

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of a Determination of Special)	
Contemporary Resource Planning Issues to be)	
Addressed by The Empire District Electric)	File No. EO-2021-0066
Company in its Next Triennial Compliance)	
Filing or Next Annual Update Report)	

**LIBERTY’S OBJECTIONS REGARDING
SUGGESTED SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES**

COMES NOW The Empire District Electric Company (“Liberty”), and, pursuant to Commission Rule 20 CSR 4240-22.080(4)(B), provides these objections regarding the special contemporary resource planning issues suggested by the Office of the Public Counsel (“OPC”). In this regard, Liberty respectfully states as follows to the Missouri Public Service Commission (“Commission”):

Introduction

This file was opened to facilitate the process established by Rule 22.080(4) regarding evolving electric resource planning issues – or special contemporary issues (“SCIs”) – for Liberty to analyze and document in its next integrated resource planning (“IRP”) annual update report.

Liberty submitted its most recent triennial compliance filing on June 28, 2019, in Commission Case No. EO-2019-0049, and its next triennial compliance filing will be made in 2022. There are important distinctions between the IRP triennial compliance filing and the IRP annual update report that will be submitted by Empire in 2021. The triennial filing, made every three years, is a major study that is subject to the Chapter 22 electric utility resource planning rule. Pursuant to Rule 22.080(2), the triennial filing must demonstrate compliance with all provisions of Chapter 22. The IRP annual update report, on the other hand, is meant to provide an update to stakeholders

and allow them to have input on IRP issues on an annual basis, between triennial filings. Pursuant to Rule 22.080(3)(B), “the depth and detail of the annual update report” shall be commensurate with the changes since the last IRP filing. While related, the scope of the triennial filing and the scope of the annual update are very different.

Pursuant to Rule 22.020(55), SCIs ordered by the Commission shall be “evolving new issues, which may not otherwise have been addressed by the utility or are continuations of unresolved issues from the preceding triennial compliance filing or annual update filing.” The list of SCIs ordered by the Commission for consideration and analysis by Liberty in its 2021 annual update report should be straightforward, specific to Empire and its planning process, and appropriately limited in number and scope, so that the issues may be adequately analyzed and the Company’s resources used wisely.

OPC’s Suggested SCIs

Liberty objects to OPC issues 1-8, primarily on the basis that the suggested issues are not appropriate for an annual review. IRP Rules 4 CSR 4240.22-040 and 4 CSR 4240.22-045 require that Liberty, among other things, evaluate the cost-effectiveness of various supply-side, transmission and distribution investments within a triennial review. These costs rely on a robust set of assumptions developed by Liberty as part of its triennial IRP process. It would be an unnecessary and redundant burden for Liberty to perform the analyses as requested by OPC within the context of Liberty’s upcoming annual update.

Consistent with 20 CSR 4240-22.080(3), the annual update filing includes updates regarding the:

1. utility’s current preferred resource plan;
2. status of the identified critical uncertain factors;
3. utility’s progress in implementing the resource acquisition strategy;

4. analyses and conclusions regarding any special contemporary issues that may have been identified pursuant to 4 CSR 240-22.080(4); and
5. changing conditions generally.

As such, the Company will not be performing any detailed modeling, and many of the OPC suggested SCIs are not appropriate for an IRP annual update. Please see the attached Appendix A for additional information and complete explanations in support of Liberty's objections to OPC's suggested SCIs for Liberty's next annual update report.

Conclusion

Liberty urges the Commission to apply a reasonableness standard in arriving at its list of SCIs for Liberty to consider and analyze for its 2021 annual update. As Liberty will not be submitting a triennial compliance filing in 2021, the ordered SCIs should be more limited in number and scope and should be appropriate for the scope of an annual update. Additionally, any ordered special contemporary issue should be reasonably related to Liberty-Empire's particular resource planning, should not already be covered or contemplated by the IRP rules, and should not conflict with the directives of the IRP rules.

WHEREFORE, Liberty respectfully submits its objections and comments regarding the special contemporary resource planning issues suggested by OPC. Liberty requests such relief as is just and proper under the circumstances.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 8th day of October, 2020, with notice of the same sent to all counsel of record.

/s/ Diana C. Carter

Objections to Office of Public Counsel’s Suggested SCIs

The Office of the Public Counsel (“OPC”) is asking the Commission to order The Empire District Electric Company (“Liberty”) to address eight special contemporary issues (“SCIs”) in its next annual update filing. OPC also uses this case as a platform to endorse for Liberty, and other utilities, a Sierra Club recommendation to Evergy about a competitive bidding framework. OPC freely admits that this is not a special contemporary issue. Therefore, Liberty will not comment on this OPC endorsement at this time.

OPC Issue 1 - Impact of Falling Energy Market Prices in SPP: Model the current preferred plan both with stable (flat) and with declining market prices. The resulting modeled bill impacts should be compared to the currently forecasted bill impacts to give a more likely range of bill impacts of the utility’s preferred resource plan. Generation resources added above what is required to meet customers’ capacity and energy requirements should be modeled with realistic market price forecasts that include a sharing of the risk of the market between the utility acquiring the resource and its customers.

Liberty’s Objection to OPC Issue 1: Liberty will be making an IRP annual update in 2021 and will not be making the type of model runs required by a full triennial IRP filing. This request from OPC is well beyond the scope of an IRP annual update. This seems like a request for the Company to perform a special study for the OPC at the ratepayers’ expense. It should also be noted that the Company’s new wind resources, a major feature of the 2019 IRP preferred plan, are committed resources that have already been evaluated – received Certificates of Convenience and Necessity (“CCNs”) in Case No. EA-2019-0010 where they were found to “promote the public interest” and are nearing completion. Market prices are driven by many factors including natural gas prices.

