

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 4th day of December, 2024.

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro’s 2024 Triennial Compliance) **File No. EO-2024-0153**
Filing Pursuant to 20 CSR 4240-22)

In the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West’s 2024 Triennial) **File No. EO-2024-0154**
Compliance Filing Pursuant to 20 CSR 4240-22)

**ORDER APPROVING 2024 TRIENNIAL
INTEGRATED RESOURCE PLANS**

Issue Date: December 4, 2024

Effective Date: January 3, 2025

On April 1, 2024,¹ Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc., d/b/a Evergy Missouri West (collectively Evergy or “the Companies”) filed their 2024 Triennial Integrated Resource Plans (IRP) with the Public Service Commission. The filing of those plans is required by Chapter 20 CSR 4240-22, Electric Utility Resource Planning. On August 29, the Staff of the Commission (Staff) filed its report, and along with the Office of the Public Counsel (OPC), Renew Missouri, Sierra Club, and the Council for the New Energy Economics (NEE) submitted comments identifying a total of 38 alleged deficiencies and concerns regarding the IRPs.²

¹ All dates refer to 2024 unless otherwise indicated.

² The following parties intervened, but did not submit any statements of deficiencies or concerns: the American Association of Retired Persons; the City of Kansas City; the Consumers Council of Missouri; Google LLC; the International Brotherhood of Electrical Workers, Local 304; the Missouri Department of Natural Resources – Division of Energy; Missouri Energy Consumers Group; Missouri Electric Commission; and the Natural Resources Defense Council.

Commission Rule 20 CSR 4240-22.080(9) requires parties who find deficiencies in or concerns with an IRP to work with the electric utility and the other parties to reach a joint agreement on a plan to remedy the identified deficiencies and concerns. On November 5, the Companies, Staff, OPC, Renew Missouri, Sierra Club, and NEE filed a *Joint Filing* that remedied 31 of the 38 stated deficiencies and concerns. Also on November 5, separate and additional responses were filed by the Companies and OPC. No further responses have been received.

With regard to the unresolved alleged deficiencies and concerns, the Companies, Staff, Sierra Club, Renew Missouri, and NEE agreed that no hearing is required to resolve the issues, and it is unnecessary for the Commission to resolve the alleged deficiencies and concerns at this time. The OPC did not expressly request a hearing but stated it is satisfied that the *Joint Filing* serve as a formal placeholder to identify that these Triennial IRPs were contested.

The Commission's rules outline the procedure for the IRP process. There are no requirements for a hearing on these filings. Consequently, the Commission may dispose of this matter informally at its discretion. Commission Rule 20 CSR 4240-22.080(16) requires that:

The Commission will issue an order which contains its findings regarding at least one of the following options:

(A) That the electric utility's filing pursuant to this rule either does or does not demonstrate compliance with the requirements of this chapter, and that the utility's resource acquisition strategy either does or does not meet the requirements stated in 20 CSR 4240-22;

(B) That the Commission approves or disapproves the joint filing on the remedies to the plan deficiencies or concerns developed pursuant to section (9) of this rule;

(C) That the Commission understands that full agreement on remedying deficiencies or concerns is not reached and pursuant to section (10) of this rule, the commission will issue an order which indicates on what items, if any, a hearing(s) will be held and which establishes a procedural schedule; and

(D) That the Commission establishes a procedural schedule for filings and a hearing(s), if necessary, to remedy deficiencies or concerns as specified by the Commission.

The *Joint Filing* resolved 31 of the 38 stated deficiencies or concerns. The seven deficiencies or concerns that were not resolved are set forth below.

OPC Deficiency 1: The preferred plans are unreasonable.

OPC argued that the preferred plans show that Evergy Missouri West and Evergy Missouri Metro are planning to depend on the Southwest Power Pool (SPP) to meet a significant portion of the energy needs of their customers. OPC stated that the remedy is for Evergy to add thermal resources. OPC also suggested that Evergy alter its modeling methodology to target meeting customers' needs rather than limiting the modeling to SPP requirements.

Evergy argued that it has adapted its forward planning process specifically to reduce potential future dependence on the SPP market. Evergy stated that the economic analysis of the resource plans demonstrates that the ability to buy and sell energy to and from the market benefits both utilities. However, even though the IRP model allows both utilities to buy and sell from the energy market, they each will have physical generation available when needed. Evergy argued that allowing market purchases does not mean that a utility is physically incapable of meeting 100% of customer energy needs.

