931,908
	Home Energy Education Program	-	-	$2,460,000
Hard-to-Reach EE	Income Eligible Program	37,998	6.8	$27,163,611
	Hard-to-Reach Energy Education Program	-	-	$2,460,000
Business EE	Whole Business Efficiency Program	248,552	54.7	$55,928,028
	Hard-to-Reach Businesses Program	43,183	6.3	$12,816,730
	Business Energy Education Program	-	-	$5,649,627
Demand Response	Home Demand Response Program	1,399	94.5	$26,219,909
	Business Demand Response Program	3,706	526.0	$38,145,628
	Demand Response Energy Education Program	-	-	$800,000
UHI Mitigation	Urban Heat Island (UHI) Mitigation Program	64	0.0	$3,065,570*
Pilots	Pilots Program	-	-	$1,600,000
	Total	**401,285**	**716.3**	**$213,241,011***

* UHI previously approved in Cycle 3 PY5 extension for $2,564,990 thru 2027 (net new ask of $500,580)

FIGURE 3.2: Evergy MEEIA Cycle 4 Plan –Cost-Effectiveness 2024-2028

Sector	Program	TRC	UCT	RIM	SCT	PCT
Residential EE	Whole Home Efficiency Program	1.59	1.49	0.56	1.88	3.11
	Home Energy Education Program	-	-	-	-	-
Hard-to-Reach EE	Income Eligible Program	0.66	0.78	0.32	0.82	2.27
	Hard-to-Reach Energy Education Program	-	-	-	-	-
Business EE	Whole Business Efficiency Program	2.52	3.03	0.66	3.10	4.14
	Hard-to-Reach Businesses Program	1.96	1.66	0.48	2.36	5.72
	Business Energy Education Program	-	-	-	-	33.31
Demand Response	Home Demand Response Program	6.39	6.01	5.67	7.39	1.37
	Business Demand Response Program	5.49	4.00	3.70	5.54	2.10
	Demand Response Energy Education Program	-	-	-	-	-
UHI Mitigation	Urban Heat Island (UHI) Mitigation Program	0.02	0.01	0.01	0.02	10.91
Pilots	Pilots Program	-	-	-	-	-
	Total	**2.89**	**2.71**	**1.05**	**3.31**	**3.43**

3.2 Residential Energy Efficiency Programs

Our strong portfolio of residential energy efficiency programs incentivizes customers to incorporate energy efficiency into their homes and provides access to information about how to lower energy costs. The portfolio provides customized solutions that resonate with all residential customers to drive holistic energy savings.

Our residential programs build on the success of proven, traditional energy efficiency concepts and programs — which we continue to grow strategically based on lessons learned in delivering highly impactful and effective solutions into the marketplace. At its core, our suite of offerings

provides education, awareness, and financial incentives to offset the cost of energy-efficient products and solutions. We'll continue to leverage relationships and strategies to deliver cost-effective options, such as options that:

- Advance energy efficient product customer adoption.
- Promote high-impact energy saving technologies, such as heating and cooling equipment, through a network of authorized and trained professionals (trade allies).
- Deliver and/or install products as an entry to educating customers on energy efficiency.
- Co-deliver, partner, and collaborate to reach customers in the most cost-effective way, including but not limited to coordination of energy saving products/equipment with gas utilities and other stakeholders with similar interests.

Evergy proposes two residential Energy Efficiency programs – Whole Home Efficiency Program and Home Energy Education.

Whole Home Efficiency Program. The Whole Home Efficiency Program provides multiple components that focus on energy efficiency in single family and multi-family residences. The program is designed to improve equipment efficiency, home comfort, and customer awareness. Evergy proposes five components, described below:

- **Home Products** provides customers with an instant incentive for the purchase of qualified high-efficiency products – either through an online marketplace or a retail brick-and-mortar store. Incentives will vary depending upon the products; products with a larger incentive ($50+) will be handled in a post-purchase application process. Products may include, but not be limited to, smart thermostats, smart power strips, appliances, and other products.
- **Appliance Recycling.** Evergy will hold events in which residential customers may turn in their old inefficient appliances, such as refrigerators, freezers, room air conditioners, and dehumidifiers, to dispose of them in an environmentally safe and responsible manner.
- **Home Comfort** will consist of two offerings:
    - ***Insulation and Air Sealing Rebates*** will provide incentives for installing home envelope and weatherization measures, such as insulation and air sealing. Customers must receive an energy audit by an authorized trade ally.
    - ***HVAC Rebates*** will provide equipment rebates for qualifying HVAC equipment, heat pump water heaters, duct efficiency improvements, and HVAC tune-ups performed by an authorized trade ally.
- **Single Family New Construction** encourages energy-efficient single family new construction by offering rebates to builders to offset the cost difference between an inefficient and an efficient home.
- **Multi-Family New Construction** encourages energy-efficient multi-family new construction by offering rebates to builders to offset the cost difference between an inefficient and an efficient building.

Home Energy Education Program. The Home Energy Education Program is designed to educate customers about energy efficiency and influence customer's energy behaviors. Evergy proposes three components, described below:

- **Building Codes Training** will utilize a building codes professional to provide current building code requirement training to our local builder network. This will be especially important as we establish building code levels as baselines for the greater efficiencies of our new construction program to ensure proper building standards are being met with increased levels of efficiency, going above the codes standards.
- **Market Influencer Training and Outreach** will be offered to increase awareness of the advantages of energy efficiency and our rebates offered for new construction, rehab, and retrofit projects. Market influencers may include, but are not limited to: multi-family building designers and engineering agencies, home builders/developers, realtors, and local distributors and contractors that sell the equipment and install the equipment in customer homes.
- **Customer Education** will be deployed to increase awareness of the benefits of energy efficiency and the resources, measures, and tools available to help customers begin or continue their energy efficiency journey. Through this educational communication, Evergy will speak to a variety of customer demographics with messaging and offerings that meet them where they are on their path to becoming more energy efficient. Outreach for education will heavily emphasize the promotion of our digital tools, which often serve as an entry point for customers to energy efficiency tips tailored to their lifestyle and home profile.
    - Home Products will have an educational component for retailer sales staff, including Point-of-Purchase materials (hang tags, posters) and QR codes for post-purchase installation incentive opportunities for larger rebate items.
    - Appliance Recycling will have an educational component informing customers about the benefits of recycling their inefficient appliances and environmentally responsible disposal.
    - Home Comfort will have an educational component informing customers about the benefits of improved insulation, air sealing, and HVAC efficiency.
    - Single Family and Multi-Family New Construction will include partnerships with builders, developers, and raters. Partnerships will be developed via education and training seminars, presentations at Home Builder Association meetings, and other informational events.
    - Additional customer education strategy and details can be found in Section 3.8.

3.3 Hard-to-Reach Programs

Our hard-to-reach programs encourage income-eligible customers to incorporate energy efficiency into their homes and increase access to information about how to lower energy costs.

The portfolio provides customized solutions that resonate with all residential customers to drive holistic energy savings.

At its core, our suite of offerings provides education, awareness, and financial incentives to offset the cost of energy-efficient products and solutions. We'll continue to leverage relationships and strategies to deliver cost-effective options, such as options that:

- Advance energy-efficient product customer adoption.
- Deliver and/or install products as an entry to educating customers on energy efficiency.
- Provide enhanced rebates and on-bill financing to moderate income customers.
- Co-deliver, partner, and collaborate to reach customers in the most cost-effective way, including but not limited to coordination of energy-saving products/equipment with gas utilities and other stakeholders with similar interests.

Evergy proposes two hard-to-reach programs – Income Eligible Program and Hard-to-Reach Energy Education.

Income Eligible Program. The Income Eligible Program provides multiple components that focus on delivering long-term energy savings and bill reductions to income-eligible single family and multi-family customers. Evergy will utilize data analytics and internal data billing information to assess the expected and actual effect of the program on these customers ability to pay their bills and avoid disconnections.

Evergy proposes seven components, described below:

- **Low Income Single Family.** Evergy will work with Missouri Community Action Agencies' deferred customers to remove barriers to proceed through the standard Weatherization Assistance Program for home efficiency improvements. The barriers vary by home but may include foundation issues, roof repairs, mold mitigation, etc. Evergy will also offer a neighborhood-based support approach, offering targeted efforts to most of-need neighborhoods.
- **Low Income Multi-Family** promotes efficiency improvements to housing units and common areas for low-income multi-family properties. Eligible customers will receive a free assessment, direct installation of energy savings measures at no cost, and a personalized report with recommended energy efficiency upgrades. Recommendations from the assessments aim to provide direct install measures in housing units and common areas. Prescriptive and custom incentives are available for in-unit and building upgrades.
- **Moderate Income Single Family** promotes efficiency improvements to moderate-income single family customer homes. Customers are eligible for enhanced rebates for HVAC, home envelope, and weatherization, as well as on-bill financing (as a transition from PAYS® program in MEEIA Cycle 3) provided by Evergy to cover a portion or the entire cost of equipment and installation after the rebates have been applied. The on-bill financed amount is determined based on the level of project cost-effectiveness (net positive bill impact).

- **Energy Savings Kits & Assessments.** Customers receive a free home energy assessment, direct installation of energy savings measures at no cost, and personalized recommendations for energy efficiency upgrades. School kits and educational curriculum will also be distributed at schools located in low-income areas.
- **Enhanced Home Products.** Income-eligible customers will receive free high-efficiency products through a tailored online hub. Products may include, but are not limited to, smart thermostats, smart power strips, appliances, weatherization items, and other products.
- **Income Eligible Single Family New Construction** encourages low-income single family builders to build more energy-efficient homes. Customers and/or builders will develop a customized new construction package by selecting any combination of eligible measures. Evergy will cover approximately 100% of the incremental cost of the measures. Single family customers must elect an eligible high-efficiency HVAC unit and building shell measure to qualify for the incentive.
- **Income Eligible Multi-Family New Construction** encourages energy-efficient low-income multi-family new construction by offering rebates to offset the cost difference between an inefficient and an efficient building.

Hard-to-Reach Energy Education Program. The Hard-to-Reach Energy Education Program is designed to educate customers about energy efficiency and influence customer's energy behaviors through education. Evergy proposes three components, described below:

- **KC-LILAC (Kansas City – Low Income Leadership Assistance Collaborative)** is designed to bring together local support resources/agencies/associations/corporations, etc., to offer the best and most comprehensive services and support to our area's low-income customers. The premise is to offer support in three primary areas; energy efficiency, healthy homes, and structural repairs/integrity.
- **Market Influencer Training & Outreach** will increase awareness of the advantages of energy efficiency and Evergy's available rebates for new construction, rehab, and retrofit projects. Market influencers may include, but are not limited to: multi-family building designers and engineering agencies, home builders/developers, realtors, and local distributors and contractors who sell the equipment and install the equipment in customers' homes.
- **Customer Education** will be deployed to promote the program components to low-income customers and contractors. Evergy will leverage its online energy analyzer tool and marketing efforts to increase customer awareness, including, but not limited to, bill inserts, email blasts, bill messaging, newspaper advertisements, community events, bill boards, and internet placement.
    - Low Income Single-Family will have an educational component to help customers understand the value of energy efficiency and the program's ability to fix home issues to move forward with energy efficiency upgrades.
    - Low Income Multi-Family will have an educational component for property management and owners.

- Moderate Income Single Family will require contractor and moderate-income customer education with energy efficiency and the value of financing through the utility.
- Energy Savings Kits & Assessments will have an educational component to help customers understand the value of having an energy efficiency professional assess an existing home's efficiency conditions and offer recommendations for improvements with a leave-behind educational report of findings and programs available to support the upgrade.
- Enhanced Home Products will have an educational component with correspondence during the offers made available through an online hub.
- Low Income Single-Family and Multi-Family New Construction will include partnerships with builders, developers, and raters. Partnerships will be created via education, training seminars, and other informational events as appropriate.
- Additional customer education strategy and details can be found in Section 3.8.

3.4 Business Energy Efficiency Programs

Our business energy efficiency portfolio provides customers with increased awareness and understanding of how they use energy. We're moving forward with expanded and streamlined offerings that strengthen the focus on energy education and deliver solutions that align with our customer's business needs while driving long-term energy savings.

We'll address marketplace barriers with:

- A concierge-customer driven approach
- Benchmarking and energy usage to identify savings opportunities
- Targeted vertical segments
- Initiatives to connect businesses with design professionals, engineers, and trade allies
- Simplified application intake portals and market-facing calculators
- Energy efficiency project finance options for customers
- An improved overall customer experience and program process journey
- Grassroots energy market development

Evergy proposes three business programs – Whole Business Efficiency, Hard-to-Reach Businesses, and Business Energy Education.

Whole Business Efficiency Program. The Whole Business Efficiency Program promotes strong businesses and economic development by improving operational efficiency and new construction practices with equipment rebates on diverse measures. The program will consist of five components.

- **Business Comfort.** Measures include heating, ventilation, and air conditioning measures, HVAC maintenance, insulation, and air sealing improvements.

- **Business Products.** Includes rebates for efficient lighting, smart thermostats, control equipment, and other products.
- **Business Operational**. Measures include refrigeration, food service equipment, ventilation, laundry, or other mechanical upgrades to save on energy costs. This includes retro-commissioning, which incentivizes operations and maintenance measures identified through a study.
- **Business Custom.** Incentivizes qualifying efficient equipment that may not be eligible for a standard rebate through the Business Comfort, Products, or Operational components.
- **New Construction.** Includes incentives for early design assistance and qualifying complex or unique new construction projects. Custom rebates are determined on a $/kW or $/kWh basis for incremental savings above the building code.

