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4 CSR 240-20.100 Electric Utility Renewable Energy Standard Requirements

PURPOSE: This rule sets the definitions, structure, operation, and procedures relevant to compliance with the Renewable Energy Standard.

(1) Definitions. For the purpose of this rule:

(A) Co-fire means simultaneously using multiple fuels in a single generating unit to produce electricity;

(B) Commission means the Public Service Commission of the State of Missouri;

(C) Calendar year means a period of 365 days (or 366 days for leap years) that includes January 1 of the year and all subsequent days through and including December 31 of the same year;

(D) Customer-generator means the owner or operator of an electric energy generation unit that meets all of the following criteria:

1. Is powered by a renewable energy resource;

2. Is located on premises that are owned, operated, leased, or otherwise controlled by the party as retail account holder and which corresponds to the service address for the retail account;

3. Is interconnected and operates in parallel phase and synchronization with an electric utility and has been approved for interconnection by said electric utility;

4. Meets all applicable safety, performance, interconnection, and reliability standards established by the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronic Engineers, Underwriters Laboratories, the Federal Energy Regulatory Commission, and any local governing authorities; and

5. Contains a mechanism that automatically interrupts the flow of electricity onto the electric utility's electrical system or disables the unit whenever the flow of electricity from the electric utility to the customer-generator is interrupted.

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(E) Department means the department of natural resources;

(F) Electric utility means an electrical corporation as defined in section 386.020, RSMo;

(G) General rate proceeding means a general rate increase proceeding or complaint proceeding before the commission in which all relevant factors that may affect the costs, or rates and charges of the electric utility are considered by the commission;

Comment [A1]: Requiring a mechanism that disables the unit will remove any opportunity for the customer's generation unit to provide back-up power in the event of a utility outage. KCP&L is fine with interruption only.

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(H) Green pricing program means a voluntary program that provides an electric utility's retail customers an opportunity to purchase renewable energy or RECs;

(I) Preapproval means prior to undertaking the construction of a generation facility or entering into a new power supply contract, a company can file a petition with the Missouri Public Service Commission to obtain a determination of the rate-making principles and treatment for the new construction or contract.

(J) Rate class means a customer class defined in an electric utility's tariff. Generally, rate classes include Residential, Small General Service, Large General Service and Large Power Service, but may include additional rate classes. Each rate class includes all customers served under all variations of the rate schedules available to that class;

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(K) REC, Renewable Energy Credit, or Renewable Energy Certificate means a tradable certificate, that is either certified by an entity approved as an acceptable authority by the commission or as validated through the Commission's approved REC tracking system or a generator's attestation. Regardless of whether RECs have been certified, RECs must be validated through an attestation signed by an authorized individual of the company owning the renewable energy resource. Such attestation shall contain the name and address of the generator, the type of renewable energy resource technology, and the time and date of the generation. A REC represents that one megawatt-hour of electricity has been generated from renewable energy resources. RECs include, but are not limited to solar renewable energy credits. A REC expires three (3) years from the date the electricity associated with that REC was generated;

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Comment [A2]: As mentioned in paragraph 10 of the KCP&L response.

(L) Renewable energy resource(s) means electric energy produced from the following:

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1. Wind;
2. Solar, including solar thermal sources utilized to generate electricity, photovoltaic cells or panels;
3. Dedicated crops grown for energy production;
4. Cellulosic agricultural residues;
5. Plant residues;
6. Methane from landfills or wastewater treatment;
7. Clean and untreated wood, such as pallets;
8. Hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has generator nameplate ratings of ten (10) megawatts or less;
9. Fuel cells using hydrogen produced by one of the renewable energy technologies in paragraphs 1 through 8 of this subsection; and

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10. Other sources of energy not including nuclear that become available after November 4, 2008 and are certified as renewable by rule by the department.

(M) RES or Renewable Energy Standard means sections 393.1025 and 393.1030, RSMo;

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(N) RESRAM or Renewable Energy Standard Rate Adjustment Mechanism means a mechanism that allows periodic rate adjustments to recover prudently incurred RES compliance costs and pass-through to customers the benefits of any savings achieved in meeting the requirements of the Renewable Energy Standard;

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(Q) RES compliance costs means prudently incurred costs, both capital and expense, directly related to compliance with the Renewable Energy Standard. Prudently incurred costs do not include any increased costs resulting from negligent or wrongful acts or omissions by the electric utility;

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(P) RES requirements means the numeric values and other requirements established by section 393.1030.1, RSMo and sections (2)(C) and (2)(D) of this rule;

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(Q) The RES revenue requirement means the following:

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1. All expensed RES compliance costs (other than taxes and depreciation associated with capital projects) that are included in the electric utility's revenue requirement in the proceeding in which the RESRAM is established; and

2. The costs (i.e., the return, taxes and depreciation) of any capital projects whose primary purpose is to permit the electric utility to comply with any RES requirement. The costs of such capital projects shall be those identified on the electric utility's books and records as of the last day of the test year, as updated, utilized in the proceeding in which the RESRAM is established;

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(R) Solar renewable energy credit or S-REC means a REC created by generation of electric energy from solar thermal/electric sources, photovoltaic cells and panels;

Comment [A3]: To clarify the solar thermal process must yield electric production and will not include solar thermal water heating.

