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Witness:	Patrick J. Wilson
Sponsoring Party:	Renew Missouri
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ET-2014-0059.

CROSS-SURREBUTTAL TESTIMONY

OF

PATRICK J. WILSON

ON

BEHALF OF

RENEW MISSOURI

September, 2013

1 **CROSS-SURREBUTTAL TESTIMONY**

2 **OF**

3 **PATRICK J WILSON**

4 **CASE NO. ET-2014-0059**

5 **Q. Please state your name and business address.**

6 A. My name is Patrick James (PJ) Wilson. My business address is 910 E. Broadway, Ste.
7 205, Columba, MO 65201.

8 **Q. Please state the name of your employer and your job title?**

9 A. I am the Director of Earth Island Institute d/b/a Renew Missouri (“Renew Missouri”).

10 **Q. Please describe your educational background and employment experience.**

11 A. I graduated with a Bachelors of Science in Civil Engineering from the University of
12 Southern California in August of 2001. I served as a volunteer water & sanitation engineer in the
13 Peace Corps from February 2003 through April 2005, and worked at the Solar Living Institute
14 for 6 months in 2005. I’ve worked as a solar installer, designer, and salesperson for Cromwell
15 Environmental in 2006, and for Ozarks Energy Services in 2007.

16 From 2007-2009, I served as the Vice President of the Heartland Renewable Energy
17 Society, which is the local chapter (over Kansas & Missouri) of the American Solar Energy
18 Society. From 2008 to present, I have served as the Director of Renew Missouri, a nonprofit
19 based in Columbia, MO whose mission is to transform Missouri into a leading state in renewable
20 energy & energy efficiency by 2016.

21 As Director for Renew Missouri, I have been involved with virtually every stage of the
22 drafting, passage, implementation, and enforcement of Missouri’s Renewable Energy Standard
23 (“RES”) from 2008 to the present.

1 **Q. What is the purpose of your cross-surrebuttal testimony in this proceeding?**

2 A. The purpose of my cross-surrebuttal testimony is to respond to the September 16, 2013
3 rebuttal testimony of Ezra D. Hausman on behalf of the Missouri Solar Energy Industries
4 Association (“MOSEIA”). Specifically, I would like to express Renew Missouri’s support for
5 the following positions of MOSEIA in this case:

6 1) Amortizing solar rebate costs over a period of at least ten years, to accurately reflect
7 the way that solar rebates are treated as resource procurement in Missouri;

8 2) Allowing for the “front-loading” of RES costs in early years, even in the absence of
9 amortization.

10 **Q. What is your overall reaction to the rebuttal testimony of Ezra D. Hausman on**
11 **behalf of MOSEIA?**

12 A. I am in general agreement with nearly all the statements contained in Dr. Hausman’s
13 testimony. Significantly, I believe Mr. Hausman’s approach would allow KCP&L Greater
14 Missouri Operations Company (“GMO”) to continue paying solar rebates for the foreseeable
15 future without exceeding the RES’ 1% RRI limitation and while working consistently with the
16 Commission’s rules and other Missouri statutes.

17 **Q. In what ways do you agree with Dr. Hausman’s testimony with regard to**
18 **amortization of solar rebate costs?**

19 A. I agree that treating solar rebate costs in a similar way to traditional generation resources
20 (i.e. by amortizing such costs over the life of the resource) is a far more sensible approach than
21 accounting for solar rebate costs as cash outlays in a single year, as advocated by GMO
22 witnesses Rush and Crawford.

1 Like Dr. Hausman, I consider payment of solar rebates to be a method of procuring
2 renewable generation resources whose lives extend far beyond the year in which such payments
3 are made. In his testimony at pg. 4, lines 17-30, Dr. Hausman correctly finds a basis for this
4 opinion in the recently enacted House Bill No. 142 of 2013, which provides that customers
5 receiving solar rebates must transfer ownership of SRECs to the utility for ten years (HB 142, 11
6 at 88). Given that GMO is now required by law to take ownership of SRECs produced from
7 GMO-subsidized solar installations, these solar rebate costs should be treated like any other
8 generating resource: i.e. the capital costs should be amortized over the life of the resource.

9 Even before the passage of HB 142, the Commission’s rule at 4 CSR 240-20.100(4)(H)
10 authorized utilities to purchase SRECs produced from customer-owned net-metered solar
11 installations.