The rebates will either be standard or custom.

Standard rebates are fixed incentives for technologies with known performance characteristics readily available in the marketplace. These technologies may include lighting, HVAC, refrigeration, water heating, operational efficiency, and food preparation technologies. The Business Comfort, Products, and Operational components will offer standard rebates. To participate, customers select energy-efficient equipment from a pre-qualified list, purchase and install the equipment, and submit a rebate application. Rebates will be issued to participants upon receipt and review of the rebate application.

Custom rebates are variable incentives for qualifying projects that do not qualify for a standard rebate. The Business Custom and New Construction components will offer custom rebates. Projects must be pre-approved before equipment is purchased and installed. To be pre-approved, the project must have a Total Resource Cost Test benefit-cost ratio of at least 1.0. Once pre-approved, the customer purchases and installs the approved equipment and submits a rebate application. Rebates will be issued to participants upon receipt and review of the rebate application.

Total rebates per program year are limited to $1,000,000 per customer. Multiple rebate applications for different measures may be submitted.

Hard-to-Reach Businesses Program. The Hard-to-Reach Businesses Program will provide targeted energy efficiency opportunities and enhanced incentives to small businesses and non-profit customers. Evergy proposes seven components, described below:

- **Enhanced Business Comfort.** Enhanced incentives[9] for HVAC equipment, HVAC maintenance, insulation, and air sealing improvements.
- **Enhanced Business Products.** Enhanced incentives for efficient lighting, smart thermostats, control equipment, and other products.

[9] Enhanced Whole Business Efficiency Program incentives

- **Enhanced Business Operational.** Enhanced incentives for refrigeration, food service equipment, ventilation, laundry, or other mechanical upgrades to save on energy costs.
- **Enhanced Business Custom.** Enhanced incentives for qualifying efficient equipment that is not eligible for a standard rebate through the Enhanced Business Comfort, Products, or Operational components.
- **Virtual Energy Management** will offer customers a subscription-based energy management platform to improve and automate commercial facility systems operations. Evergy will pay for the platform subscription and provide educational workshops.
- **Social Services** will offer individual energy efficiency support for non-profit organizations. Support will consist of:
    - *Assessment.* An in-person energy assessment with a customized report and one-on-one assistance until an energy efficiency project is completed.
    - *Direct Installation* of free measures, such as LED lighting upgrades, low-flow showerheads/aerators, and smart power strips. Depending on building type and need, may provide free insulation, air sealing, and HVAC maintenance.
    - *Enhanced rebates* to cover approximately 100% of the incremental cost of energy-efficient measures.
- **No Cost Energy Assessment and Free Energy Savings Kit** will offer customers an energy assessment to identify potential energy savings and incentives covering up to 100% of eligible measure equipment and installation costs. Eligible measures may include, but are not limited to, LED lighting upgrades, low-flow showerheads/aerators, smart power strips, pre-rinse spray valves, and pipe insulation.

Business Energy Education Program. The Business Energy Education Program is designed to educate customers about energy efficiency and influence customer's energy behaviors through education. Evergy proposes five components, described below:

- **Building Operator Certification** will utilize the Building Operator Certification® training and certification program for building engineers and maintenance personnel. Courses will include Level I (Building Systems Maintenance) and Level II (Improving Building Operational Performance). These courses help operators find practical, low-cost, and no-cost efficiency solutions by working with existing systems. The classes also show building personnel how to create a preventive maintenance program that improves the building environment and prolongs equipment life. Finally, these courses lead seamlessly into participating in other Evergy programs that influence facility managers to take action in energy conservation.
- **Local Business Energy Benchmarking.** Evergy will provide local businesses with business energy usage benchmarking, both singular entities and at the aggregate level, as requested.
- **Building Codes Training** will utilize a building codes professional to provide current building code requirement training to our local builder network. This will be especially important as we establish these building code levels as baselines for the greater efficiencies our new

construction program encourages to ensure proper building standards are being met with increased levels of efficiency.

- **Market Influencer Training & Outreach** will be offered to increase awareness of the advantages of energy efficiency and our rebates offered for new construction, rehab, and retrofit projects. Market influencers may include building designers and engineering agencies, builders/developers, local distributors, and contractors who sell and install the equipment.
- **Customer Education** will be deployed to promote the program components to customers and contractors. Evergy will leverage its online energy analyzer tool and marketing efforts to increase customer awareness. Marketing efforts may include, but not be limited to, bill inserts, email blasts, newspaper advertisements, trade publications, billboards, and internet placement. Additional customer education strategy and details can be found in Section 3.8.
    - *Education.* Train and educate contractors on how to effectively sell the program to customers.
    - *Trade Associations.* Businesses rely on trade associations to represent the industry's best interests in lobbying, growth, and identification of business opportunities. Evergy will coordinate with specific associations to highlight suitable program offerings.
    - *Highlight Successful Projects.* Evergy will select projects to display the process and benefits of the program. This type of marketing will spur the customer's competitors to improve building performance and increase business process efficiency.

3.5 Urban Heat Island Mitigation Program

Evergy will offer an Urban Heat Island (UHI) Mitigation Program to drive energy use reduction and mitigate the urban heat island effect in Kansas City. Evergy began working with the MidAmerican Regional Council (MARC) to understand how its MEEIA programs could aid in mitigating urban heat island (UHI) effects. These efforts include:

- In 2021, a UHI Mapping Campaign was completed in partnership with Evergy, MARC, Kansas City, Missouri Office of Environmental Quality, and the University of Missouri-Kansas City.
- Evergy assembled and hosted four local stakeholder collaborative sessions to discuss UHI initiatives.
- Evergy identified energy-efficient and demand-reducing measures that would most impact UHI.
- In 2023, MARC completed a Kansas City UHI analysis and mitigation proposal for the Kansas City Independence Avenue Corridor, home to 11,000 homes and 31,300 residents. MARC outlined a tree cover mitigation strategy that Evergy will begin undertaking to increase the number of trees in that area.

The initial program included in MEEIA Cycle 4 will be available to private and municipal landowners with property in the KC Independence Ave Corridor, with possible expansion to other KC metro areas. Evergy and its partners will engage with neighborhood leaders and residents about program design elements and subsequent implementation and evaluation strategies. The

program was approved with a four-year term in the 2024 Evergy MEEIA Stipulation & Agreement,[10] resulting in only the final year in the proposed four-year MEEIA Cycle 4 term as net new with an additional net new budget of $500,580.

3.6 Demand Response

We see significant value in managing our customers' peak demand in pursuit of that goal. The demand response (DR) programs we are proposing for MEEIA Cycle 4 are very similar to MEEIA Cycle 3 programs, with a few distinctions.

- Home Demand Response and Business Smart Thermostat will continue to include incredibly successful thermostat programs. We will also explore additional demand reduction through alternate direct load control (DLC) sources such as water heaters.
- Business Demand Response will continue to be the largest share of load reduction. We'll explore adjusting customer offers to drive the highest level of customer participation.

Evergy proposes three demand response programs – Home Demand Response Program, Business Demand Response Program, and Demand Response Energy Education Program.

Home Demand Response Program. The Home Demand Response Program is designed to reduce participant load during peak periods to improve system reliability, offset forecasted system peaks that could result in future generation capacity, and/or provide a more economical option to generation or purchasing in the wholesale market. The program will be available to all residential customers with qualifying DLC devices, a secure home wi-fi enabled internet service, and a working central air conditioning system or heat pump. Qualifying DLC devices may include, but not be limited to, smart thermostats and advanced water heater controllers.

Business Demand Response Program. The Business Demand Response Program is designed to reduce participant load during peak periods to improve system reliability, offset forecasted system peaks that could result in future generation capacity, and/or provide a more economical option to generation or purchasing in the wholesale market.

Evergy proposes three components, described below:

- **Small Medium Business Smart Thermostat.** The program will be available to all business customers with qualifying thermostat devices, a secure wi-fi enabled internet service, and a working air conditioning system or heat pump.
- **Curtailment Agreements.** Evergy will enter into load curtailment agreements with eligible customers and/or retail aggregators to reduce load during peak times and receive a monetary incentive based on delivered performance. This component will be the largest and have the most significant impact on the Business DR program.
- **Advanced Demand Response.** Similar to curtailment agreements, Evergy will enter into load curtailment agreements with eligible customers and/or retail aggregators to reduce load

[10] EO-2019-0132 – Evergy MEEIA Cycle 3 PY5 Stipulation and Agreement – approved Nov 16, 2023 - Paragraph 4.

during peak times and receive a monetary incentive based on delivered performance. Evergy will connect with these participants via an application programming interface or Open ADR to directly control load during an event.

Demand Response Energy Education Program. The Demand Response Energy Education Program is designed to inform and educate customers on the value proposition of demand response as a resource. Education will emphasize the following areas:

- **Distributed Energy Resources Training and Education** will provide customers the opportunity to learn more about distributed energy resources within their homes, how these devices offer energy savings to their homes, and the potential to improve utilization of the electric grid.
- **Market Actor Training and Outreach** will be offered to increase trade allies' awareness of the advantages of demand response as a resource and the Company's incentive program for eligible customers in Evergy's service territory. Market influencers may include, but are not limited to: mechanical and controls contractors, architects and engineers, retail aggregators, OEM manufacturers, and local distributors and contractors that sell the equipment and install the equipment in customer homes and facilities.
- **Customer Education** will be deployed to increase awareness of the benefits of demand response and tools available to help customers begin or continue their load flexibility journey. Through this educational communication, Evergy will speak to a variety of customer demographics with messaging and offerings that meet them where they are on their path to becoming more energy efficient. Additional customer education strategy and details can be found in Section 3.8.

3.7 Pilot Programs

Technology and innovation drive the evolution of DSM programs. Mindful of this inevitability, we've included a budget allowance for the research and pilot programs that help Evergy understand how we can move DSM forward and what customers seek in energy efficiency and demand response programs.

Pilot programs play a crucial role in this innovation landscape. They serve as testbeds for new technologies and strategies before wider implementation. For instance, in MEEIA Cycle 3, Evergy had in place several pilots, some of which we learned were not a great fit for our customer-base while others that we are looking to commercialize in MEEIA Cycle 4, including; Energy Efficiency for Non-Profits, Event Appliance Recycling, Income Eligible Multi-Family Common Laundry, Market-Rate Multi-Family, and Virtual Energy Management. Offering pilots not only tests the viability of new concepts but also helps in understanding consumer behavior and acceptance. As such, they are instrumental in developing offerings that align with customer expectations while driving electric energy and demand savings. The success of these pilot programs can lead to scalable solutions that contribute to a more efficient and sustainable energy ecosystem.

Evergy is proposing a methodology that facilitates the communication of the intent, process, and results of these pilot initiatives (detailed further in Section 5.2).

3.8 Customer Education – Marketing Overview

With over a decade of experience marketing energy efficiency and demand response programs in Missouri, we come prepared to shape this fourth cycle with a marketing vision supported by our successes, lessons learned, data, and current marketing tools and capabilities. Our marketing continues to evolve to meet current standards and best practices, and we will continue to apply those efforts to be efficient, innovative, and effective.

3.8.1 Integrated Marketing Communications

The marketing and communications strategy will focus on four main steps to nurture participation in energy efficiency and demand response programs: awareness, education, conversion, and engagement. All four will be executed through messaging and effective, proven tactics. We continue to demonstrate how integrated marketing communications delivers the highest levels of awareness and program participation. Because customers need several exposures to a message before acting, the surround sound approach of delivering multiple carefully orchestrated messages in multiple channels over sustained periods of time works.

Our marketing will work to meet our customers with a product/program offering that is most relevant to their current phase in the customer lifecycle, using internal data to find the right customer and present the right program opportunities. This approach works in tandem with educational and straightforward messaging to resonate with the customer about why they should participate. We will optimize our technology and resources to create a customer-friendly experience that nurtures customers along the path of program participation and, most importantly, through their lifecycle as an Evergy customer. Simply put, our approach is to offer customers timely and relevant information that aligns with their lifestyle, energy/product usage, and interests.

Marketing will continue to be executed through automated tools and processes that reflect both proactive and reactive modern marketing capabilities, consistently engaging with customers as we nurture them to participation. As we learned, a customer may begin their interaction with an Evergy product through one channel. Still, we want to keep speaking to them even after they navigate elsewhere, as well as ensure appropriate tactics are in place and can be triggered based on their actions. Our marketing will always be ‘on,’ so we are staying top of mind and delivering the right messages to the right people at critical points of their decision-making process.

Educating Customers on Energy Use and Efficiency

A new focus in marketing MEEIA in its fourth cycle will be educating customers on energy usage and energy efficiency through a dedicated program called “Customer Education.” While education has always been part of our base messaging, this cycle presents an opportunity to engage with customers in a new way through a designated education program. Before a customer can act on program participation, we need to communicate the ‘why’ of energy efficiency. As their utility, we are the trusted source of information around energy usage and management. We play a key role in educating in a straightforward and uncomplicated way that will encourage a customer to act on finding ways to manage or reduce their energy usage. We will pay special attention to helping

customers understand their energy usage and the importance of energy efficiency through personalized reports, messages, and educational materials. Our tools and automation capabilities arm us with the ability to communicate the right message to the right customer at the right time, taking them through a true customer journey experience.

