**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Proposed Amendment of )

4 CSR 240-20.065 and 4 CSR 240-20.100 )

Regarding Net Metering and Renewable ) File No. EO-2015-0252

Energy Standard Requirements )

**COMMENTS OF MISSOURI SOLAR ENERGY INDUSTRIES ASSOCIATION**

**ON PROPOSED ORDER OF RULEMAKING**

COMES NOW Missouri Solar Energy Industries Association (hereinafter referred to as “MOSEIA”) and submits the following Comments on the proposed Order of Rulemaking published in the Missouri Registrar on May 1, 2015.

**ISSUES:**

1. **CSR 240-20.065, NET METERING**
2. This rule has been amended to now include a definition of “operational” as it pertains to net metered systems. Said definition in Section (1)(G) is “Operational means all of the major components of the on-site system have been purchased and installed on the customer-generator's premises [sic] and the production of rated net electrical generation has been measured by the utility.” MOSEIA would suggest changing the language “has been measured” to “can be measured” in order to prevent any delay by the utility in causing a customer to receive a reduced rebate. As the rule is written, if the date of reducing or eliminating the rebate were approaching, a utility could delay their measurement of the rated net electrical generation and cause the customer to miss out on the rebate. MOSEIA believes it should be clear in the rule that if the customer has completed all customer requirements, that no delay by the utility should affect any rebate the customer is eligible to receive.
3. **CSR 240-20.100, RENEWABLE ENERGY STANDARD**
4. Section (5)(B) includes the direction for calculating the RES retail rate impact. This section directs that the RES RRI should “be determined by subtracting the total retail revenue requirement incorporating an incremental non-renewable generation and purchased power portfolio from the total retail revenue requirement including an incremental RES-compliant generation and purchased power portfolio.” The rule then states that the comparisons should be conducted utilizing incremental revenue requirement for new renewable resources, less the avoided cost of fuel not purchased for non-renewable energy resources due to the addition of renewable energy resources. The avoided cost of fuel is the only benefit that the rule specifically mentions should be included. However, when calculating the maximum average retail rate increase the utility should be required to include full benefits of renewable energy and not simply avoided fuel costs, but should encompass ALL avoided costs. The avoided costs that should be included in the calculation are: avoided cost of fuel not purchased; avoided financing and administrative costs; the avoided cost of transmission and distribution infrastructure, operations, and repairs; avoided fuel price volatility risk; and other known and measurable avoided costs due to the addition of renewable energy resources in lieu of continuing to generate or purchase electricity from entirely non-renewable sources. This issue is the most important, and it is important that the utility take into account ALL avoided costs that result from the generation of renewable energy in order for the RES compliant and non-renewable portfolios to be compared. The rule currently mentions only the avoided cost of fuel. However, MOSEIA believes it is imperative for the utilities to calculate and disclose all the avoided costs and savings that are associated with their investment in renewable energy resources when performing the RRI calculation and preparing their RES compliance plan.
5. In addition to requiring a utility to take into account all avoided costs that result from the generation of renewable electricity, as mentioned in point two (2) above, the rule should also require a utility to include the full risk of environmental regulation, in accordance with 393.1035, and not just the greenhouse gas regulation cost. The statute states that the utility must take “into proper account future environmental regulatory risk including the risk of greenhouse gas regulation.” Therefore, the statute directs that all environmental regulatory risks should be considered, and not simply just the greenhouse gas regulation costs. Therefore, the rule should be amended to account for all environmental compliance costs in the rule when calculating the RRI.
6. Section (5)(G) includes a new “carry forward” calculation which illustrates the difference between actual RES compliance costs and the 1% RRI amount. Just for clarification purposes in the following sections (H) and (I), MOSEIA would propose adding the words “Not withstanding anything in subsection (H)” before the first sentence of Subsection (I) in order to make it clear that solar scale utility shall not be counted against the 1% cap in any year for purposes of paying solar rebates. It should be clear that utilities will continue to pay rebates if it is a utility scale solar project that causes the utility to exceed the 1% RRI cap, and that those utility scale solar costs won’t be included when calculation the 1% for rebate purposes.
7. Under the proposed rule, there is no actual requirement that the RRI be calculated and filed every calendar year. The RRI is only calculated when a utility files to suspend solar rebates and/or in a utilities’ RES compliance plan. The RES compliance plan calculation is simply a projection of the RRI, and not an actual calendar year calculation of the RRI. MOSEIA would be in favor of requiring each utility to calculate the RRI each calendar year and include it in their annual compliance report each year. The actual calendar year RRI calculation would be beneficial for parties in order to know the accuracy of the projected RRI and to assist in future planning.
8. Section (1)(J) of this section includes the same definition of “operational” that has been added to 20.065(1)(G); please see MOSEIA’s comments in paragraph one (1) above.
9. Section (5)(A) of the proposed rule includes the requirement that any renewable energy resources that were owned or under contract prior to the effective date of the rule shall not be included in the RRI, which is an addition that MOSEIA supports and believes is necessary in carrying out the intent of the statute.
10. The language in Section (5)(A) of the rule is improved to include that the methodology that when calculating the RRI, the non-renewable generation and purchased power portfolio should be determined by addition, to the utility’s existing generation and purchased power resource portfolio **excluding all renewable resources**, additional non-renewable resources sufficient to meet the utility’s needs on a least-cost basis for the next ten (10) years. This is a favorable inclusion, as the rule is now in line with RSMo Section 393.1030 in that it eliminates any renewable resources from being included in the non-renewable generation portfolio, and there are no joint or common costs in the non-renewable and RES compliant portfolio. MOSEIA supports this addition.
11. Section (5)(D) of the proposed rule does direct that when adjusting downwards so as not to exceed the 1% cap, the utility should give first priority to reducing or eliminating the amount of RECs not associated with electricity sold to Missouri customers. However, it does not require that all RECs used for RES compliance be associated with electricity sold to Missouri customers. In their comments during the informal process, Renew Missouri proposed the following: “Renewable electricity or RECs associated with renewable electricity are eligible to be counted towards the RES requirements only of the renewable electricity is sold to Missouri electric energy retail customers.” Renew Missouri has been consistent in their pursuit that RECs can only be used towards RES requirements if they were sold to Missouri electric energy retail customers. MOSEIA certainly supports the addition in the rule that would give priority to reducing or eliminating RECs not associated with electricity sold to Missouri customers first, but believes it would be better to include the language Renew Missouri previously suggested quoted above.

WHEREFORE, MOSEIA respectfully requests that the Commission consider these comments when finalizing the proposed rules addressed herein.

Respectfully Submitted,

/s/ Wendy Shoemyer\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Wendy Shoemyer #62080

Joseph E. Maxwell #37999

210 E. Love St.

Mexico, MO 65265

wshoemyer@hagan-maxwell.com

(573) 581-8373 (phone)

(573) 581 8486 (fax)

ATTORNEYS FOR MISSOURI SOLAR ENERGY INDUSTRIES ASSOCIATION