

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2017-0272, KCP&L Greater Missouri Operations Company's Submission
of Its 2017 Renewable Energy Standard Compliance Plan

FROM: Cedric E. Cunigan, Engineering Analysis

/s/ Daniel I. Beck / May 30, 2017 /s/ Robert S. Berlin / May 30, 2017
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report on KCP&L Greater Missouri Operations' 2017 Annual Renewable Energy
Standard Compliance Plan

DATE: May 30, 2017

SUMMARY

On April 13, 2017, KCP&L Greater Missouri Operations Company (“GMO” or “Company”) filed its 2017 Renewable Energy Standard (RES) Compliance Plan for calendar year 2016. On May 8, 2017, GMO filed its Notice of Corrected 2017 Annual Renewable Energy Standard Compliance Plan (*Plan*), which staff has reviewed. 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 13, 2017, the Company filed its *Plan* for calendar years 2017 through 2019. 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.

NP

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;”

The Company explained its planned actions for compliance with the RES for 2017 through 2019. For non-solar compliance, the Company will utilize its banked renewable energy certificates (“RECs”) in addition to RECs generated from the following renewable resources:

Renewable Resource	Fuel Type	Ownership Type	Expected Annual Energy (MWh)
St. Joseph Landfill Generating Facility	Landfill Gas	Owned	11,000
Gray County	Wind	PPA ¹	** _____ **
Ensign	Wind	PPA	** _____ **
Osborn	Wind	PPA	** _____ **

The company reports an estimated 867,000 MWh of combined generation from Gray County, Ensign, and Osborn Wind facilities, and the St. Joseph Landfill. ** _____

_____ ** For solar compliance, the Company will utilize solar renewable energy credits (“S-RECs”) obtained from customer-generators. Additionally, GMO added the 3 MW Greenwood solar facility.

¹ Purchase Power Agreement (PPA)

- 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 in Table 1 of the *Plan*.

- 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;”**

The Company submitted its most recent triennial compliance filing in April 2015 and its annual update 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. GMO has contracted for 50MW of additional wind capacity and constructed 2 MW less solar capacity than shown in the preferred resource plan for this time period. GMO notes that the wind contracts were the result of favorable economics and are not directly attributable to RES Compliance. Further, the solar additions are not needed to meet the solar RES requirement for the planning period (2017-2019).

- 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 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.

The *Plan* includes utilization of Gray County and Ensign Wind PPAs for GMO's non-solar RES compliance during the planning period (2017-2019). For compliance with the solar portion of the RES during the planning period, the Company intends to use S-RECs from its customer-generators and the Greenwood solar facility.

The cost of the Gray County and Ensign PPAs are currently being recovered in the FAC, Osborn became operational in December 2016. The S-RECs GMO obtains from its customer-generators are a condition of receiving a solar rebate. Solar rebates are being recovered through GMO's Renewable Energy Standard Rate Adjustment Mechanism (RESRAM).

4 CSR 240-20.100(6)(A)16 does not allow for consideration of recovery of RES compliance costs through a FAC, however, GMO requested and was granted a waiver from this portion of the rule "for landfill gas costs for its St. Joseph Landfill Gas Facility" in Case No. ER-2012-0175. Because the FAC cannot be changed outside of a general rate case, when GMO requested its RESRAM in Case No. EO-2015-0151, the parties in the non-unanimous stipulation and agreement agreed to preserve issues for GMO's then current rate case, Case No. ER-2016-0156. These issues included moving St. Joseph Landfill costs and benefits to the RESRAM and what other RES compliance costs and benefits are currently included in the FAC. The RES compliance costs related to St. Joseph landfill gas purchases are not included in GMO's current tariff in P.S.C. MO. No. 1 2nd Revised Sheets No. 127.1 through P.S.C. MO. No. 1 Original Sheet No. 127.12, which are applicable to service provided February 22, 2017 and thereafter.

- F. “A calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. The calculation should be accompanied by workpapers including all the relevant inputs used to calculate the retail rate impact limits for the planning interval which is included in the RES compliance plan. The electric utility may designate all or part of those calculations as highly confidential, proprietary, or public as appropriate under the commission’s rules;”**

The *Plan* includes an explanation of the calculation of the RES RRI. Work papers supporting the calculation were provided to Staff with its filing. The Company’s calculation results in a rate impact of less than 1 percent on average over the planning period.

GMO has made an error in the calculation of its retail rate impact, specifically the carry-forward amount from previous years. 4 CSR 240-20.100(5)(G) states: “The initial cumulative carry-forward amount shall be equal to the sum of the annual carry-forward amounts for the period January 1, 2015, through December 31, 2015.” Additionally, the Commission’s Final Order of rulemaking makes clear that the carry-forward calculation will start with the period beginning on January 1, 2015. ** _____

_____ ** The result of this error alters the RRI calculation, but does not cause RRI to exceed 1 percent and therefore Staff recommends the Commission order GMO to make this correction in its 2018 Plan rather than requiring a revised RRI calculation for 2017.

Section (5)(B) indicates that the renewable energy resource additions will utilize the most recent electric utility resource planning analysis. The Company’s annual update filing

submitted in April 2016 includes 5 MW of solar in 2016 and 260 MW of wind in 2017.

**

_____ ** As noted on page 7 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

The Company points to its RESRAM 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 GMO's revenues reported in its last rate case. 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 Agreement² in Case No. ET-2014-0059.

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 1 & 2 in the *Plan*). Staff agrees that the Company's portfolio far exceeds the non-solar RES requirements and Staff agrees that GMO's application of the RRI calculation does not provide an accurate picture of its renewable compliance costs. However, it is the Company who has chosen not to reflect

**

_____ ** As noted on page 7 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

² Section 7e, page 6.

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 division.”

The Company states that, to its knowledge, all facilities utilized by GMO 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.³

³ Rule 4 CSR 340-8.010(4).

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri)
Operations Company's Submission of Its 2017) Case No. EO-2017-0272
Renewable Energy Standard Compliance Plan)

AFFIDAVIT OF CEDRIC E. CUNIGAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

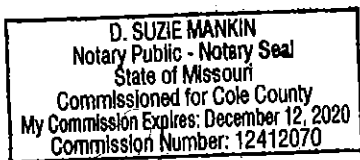
COMES NOW CEDRIC E. CUNIGAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report on KCP&L Greater Missouri Operations Company's 2017 Renewable Energy Standard Compliance Plan* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

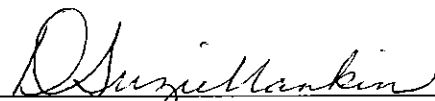
Further the Affiant sayeth not.


CEDRIC E. CUNIGAN

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 30th day of May, 2017.




Notary Public