Marketing Approach

Evergy will use an integrated, multi-channel marketing campaign approach optimized around the marketing funnel, which outlines the path customers take from awareness to education to conversion and, finally, to continued engagement. We guide customers through this process by matching marketing campaign tactics to customers' informational needs at various points within the funnel. Customers receive further support through the engagement portion when we cross-promote other related programs or information in which they have not yet participated.

Marketing Planning. Once the final program details have been approved by the Commission, the Evergy marketing team will work to develop a marketing plan that considers the agreed-upon programs, individual requirements, customer segments identified, and desired stipulations, outcomes, and goals. One of the key drivers in developing a marketing strategy will be the final approved program and stipulation information, which makes waiting for approval important before building out marketing strategies.

This planning will include:

- Customer and Program Research and Audience Development
- Marketing Strategy, Timeline, and Budget
- Messaging, Content, and Resource Development
- Creative Development
- Deployment and Measurement

Marketing Strategy. We will develop a two-phase marketing strategy to kick-off MEEIA Cycle 4:

- ***Phase 1: Soft Launch.*** Despite actively marketing in Missouri over the past decade, we will phase in program marketing, allowing us to test messaging and creative, understand questions, and create advocates.
- ***Phase 2: Full Launch.*** The full launch would elevate awareness and encourage customer action by using both targeted and mass tactics to share educational messaging across the Missouri territory, thus generating new engagement and participation in programs. To be successful in this full launch, we will focus on the following:
    - *Develop curated audience outreach.* Use current data, modeling, and segmentation to outline a variety of audience segments that can touch a broad territory, ranging from past program participants to customers with little to no engagement.
    - *Utilize customer journey paths to map our customer's needs, priorities, and engagement potential.* Built and executed with personalization based on program participation, segmentation, engagement, interaction, and even lack of engagement, journeys will

ensure a logical flow of communication based on a customer's engagement, applying relevant messaging to appropriate audiences.

- *Educate and engage.* Refresh our energy efficiency messaging to augment education into communications. Our suite of existing digital tools and resources will also tailor tips and messaging based on a customer's profile and engagement.

When efforts focus on timely and relevant opportunities to connect with customers already primed by seasonality or natural interaction, the likelihood they will participate in programs increases. Marketing efforts provide the greatest return on investment when all elements are strategically planned, offer relevance to specific audiences, and work in concert with each other.

During and after each step and phase, we continue to analyze performance data and analytics to understand how messaging and marketing tactics are preforming. We continue to adjust the strategy throughout the program.

3.8.2 Targeted Marketing Communications

A fundamental part of all marketing is to get the right message to the right customer via targeting, modeling, and customer-initiated actions. There is no one size fits all approach, as we consistently work to identify the target market opportunity on an ongoing basis, as we A/B test ads and gain insight into both who is converting and who is simply engaging. The constant monitoring of this activity, combined with the refinement and growth of our data architecture, allows us to change and tweak our messaging and imagery to align our efforts with what the data is telling us.

A principal component to identifying our audiences will be regular and recurring evaluation and adjustment of marketing based on how an audience is responding to our ads. This approach will generate more quality program 'leads' that grow our insight into a customer's lifecycle and, ultimately, their participation in an energy efficiency program.

We include targeted marketing communications in the mix of strategies that make up the larger integrated marketing communications approach. While mass marketing casts a wide net, targeted marketing is like spearfishing. To capture individual customers and push them through the marketing funnel, three elements are needed:

- A well-defined target group of customers whose needs match our offering
- Messaging that helps customers understand how they benefit from the offering

Distribution at relevant times for the customer and integration with other marketing

3.8.3 Marketing Development and Research

Over the years, we have learned how residential and business customers understand, receive, and utilize our programs. In preparation for launching MEEIA Cycle 4, we will use primary and secondary research to dig deeper and more fully analyze how proposed and continuing programs are perceived and used, and further explore customers' decision-making process and the benefits they find most motivating. These insights support the continued creation of tailored messaging

with a focus on educating customers to encourage enrollment. Our messaging will emphasize and promote the 'whole home' or 'whole business' benefits of all the programs, tools, and resources available to make their premises more energy efficient.

Overarching key messages for our residential programs may include:

- Energy efficiency reduces monthly energy bills due to lower operating costs.
- We help lower energy bills by offering rebates and incentives for installing highly efficient equipment.
- Energy efficiency helps reduce environmental impacts.

Overarching key messages for our business programs may include:

- Energy savings contribute directly to the bottom line of a business.
- Partnering with the property manager (when applicable) to employ energy savings can lower energy costs, improve ambiance, and increase property value.
- Because energy costs are a sizable portion of an operating budget, investing in energy efficiency is a smart decision with a major impact.
- Rebates help reduce upfront costs, shorten payback periods, and provide ongoing savings.
- Energy-efficient equipment and systems increase reliability while decreasing maintenance costs.
- Saving energy helps reduce environmental impacts and meet sustainability goals.

Program Names

We rely on a surround sound "branded house" marketing strategy to build awareness of energy efficiency opportunities while leveraging the brand. Program names are comprised of straightforward key words that describe what customers receive or experience when they participate. This approach provides cost efficiency by eliminating the need to educate customers about what a disparate variety of "named" programs mean.

When the program names are preceded by the brand name, our brand's credibility transfers to individual programs, increasing the customer's trust in the offering. This naming construct also ties diverse programming into one cohesive portfolio. For example, we have seen this success with Evergy's Thermostat Program and will continue to use the familiar program names customers have seen for several years.

Creative

In keeping consistent with our direction of creating relatable and easy-to-understand messaging, our creative will follow that same path. Imagery will be consistent with Evergy branding, with efforts made to feature local people in local situations (less stock imagery) so the marketing retains an authentic look. We anticipate our creative to also serve as a platform that can communicate to customers the direct impact of their efforts, providing examples of energy savings, paybacks, lifetime savings, and other personal rewards.

3.8.4 Filing and Stakeholder Communication

We will provide our customers with information about MEEIA Cycle 4 over the next several months, including a customer notification in the January billing statement.

The bill insert language regarding the proposal reads as below:

> Energy efficiency helps keep electricity more affordable for everyone, and helps defer the costs of constructing new power plants and generating units. Also, when you make energy efficient improvements to your home or business, you continue to benefit by saving energy each year.
>
> Recently, we filed a request with the Missouri Public Service Commission to continue some programs and introduce new ones in 2025. If approved, you will continue to see the Demand Side Investment Mechanism (DSIM) as a separate line item on monthly Evergy bills. This charge reimburses Evergy for costs spent on the programs and establishes an incentive sharing mechanism where we and the customer may both benefit from the savings.
>
> Under our proposal, a residential customer using an average amount of electricity in a month would pay under $3.75 per month in 2025 for this new set of programs. For business customers, the proposal would continue the DSIM rates to be broken out by individual business rate class. To view projected DSIM rates by class, visit evergy.com/rates.

An example bill that shows the DSIM calculation can be found at evergy.com/understandmybill

4.0 RECOVERY MECHANISM

4.1 Overall Explanation of Mechanism

MEEIA establishes a state policy allowing for the recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs. In support of that goal, MEEIA requires the Commission to:

- Provide timely cost recovery for utilities;
- Ensure utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains or enhances customers' incentives to use energy more efficiently; and
- Provide timely earnings opportunities associated with cost-effective, measurable, and verifiable efficiency savings.

We value the results of the collaborative efforts of the Commission, Commission staff, and other stakeholders in developing and improving the effectiveness of the DSIM Rider in Cycle 1, Cycle 2, and Cycle 3. The resulting approved DSIMs have been determined to meet policy goals and statutory requirements, and resulted in just and reasonable rates.

The proposed recovery mechanism includes the same cost components as the current mechanism:

- The timely, contemporaneous recovery of program costs.
- The timely, contemporaneous recovery of a throughput disincentive (TD) reflective of the lost margin revenues resulting from deemed kWh savings from energy efficiency measures installed (the TD component is adjusted annually based on final EM&V savings in the earning opportunity (EO) calculation).
- The timely recovery of an EO based on verified kWh energy and kW demand savings following the EM&V process is described in Appendix 8.4.

We also propose to continue using a semi-annual DSIM Rider that projects using a 12-month rolling forecast of program costs and TD and includes EO after finalization of the EM&V with reconciliation of actual program costs, TD, and DSIM revenues billed in the prior recovery period. Monthly interest on any over- or under-recoveries of program costs and TD will be credited to customers' or our benefit based on our short-term borrowing rate.

Therefore, we propose continuing the DSIM recovery mechanism with the following components.

- **Direct Program Costs Recovery Component.** This component includes recovery of the direct costs associated with program administration (including evaluation), implementation, and incentives to program participants — all of which are necessary to reap the benefits DSM can provide.
- **Throughput Disincentive Recovery Component.** Timely recovery of the impact of reduced sales on utility financial performance is consistent with the existing regulatory framework and

as required by MEEIA. Without proper alignment of financial incentives, energy efficiency (EE) causes negative effects to financial performance as both earnings and cash flow suffer. Providing recovery, dollar-for-dollar, for fixed costs normally recovered in volumetric rates reverses the negative financial effects — known as the TD — associated with EE.

For TD recovery to be recognized beginning in the month of savings, the recovery amount must be objectively determinable at that time. To meet this requirement, we propose to continue using a TD model to calculate the effect of deemed kWh savings resulting from EE measures installed on kWh sales and revenues. To balance this interest in recognizing and recovering the TD in the period when revenues are impacted against MEEIA's requirement that demand-side programs are subject to independent evaluation, we propose that the adjustments be included in the EO for the effect of the difference in evaluated kWh savings compared to deemed savings used in calculating the TD.

- **Earnings Opportunity Component.** The effect on shareholder value compared to supply-side alternatives recognizes the opportunity cost to the utility of substituting DSM for supply-side alternatives. Demand-side resources cannot be valued equally to supply-side resources without providing an equivalent opportunity to enhance shareholder value. Providing timely EO moves demand-side resources beyond a break-even proposition and allows fair comparison with supply-side alternatives, allowing the utility to value the two options equally. The annual EO would thus be included in the DSIM Rider for recovery over the 12 months (two DSIM recovery periods) following the report issuance. The continuation of this approach is consistent with the MEEIA policy of timely recovery, mitigates the overlapping of costs with succeeding cycle costs, and smooths the impact on customer DSIM rates.

4.2 Proposed Changes to the Mechanism for MEEIA Cycle 4

A couple key changes are warranted and requested as part of the MEEIA Cycle 4 DSIM proposal. First, in recognition of the transition to default time-of-use (TOU) based rate schedules for Evergy's residential customers in the Fall of 2023, the Company proposes to segment the calculation of TD related to residential program energy savings by Evergy's TOU pricing periods and end-use measure categories (HVAC and other). The change to a time-based and measure-based approach to calculating residential throughput disincentive will provide a deeper level of granularity that helps best capture the appropriate revenue lost between rate cases associated with energy efficiency program impacts. The extra granularity does create more complexity in the calculations of TD, but an appropriate amount of analysis has been proposed to balance the complexity with the impact that TOU can have on the lost revenue.

Additionally, consistent with the Cycle 3 2023 and 2024 extensions, the Company proposes to calculate the EO on a combined basis for MO Metro and MO West. The annual combined EO will be allocated to each jurisdiction based on the relative contribution to each of the EO metrics.

4.3 Program Costs

The plan includes 12 MEEIA programs delivered over approximately 48-months beginning January 1, 2025 and ending December 31, 2028. The planned combined budget for these projects is $213,241,011.

As applied currently in MEEIA Cycle 3 and consistent with the MEEIA rules, actual program costs will include the incremental cost of planning, developing, implementing, monitoring, and evaluating demand-side programs. All costs incurred by or on behalf of the collaborative process — including but not limited to costs for incremental consultants, employees, and administrative expenses — are included in the program costs. General administrative costs are included based on the estimated budget for each program. Indirect costs associated with DSM programs — including but not limited to costs of a market potential study and advertising — are included in the program costs.

Continuing with the methodology of MEEIA Cycle 3, programs are designated as Residential or Non-Residential, and costs associated with each will be recovered by residential or non-residential customers, respectively. The following cost allocation methods will be used for Cycle 4 program costs, throughput disincentive, and earnings opportunity for each jurisdiction.

FIGURE 4.1: Cost Allocation Methods

Program Name	Cost Allocation Description
Whole Home Efficiency Program	Direct by Class
Home Energy Education Program	Direct by Class
Income Eligible Program	50/50 Res/Bus (Billed kWh by Business Class, net of Opt-Out)
Hard-to-Reach Energy Education Program	50/50 Res/Bus (Billed kWh by Business Class, net of Opt-Out)
Whole Business Efficiency Program	Direct by Class kWh Participation*
Hard-to-Reach Businesses Program	Direct by Class kWh Participation*
Business Energy Education Program	Billed kWh by Business Class, net of Opt Out
Home Demand Response Program	Direct by Class
Business Demand Response Program	Billed kWh by All Classes, net of Opt Out
Demand Response Energy Education Program	Billed kWh by All Classes, net of Opt Out
UHI Mitigation Program	Direct by Class (Billed kWh by Business Class, net of Opt-Out)
Pilots	Direct by Class kWh Participation or expected class

**If billed kWh participation is not available in a particular month, billed kWh by business class, net of opt-out will be used.*

Program costs associated with the Business DR Program and Demand Response Energy Education Program will be allocated to all rate classes based on the proportion of billed kWh sales from each of those classes, net of opt-outs. This allocation methodology addresses the inequity of opt-out customers' eligibility to participate in demand response and supports the concept that all customers benefit from the system demand reduction provided by participants in demand response.

