BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Submission of Its 2022 Renewable Energy Standard Compliance Report. AND In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Submission of its 2023 Renewable Energy Standard Compliance Plan.	)))))))))	Case No. EO-2023-0361 EO-2023-0363

Office of the Public Counsel's Comments on Evergy Missouri Metro's Renewable Energy Standard Compliance Report and Plan

COMES NOW the Office of the Public Counsel ("OPC") and for its Comments on Evergy Missouri Metro's ("Evergy Metro's" or "Company's") Renewable Energy Standard ("RES") Compliance Report ("Report") and RES Compliance Plan ("Plan").[1]

The OPC submits these comments to raise significant concerns with Evergy Metro's Report and Plan, as detailed in the attached Memorandum from Ms. Lena Mantle, P.E. The Commission's purpose of requiring RES reports and plans is not met when the information provided by the utility lacks the transparency necessary to ensure compliance with the RES. As explained below and in Ms. Mantle's Memorandum, Evergy Metro's Filings do not comport with state law, Public Service Commission ("Commission") regulation, or the central policy that underlies the Filings' existence.

[1] Addressed jointly as "Filings"

Ignoring Missouri Law

Missouri's general RES requirements statute is RSMo Section 393.1030. While this law does not speak on every aspect of the RES, the General Assembly did choose to create an expiration date for renewable energy credits (RECs). Section 393.1030 states, "An unused credit may exist *for up to three years from the date of its creation*."[2] After three (3) years a public utility cannot use a banked REC for RES compliance purposes. As further explained in Lena Mantle's attached memorandum, 1,013,894, or 93%, of the RECs that the Company retired for RES were expired.[3]

When the Company uses expired RECs for RES compliance, it disregards state law and hurts ratepayers. The Company should, as a matter of prudence, sell excess RECs in order to make money and decrease rates for customers. Evergy Metro has opted to bank these RECs until they expire, then attempt to use them for RES compliance. As a result of the Company's choice not to sell the excess RECs, ratepayers have lost about $2.3 million in REC revenue.[4]

However, Evergy Metro's use of expired RECs is not the only way the Company is not in compliance with state law. There are two (2) provisions within the RES statute that limits the average retail rate increase permitted for RES

[2] RSMo § 393.1030.2 (emphasis added).
[3] Lena Mantle, RESPONSE TO EVERGY METRO, INC'S 2022 RENEWABLE ENERGY STANDARD REPORT AND PLAN FILED WITH THE MISSOURI PUBLIC SERVICE COMMISSION, pg. 3 (June 30, 2023), Case Nos. EO-2023-0361 & EO-2023-0363.
[4] Mantle (n. 3) pg. 4.

compliance to one percent (1%).[5] One (1) of these clauses states that a utility "shall not raise the retail rates charged to the customers of electric retail suppliers by an average of more than one percent *in any year*[.]"[6] Ms. Mantle calculates in her memo that the actual impact of Evergy Metro's RES compliance was actually somewhere between three point eight percent (3.8%) and four point zero seven percent (4.07%),[7] making its rate impact about four times (4xs) higher for retail customers than the law permits.

Moreover, the Company's Plan again omits certain costs when calculating its rate impact and speaks only in vague generalities when responding to questions about how it will meet RES compliance from 2023 through 2025. These Filings show that Evergy Metro is signaling its intent continue violating RSMo Sections 393.1030.2(1) and 393.1045 in the future. Preventing future abuse of the RES by Evergy Metro is reliant on the Commission stopping it now.

