BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations Company Submission of its 2013 RES Compliance Plan	))	Case No. EO-2013-0505

Brightergy, LLC's Comments in Opposition of
KCP&L Greater Missouri Operations Company's
2013 Annual RES Compliance Plan and Motion Suspend Payment of Solar Rebates

Brightergy, LLC ("Brightergy"), pursuant to 4 CSR 240-20.100 and the Order Setting Filing Deadline issued by the Public Service Commission of the State of Missouri ("Commission" or "MPSC") on May 29, 2013[1], respectfully submits the following comments in opposition of: (1) the 2013 Annual RES Compliance Plan; (2) Revised Tariff Sheet No. R-62.19 ("Suspension Tariff"); and (3) the July 5, 2013 Motion to Approve its Tariff to Suspend Payment of Solar Rebates and Motion for Expedited Treatment ("Motion to Suspend"), submitted by KCP&L Greater Missouri Operations Company ("GMO" or "Company").

After reviewing GMO's 2013 Annual RES Compliance Plan, recently enacted legislation, and MPSC regulations and precedent, Brightergy disagrees with GMO's treatment of its solar rebate expense and calculation of the retail rate impact associated with RES compliance. Brightergy contends that it is improper for GMO to include the full solar rebate balance paid during a year in the Company's retail rate impact calculation. All GMO costs associated with Missouri Renewable Energy Standard ("RES") compliance, including solar rebates, are deferred by the Company pursuant to Commission order.[2] Accordingly, these costs are not completely recovered, and do not fully impact retail rates, in the year they are incurred.

[1] Brightergy has filed its comments to meet the July 12, 2013 deadline set by the MPSC in its May 29, 2013 Order Setting Filing Deadline. In light of the MPSC's Order Directing Filing, issued on July 9, 2013, Brightergy reserves the right to file additional commentary in response to GMO's Motion to Approve Tariff to Suspend Payment of Solar Rebates and Motion for Expedited Treatment, on or before July 30, 2013.
[2] *Second Non-Unanimous Stipulation and Agreement As to Certain Issued*, Case No. ER-2012-0175, paragraph 4.C, p. 3.

Brightergy also takes issue, and strongly disagrees, with GMO's statements in its Motion to Suspend which characterize distributed solar generation as a technology that only benefits affluent utility customers at the expense of other ratepayers. Brightergy further urges the MPSC order GMO to outline a specific plan for administering its Solar Photovoltaic Rebate Program, especially in light of the program's alleged limited funding.

I. Annual solar rebate expense should be amortized annually, and only the amount actually recovered from customers should be included in the Company's retail rate impact calculation.

The full balance of solar rebates paid during an annual period should not be included in a utility's annual retail rate impact calculation performed according to 4 CSR 240-20.100(5). Pursuant to a settlement approved by the Commission in Case No. ER-2012-0175, all GMO RES compliance costs—including solar rebates—are recorded in a deferred account.[3] GMO receives a carrying cost on these deferred costs, and the balance may not be recovered from GMO customers until it is amortized by the Commission during the Company's next rate case. GMO agreed to a three year amortization period for all RES compliance costs incurred before Case No. ER-2012-0175.[4]

Due to GMO's deferral of RES costs, solar rebates do not actually impact retail rates in the year they are paid. Thus, including the full balance of all solar rebates paid in the Company's retail rate impact calculation greatly inflates the actual rate impact of the rebates. The GMO method of calculation also adversely and unnecessarily limits the overall availability of the rebate program. Similarly, an interpretation of 4 CSR 240-20.100(5)(C)[5] that suggests the full, deferred and unamortized balance of solar rebates should be included in the Company's annual rate impact calculation, directly misrepresents the actual rate impact of solar generation.

[3] *Id.*
[4] *Id.*
[5] 4 CSR 240-20.100(5)(C) states: "Rebates made during any calendar year in accordance with section (4) of this rule shall be included in the cost of generation from renewable energy resources."

In order to reflect the actual retail rate impact of solar rebates, Brightergy recommends the Commission order GMO's annual rate impact calculation include only those solar rebate costs actually recovered in retail rates. To ensure a consistent and accurate RES rate impact, Brightergy urges the Commission order GMO to amortize its annual solar rebate costs, over a period of ten years or longer, beginning the year each rebate is approved.

A ten year amortization period properly aligns the benefits the utility and its ratepayers receive from installed solar electric systems with the obligations of approved solar generating customers. Currently, in order to qualify for solar rebates, solar electric systems must remain in place on the customer's premises for ten years.[6] This requirement provides GMO ratepayers the benefits of clean, renewable solar generation for at least ten years. The ten year requirement helps reduce peak demand on the utility's distribution system, and often provides the utility a consistent source of cheap excess power at an avoided fuel cost. A minimum ten year amortization period also matches the useful life of a qualifying solar system, as defined by the MPSC.[7]

A ten year amortization period is further supported by the recent actions of the Missouri Legislature. On May 17, 2013, the Legislature passed House Bill No. 142,[8] amending Section 393.1030 and the law governing solar rebates. Specifically, HB 142 states:

> As a condition of receiving a rebate, *customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years* from the date the electric utility confirmed that the solar electric system was installed and operational.[9]

[6] 4 CSR 240-20.100(4)(C).
[7] *Id.*
[8] H.B. 142, 97th Gen. Assem., Reg. Sess. (Mo. 2013). H.B. 142 was signed by Governor Jay Nixon on July 3, 2013, and will become effective on August 28, 2013.
[9] H.B. 142, 97th Gen. Assem., Reg. Sess. (Mo. 2013) (emphasis added).

As a result of HB No. 142, GMO is guaranteed to receive ten years of SRECs in exchange for each approved solar rebate.