4.4 Throughput Disincentive

We plan to continue to use the methodology for determining the TD agreed to in MEEIA Cycle 3, with the additional segmentation of residential savings and TD based on the TOU peak, off-peak, and super off-peak classifications reflected in each jurisdiction's residential rate structures. In summary, annual kWh savings resulting from MEEIA programs that are realized between general rate cases are tracked by residential and non-residential customer classes. Annual savings are spread over calendar months using load-shape percentages for each program and multiplied by a net margin rate for each customer class based on the non-fuel rates in effect for each month. In MEEIA Cycle 4, we're proposing program-specific net-to-gross (NTG) factors.

FIGURE 4.2: Initial NTG Factors by Program

Program Name	NTG
Whole Home Efficiency Program	0.80
Home Energy Education Program	N/A
Income Eligible Program	0.98
Hard-to-Reach Energy Education Program	N/A
Whole Business Efficiency Program	0.88
Hard-to-Reach Businesses Program	0.83
Business Energy Education Program	N/A
Home Demand Response Program	1.00
Business Demand Response Program	1.00
Demand Response Energy Education Program	N/A
UHI Mitigation Program	1.00
Pilots	1.00

The plan includes an estimated TD of approximately $22.6 million for MO Metro and $16.5 million for MO West. These estimates assume a 24-month gap between the effective date of rate cases currently being considered in each jurisdiction and succeeding cases in each jurisdiction. If the actual gap is shorter, the estimated TD would be lower.

4.4.1 Throughput Disincentive (TD) Calculation

TD will be computed monthly in the following manner:

- kWh savings are reflected in the TD by multiplying the estimated kWh savings times the incremental rate for the respective class.
- If a rate case occurs during the program period, the cumulative kWh savings are included in the test period to reflect actual energy and demand savings in the weather-normalized/customer-annualized unit sales and sales revenues used in setting the case's revenue requirements.
- This establishes a rebased level to restart kWh and kW savings for the TD to be included through the remainder of the program period.
- We will use billing determinants from the last rate cases to establish incremental rates.

Estimated kWh savings by month by program and residential end-use measure category will be determined as follows:

1. The number of standard measures installed each month — for programs with standard measures in the Technical Resource Manual (TRM) attached as Appendix 8.2 — is multiplied by the defined annual kWh savings per measure. This determines the savings for measures installed by month aggregated by program to which such measures belong. Annual kWh savings for custom measures installed are calculated and reported monthly by the program implementers and aggregated by program and by customer class.
2. Total kWh savings for the current month aggregated by program in #1 above are multiplied by 50 percent to reflect an assumed mid-month installation.
3. Each month, total kWh savings by program are accumulated from the beginning of the cycle through the preceding month.
4. The sum of items #2 and #3 above is multiplied by the monthly load shape percentage, segmented for residential savings by peak, off-peak, and super off-peak pricing periods, for the applicable month by program, in a spreadsheet to be provided as a workpaper, to determine monthly kWh savings.
5. The sum of the monthly kWh savings determined in #3 and #4 above will be multiplied by the incremental rate by customer class to determine monthly TD.

The applicable accounting standard which most directly addresses the requirements for the recognition of revenues under such alternative revenue programs is Financial Accounting Standards Board Accounting Standards Codification (ASC) 980-605-25 “Alternative Revenue Programs.” ASC 980-605-25 sets three conditions for revenues resulting from alternative revenue programs such as the DSIM.

- The program must be established by order of the regulatory commission, allowing for automatic adjustment of future rates.
- The amount of revenue for the period must be objectively determinable and probable of recovery.
- Revenues must be collected within 24 months of the period in which they are recognized. If the TD is subjected to subsequent recalculation, we could not recognize the revenue in the periods that sales were reduced, resulting in temporary reductions in earnings, which would adversely impact our market value and cause a misalignment of utility financial incentives to promote energy efficiency.

4.4.2 Rate Case Annualization

For the general rate case annualization adjustments, we propose continuing the agreed-upon methodology used in MEEIA Cycle 3. Upon filing a general rate case, the cumulative, annualized, normalized kWh savings are included in the unit sales and sales revenues used in setting rates as of an appropriate time where actual results are known prior to the true-up period to reflect energy and demand savings in the billing determinants and sales revenues used in setting the

revenue requirements and tariffed rates in the case. Upon the adjustment for kWh savings in a rate case, the collection of TD is re-based.

Test period weather-normalized kWh usage for each customer class by billing month is adjusted by:

- Adding back the impact of monthly kWh energy savings by customer class incurred during the test period from all active MEEIA programs (Cycle 3 and Cycle 4). This is determined using the methodology described in the DSIM Rider, except calendar month load shape percentages by program and by month are converted to reflect billing month load shape percentages by program by computing a weighted average of the current and succeeding month percentages.

Adjusted test period sales from above will be annualized for customers and adjusted further by:

- Subtracting the impact of cumulative annual kWh energy savings from the first month of the test period through the true-up date by customer class from all active MEEIA programs (Cycle 3 and Cycle 4). This is determined using the methodology described in the DSIM Rider, except calendar month load shape percentages by program and by month are converted to reflect billing month load shape percentages by program by computing a weighted average of the current and succeeding month percentages.

TD will continue to be calculated and recovered until a rate case is filed after the end of MEEIA Cycle 4, with a test period ending at or after the end of Cycle 4.

4.5 Earnings Opportunity (EO)

Consistent with Cycle 3, we propose that the EO be determined for each program year using an EO matrix (Appendix 8.5). The modifications to this matrix combined the jurisdictions into one matrix, computed the EO amounts annually rather than the entire cycle as well as an annual $ per MW award rate for the Home and Business Demand Response programs.

We suggest that values for the buckets of EE MWh, EE MW, and thermostat MW remain at levels relatively consistent with MEEIA Cycle 3 to align with the Commission's prior directive and focus primarily on demand (kW) savings. These established EO values remain valid in Cycle 4 because they:

- Benchmark EO as a percentage of net benefits and spend as compared to prior Cycles.
- Link to IRP minimization of revenue requirement.
- Align with deferral and retirement of generation assets as demonstrated in the IRP.

We will perform a full EM&V, including an ex post gross adjustment and NTG determination for EO with no NTG floor and no NTG cap. For purposes of the EO, the evaluated kWh and kW savings measurements are determined through the annual EM&V, including NTG with no floor or cap on the NTG factor, based on actual measures installed in that year annualized.

FIGURE 4.3: Combined Companies' EO Matrix

Program	Evergy–Cycle 4 Rates	Cumulative Annual Cap %
EE $/MWh	$13.21	125%
EE $/MW	$125,854.28	125%
DR $/MWh per PY	18,041.70	125%
Hard-to-Reach/Education $/Budget Spend	$0.1111	125%

The annual EO will be applied on a cumulative basis, such that excess savings over the cap in any given program year can be applied to any other program year that did not meet the program threshold. If there is a shortage, the program can add any excess in subsequent program years. This is especially important during the first couple of program years, as it may take time to ramp up certain programs.

The EO will be adjusted as follows:

- **TD Ex Post Gross Adjustment –** Annually for each program year, the ex-post gross measures for each program determined through the annual EM&V will be used to recalculate the TD as described above for each annual evaluation period. The difference between the recalculated TD using ex-post gross measures and the TD using the deemed numbers, whether an increase or a decrease, will be adjusted in the EO by applying carrying costs at the Allowance for Funds Used During Construction (AFUDC) rate compounded semi-annually.
- **TD NTG Adjustment** – Annually for each program year, if the EM&V NTG for each program is greater or less than the initial factor for such program, the difference between TD the initial NTG and the TD calculated using the EM&V NTG will be recovered through the EO, including carrying costs at the AFUDC rate compounded semi-annually.

We propose that the adjusted EO cannot go below zero. The combined Companies' EO target at 100 percent is $31,986,152. The EO (before adjustments reflecting TD EM&V, including NTG) cannot go above $39,982,690.

4.6 Customer DSIM Rate Impact Modeling

We anticipate the MEEIA Cycle 4 will result in cumulative net benefits to all customers over the lifetime of the program impacts, with a net present value of $112.0 million for MO Metro and $184.7 million for MO West. These benefits — including avoided energy and avoided capacity costs — are discussed in more detail in Section 2.2. The figures below compare avoided costs to program costs, net benefits, and EO — demonstrating that the benefits significantly exceed total costs for each customer class.

FIGURE 4.4: Present Value of Net Benefits – MO Metro

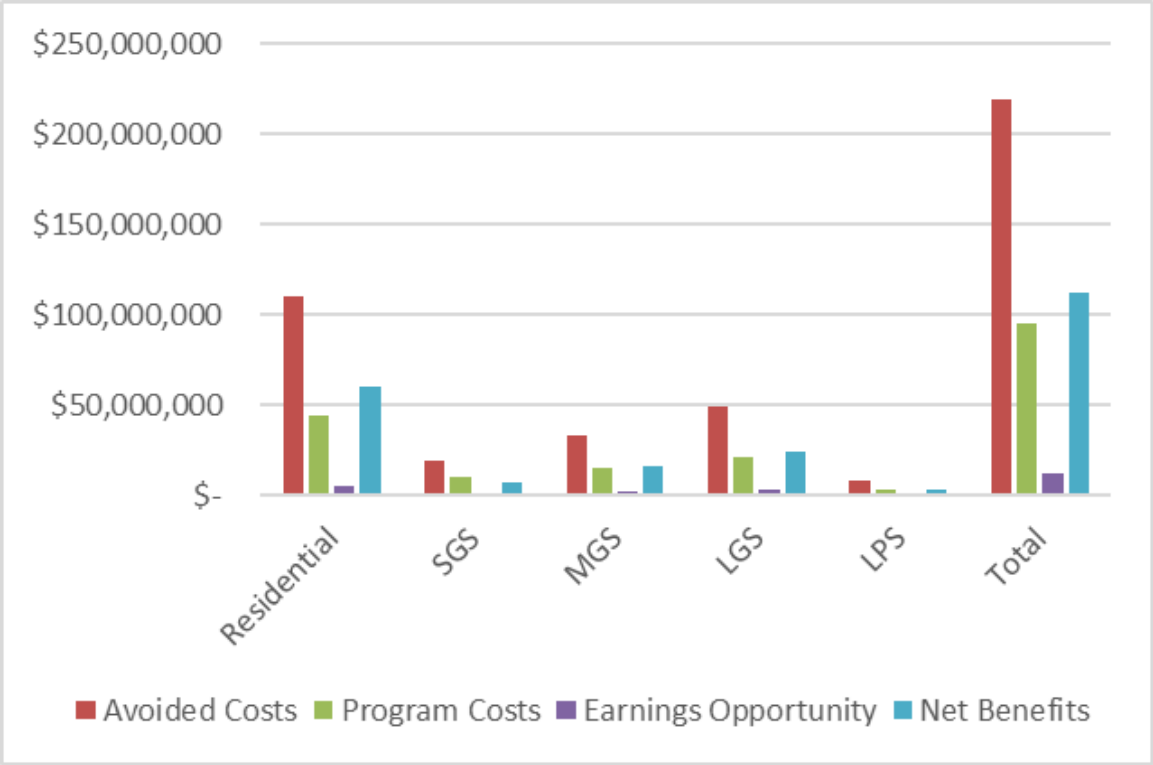
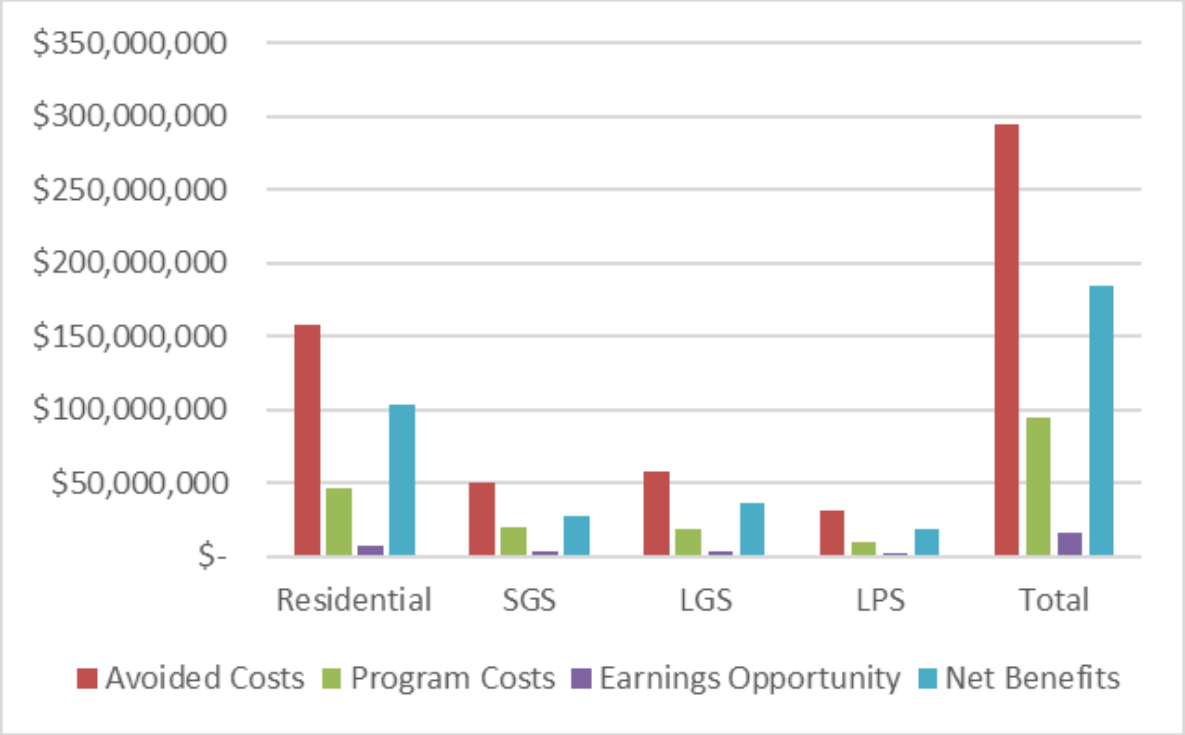


FIGURE 4.5: Present Value of Net Benefits – MO West



The figures above do not include the throughput disincentive or the throughput disincentive recovery. As a practical matter, the throughput disincentive is a subset of "lost revenues." The

TRC and UCT do not include lost revenues because they are not incremental costs to demand-side resources and are a transfer payment between customers.