Ignoring Commission Regulation

While Evergy Metro's Filings do cite each section of 20 C.S.R. 4240-20.100(8)(A) & (B), that does not mean that the Company appropriately responds to each section. Commission regulations state, "A calculation of [RES compliance's] actual calendar year rate impact,"[8] but the Company only provides the number resulting from their calculation, without the calculation, itself.[9] Commission

[5] RSMo § 393.1030.2(1) & RSMo § 393.1045.
[6] RSMo § 393.1045.
[7] Mantle (n. 3) pgs. 4 & 5.
[8] 20 C.S.R. 4240-20.100(8)(A)1P.
[9] *2022 Annual Renewable Energy Standard Compliance Report* pg. 10, EO-2023-0361, EFIS Item No. 1.

regulations demands "[a] specific description of the utility's planned actions to comply with the RES"[10] but the Company responds with a general statement that it expects to use banked and generated RECs to meet compliance, without further explanation.[11]

While the Company's use of RECs failed to follow state statute, the Filings, themselves, failed to follow Commission Regulation. Wherever the 20 C.S.R. 4240-20.100(8)(A) & (B) called for detail, Evergy Metro responded with generalities. The OPC had to seek external sources to effectively analyze the Report and Plan, because the Company chose not to provide all of the necessary information. As a tool for ensuring Evergy Metro is complying with the RES, the Company's filings are inadequate.

Ignoring the Point

RES Filing requirements were spelled out in Commission regulations in order to guide utilities to explain how it optimizes renewable energy assets. As a regulated entity, the Company is obligated to create those Filings with both the regulatory bodies overseeing it and the public in mind. Successful RES Filings are clear, detailed, and accurate. The Filings are both an oversight tool for regulators and a suit of armor for prudent utility companies. While protecting a well-meaning utility from public cries of financial abuse, the Filings also are meant to satisfy curious members of the public. Ultimately, RES reporting requirements protect the consumers, the regulators, and the utility itself.

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[10] 20 C.S.R. 4240-20.100(8)(B)1A.
[11] *2023 Annual Renewable Energy Standard Compliance Plan* pg. 5, EO-2023-0363, EFIS Item No. 1.

However Evergy Metro's Filings demonstrate the Company's disinterest in a transparent approach to the RES. Comprehension of the Company's Filings required the OPC to seek outside information from the North American Renewables Registry, Evergy Metro itself, and Ms. Mantle's own retained data. Moreover, even with the extra information sources, actually understanding the contents of these Filings requires close inspection and a knowledge of what to look for. The public does not have the requisite knowledge of this field, and it should not need that knowledge to hold a powerful corporation providing essential services to account. Therefore, along with failing its captive customers, Evergy Missouri Metro is failing to comply with the RES statute and regulation.

WHEREFORE, the OPC requests that the Commission find Evergy Missouri Metro in non-compliance with RES due to the content and nature of its Filings.

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CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this 30 of June, 2023.

/s/ Anna Martin

MEMORANDUM

To: Missouri Public Service Commission
Official Case File Nos. EO-2023-0361 and EO-2023-0363

From: Lena M. Mantle, PE
Senior Analyst, Office of Public Counsel

Re: Response to Evergy Metro, Inc.'s 2022 Renewable Energy Standard Report and Plan filed with the Missouri Public Service Commission

Date: June 30, 2023

Evergy Metro, Inc.'s ("Evergy Metro") **2022 Annual Renewable Energy Standard Compliance Report** ("report") fails to demonstrate it met the 2022 Missouri renewable energy standard ("RES") statute or Commission rule 20 CSR 4240-20.100 in the following ways.

- Evergy Metro's report does not specify the amount of energy necessary to meet the 2022 RES nor which renewable assets provided the energy to meet that standard.
- Data request responses show that 93% of the renewable energy credits ("RECs") retired to comply with the non-solar 2022 RES were created more than three years before Evergy Metro retired them. Therefore, the RECs were and are useless to meet the Missouri RES.
- Evergy Metro's report does not meet the rule requirement 20 CSR 4240-20.100(8)(A)1.P that requires the electric utility to show its calendar year rate impact calculation for RES compliance in 2022. Instead, it simply states that the retail rate impact was 0.033% without showing the calculation and with no explanation of the costs considered in the determination of the rate impact.

Evergy Metro's **2023 Annual Renewable Energy Standard Compliance Plan** ("plan") does not comply with RES for the following reasons.