Liberty will provide an update on natural gas prices and other factors during the normal course of its next IRP annual update. Multiple sets of fuel and market prices are used in IRP modeling, and the IRP is performed every three years since these inputs are difficult to forecast with accuracy and subject to change over time. However, for Liberty, this is not one of those years.

OPC Issue 2 Suggestions - Reliable Power: Liberty should analyze with the assumption of 50%, 75%, and 100% of the fossil fuel generation of the RTO being retired by 2025.

- a. The economic impact to customers of continuing to pay for fossil fuel plants that have shut down and the loss of load probability of the current preferred plan;
- b. The economic impact to customers of continuing to pay for fossil fuel plants that have shut down and impact of lower/flat market prices and the loss of load probability of the current preferred plan; and
- c. The economic to customers of continuing to pay for fossil fuel plants that have shut down and impact of lower/flat market prices, and the cost of adding storage to maintain current loss of load probability.

Liberty’s Objection to OPC Issue 2: First, in its SCI filing the OPC states, “Past fuel adjustment clause prudence reports filed by Staff, while not finding wind power purchased power agreements (“PPAs”) imprudent, have shown how the wind purchased power agreements of Evergy and Liberty added over the past eight years have not been efficient economically and have resulted in tens of millions of dollars of losses passed through to customers through their FACs.”

Liberty has not added any wind PPAs in the past 8 years. Liberty added its two existing wind PPAs in 2005 (15 years ago) and 2008 (12 years ago). As the OPC points out, they were not found to be imprudent. And yet, this is still not a fair comparison of costs since the Company’s wind PPA’s energy cost that flows through the FAC is an “all in price” while other types of resources have fuel costs that flow through the FAC, but other costs are in base rates.

Secondly, this request is well beyond the scope of the IRP annual update and not appropriate for the list of SCIs for Liberty this year since Liberty will be performing an IRP annual update and will not be performing the detailed modeling required to develop a triennial IRP. In fact, attempting to estimate the impacts of SPP resources may even be beyond the scope of the triennial IRP. Every three years, Liberty develops an IRP for the utility and not for the entire SPP. This type of request would require consulting assistance and could be very costly, assuming it could even be done. This appears to be OPCs attempt to expand the IRP rule to perform a costly and time consuming side study of limited validity that takes resources away from the core features of the IRP. If the Commission would select this type of SCI in any given November, there may not even be enough time to perform such a study properly prior to the Company’s IRP filing date.

OPC Issue 3 Suggestion - Additive Manufacturing (“AM” or “3D Printing”): Liberty should explore this technology within the Special Contemporary Topics sections of its IRP.

Liberty’s Objection to Issue 3: For this request, the OPC is not requesting any specific modeling. Rather, they are looking for the utility to examine the feasibility and potential cost savings implications (if any) of adopting AM technology to maintain present-day investments or for future investments at the generation, transmission, and distribution levels.

OPC’s request in this issue describes a very new and still emerging technology – namely, the use of 3-D printing for the creation of spare parts and tooling. OPC suggest that 3-D printing could enable construction of wind turbines (blades and tower segments) at the site of construction of a wind farm, which OPC alleges could result in increased financial savings. Given the early stages of this type of technology, it would be an unnecessary burden to direct Liberty to perform the analysis as requested by OPC.

OPC Issue 4 Suggestion - Virtual Power Plant: Liberty should determine the necessary rooftop solar penetration and the steps it would need to take to achieve that penetration within its

service territory to justify a VPP option as a resource candidate in future supply-side generation planning and modeling scenarios.

OPC Issue 5 Suggestion - Small Modular Reactors: Investigate the option of a small modular reactor as a resource candidate in future supply side generation planning and modeling scenarios.

OPC Issue 6 Suggestion - Combustion Turbine Conversion to Combined Cycle Units: Identify existing combustion turbines and consider (to the extent applicable) the conversion of combustion turbine units to combined cycle units as a resource candidate in supply-side generation planning and modeling scenarios.

OPC Issue 7 Suggestions - Grain Belt Express Energy: (1) Include Grain Belt Express Energy as a Power Purchase Agreement resource candidate in supply-side generation planning and modeling scenarios. (2) Analyze impact of Grain Belt Express Energy on existing wholesale contracts (i.e., potential lost customers) and implications (if any) on future lost load.

OPC Issue 8 Suggestion - Long-Duration Storage: Liberty should include a section within its Special Contemporary Issues to consider the potential feasibility of such applications within its 20-year planning horizon. That is, at least a cursory review of best available technology and promising options if new LDES systems (as opposed to old, e.g., pumped hydro. OPC is not requesting any specific modeling of LDES technology that has not been proven commercially.

Liberty's Objection to OPC Issues 4-8: These appear to be resource candidate options for a triennial IRP and do not apply to an IRP annual update. In presenting this request, the OPC even uses language such as "consider as a resource candidate in supply-side generation planning and modeling scenarios" and "consider the potential feasibility of such applications within its 20-year planning horizon." However, since Liberty will be developing an IRP annual update and not an IRP triennial filing, the Company will not be performing any generation planning modeling scenarios and will not be addressing a 20-year planning horizon. Therefore, these four requests are not appropriate for Liberty for its upcoming IRP annual update.