The figures below show projected DSIM rates associated with MEEIA Cycle 4 for each customer class. Program costs are borne by customers upfront, consistent with MEEIA's requirement for timely cost recovery, but benefits continue to accrue long beyond the end of the program implementation. The TD component of the DSIM rates reflects lost revenues from reduced usage resulting from MEEIA Cycle 4 programs and are effectively offset in customer bills because of this reduced usage.

FIGURE 4.6: DSIM Rates MO Metro

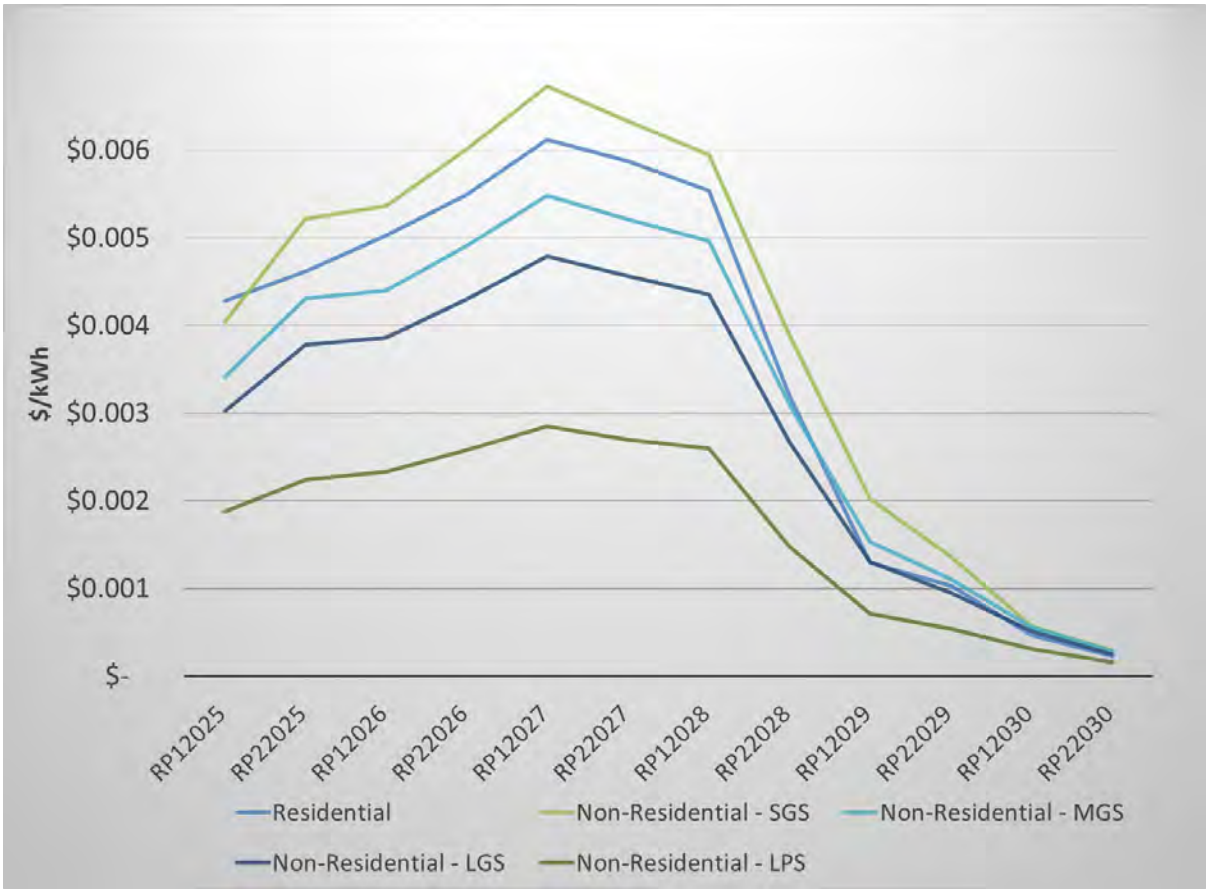
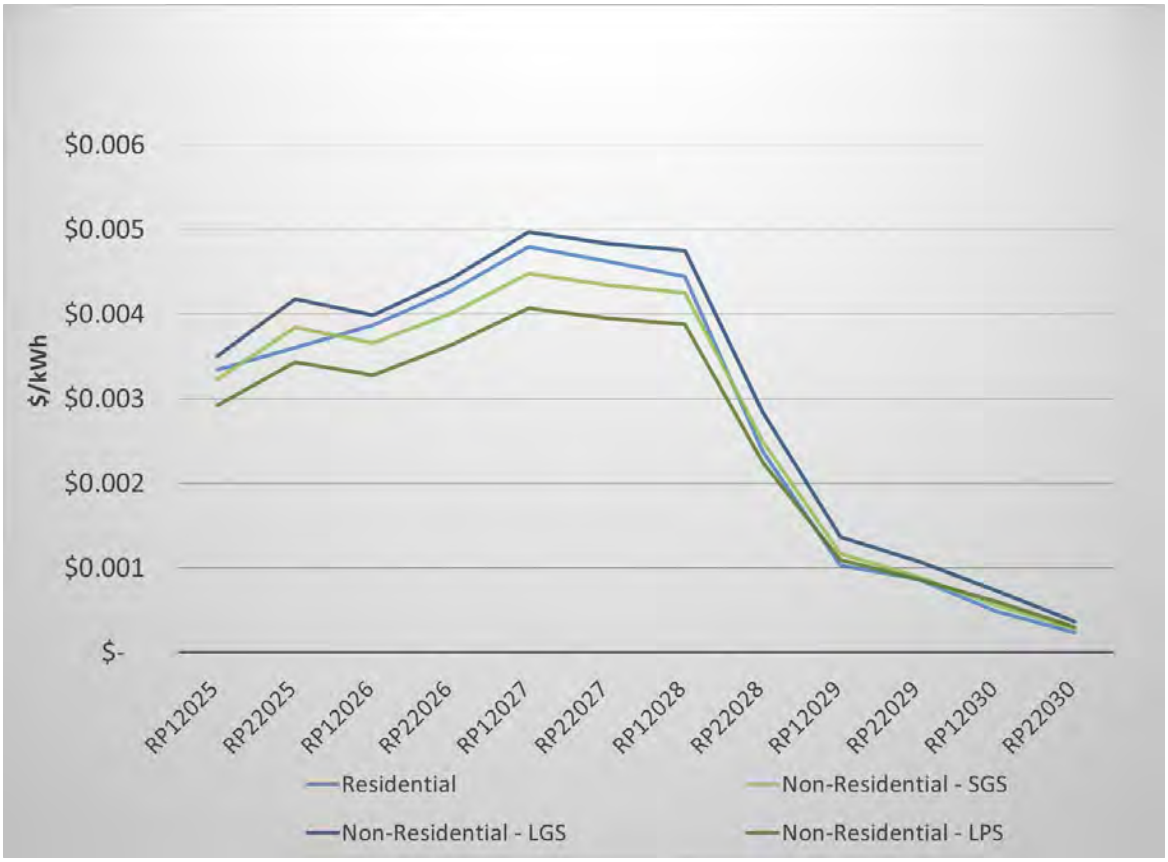


FIGURE 4.7: DSIM Rates MO West



The figures below show projected bill impacts related to the projected DSIM rates above for each customer class.

FIGURE 4.8: DSIM Bill Impacts MO Metro

	2025		2026		2027		2028		2029		2030	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
Average Monthly DSIM Charge												
Residential	$ 3.56	$ 3.84	$ 4.18	$ 4.57	$ 5.09	$ 4.88	$ 4.61	$ 2.66	$ 1.07	$ 0.86	$ 0.39	$ 0.19
Non-Residential - SGS	$ 6.90	$ 8.91	$ 9.15	$ 10.26	$ 11.49	$ 10.81	$ 10.16	$ 6.64	$ 3.45	$ 2.32	$ 0.97	$ 0.50
Non-Residential - MGS	$ 62.20	$ 78.39	$ 80.03	$ 89.30	$ 99.67	$ 94.76	$ 90.21	$ 56.38	$ 27.83	$ 20.01	$ 10.19	$ 5.09
Non-Residential - LGS	$ 577.69	$ 723.06	$ 738.37	$ 822.53	$ 916.26	$ 872.27	$ 832.10	$ 510.74	$ 248.67	$ 181.72	$ 97.56	$ 47.82
Non-Residential - LPS	$ 5,265.23	$ 6,273.47	$ 6,525.53	$ 7,225.69	$ 7,981.87	$ 7,561.77	$ 7,281.70	$ 4,144.97	$ 1,988.47	$ 1,512.35	$ 868.20	$ 448.10

FIGURE 4.9: DSIM Bill Impacts MO West

	2025		2026		2027		2028		2029		2030	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec
Average Monthly DSIM Charge												
Residential	$ 3.41	$ 3.68	$ 3.95	$ 4.36	$ 4.90	$ 4.72	$ 4.53	$ 2.43	$ 1.05	$ 0.89	$ 0.49	$ 0.24
Non-Residential - SGS	$ 8.68	$ 10.32	$ 9.84	$ 10.78	$ 12.04	$ 11.66	$ 11.42	$ 6.72	$ 3.14	$ 2.39	$ 1.51	$ 0.75
Non-Residential - MGS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Residential - LGS	$ 259.09	$ 308.55	$ 294.52	$ 326.26	$ 366.86	$ 357.26	$ 350.62	$ 209.63	$ 101.13	$ 79.72	$ 53.88	$ 27.31
Non-Residential - LPS	$ 2,605.24	$ 3,060.26	$ 2,926.43	$ 3,238.70	$ 3,631.27	$ 3,524.21	$ 3,461.75	$ 2,007.46	$ 972.50	$ 776.22	$ 535.32	$ 267.66

While these figures show increased bills while the program costs and EO are recovered during the program period, the benefit of reduced usage resulting from the implementation of energy savings measures continues for years based on the lives of the measures installed. This is demonstrated by the figure below, which reflects estimated reductions in kWh usage over the installed measure lives by customer class from baseline kWh sales.

