STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of Staff's Review of Commission Rules 4 CSR 240-20.060 (Cogeneration) 4 CSR 240-20.3.155 (Filing Requirements for Electric Utility Cogeneration Tariff Filings) and 4 CSR 240-20.065 (Net Metering)	)))))	**File No. EW-2018-0078**

RESPONSE COMMENTS OF RENEW MISSOURI

Renew Missouri Advocates ("Renew Missouri") submits these comments in response to the comments of Union Electric Company d/b/a Ameren Missouri ("Ameren") and Kansas City Power & Light Company ("KCP&L). Below, we respond separately to the comments regarding Net Metering (4 CSR 240-20.065) and the comments regarding Cogeneration (PURPA) (4 CSR 240-20.060).

I. Response to Comments on the Commission's Net Metering rules (4 CSR 240-20.065)

In its October 16, 2017 Comments, KCP&L did not offer any specific recommended changes to the Commission's rule, but it did raise concerns regarding fixed cost recovery. The fixed cost issue raised by KCP&L is part of a common argument happening across the country over the last decade. This workshop and any resulting rulemaking case are capable of resolving this argument. Renew Missouri believes the Commission's Net Metering rules are in compliance with the statute and are not in need of revision, and KCP&L agrees (KCP&L Comments at 2). However, we do want to take the opportunity to respond and correct several misconceptions regarding the cost of distributed generation resources.

KCP&L contends that Net Metering pricing has been shown to be "problematic," because it provides net-metered customers a "subsidy at the expense of non net-metered customers." (KCP&L Comments at 3). KCP&L expresses support for rate design changes to protect against cost shifting to non-participant customers. The Company reasons that, because its fixed costs are

greater than the customer charge, solar customer that drastically reduce their bills are not paying their fair share of fixed costs, which get picked up by non-solar customers. Utility companies have been making this same argument before PUCs all across the country.

The first and most obvious response to KCP&L's argument is that the Commission is prohibited by law to employ the type of rate design requested by KCP&L. Section 386.890, RSMo. expressly states: (emphasis added)

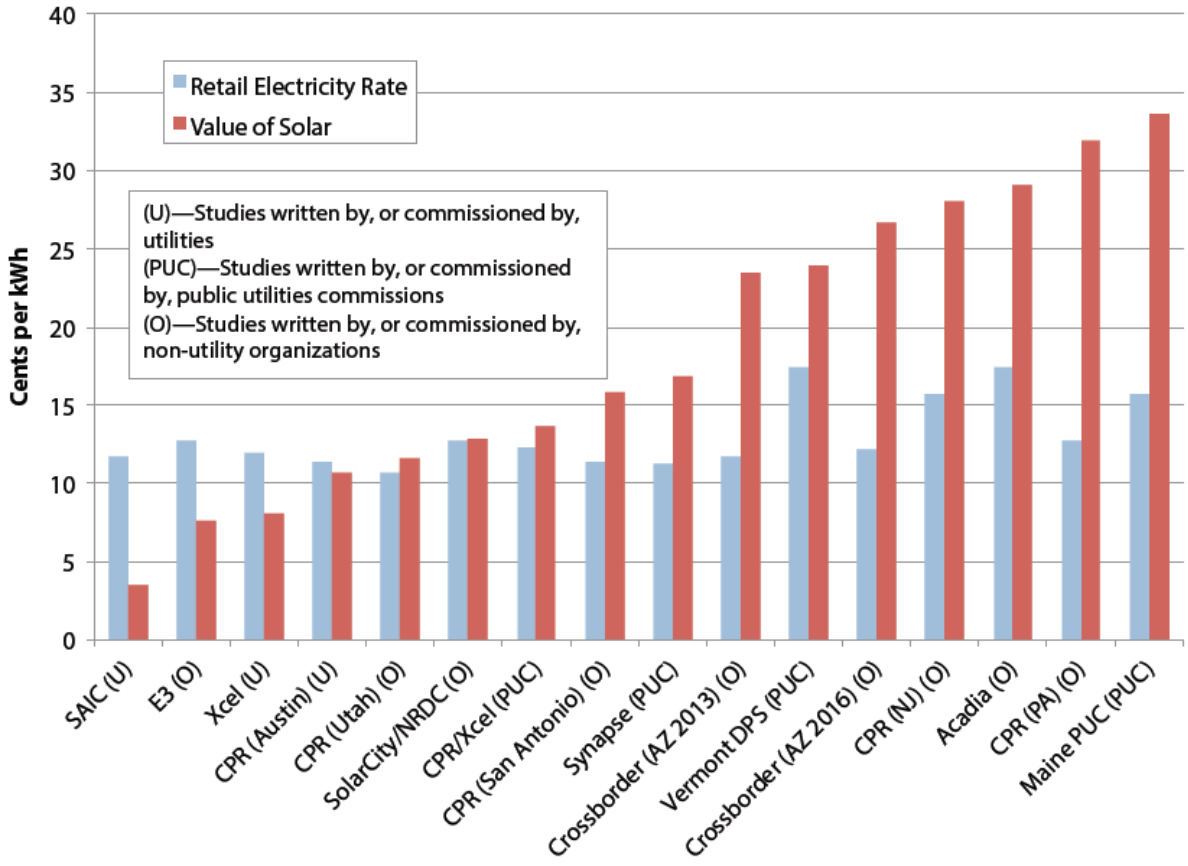
> 3. A retail electric supplier shall…
> (2) Offer to Offer to the customer-generator a tariff or contract that is identical in electrical energy rates, rate structure, and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator *but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator*.