- The Evergy Metro does not detail the renewable resources used to meet RES compliance for 2023 through 2025.
- Evergy Metro's calculation of the Missouri RES ten year average renewable rate impact ("RRI") does not include all costs to meet the RES.

REPORT

The Report Does Not Document Compliance

Evergy Metro did not provide the amount of energy it was required in 2022 to meet with renewables or which of the renewable resources that it has access provided the energy to meet the Missouri RES. Table 1, below, shows Evergy Metro's RES requirements for 2022 as follows:

Table 1
Evergy Metro's RES Requirements

Total Missouri retail sales in 2022[1]	8,480,173 MWh
RES requirement (15%)	1,272,026 MWh
Solar requirement (2% of 15%)	25,441 MWh
Non-solar requirement	1,246,585 MWh

North America Registry's ("NAR") information[2] showed Evergy Metro did retire enough RECs to meet the RES. The resources that it used are shown in Table 2 below.

Table 2
RECs Retired for 2022 Mo RES Compliance

	# of RECs	Compliance RECs
Cimarron 2 Wind	69,781	69,781
Osborn Wind	242,123	302,654
Pratt Wind	60,652	60,652
Rock Creek Wind	383,037	478,796
Slate Creek Wind	81,043	81,043
Spearville 3	54,043	54,043
Spearville 2	13,711	13,711
Spearville 1	124,394	124,394
Waverly Wind	31,513	31,513
Total	1,090,297	1,246,587
Solar	20,353	25,441

The NARs data reveals that Evergy Metro utilized RECs created at all of the wind facilities that it has purchased power agreements ("PPAs") with the exception of its Prairie Queen PPA.

[1] Calculated using Evergy Metro's retail sales as provided in Table 1 of the Company's report.
[2] Provided by Evergy Metro in response to Office of Public Counsel data request 8000.

Evergy Metro Retired RECs More Than Three Years After They Were Created

Section 393.1030.2 requires RECs to be retired for the RES within three years of their creation. In its response to data request 8000, Evergy Metro provided when RECs were created and retired. Table 2, below, summarizes this information.

Table 3

Vintage of RECs Retired for Mo 2022 RES Requirements

Vintage	3 Yr Deadline	Retirement Date		Grand Total
		Dec 19, 2022	Mar 15, 2023	
Jan-19	Jan-22	185,717		185,717
Feb-19	Feb-22	173,876		173,876
Mar-19	Mar-22	126,126	49,460	175,586
Apr-19	Apr-22	73,419		73,419
May-19	May-22	56,830		56,830
Jun-19	Jun-22	52,064		52,064
Jul-19	Jul-22	51,486		51,486
Aug-19	Aug-22	40,543		40,543
Sep-19	Sep-22	73,807		73,807
Oct-19	Oct-22	68,056		68,056
Nov-19	Nov-22	62,510		62,510
Dec-19	Dec-22	76,403		76,403
Grand Total		1,040,837	49,460	1,090,297
Amount older than 3 years				1,013,894
				93%

This table shows that Evergy Metro retired 1,090,297 RECs[3] for the Missouri RES that were untimely, according to Section 393.1030.2. Therefore, Evergy Metro did not comply with the Missouri RES statute.

No 2022 Rate Impact Information

Commission rule 20 CSR 4240-20.100(8)(A)1.P requires the annual RES compliance reports to provide a calculation of the utility's actual calendar year retail rate impact for the most recent year. Evergy Metro did not meet this requirement. It, merely stated that the revenue requirement impact of meeting the RES in 2022 was 0.033%. The report does not explain the costs included, nor does it articulate the cost amount. Therefore Evergy Metro's RES report is not in compliance with the Commission rule.

[3] This number assumes that the RECs retired in December 2022 were created after December 19, 2019.