FIGURE 4.10: kWh Savings from Baseline kWh Sales MO Metro

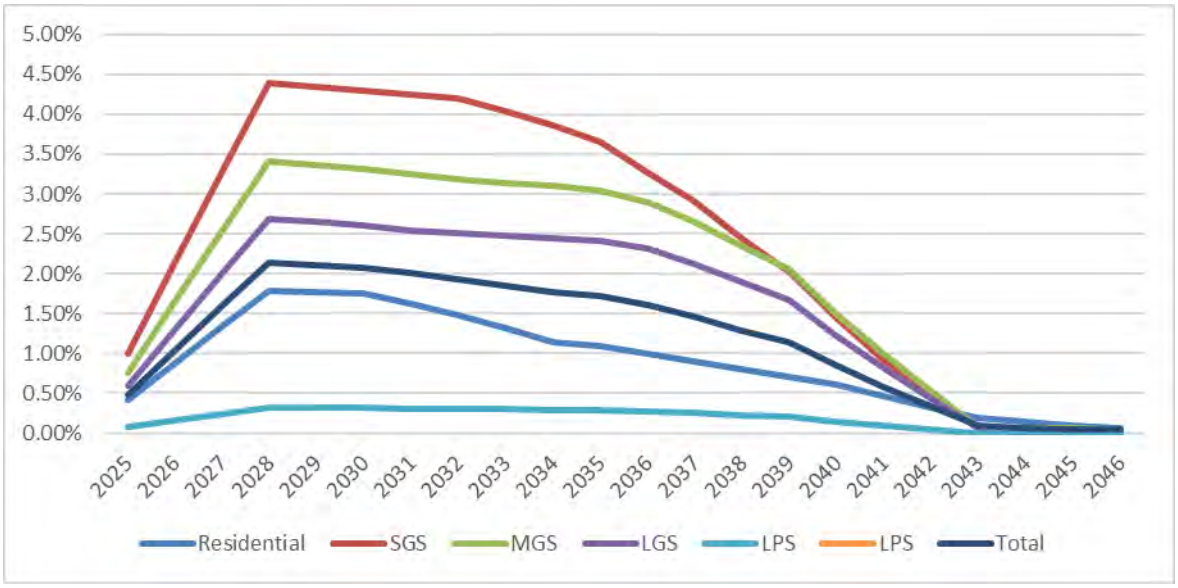
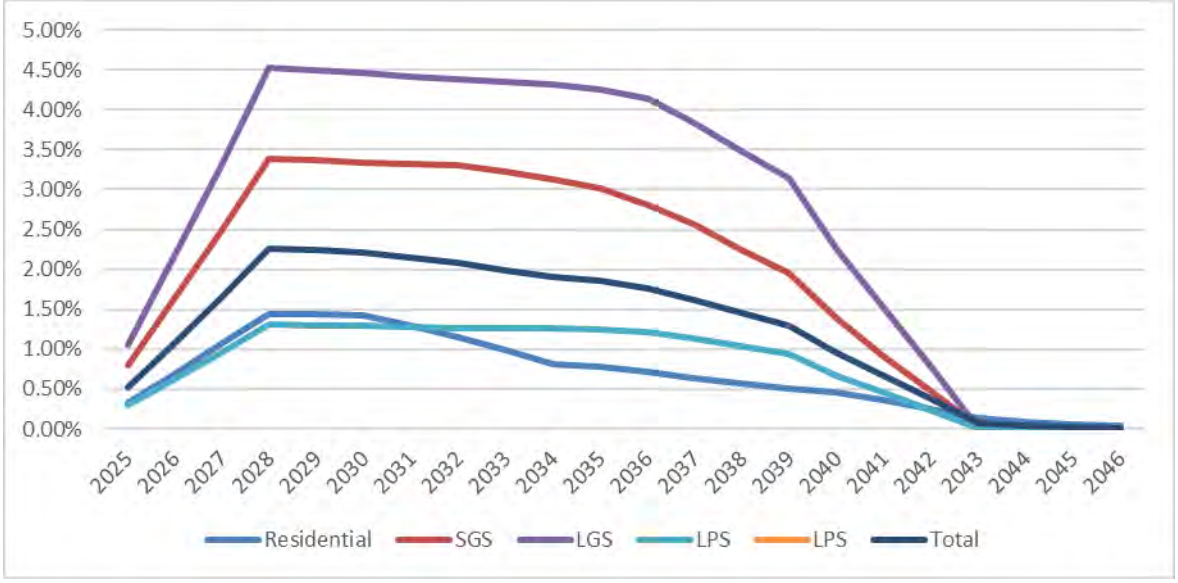


FIGURE 4.11: kWh Savings from Baseline kWh Sales MO West



DSIM Accounting Practices

We follow Generally Accepted Accounting Principles for financial accounting, which encompass the conventions, rules, and procedures necessary to define accepted accounting practices at a

particular time. We also maintain our books and records in accordance with the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts.

As in previous cycles, we'll use FERC Account 908 Customer Assistance Expenses to track direct MEEIA-related program costs. Payroll taxes and benefits loadings on direct labor incurred in support of MEEIA programs will be charged to FERC Account 408.1 Taxes Other Than Income Taxes, Utility Operating Income, and FERC Account 926 Employee Pensions and Benefits, respectively.

We've established an accounting distribution coding system for the proper classification of program costs for MEEIA-related DSM programs, including:

- The prescribed accounts mandated by FERC in the Code of Federal Regulations for the classification of assets, liabilities, revenues, and expenses.
- A department code for specific operational areas, identifying the group responsible for the cost.
- The operating unit, identifying the jurisdiction associated with the cost.
- The project code, identifying the MEEIA program associated with the cost.
- Additional codes to further specify the type of work or specific purpose for the cost.
- A resource code, identifying types of costs used to complete projects or what was used to get the work done (for example, labor vs. non-labor items).

The combination of codes above allows for the proper classification and clear delineation of costs. These codes will be expanded as needed to accommodate the programs included in this filing.

We will use FERC Accounts 440 Residential Sales, 442 Commercial and Industrial Sales, and 445 Other Sales to Public Authorities based on the customer class of customers billed DSIM sales. The amount of DSIM sales billed to customers for program costs and TD will be compared with the actual amount of program costs incurred and TD earned, with the differences recognized as a debit (over-collection) or credit (under-collection) to sales in the FERC Accounts referenced above and the corresponding credit (over-collection) or debit (under- collection) recorded in FERC Account 254 Other Regulatory Liabilities or FERC Account 182.5 Other Regulatory Assets, as appropriate.

Monthly interest calculated for the monthly cumulative balances of over- and under-collection of balances for program costs, TD and any earned EO will be recognized as a debit (over-collection) or credit (under-collection) to FERC Account 431 Other Interest Expense and the corresponding credit (over-collection) or debit (under-collection) recorded in FERC Account 254 Other Regulatory Liabilities or FERC Account 182.5 Other Regulatory Assets as appropriate.

4.6.1 Impact on Financials/Credit Ratings

The tables below present the projected impacts of the proposed program costs and lost margins and DSIM recoveries of program costs, TD, and EOs over 2025 to 2029 on projected earnings.

This analysis assumes 100 percent achievement of kWh and kW savings, program budgets, and EOs.

FIGURE 4.12: MEEIA CYCLE 4 PLAN IMPACTS ON MO METRO EARNINGS **CONFIDENTIAL**

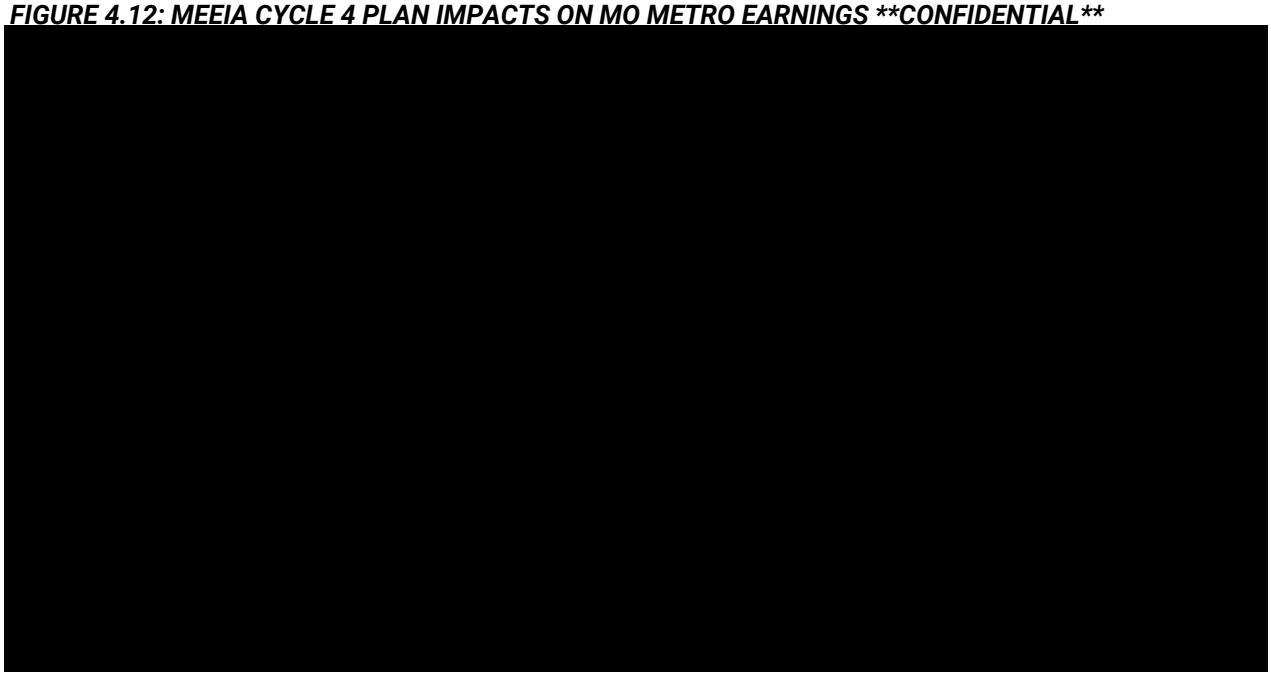
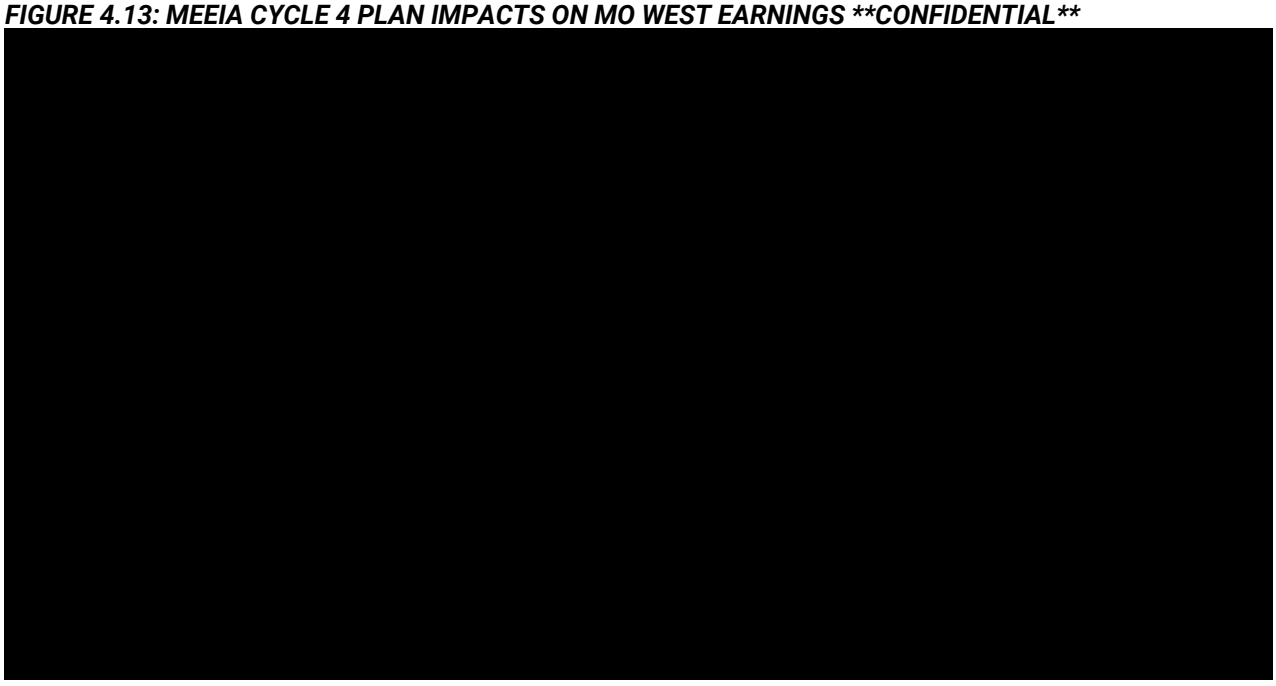


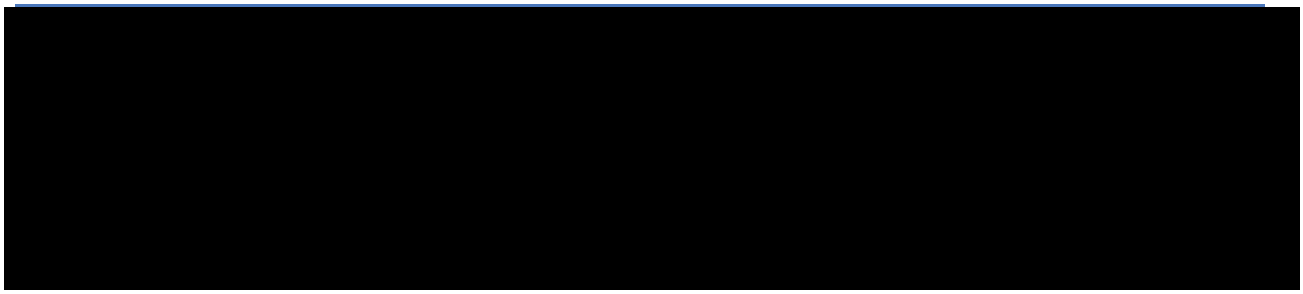
FIGURE 4.13: MEEIA CYCLE 4 PLAN IMPACTS ON MO WEST EARNINGS **CONFIDENTIAL**



The below tables reflect the projected impacts of the MEEIA Cycle 4 Plan, including EO at target, on certain MO Metro and MO West key credit metrics: Debt/EBITDA and Funds from Operations (FFO)/Debt. Our current forecast covers the years 2025 to 2026. The 2026 baseline metrics are used for 2027 and thereafter in the following analysis solely to show the impact of the MEEIA Cycle 4 Plan.