Thus, KCP&L is not permitted to impose – and the Commission may not approve – a charge or rate structure intended to recover additional revenue from a net-metered customer beyond the normal rates.

But the larger problem with this argument by utilities is that it ignores the entire spectrum of benefits that utilities experience as a result of distributed, net-metered solar in their service territories. In order to get a true picture of whether solar customers are paying their fair share to run the grid, those benefits must be accounted for somewhere in the utility's value chain. In virtually all cases in which the issue has been studied, distributed solar energy is shown to have a $/kWH value higher than the retail cost of power. This means that solar customers generally provide greater value to the grid than they receive through net metering. The below chart (current through 2016) summarizes the Value of Solar studies conducted in the United States, and compares the identified value-of-solar to the retail electricity rate:[1]

[1] Gideon Weissman and Brett Fanshaw, "Shining Rewards: The Value of Rooftop Solar for Consumers and Society." October 2016. https://environmentamerica.org/reports/ame/shining-rewards

Figure ES-1: Retail Electricity Rates and the Values of Solar Energy in 16 Cost-Benefit Analyses.



In every case (except for those studies performed by utilities themselves), the studies returned a higher value for solar than the retail electricity rate of the jurisdiction. This value does not simply reflect some amorphous benefit to society as a whole; rather it is due to actual avoided costs within the utility's value stream, such as: avoided energy and capacity costs, reduced line losses, reduced fuel price volatility risk, reduced RPS compliance burdens, added SREC value, and others. Rather than solar customers receiving a subsidy from other ratepayers, solar customers are likely undercompensated for the electricity their solar systems avoid and the value of solar energy they put back on to the grid.

A comprehensive Value-of-Solar study has not been conducted in Missouri. Until one is conducted, we should look to other jurisdictions for instruction. Rushing to penalize solar

customers without the data to show a true cost-shift would be completely without justification. What research we do have on Missouri concludes there is a positive net overall effect of net metered solar, most notably the 2015 paper published by Missouri Energy Initiative:[2]

> Considering the benefit and cost categories described above over the time period 2008-2012, it appears that the net effect of net metering in Missouri is positive. This is because, even valuing cross-subsidization effects at their full estimates and including administrative costs as if they were a flow instead of a stock, benefits in every year (2008-2012) are greater than the costs.

Both KCP&L and MIEC note that some states have taken steps to correct the perceived "cross subsidy" problem with Net Metering. However, it should go without saying that these efforts have far more to do with politics and the competitive conundrum in which fossil fuel companies find themselves, mostly due to the declining price of renewable generation. If utilities feel there is a true cost-shifting problem associated with net metering, then they should encourage the Commission to conduct a 3rd party Value-of-Solar study in which both the costs and benefits of distributed solar are comprehensively assessed.

II. Response to Comments on the Commission's Cogeneration rules (4 CSR 240-20.060)

Renew Missouri echoes the Response Comments of Cypress Creek Renewables filed in this docket. We will not repeat those comments here, but we do want to reiterate our request for the Commission to conduct a rulemaking on its Cogeneration rule at 4 CSR 240-20.060.

It is worth noting that the effect on rates due to proper PURPA implementation is likely to be minimal. The primary principle of PUPRA – that of the "avoided cost" – would not create a negative impact on rates almost by definition.

To the extent that Missouri differs from North Carolina, Michigan, or other successful PURPA states in terms of capacity needs, that should be reflected in the value of avoided costs.

[2] "Net Metering in Missouri: The Benefits and the Costs," Missouri Energy Initiative. Winter 2015. Pg. 14.

Missouri utilities will not have excess capacity forever; in fact, all three Missouri IOUs are considering extensive plant closures in coming years.

Missouri corporations, cities, and other large power consumers have tremendous renewable energy demands that are going unmet. Missouri's utilities have provided no viable path to meet them. Private developers have both the business model and the expertise to cost-effectively meet these consumer demands if they can only be granted access to the market. PURPA offers a clear pathway to the market for private developers, but Missouri needs clearer processes and contract terms more in line with typical long-term power purchase agreements. If Missouri values economic develop, job growth, diversification of our energy supply, and staying competitive to businesses looking to locate in our state, then we should ensure that private developers can help us satisfy these goals where our electric utilities fail to do so.

Respectfully Submitted,

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