IN THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the 4 CSR 240 Chapter 22
Electric Utility Resource Planning rule rewrite Docket No. EW-2009-0412

July 27, 2009

COMMENTS OF MISSOURI COALITION FOR THE ENVIRONMENT AND RENEW MISSOURI

We write to address the relation of the IRP rule to the Renewable Electricity Standard. There needs to be coordination between this docket and the parallel RES workshop going on as EW-2009-0324. As it stands, the draft IRP rule does not meet the requirements of the RES. While that draft may change substantially, any substitute that emerges must be drawn to comply.

The RES, § 393.1030.2(1), requires regulated utilities to project least-cost RES compliance plans, compare them to the cost of entirely nonrenewable generation, and account for environmental regulatory risk, particularly from greenhouse gas regulation. The process is analogous to IRP, which makes it appropriate to integrate the two rules.

The RES law makes it imperative that an RES-compliant portfolio be part of the preferred resource plan. While 4 CSR 240-22.070(6)(A)2 does require this, the steps leading up to the preferred resource plan do not provide a way to get there.

Section 393.1020.2(1) requires two portfolios that are not in the draft IRP rewrite — an all-renewable portfolio and an all-nonrenewable portfolio. The RES-compliant alternative resource plan called for by 4 CSR 240-22.060(3)(A)2 is not an all-renewable portfolio. The RES law envisions a process of screening renewable alternatives to arrive at a least-cost mix of renewables — a self-contained mini-IRP. This least-cost RES portfolio must be developed apart from the rest of the IRP and then made part of the preferred resource plan. It is not an alternative resource plan that can be rejected after risk analysis and strategy selection. It is not an alternative resource plan at all; such plans are designed to serve a utility's entire load, not just a portion of it.

The all-nonrenewable portfolio is mainly a matter of subtracting RES-eligible renewable resources from the existing and planned generation mix. However, a cost must be assigned to environmental regulatory risk, particularly of greenhouse gas regulation but also of other possible requirements such as revived CAIR and CAMR rules. The current IRP draft continues the old process of having the utility assess the cost of mitigating two selected pollutants. 4 CSR 240-22.040(2)(B)2. This does not comply with the RES.

The draft rule calls for a benchmark resource plan in 4 CSR 240-22.060(3)(A)1 that is not RES-compliant. A benchmark plan should be one that complies with the law, including the RES.

There is a range of possibilities for integrating the RES and IRP rules. At one end of the spectrum, the least-cost renewable portfolio could be done entirely under the RES rules, emerging fully formed as an input ready to be plugged into the preferred resource plan. At the

other end of the spectrum, the entire RES portfolio planning process could be done within the IRP rules. We favor the former approach, but whatever approach is finally adopted must satisfy the RES law.

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