Evergy stated that the SPP will limit the allowed market purchases/sales to approximately 10% of each utility's peak load and 15% of its average load beginning in

2031. Evergy argued that this planning assumption supports Evergy Missouri West attaining a future resource portfolio that provides a physical and economic hedge. These market purchase constraints mean that when an optimal resource mix is selected, it is selected not only because it is the lowest-cost, but also because it is the lowest-cost way to produce energy which aligns closely (within 10-15%) with the utility's customers' hourly energy needs. On the market sale side, it also means that an optimal plan will not be developed solely because of the revenues it could generate from selling energy in excess of customer needs. The constraint ensures that a resource portfolio is developed based on specific customer energy needs and not just forecasted energy market prices. Moreover, the constraint is phased in over time because it is most relevant in the second decade of the planning horizon when expected fossil retirements across the SPP and within Evergy's fleet, combined with the expiration of Evergy's wind PPAs, are expected to significantly change Evergy's net position in the SPP energy market.

OPC Deficiency 3: No modeling of data center load growth.

OPC argued that the impacts of high load and high load-factor data center customers on Evergy Missouri West and Evergy Missouri Metro's capacity and energy requirements are neither modeled nor analyzed. OPC stated that Evergy included a reserve buffer, but it is insufficient to account for the data center potential load. OPC argued that the remedy is for Evergy Missouri West and Evergy Missouri Metro to include the potential for data center growth in its energy and peak forecast and re-evaluate its preferred plan.

Evergy argued that it included the firmly committed economic development load into the load planning assumptions in the 2024 IRP. Evergy stated that per the

Commission's *Order Establishing Special Contemporary Resource Planning Issues*,³ the Company shall: Model large load growth scenarios stemming from: 1) data centers with a demand of 30 megawatts or greater; 2) potential re-shoring of industries, specifically manufacturing or materials refinement; and 3) electrification of buildings and vehicles as a result of federal mandates changes in the marketplace, or evolving consumer preference.

OPC Deficiency 5: Capital Budget Spending Constraints.

OPC argued that Evergy's self-imposed limit on capital budget spending is limiting the additional generation to one combined cycle plant to be split between Evergy Missouri West and Evergy Kansas Central – the two of its utilities with the greatest needs. OPC stated that this self-imposed limit will leave Evergy Missouri Metro to depend on the SPP energy markets to meet the energy requirements of its customers. OPC argued that the remedy is to develop an IRP that allows enough capacity to be built to meet Evergy Missouri West and Evergy Missouri Metro customers' energy needs with minimal dependence on the SPP energy markets.

Evergy argued that ensuring balance sheet stability and financial metrics is a primary consideration of Evergy's future ability to provide reliable, adequate service while minimizing costs. Evergy argued that the annual build limitations not only manage the utilities' balance sheet stability and financial metrics, they also stagger the rate base additions to moderate the need to increase rates annually. The build limits also reduce risks for customers by spreading risks linked to supply chain pricing, component availability, construction execution. Limiting the projects developed per year also allows

³ File Nos. EO-2025-0076 and EO-2025-0078, *Order Establishing Special Contemporary Resource Planning Issues*, issued October 23, 2024, p. 4.

Evergy more flexibility in vetting projects and choosing the best ones available among the options.

NEE Concern 7: Stakeholder Workshops.

NEE argued that the stakeholder process is not currently structured to allow best practice transparency and to solicit input from stakeholders. NEE acknowledged that Evergy did provide modeling inputs and outputs with the 2024 IRP filing and through discovery, but that information came at a point in the process where it was too late for Evergy to incorporate any feedback from stakeholders. NEE argued the remedy is that stakeholder feedback is taken into consideration with enough time for Evergy to be able to incorporate that feedback into the modeling in advance of the filing of the Triennial IRP. NEE suggested three additional steps as part of the stakeholder process as follows: 1) use an online data sharing platform; 2) provide direct responses to stakeholder input on how feedback was considered; and 3) employ a pre-filing schedule such that feedback is incorporated into the modeling that results in the Triennial IRP filing.

Evergy argued that it follows all Missouri IRP rules and as part of the triennial process, it held three stakeholder meetings and provided draft sections of the IRP in advance of the filing. The Company has stated and explained its planning process, assumptions, and model inputs in the stakeholder meetings, responses to data requests, and in narrative in the filings. Evergy stated that stakeholders had 150 days to review these to provide comments after the filing, and also had the entire model from the 2023 annual update to review, and learned of key changes in multiple stakeholder meetings months prior to the Triennial filing.

The Commission notes that the IRP process may be reviewed in the future. The Commission will consider NEE's comments during that review.