FIGURE 4.14: MEEIA CYCLE 4 PLAN IMPACT ON MO METRO KEY CREDIT METRICS **CONFIDENTIAL**

FIGURE 4.15: MEEIA CYCLE 4 PLAN IMPACT ON MO WEST KEY CREDIT METRICS **CONFIDENTIAL**



The results of these analyses demonstrate that the overall impact of MEEIA Cycle 4 with DSIM is small but generally positive and supportive of credit quality. The analyses above support the conclusion that the DSIM, as proposed, aligns with our incentives.

5.0 SUSTAINING SUCCESS

Evergy views DSM programs as a resource in a changing energy landscape and an opportunity to provide long-term value in the region. Customers in our MO Metro and MO West service territories are increasingly familiar with our offerings and support in the energy efficiency space.

This section outlines why DSM as a resource makes sense — and defines how to sustain success with engagement from regulatory stakeholders and customers, including:

- Updated IRP scenarios for the combined company
- Program flexibility to deliver customer offers in changing markets
- Ongoing stakeholder communication and engagement
- EM&V planning to improve feedback and insights

5.1 Missouri DSM Policy and IRP Resource Selection Process

In Missouri, the MEEIA statute and IRP process are built to expand resource options and facilitate a robust analysis for the utility and regulators to adhere to when evaluating resource investment decisions. However, the MEEIA and the IRP processes have inherent conflicting primary objective functions, presenting a quandary concerning how to achieve the intentions of both. While MEEIA aims to achieve "all cost-effective demand-side savings," the IRP rules require the minimization of NPVRR as the primary selection criteria. Said another way, solving for one doesn't necessarily satisfy the other. By investing in all cost-effective demand-side savings, revenue requirements for customers may fluctuate. Conversely, optimizing (i.e., minimizing) revenue requirements may cause demand-side investment levels to fluctuate.

The two principal concepts to consider from the MEEIA statute are that it is "...the policy of the state to value demand-side investments equal to traditional investments in supply and delivery infrastructure..." and that the Commission shall permit utilities to "implement commission-approved demand-side programs… with a goal of achieving all cost-effective demand-side savings."

The MEEIA statute states that the MPSC shall consider the TRC test a preferred cost-effectiveness test. It does not stipulate that the TRC test is the sole test, but a preferred metric in evaluating the outcomes of other analyses, including UCT, PCT, SCT, and minimization of NPVRR.

The policy objective in the IRP rules defines the criteria by which to analyze demand-side and supply-side resources on an equivalent basis. This objective is to use "minimization of the present worth of long-run utility costs as the primary selection criterion" (i.e., minimization of NPVRR). The IRP rule regarding the analysis of differing resources is not contingent on having a need for capacity, but having costs and characteristics of each option to model.

In evaluating the resource options, it's important to understand that it's not necessary to avoid an investment in a supply-side resource to avoid a cost associated with meeting the total demand for capacity and energy.

Merits of TRC Test (MEEIA)	Merits of NPVRR Function (IRP Rules)
○ Best economic test for DSM measures ○ **Gives less consideration to the absolute cost of programs and to cross-subsidization between utility customers** ○ Uses a combination of avoided energy and capacity costs as the benefits for calculating cost-effectiveness	○ Best at minimizing the total cost to all customers ○ Does not consider the cost of the DSM measure to the customer ○ Does not use the avoided capacity cost but rather is a calculation of the actual cost to customers of the resource alternatives ○ Avoided capacity cost is only used in the DSM screening and does not consider or relate to the actual costs of the resource

Evergy DSM and IRP Process Description

Given the policy context of the MEEIA and IRP processes, it's important to understand how each objective is accomplished. Keeping policy standards at the forefront, we undertake a consistent process to evaluate demand-side resources in our IRP, both in annual updates and triennial filing. While it is an iterative process, we first complete a potential study. The potential study is a rigorous process set by the Commission and stakeholders and, with the external consultant, we request stakeholder input in the development of its scope of work. During the DSM potential study process, a screen of measure level cost-effectiveness is used to evaluate the potential for participation in our jurisdictions.

The avoided costs used as benefits in the cost-effectiveness screening calculation are the levelized cost to build a new generation asset in terms of capacity ($/kW-year) and the expected market price for energy ($/kWh) in the Southwest Power Pool (SPP). With a transparent market for energy prices in SPP, the use of the forward market price makes sense. However, the SPP does not have a capacity market. Therefore, we utilize the levelized cost of capacity (either for a known resource type needed or more generically for a combustion turbine) for avoided capacity costs to best represent the MEEIA policy directive and IRP rules to value demand-side and supply-side investments equally. After applying this cost-effectiveness screen using the avoided costs, the DSM potential study determines realistic achievable potential (RAP) and maximum achievable potential (MAP) values for all DSM measures and associated programs. See Appendix 8.8 for the full 2023 Evergy DSM Potential study and description of the derivation of the levels of potential.

Once the potential study determines RAP and MAP levels, we use these as an input to the IRP process and models to drive toward a preferred plan.

We ultimately select a preferred resource plan in accordance with the IRP rules by weighing the merits of the alternative resource plans with the probability weighted risk of many uncertain factors. The selection process is not a myopic view on a single metric, but a holistic look at all factors and balancing those towards an optimal solution. In the case of the 2024 IRP, our preferred plan selected values for DSM investment commensurate with 2023 DSM Potential Study RAP Plus levels in MO West and for MO Metro.

5.2 Flexibility in Programs During Cycle

While the MEEIA Cycle 4 programs are requested for four years, they still benefit from a measure of flexibility to adapt to market changes. We propose continuing the following avenues to provide the best flexibility for future success:

- Continuing the 11-step change process outlined in the program tariffs in Appendix 8.6.
- Continuing the MEEIA rules associated with modifying or discontinuing a program.
- MEEIA 20 CSR 4240-20.094 (5) & (6) shall apply if modifications are required during any period over the life of the program.
- Continuing the approval process for implementing pilot programs

Approval Process for Implementing Pilots:

The process reflects a hybrid between the MEEIA rule for pilot programs and the 11-step process, with the 11 steps plus approval from the Commission for a tariff sheet.

- Evergy will screen, research, and prioritize ideas for potential inclusion in the Pilot program.
- Once a pilot idea is flushed out, Evergy will conduct high-level research to get a basis for what the pilot could look like and if it is worth pursuing. If the research shows positive potential, a Straw Proposal will be drafted.
- Two weeks prior to a DSM Advisory Group (discussed further in Section 6) meeting, a Straw Proposal will be provided to the members to allow time to formulate questions. The Straw Proposal will include a very high-level description of the concept. Questions can be provided via email response or posed during the DSM Advisory Group call.
- If there are no major concerns or questions shared prior to/during the DSMAG meeting, Evergy will move forward with the work needed to develop a Final Proposal document.
- If there are major concerns or questions, Evergy will address all questions and concerns prior to providing the Final Proposal document.
- The Final Proposal will include the objective, target segment(s), and the need the offering services along with an anticipated budget, goals, and participants.
- The Final Proposal will be sent to all DSMAG Stakeholders for review; Stakeholders will have five business days to respond to the final proposal via email. If Evergy receives feedback on the final proposal, Evergy will make any necessary edits to the document and re-send to the entire group. After resending, the five business days will restart; upon reaching five business days with no comments or questions and/or approval. Evergy then has the right to begin implementation of the pilot.
- The Pilot will then move to launch. During this process, Evergy will use the proper implementation team to engage and enroll customers.
- When the Pilot concludes, the program will be evaluated and the evaluation results will be shared with Stakeholders. Stakeholders are then welcome to give feedback. If the program is

deemed successful, Evergy can move it towards being a full program, program component, or measure in the portfolio.

5.3 Ongoing Stakeholder Engagement

Evergy's engagement with stakeholders is crucial for the success of our MEEIA Cycle 4 DSM programs. We propose a simplified reporting process to keep stakeholders informed of progress and structure meetings around clear objectives.

- The DSM Advisory Group (DSMAG) stakeholders will provide program guidance and meet three times a year for a total of 12 times during Cycle 4.
  - During the program year wrap-up, they'll review the annual report detailing results from the previous year, including actual savings achieved, dollars spent, and cost benefits.
  - During the mid-program year status meeting, they'll review year-to-date results and any mid-year adjustments to the operating and marketing plans. They'll also develop any new technologies and programs to consider for the next operating year plan.
  - During the next program year operating plan meeting, they'll review proposed operating plan adjustments for the coming year, including technology changes, incentive changes, target marketing, administrative adjustments, and program adjustments.
- An Annual Report will provide the Commission with information about achievements, energy and demand savings, actual program costs, and evaluation reports.

Additionally, Evergy will continue participating accordingly in the Missouri Energy Efficiency Advisory Collaborative.

To continue with more transparency and real-time information, Evergy will explore ways to have EM&V vendors provide more regular updates to stakeholders on program progress and results. This could be accomplished through interim reports or, potentially, dashboards as technologies evolve.

5.4 EM&V Approach & Plan

The EM&V process has been a cornerstone of MEEIA programs throughout the history of Evergy's programs. EM&V efforts have evolved over the period of Evergy's MEEIA deployment, with changes based on the type of programs, the maturity of the programs, and stakeholder interests. While the focus of the efforts has been fluid, the importance of EM&V remains. Our MEEIA Cycle 4 proposed approach continues as such. The impact evaluation (determination of kWh and kW savings) will take renewed focus on Evergy's EM&V approach as a driver of performance metrics for the portfolio of programs. The list of 5 requirements for MO evaluation in the IRP rules[11] will continue for ongoing process evaluation to help provide the best opportunities to improve program deployment efficiencies and customer satisfaction evaluation.

[11] 20 CSR 4240-22.070(8)(A)

An important component of a successful DSM program portfolio is the continual review of the impacts, process, procedures, customer satisfaction, and cost-effectiveness of the efforts and DSM investments. We propose investing around 3 percent of the total budget to EM&V activities (just under $6.6 million for the combined jurisdictions) over the four-year program period. We'll follow industry standard practices for EM&V but keep an eye on continuous improvement in the evaluation space, including a few enhancements:

- Delivering more real-time results to increase awareness of progress
- Fast feedback surveys to give quicker customer insight
- Quicker impact evaluations based on automated meter interface interval usage data
- Focused/significant research

Two contemporary topics for MEEIA Cycle 4 that will be included in the evaluation scope are the recognition of time base impacts of energy savings as well as the impact of attribution from additional funding for energy efficiency and electrification from federal sources (namely Bipartisan Infrastructure Law and Inflation Reduction Act). While these will be new changes for our MEEIA Cycle 4, they are not unheard of in how evaluation has been done across the country now and in recent history. In fact, a handful of electric utilities have implemented various levels of time of use rates and DSM that have been evaluated previously, Arizona Public Service and HydroOne, to name a couple.[12] In other words, while the TOU and Inflation Reduction Act/Bipartisan Infrastructure Law dynamics are new, the concepts of how they can interact with utility energy efficiency programs are not and can be appropriately accounted for. Appendix 8.4 offers additional details of the proposed EM&V plan and timing.

[12] https://www.energystar.gov/about/federal-tax-credits/tax-credit-information

6.0 COLLABORATIVE PROCESS TO APPROVAL

Developing a MEEIA DSM proposal for MPSC review is an undertaking with many inputs, including, among others, utility generation needs, DSM potential and costs, local DSM experience, national subject matter expertise, and stakeholder insights. Stakeholders in this context primarily mean those that intervene and engage with the regulatory filings as well as participate in DSM advisory groups. Evergy has and continues to bring stakeholder insight into consideration in creating this proposal.

This feedback and process will help drive towards approval for and implementation by January 1, 2025, with goal of ensuring DSM continuity. Continuity is essential as ability and the incremental cost of stopping and starting DSM programs is significant, specifically with those programs that require significant customer education on the value and/or utilize multiple market actors to achieve participation.

6.1 Technical Conferences

Evergy has conducted multiple meetings with stakeholders leading up to this Cycle 4 filing, primarily since Cycle 3 has been extended twice. A workshop was held with stakeholders as recently as January 2024 to review key topics related to MEEIA programs going forward. After filing, technical conferences can be an efficient way to share information about the filing and allow stakeholders to ask questions, receive clarifications, and request additional information. Evergy expects a similar process in the MEEIA Cycle 4 filing. Considering the multiple open dockets and cases happening in the middle/end of 2024, Evergy is not proposing any specific dates but committing to work with parties immediately following the filing to find times and dates that will meet the needs of the group to facilitate information exchange throughout the process.[13]

6.2 Stakeholder Access to Information

Stakeholders (intervenors in this case) will have access to supplementary information for this filing as usual to help develop the full picture of the process, logic, and results of the DSM filing development. Evergy also supports these appendices and all information in this case as agreed to in the Agreement approved with the MEEIA Cycle 3 Program Year 5 extension. We will provide work papers associated with the proposed MEEIA 4 filing in supplementary attachments to provide additional detail. Per MEEIA rules, these are native files with links intact.

Appendices include:

- 8.1 Detailed Program Descriptions
- 8.2 Technical Resource Manual
- 8.3 Measure Incentive Ranges

[13] EO-2019-0132/0133 - Evergy MEEIA Cycle 3 PY5 Extension agreement (Approved 11/16/23) paragraph 11 – MEEIA Cycle 4

- 8.4 Detailed EM&V Plan
- 8.5 Earnings Opportunity Matrix
- 8.6 Program Tariff Sheets
- 8.7 DSIM Tariff Sheets
- 8.8 2023 DSM Potential Study conducted by Applied Energy Group (AEG)
- 8.9 Witness Affidavits

Work papers will include:

- Workpaper Index/Outline
- DSMore Batch Tool and Template File
- Financial Recovery Model and associated source files
- Report supporting documents/analysis
- Testimony supporting documents/analysis

Additionally, once the path forward for Evergy's next DSM is approved, Evergy will comply with the MEEIA rules (Rule 20 CSR 4240-20.094 (8 A-B)) to keep a thorough database that supports both robust and transparent EM&V process as well as thorough prudence reviews.