In response to the Public Service Commission staff's ("Staff's") data request 1, Evergy Metro provided the following costs used to calculate the rate impact

[redacted]

This is the extent of the information provided regarding the cost Evergy Metro incurred to meet the RES. It did not identify the contractors or their role in Evergy Metro meeting the RES. Further, Evergy Metro did not explain the negative AFUDC.

Finally, the 2022 RES compliance cost does not include any costs or revenues for the resources shown in Table 2. Evergy Metro's monthly FAC submission shows the following costs, revenues, and resulting margins for the wind facilities that provided the RECs used to meet the 2022 RES. This information for January 2019 through December 2019 is shown below.

Table 4
Cost of Evergy Metro's Wind PPAs
January 2019 through December 2019

	Total Cost	Revenues	Margin cost/(profit)	Allocated to Mo Retail
[redacted]				

If the 2019 cost of these PPAs is added to the 2022 compliance Evergy Metro's total cost for the 2022 RES was [redacted] resulting in a retail rate impact of 3.80%.

In addition, Evergy Metro did not include the revenue customers lost because it retired RECs from these uneconomic PPAs rather than selling them. Evergy Metro responded to Staff data request 4

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with a listing of the RECs it sold and the prices it received. Using this information, I calculated that, had Evergy Metro received these prices for the RECs it retired, it could have generated $2.28 million in REC revenue for customers in 2022. The lost opportunity cost for the retired RECS, with the losses from Evergy Metro's wind PPAs, equal a total cost of [redacted] a retail rate impact of 4.07%.

PLAN

Resources to Meet RES in 2023 through 2025 Are Not Identified

Commission rule 20 CSR 4240-20.100(8)(B)1.A requires a "specific" description of Evergy Metro's planned action to comply in 2023 through 2025. Evergy Metro's plan lists its PPAs and their estimated energy production. The Company then states that RECs from these resources, along with banked RECs, will be used to meet the expected need for the next three years. Evergy Metro's plan does not specify which wind PPAs it will use for compliance.

Table 1 of the plan, titled "Evergy Missouri Metro Wind Resources Information," provides the renewable resources Evergy Metro states that it can rely on to meet the Missouri RES. Further, the table's fifth column is labeled "Metro-Mo Share (MW)." However, neither the information listed in the fifth column nor last column, titled "2023 Estimated Annual Energy (MWh)," is specific to Missouri. The information contained in this table is for total Evergy Metro. Attachment A to this memorandum is a table with Missouri Metro specific information that the Office of the Public Counsel received in response to its data request 8002.[4]

Commission rule requires Evergy Metro to prove that its compliance plans are the least cost, prudent methodology to achieve compliance (20 CSR 4240-20.100(8)(B)1.E). It stated that Spearville 1 was installed prior to the passage of the RES rule and that the wind energy from this facility is the least cost resource. However, Evergy Metro's Missouri allocation of the energy from Spearville 1 is not enough to meet the RES resulting in a need to retire RECs from other resources.

Evergy Metro appears to believe that there is no cost to using RECs from all of its PPAs, since it asserts Evergy Metro entered into the contracts because the PPAs were "economic." However, only one of Evergy Metro's wind PPAs has shown to be economic. In fact, from 2016 through the end of 2022, these PPAs have cost its Missouri retail customers over $178 million.

Even if only the cost is considered is the lost opportunity cost of not being able to sell the RECs, Evergy Metro should present a plan that optimizes the RECs it retires to meet the Missouri RES to maximize the revenue it can get for RECs that are not retired for the RES.

Evergy Metro's Calculation of the Average Retail Rate Impact Does Not Consider All Costs

Similar to the actual 2022 retail rate impact calculation, the average retail rate impact does not include all costs because it does not consider the losses in the market for the PPAs. In addition, the average retail rate remains artificially low because the Company did not consider the economic effect of these PPAs on Evergy Metro's customers.

[4] Even though Table 1 in the plan is filed as public information, the table in Attachment 1 was labeled confidential.

ATTACHMENT A
IS
CONFIDENTIAL
IN ITS ENTIRETY