Sierra Club Deficiency 1: Coal retirements.

Sierra Club argued that the Company has only tested a limited amount of coal retirements, and heavily favored plans that keep the units on-line longer. Sierra Club stated that the coal retirements in the Company's preferred portfolios are exactly the same as those from its 2023 IRP update. Sierra Club stated that the 2021 Triennial IRP looked at a much larger set of retirement options. In the 2024 Triennial IRP, there is no modeling of a pre-2030 retirement date for any Jeffrey units compared to the 2021 Triennial IRP which evaluated 2026 and 2029 retirement dates. Sierra Club argued that most of Evergy's fleet is losing efficiency, which increases the cost of energy production (i.e., the cost per MWh increases) and makes them less economic to operate.

Evergy argued that it tested retirement dates based on times when large fixed cost spends could be avoided by retirement. Evergy stated this is consistent with the logic of picking a least-cost resource plan by determining whether new resources can meet customer needs with lower costs than the going-forward costs of keeping existing resources.

Sierra Club Deficiency 3: Overstated costs of clean resources.

Sierra Club argued that the Company has overstated the costs of clean resources. Sierra Club stated that Evergy constructed a long-term forecast using the results of a recent Request for Proposal (RFP) as a starting point and then applied the changes in costs from various cost forecasts. The use of the forecasts includes recent supply chain and interconnection issues.

Evergy argued that costs for solar, wind and storage resources were based on RFP offers. The Company also incorporated expected technological improvement and inflation to forecast project costs in future years. Because there has been considerable volatility in costs in the past few years, Evergy stated that construction costs were included as a critical uncertain factor in the 2024 IRP. Evergy does not agree with using non-transactable forecasts in future IRPs.

Sierra Club Deficiency 4: Understated costs of new gas-fired generation.

Sierra Club argued that the Company has understated the costs of new gas-fired generation by not considering the costs associated with carbon capture and storage (CCS). EPA's final rule for carbon pollution standards requires gas-fired power plants with capacity factors greater than 40% to use technologies such as CCS beginning in 2032. Sierra Club stated that Evergy only included CCS as an option for new builds in its High CO2 restriction/High Natural Gas price future scenario. Sierra Club argued that the construction of new gas-fired power plants is at substantial risk of becoming a stranded asset in the medium- to long-term.

Evergy argues that CCS is not economic unless needed for environmental compliance. Evergy will incorporate expected environmental compliance associated with the greenhouse gas rule for new natural gas resources in the 2025 IRP.

CONCLUSION

The Commission has reviewed the following: Evergy Missouri Metro's 2024 Triennial IRP filing; Evergy Missouri West's 2024 Triennial IRP filing; the statements of deficiencies or concerns of Staff, OPC, Sierra Club, Renew Missouri, and NEE; the November 5 *Joint Filing; Summary of Deficiencies Identified by Missouri Office of the*

Public Counsel; and *Evergy Missouri Metro and Evergy Missouri West Responses to Alleged Deficiencies and Concerns*. Pursuant to that review, the Commission finds that Evergy Missouri Metro's and Evergy Missouri West's 2024 Triennial IRP filing and their resource acquisition strategies comply with the requirements of Commission Rule 20 CSR 4240-22. Additionally, the Commission will approve the resolutions contained in the *Joint Filing* and will require the Companies to comply with its requirements. Lastly, the Commission agrees with the position of the *Joint Filing* – that no hearing is required to resolve the seven unresolved deficiencies or concerns, that it is unnecessary for the Commission to resolve these alleged deficiencies and concerns, and that no further responses are required.

THE COMMISSION ORDERS THAT:

1. Pursuant to Commission Rule 20 CSR 4240-22.080(16)(A), the Commission finds that the 2024 Triennial IRP filings made by Evergy Missouri Metro and Evergy Missouri West and their resource acquisition strategies meet the standards stated in 20 CSR 4240-22.

2. Pursuant to Commission Rule 20 CSR 4240-22.080(16)(B), the Commission approves the resolutions contained in the *Joint Filing*.

3. Evergy shall comply with the resolutions described in the *Joint Filing* filed on November 5, 2024.

4. This order shall become effective on January 3, 2025.

5. This file shall be closed on January 4, 2025.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Holsman
Kolkmeier, and Mitchell CC., concur.

Hatcher, Senior Regulatory Law Judge

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 4th day of December 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 4, 2024

File/Case No. EO-2024-0153 and EO-2024-0154

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Nancy Dippell
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.