6.3 Key Factors and Company Positions for Approval

Business Risk Impact

The utility incentive related to the DSIM is intended to put the utility's earnings ability on a level playing field with generation supply resources. It's not intended as a windfall profit to the utility but a stabilizing factor to allow for growth in DSM applications that will benefit all stakeholders.

If the current DSIM recovery mechanism is modified to preclude current recognition of TD revenues by making it subject to retroactive determination, or if the earnings opportunity does not put the utility's earnings ability on a level playing field with generation supply resources, this would exacerbate regulatory lag and discourage potential investors — leading to a discount on our stock price and an increase in the cost of equity capital.

In addition, rating agencies consider many quantitative and qualitative factors when reviewing a company's credit ratings. If the DSIM recovery mechanism does not balance the risk of both customers and Evergy, the agencies may perceive this as a regulatory environment that is less than supportive to the utility. In Moody's Investors Service rating methodology, as much as half of the weighting is based on the qualitative analysis of the company's regulatory framework and ability to recover costs and earn returns. Their view of relative credit supportiveness considers the prevalence of automatic cost recovery provisions and reduced regulatory lag. Standard & Poor's rating methodology also relies on qualitative analysis of the regulatory environment that includes an assessment of the company's ability to recover all operating and capital costs in full and the timeliness of cost recovery to avoid cash flow volatility.

Utility Incentives Alignment and Policy Context

The Policy Goal of MEEIA is as follows:

- To encourage more efficient energy use and cost-effective demand-side programs with a goal of achieving all cost-effective demand-side savings;
- To value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs and, in support of those goals, the Commission shall:
- Provide timely cost recovery for utilities;
- Ensure that utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently; and
- Provide timely earnings opportunities associated with cost-effective, measurable, and verifiable efficiency savings.

Our requested DSIM includes a request to recover estimated program costs, a portion of TD, and any earned earnings opportunity based on EM&V results. The recovery of TD proposed will help mitigate the negative financial impacts currently present for utility investment in DR and EE programs. The TD represents the financial disincentive posed on the utility for each kWh saved as a result of successful implementation of EE and helps ensure that we are kept whole and not financially harmed or disincentivized from promoting EE.

However, absent a DSIM that addresses and mitigates the existing financial TD, we will be unable to continue the current level of DR and EE programs or increase the level of funding for these programs. In addition, if the TD is subject to retrospective recalculation, we will not be able to recognize the TD revenues — resulting in a negative impact on our earnings until the final amount of TD is determined. As a result, it is essential that the TD be based on deemed savings and benefits in order to objectively determine the period in which it is calculated.

In this filing, we have demonstrated that these programs meet the cost-effectiveness test and have been shown to be less costly to customers than the alternative of no programs and unmitigated peak demand and energy usage. The untapped potential for our demand-side programs exists because it's never easy to get customers to pay more today to save an even greater amount later. This is true even under the best economic conditions and has always been the major impediment to sustainable, aggressive, and cost-effective DR and EE program implementation.

6.3.1 Future Considerations

As supported by MEEIA and similar to prior MEEIA Cycles, Evergy reserves the right to discontinue programs and/or its plan if any significant external factors cause programs to not be in the best interest of Evergy's customers or Evergy. If that would occur, we will file a notice with the MPSC and honor all requests for the programs received within 30 days of the notice. We further address these actions within our proposed program tariffs.

6.4 Approved Procedural Schedule

The below Evergy MEEIA Cycle 4 procedural schedule was approved by the MPSC on April 10, 2024. Receiving an order before the end of 2024 will allow for the continuation of programs, maintaining customer momentum, and allowing for ongoing synchronization of programs between our Missouri jurisdictions. The timeline is expanded from the MEEIA rule of 120 days from filing to Commission Order. Evergy is cognizant of the overlapping nature of current regulated utility MEEIA activity in the state of Missouri, and the schedule heeds those dates and interactions. Evergy has been meeting with stakeholders to discuss the go forward MEEIA path, including our specific plan since late 2022. Evergy expects to continue engaging with statewide collaboratives and initiatives as driven by the MEEIA rules and additional stakeholder interests.

FIGURE 6.1: Approved Evergy MEEIA Cycle 4 Procedural Schedule

Date	Activity
April 29, 2024	Evergy Application
May 24, 2024	Direct Testimony (Non-Utility)
July 9, 2024	Rebuttal Testimony
August 12, 2024	Surrebuttal
August 15, 2024	Settlement Conference
August 21, 2024	List of Issues, Last day to Issues, Discovery and Notices of Depositions
August 26, 2024	Position Statements
September 3 through 6, 2024	Evidentiary Hearing
September 9, 2024	Overflow Hearing Date
October 4, 2024	Initial Briefs
October 18, 2024	Reply Briefs
November 22, 2024	Commission Order (suggested)

7.0 MEEIA RULES REQUIREMENTS

7.1 MEEIA Rules Filing Requirements

FIGURE 7.1: MEEIA Rules Filing Requirements

Rule #		Report Section	Supporting Witness
20 CSR 4240-20.093			
(2)	Application to establish, continue, or modify a DSIM.		
(2)(A)	Supporting information/workpapers:		
(2)(A) 1-2	Customer Notice and customer bill example.	Section 3.8	File
(2)(A) 3-10	Description of design and operation of DSIM.	Section 4, Appendix 8.7	Jones
(2)(D)	The Commission shall approve the DSIM and associated tariff sheets meeting the requirements		
(2)(G-L)	Cost recovery will be based on costs of demand-side programs approved by the Commission	Section 4	Jones
(14)	Variances for good cause	Section 7.2	Gunn/File
20 CSR 4240-20.094			
(2)	Progress towards the goal of achieving all cost-effective demand-side savings.	Section 2, Section 3, Workpapers DSMore	File
(3) (A-B)	Utility Market Potential Study	Appendix 8.8	File
(4)	Applications for approval of electric utility demand-side programs or portfolio.	n/a	
(4)(A)	Prior to filing, the electric utility shall hold a stakeholder advisory meeting to receive input on the major components of its filing.	Section 6.1	File
(4)(B)	Market Potential Study	Appendix 8.8 2023 DSM Potential Study	File
(4)(C) 1-2	Demonstration of cost-effectiveness for each DSM program and total for all programs. Provide all workpapers and models.	Section 2.1, Workpapers DSMore	File
(4)(C) 3	Impacts on annual revenue requirements and NPV of annual revenue requests as result of IRP 20-year horizon	Witness Testimony	Vandevelde
(4)(D)	Program Write-ups	Section 3, Appendix 8.1	File
(4)(E)	Demonstration and explanation in quantitative and qualitative terms of how the DSM programs are expected to achieve all cost-effective DSM savings	Section 2	File
(4)(F)	Identify DSM programs supported by other utilities (electric or gas)	Appendix 8.1	Gray
(4)(G)	Designation of Program Pilots - include questions that pilot will address, proposed geography, duration, etc.	Section 2, Appendix 8.1	Gray
(4)(H)	Existing demand-side program with tariff sheets in effect prior to the effectiveness date of this rule shall be included in the initial application for approval of demand-side programs if the utility intends for	Appendix 8.6, Appendix 8.7	Gunn/File

	unrecovered and/or new costs related to the existing demand-side program to be included in the DSIM.		
(4)(I)	TRC Test is the preferred C/E Test. The commission shall approve programs or plans that meet the requirements:	Section 2	File
(4)(J)	If a demand-side program is targeted to low-income customers, the electric utility must also state how the electric utility will assess the expected and actual effect of the program on the utility's bad debt expenses, customer arrearages, and disconnections.	Section 3	Gray
(4)(K)	Demand-side programs with a TRC less than 1 can be approved if they meet the filing requirements and the costs above the level determined to be cost-effective are funded by the customers participating in the demand-side programs or through tax/government taxes.	Section 2	File
(4)(L)	Utilities will file and receive approval of associated tariff sheets before implementation	Appendix 8.6, Appendix 8.7	Gunn/File
(8)(A-B)	The electric utility will maintain a database of participants that receive a monetary incentive (participant/company name, service address, date and amount of incentive).	Section 6.2	File
(9)	Collaborative Guidelines	Section 6	File
(10)	Statewide TRM	Appendix 8.2	File
(11)	Variances for good cause	Section 7.2	Gunn/File

7.2 MEEIA Rules Variance Requests

TD-Related Variances:

1. Variances related to the incentive to be implemented and based on prospective analysis rather than achieved performance verified by EM&V, the proposed utilization of a TRM for purposes of calculating TD: 20 CSR 4240-20.092(1)(HH);20.092(1)(M); 20.092(1)(R); 20.093(2)(I) 20.093(2)(I)3; 20.092(1)(N)
2. Variances related allowing adjustments to DSIM rates for the TD DSIM utility incentive revenue requirement as well as the DSIM cost recovery: 20 CSR 4240-20.093(4); 20.093(4)(C)
3. Variances related to "revenue requirement" where the TD is excluded from the cost recovery revenue requirement:

   20 CSR 4240-20.092(1)(Q); 20.092(1)(UU); 20.092(1)(P); 20.092(1)(R); 20.093(2)(J); 20.092(1)(F)

While the above request for variance appears lengthy, the primary reason is the MEEIA statute's lack of inclusion or consideration of the TD, a mechanism historically recognized by MEEIA rules promulgated by the Commission and MEEIA stakeholders in prior MEEIA filing via Stipulation & Agreements. The TD is not viewed as an "incentive" or return for the investment in energy efficiency and demand response. Instead, the TD represents a real financial loss experienced by

the company or a "disincentive" to promote DSM, since every kWh reduced in sales results in financial harm to the company or reduction in sales revenue.

Therefore, good cause exists for TD recovery to ensure alignment of the utility's financial incentives with helping customers use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently as outlined in the MEEIA Statute (Section 393.1075 RSMo.). Furthermore, reliance on EM&V for retrospective recovery for purposes of calculating the TD heightens recovery risk and does not value demand-side and supply-side resources equally.

OTHER VARIANCES

4. Variances related to allowing flexibility in setting the incentives and changing measures within a program: 20 CSR 4240-14- Utility Promotional Practices.

Good cause exists for this variance request due to the substantial marketing and promotion required to gain "at-will" participation in DSM programs. Chapter 14 rules were not promulgated in a manner supportive of MEEIA implementation. The DSIM filing establishes the parameters of marketing DSM products and services. Therefore, the Commission's approval of the plan and general MEEIA oversight, including required prudence review, are the most appropriate means for the regulation of MEEIA-related utility marketing and promotion. Accordingly, we seek a variance from the Commission's promotional practices rules.

5. Variance for 20 CSR 4240-20.092(1)(C)

Avoided cost or avoided utility cost means the cost savings obtained by substituting demand-side programs for existing and new supply-side resources. Avoided costs include avoided utility costs resulting from demand-side programs' energy savings and demand savings associated with generation, transmission and distribution facilities — including avoided probable environmental compliance costs. The utility shall use the IRP and risk analysis in its most recently adopted preferred resource plan to calculate avoided costs.

While we have always interpreted this rule to mean the methodology for calculating avoided costs and therefore shared benefits would be consistent with the most recently filed IRP at the time of the MEEIA filing, out of an abundance of caution, this variance is being requested. Good cause exists for the request as it adds another layer of uncertainty that further discourages our company from its ability to support the state policy to value demand-side sources and supply resources equivalently.

The Company may request other variances after the conclusion of the technical and settlement conferences.

Evergy Metro, Inc. d/b/a Evergy Missouri Metro and
Evergy Missouri West, Inc. d/b/a Evergy Missouri West

Docket No.: EO-2023-0369/0370
Date: April 29, 2024

CONFIDENTIAL INFORMATION

The following information is provided to the Missouri Public Service Commission under CONFIDENTIAL SEAL:

Document/Page	Reason for Confidentiality from List Below
Figure 4.12, p. 45	3 and 6
Figure 4.13, p. 45	3 and 6
Figure 4.14, p. 46	3 and 6
Figure 4.15, p. 46	3 and 6

Rationale for the "confidential" designation pursuant to 20 CSR 4240-2.135 is documented below:

1. Customer-specific information;
2. Employee-sensitive personnel information;
3. Marketing analysis or other market-specific information relating to services offered in competition with others;
4. Marketing analysis or other market-specific information relating to goods or services purchased or acquired for use by a company in providing services to customers;
5. Reports, work papers, or other documentation related to work produced by internal or external auditors, consultants, or attorneys, except that total amounts billed by each external auditor, consultant, or attorney for services related to general rate proceedings shall always be public;
6. Strategies employed, to be employed, or under consideration in contract negotiations;
7. Relating to the security of a company's facilities; or
8. Concerning trade secrets, as defined in section 417.453, RSMo.
9. Other (specify) _____.

Should any party challenge the Company's assertion of confidentiality with respect to the above information, the Company reserves the right to supplement the rationale contained herein with additional factual or legal information.