MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2016-0282, Kansas City Power & Light Company's Renewable Energy Standard Compliance Plan for Calendar Years 2016, 2017, and 2018

FROM: Claire M. Eubanks, PE, Engineering Analysis

/s/ Dan Beck / May 26, 2016	/s/ Bob Berlin / May 26, 2016
Engineering Analysis / Date	Staff Counsel's Office / Date

SUBJECT: Staff Report on Kansas City Power & Light Company's 2016Annual Renewable Energy Standard Compliance Plan

DATE: May 26, 2016

CONCLUSION

The Staff has reviewed Kansas City Power & Light Company's ("KCPL" or "Company") *2016 Annual Renewable Energy Standard Compliance Plan* ("*Plan*"). Based on the information supplied the Company appears to have met the minimum requirements of 4 CSR 240-20.100(8)(B).

OVERVIEW

On April 15, 2016, the Company filed its *Plan* for calendar years 2016 through 2018. The *Plan* was filed in accordance with Rule 4 CSR 240-20.100(8), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. This rule states, in part, "Each electric utility shall file an annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 4 CSR 240-20.100(8)(B)1.A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the plan and file a report of its review within forty-five (45) days of the filing.

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Attachment A

DISCUSSION

Staff has reviewed the Company's *Plan* in accordance with the established requirements to verify that the *Plan* contains the information required by the rule. The results of the review are detailed below, with appropriate rule subparagraphs A. through G. identified and quoted.

A. "**A specific description of the electric utility's planned actions to comply with the RES**;"

For non-solar compliance, the Company has the following resources which it may utilize renewable energy certificates ("RECs") from:

Renewable Resource	Fuel Type	Ownership Type	Expected annual generation[1] (Mwh)
Spearville I	Wind	Owned	271,000
Spearville II	Wind	Owned	271,000
Cimarron II	Wind	PPA	294,000
Spearville 3	Wind	PPA	232,000
Hampton Alternative Energy Products	Methane from agricultural operations	PPA	0
Slate Creek	Wind	PPA	347,000
Waverly	Wind	PPA	462,000

As noted on Page 4 of the *Plan*, KCP&L expects to have banked RECs unexpired at the end of 2015 plus the addition of RECs generated by the wind facilities' actual generation. KCP&L has not provided a specific listing of which of the above listed facilities will be utilized for RES compliance in the 2016 to 2018 plan period.

KCPL has entered into two wind PPAs which are not yet operational. One is a 20-year, 120 MW wind PPA (of a 300 MW facility) to purchase energy from Rock Creek located in Atchison County, Missouri. This wind facility is expected to be operational during 2017. The other PPA is for 180 MW (of a 200 MW) facility from Osborn located near St. Joseph,

[1] Missouri Jurisdictional, See page 4 of *Plan*

Missouri. Osborn is expected to be commercially operational by the end of 2016. Staff will also note that both KCPL and GMO have executed contracts for the Rock Creek and Osborn wind facilities.

For solar compliance, the Company expects to utilize solar renewable energy credits (“S-RECs”) obtained from customer-generators for the 2016 to 2018 plan period. KCP&L also generates S-RECs from the solar generation facilities installed as a part of the SmartGrid project (refer to Table 1 of the *Plan* for a listing of specific projects).

Additionally, the Company expects to add 3 MW of solar resources on roof-tops owned by KCPL in 2016.

B. “**A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms**;”

The Company provided a list of executed contracts for the wind PPAs. The Company has provided the following executed agreements in response to Staff Data Requests: ** ____ ____________ ________[2]; ____________ ____[3]; ________ ____[4]; __________________________ ____ _____[5], ___________ ____[6]. **

C. “**The projected total retail electric sales for each year**;”

The Company has provided its values for projected retail electric sales. The values appear to be reasonable estimates.