Brightergy respectfully urges the Commission to order GMO: (1) to amortize its annual solar rebate costs over at least a ten year period; and (2) include only those solar rebate costs actually recovered from customers in its annual retail rate impact calculation. Limiting the rate impact calculation to solar rebate costs that actually have an impact on customer rates will ensure the most accurate analysis of GMO RES compliance. Such an order will also preserve and further the clear policy of the Missouri Legislature to increase generation of renewable energy in Missouri. Amortizing GMO's annual solar rebate costs over at least a ten year period will benefit the utility and its solar generating customers.

Annual amortization of the ten year balance would allow GMO to begin recovering its solar rebate costs sooner, more consistently, and without a formal rate hearing. In addition, the GMO amortization period would align cost recovery with the ten years of financial and environmental benefits provided to the utility and its ratepayers by its solar generating customers.

II. Distributed solar generation benefits all utility customers, not only affluent individuals and businesses.

It is the clear policy of the Missouri Legislature to promote and increase renewable energy generation in Missouri.[10] Voters and their elective officials have placed their support behind renewable generation—most notably through the enactment of Proposition C.

Distributed solar generation provides numerous economic and environmental benefits to all utility customers. Brightergy strongly disagrees with the statements in GMO's Motion to

[10] See e.g., H.B. 142, 97th Gen. Assem., Reg. Sess. (Mo. 2013); 4 CSR 240-20.065; 4 CSR 240-20.100.

Suspend implying that solar generation benefits only affluent residents and businesses.[11] From Brightergy's extensive experience, independent solar generation benefits all ratepayers—not just the affluent. In fact, many solar installations are located in low income zip codes. Independent solar installations are especially popular with non-profit organizations that serve these low income areas. Solar rebates, payable according the 4 CSR 240-20.100(4), make solar generation affordable for these organizations and often provide substantial cost savings when compared to a traditional electric bill.

GMO often invests in capital utility assets that do not serve or benefit all ratepayers. For example, the costs of transmission lines installed to serve only a portion of GMO's service territory are shared by all GMO ratepayers. On a larger scale, all GMO ratepayers are currently bearing the cost burden associated with the construction of Iatan 2, a large coal-fired power plant built with a capacity that exceeds total system demand. The costs of these GMO capital investments are spread evenly among all ratepayers—not just those directly served by or benefitting from specific assets.

Independent solar generation benefits the overall health of electric grid. In addition to reducing emissions associated with burning coal and natural gas, solar generation decreases the peak demand on a utility's distribution lines. Reductions in peak demand lessen overall wear-and-tear and the associated repair costs of utility infrastructure.

As stated above, the GMO rate impact calculation is improperly inflated by the inclusion of unrecovered and deferred rebate costs. Accordingly, GMO customers who wish to generate solar energy, and the solar industry in general, will be substantially damaged by GMO's unreasonably premature Suspension Tariff.

[11] *KCP&L Greater Missouri Operations Company's Motion to Approve its Tariff to Suspend Payment of Solar Rebates and Motion for Expedited Treatment*, Case No EO-2013-0505, paragraph 7, p. 4.

In fact, GMO's actions prior to filing its proposed Suspension Tariff have already caused substantial turmoil in the solar industry. Without Commission approval, GMO has begun alerting potential solar customers that it will suspend solar rebate payments. On July 11, 2013, before receiving MPSC approval, KCPL (GMO) issued a press release announcing it had put "a limit of $21 million for 2013 solar rebate payments in Missouri, as required by Missouri State law." (Exhibit A.) These unauthorized actions have caused many customers to reconsider planned or pending solar installations. While GMO claims that it "is not trying to hurt the solar industry by this filing," its public communications, made before MPSC approval, have caused substantial and irreparable damage to solar installers.

III. A clear plan regarding how the Photovoltaic Rebate Program will be administered is necessary to ensure lawful payment of solar rebates.

Brightergy respectfully requests the Commission order GMO to outline a plan as to how it will administer the Solar Photovoltaic Rebate Program. Ideally, this plan would be developed and presented for Commission approval following a formal hearing.

Given the limited funding of the rebate program, as alleged by GMO, potential administrative issues may arise. Potential issues include, but are not limited to, when and how the Company will determine a solar electric system's "operational date," as the term is used in GMO's Suspension Tariff. If the Commission approves the Suspension Tariff, the determination of a system's "operational date" will be vital to accurately evaluate the economics of a proposed solar generation system. A clearly defined and uniformly followed procedure will avoid expensive unpredictability. And solar customers will have the ability to better predict when they may be entitled to receive lawful solar rebates. On multiple occasions in the past, GMO and KCPL have failed to approve Brightergy customers' interconnection applications within the

thirty or ninety days required by Missouri law.[12] A uniform procedure stating what qualifies a system for operation, and upon what event a system becomes "operational," would likely ensure fair administration of the Photovoltaic Rebate Program.

WHEREFORE, Brightergy, LLC respectfully requests that the Commission order GMO to remove the full unamortized balance of solar rebates from its retail rate impact calculation. Inclusion of this deferred balance greatly inflates the actual rate impact of solar generation and unfairly limits the economics and availability of the GMO Photovoltaic Rebate Program. Brightergy further requests that the Commission order GMO to amortize its annual solar rebate costs over a period of ten years or longer, and include only the yearly amortized balance in its rate impact calculation. Such an order would further the policy of the state of Missouri and would encourage the expanded generation of clean renewable energy in the state.

Respectfully submitted,

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[12] 4 CSR 240-20.065(9)(C).

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 12th day of July, 2013, to all parties on the Commission's service list in this case.

/s/ Carson M. Hinderks