12 Finally, as Dr. Hausman observes, the Commission’s rule at 4 CSR 240-20.100(1)(P)
13 defines the “RES revenue requirement” as “2. The costs (i.e., the return, taxes, and *depreciation*)
14 of any *capital projects* whose primary purpose is to permit the electric utility to comply with any
15 RES requirement.” (emphasis added). This provision strongly suggests that solar rebate costs
16 are to be dealt with like any other capital asset or project, including amortization of costs and
17 depreciation during the useful life of the asset.

18 **Q. Do you believe Dr. Hausman correctly sets the period of amortization for solar**
19 **rebate costs at ten years?**

20 A. Although I believe a longer amortization period would be authorized under the rule and
21 potentially more logical given the expected life of most solar installations, Dr. Hausman provides
22 sufficient justification to support a ten year amortization period for solar rebate costs. As already
23 noted, Dr. Hausman observes that HB 142 provides GMO with ten years of SRECs from

1 customer net-metered solar installations. Therefore, solar rebate costs are directly resulting in
2 the installation of resources that will generate RES-compliant SRECs for GMO for ten years.

3 The Commission’s rule also requires customers receiving solar rebates to maintain their
4 solar installations for a minimum of ten years, which the Commission deems to be the “useful
5 life” of a system. 4 CSR 240-20.100(4)(C).

6 Lending further credence to the reasonableness of a ten year amortization period, the
7 Commission’s rule at 4 CSR 240-20.100(5)(A) requires that the RRI be calculated: “on an
8 incremental basis for each planning year that includes the addition of renewable generation
9 directly attributable to RES compliance through procurement or development of renewable
10 energy resources, averaged over the succeeding *ten (10)-year period*.”

11 It is worth noting, as Dr. Hausman does at pg. 6, lines 21-24, that the useful life of a
12 small-scale solar installation is closer to 20-25 years. I believe it is within the Commission’s
13 authority to approve a longer amortization period. However, due to the significant support in the
14 Commission’s rule and the context of the RES’ administration, I conclude that a ten-year
15 amortization period is an appropriate compromise for the Commission to make in this case.

16 **Q. To what extent do you agree with Dr. Hausman’s recommendation that the**
17 **Commission allow GMO to pay “front-loaded” solar rebates?**

18 A. Even in the absence of using amortization, I believe the Commission has sufficient
19 authority to allow GMO to account for solar rebates using a “front-loading” methodology. As
20 Dr. Hausman explained in his testimony at pg. 11-12, this “front-loading” concept would allow
21 GMO to pay solar rebates in excess of the average 1% RRI limit for any given year, provided
22 that the total amount of solar rebates paid out by 2019 doesn’t exceed the aggregate RRI limit
23 amount for the same period (2013-2019). Such front-loading of solar rebate costs would be

1 available to the utility even if the Commission decided that solar rebate costs shouldn't be
2 amortized. In addition, allowing front-loading would acknowledge the statutory step-down of
3 the \$/watt solar rebate amount through 2019, recently put in place by HB 142.

4 **Q. Do you have any disagreements with Dr. Hausman's rebuttal testimony?**

5 A. On pg. 5, lines 19-21, while summarizing the way the utilities may meet the portfolio
6 standard requirements of the RES, Dr. Hausman states: "the utility may purchase RECs from
7 other renewable energy producers of third parties independent of any energy purchases." As
8 explained in the complaint brought by Renew Missouri and other complainants in Case No. EC-
9 2013-0377, Renew Missouri fundamentally disagrees with any interpretation of the RES statute
10 that allows compliance with RECs that don't represent energy delivered to Missouri customers.
11 Such interpretations are antithetical to the very purpose of renewable portfolio standards, which
12 is to encourage the development of new renewable energy generation.

13 Despite Renew Missouri's clear viewpoint regarding this crucial issue, I acknowledge
14 that KCP&L and GMO have relied on this third-party SREC approach in an attempt to "comply"
15 with the RES' solar carve-out requirement thus far.

16 **Q. Based upon your response to Dr. Hausman's testimony on behalf of MOSEIA, do
17 you have any recommendations for the Commission in this case?**

18 A. I urge the Commission to reject GMO's petition to suspend payment of solar rebates and
19 to adopt the recommendations in Dr. Hausman's testimony regarding ten year amortization and
20 the concept of "front-loading" of RES compliance costs.

21 **Q. Does this conclude your cross-surrebuttal testimony?**

22 A. Yes, it does.