D. “**Any differences, as a result of RES compliance, from the utility’s preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning**;”

[2] Staff Data Request 1 in Case No. EO-2014-0287
[3] Staff Data Request 2.2 in Case No. EO-2014-0287
[4] Staff Data Request 1 in Case No. EO-2013-0504
[5] Staff Data Request 2 in Case No. EO-2015-0265
[6] Staff Data Request 4 in Case No. EO-2016-0282

The Company submitted its most recent triennial compliance filing in March 2016. The *Plan* is not consistent with the information regarding renewable resource additions in its April 2015 preferred resource plan; however, the differences do not appear to be the result of RES compliance. The preferred resource plan includes 350 MW of wind additions in 2016, 3 MW of solar additions in 2016, and 300 MW of wind additions in 2017. The *Plan* describes the addition of the wind facilities Osborn PPA in 2016 (300 MW), 3 MW of roof-top solar in 2016, and Rock Creek PPA in 2017 (200 MW). At this time, Staff has not completed its review of KCP&L's triennial filing (EO-2016-0232).

E. "**A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES**;"

The *Plan* notes that Spearville 1 was installed prior to the RES rules, as part of KCP&L's Comprehensive Energy Plan. The costs associated with Spearville 1 and Spearville 2 are already included in revenue requirements.[7]

The Company selected wind resources Spearville 3 and Cimarron II PPAs in response to the August 2011 Request For Proposals (RFP) and provided the reports regarding the selection process.[8] The Company also executed the Slate Creek and Waverly wind PPAs. Spearville 3 and Cimarron II are currently included in purchased power expense.[9] The Company notes that they do not consider these wind contracts as directly attributable to RES compliance.

For compliance with the solar portion of the RES, the Company plans to use S-RECs from customer-generators and future KCPL owned solar installations.

The Company provided information regarding the cost of the RES compliance plan. Staff reserves the right to comment on whether the *Plan* is the least cost, prudent method to comply with the RES when rate recovery is requested.

[7] In-service requirements for Spearville 1 met in Case No. ER-2006-0314; In-service requirements for Spearville 2 met in Case No. ER-2010-0355.
[8] The Company provided documentation in response to Staff Data Request 3 in EO-2013-0504.
[9] Case No. ER-2012-0174.

F. “**A detailed explanation of the calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. This explanation should include the pertinent information for the planning interval which is included in the RES compliance plan**:”

The *Plan* includes an explanation of the calculation of the RES RRI. Work papers supporting the calculation were provided with its filing. The Company’s calculation results in a rate impact of less than 1 percent on average over the planning period. The Company notes a future rulemaking on page 12 on the plan, however this rulemaking has occurred. The revision to the rule which became effective on November 30, 2015 included addressing concerns with the RRI calculation.

Section (5)(B) indicates that the renewable energy resource additions will utilize the most recent electric utility resource planning analysis. The Company’s annual resource plan filing submitted in April 2016 includes 350 MW of wind in 2016, 300 MW of wind in 2017, and 3 MW of roof-top solar additions in 2016. ** ____ ____ ** As noted on page 9 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

The Company asserts that the RES spending is at or above one percent because the calculation required in Section (5)(B) does not capture past RES expenditures, specifically the solar rebate payments made in previous years. Although this was an issue in previous years due to the calculation in Section (5)(B) of the rule looking forward, the rule has recently been revised and KCPL has included the solar rebates in its calculation.

The Company points to its rate case, Case No. ER-2014-0370, as a reason why the calculation outlined in Section (5)(B) does not represent an accurate picture of the retail rate impact, because recovery is limited to 1 percent of KCPL’s revenues. However, the Company agreed to limit its rate recovery of solar rebates to 1 percent of the Commission-determined annual revenue requirement in the Non-unanimous Stipulation and Agreement[10] in ET-2014-0071.

The Company also asserts that the calculation outlined Section (5)(B) does not present an accurate picture of the Company's spending on renewables and notes that the Company's portfolio far exceeds the RES requirements (see Tables 3 & 4 in the *Plan*). Staff agrees that the Company's portfolio far exceeds the non-solar RES requirements. However, it is the Company who has chosen not to reflect **____

________________ ** As noted on page 9 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

G. "**Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the Department of Natural Resources.**"

The Company states that, to its knowledge, all facilities utilized by KCPL to meet the requirements of the RES have received all necessary environmental and operational permits and are in compliance with any necessary federal, state, and/or local requirements related to air, water and land use.[11]

[10] Section 7e, page 6

[11] Rule 10 CSR 140-8.010(4).

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Submission of Its 2016 Renewable Energy Standard Compliance Plan	))))	**File No. EO-2016-0282**

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Claire M. Eubanks and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Claire M Eubanks

Claire M. Eubanks, P.E

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of May, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434

Jessica Luebbert

NOTARY PUBLIC