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(S) Staff means the staff of the commission;

Comment [A4]: As mentioned in paragraph 10 of the KCP&L response.

(T) Total retail electric sales, or total retail electric energy usage, means the megawatt-hours of electricity delivered in a specified time period by an electric utility to its Missouri retail customers as reflected in the retail customers' monthly billing statements;

Deleted: (S) Standard Test Conditions means solar incidence of one (1) kilowatt per square meter and a cell or panel temperature of twenty-five (25) degrees centigrade as related to measuring the capability of solar electrical generating equipment;

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(U) Utility renewable energy resources mean those renewable energy resources that are owned, controlled or purchased by the electric utility.

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(2) Requirements. Pursuant to the provisions of this rule and 393.1025 and 393.1030, RSMo, all electric utilities must generate or purchase RECs and S-RECs associated with electricity

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from renewable energy resources in sufficient quantity to meet both the RES requirements and RES solar energy requirements respectively on a calendar year basis. Utility renewable energy resources utilized for compliance with this rule must include the RECs or S-RECs associated with the generation. The RES requirements and the RES solar energy requirements are based on total retail electric sales of the electric utility. ~~The requirements set forth in this rule shall not preclude an electric utility from being able to prudently invest and recover all prudently incurred costs in renewable energy resources that exceed the requirements or limits of this rule or the prudent implementation of any resource acquisition strategy developed in compliance to 4 CSR 240-22, Electric Utility Resource Planning. RECS or S-RECs produced from these additional renewable energy resources shall be eligible to be counted towards the RES requirements.~~

~~(A) For facilities generating renewable energy resources located in Missouri, the amount of renewable energy resources or RECs associated with the renewable energy resources is further subject to the additional .25 credit pursuant to subsection (3)(H) of this rule;~~

~~(B) The RES requirements are:~~

- ~~1. No less than two percent (2%) in each calendar year 2011 through 2013;~~
- ~~2. No less than five percent (5%) in each calendar year 2014 through 2017;~~
- ~~3. No less than ten percent (10%) in each calendar year 2018 through 2020; and~~
- ~~4. No less than fifteen percent (15%) in each calendar year beginning in 2021.~~

~~(C) At least two percent (2%) of each RES requirement listed in subsection (C) of this section shall be derived from solar energy. The RES solar energy requirements are:~~

- ~~1. No less than four-hundredths percent (0.04%) in each calendar year 2011 through 2013;~~
- ~~2. No less than one-tenth percent (0.1%) in each calendar year 2014 through 2017;~~
- ~~3. No less than two-tenths percent (0.2%) in each calendar year 2018 through 2020; and~~
- ~~4. No less than three-tenths percent (0.3%) in each calendar year beginning in 2021.~~

~~(D) If compliance with the above RES and RES solar energy requirements would cause retail rates to increase on average in excess of one percent (1%) as calculated per section (5) of this rule, the above requirements shall be limited to providing renewable energy in amounts that would cause retail rates to~~

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Comment [A5]: As detailed in paragraph 2 of the KCP&L response.

Comment [A6]: As detailed in paragraph 4 of the KCP&L response

Deleted: Electric energy or RECs associated with electric energy are eligible to be counted towards the RES requirements only if the generation facility for the renewable energy resource is either located in Missouri or, if located outside of Missouri, the renewable energy resource is sold to Missouri electric energy retail customers. For renewable energy resources generated at facilities located outside Missouri, an electric utility shall provide proof that the electric energy was sold to Missouri customers. ¶

(B) The amount of renewable energy resources or RECs associated with renewable energy resources that can be counted towards meeting the RES requirements are as follows:¶

.1. If the facility generating the renewable energy resources is located in Missouri, the allowed amount is the amount of megawatt-hours generated by the applicable generating facility, further subject to the additional .25 credit pursuant to subsection (3)(H) of this rule;¶

.2. If the facility generating the renewable energy resources is located outside Missouri, the allowed amount is the amount of megawatt-hours generated by the applicable generating facility that is sold to Missouri customers. For the purposes of (A) and (B) of this section, Missouri electric energy retail customers shall include retail customers of regulated Missouri utilities as well as customers of Missouri municipal utilities and Missouri rural electric cooperatives.

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increase on average one percent (1%) as calculated per section (5) of this rule.

(E) If an electric utility is not required to meet the RES requirements of subsection (C) of this section in a calendar year, because doing so would cause retail rates to increase on average in excess of one percent (1%) as calculated per section (5) of this rule, then the RES solar energy requirement specified in subsection (D) shall be two percent (2%) of the renewable energy that can be acquired subject to the one percent (1%) average retail rates limit as calculated per section (5) of this rule.

(3) Renewable Energy Credits. Subject to the requirements of section (2) of this rule, RECs and S-RECs shall be utilized to satisfy the RES requirements of this rule. S-RECs shall be utilized to comply with the RES solar energy requirements. S-RECs may also be utilized to satisfy the non-solar RES requirements.

(A) The REC or S-REC creation is linked to the associated renewable energy resource. For purposes of retaining RECs or S-RECs, the utility, person, or entity responsible for creation of the REC or S-REC must maintain verifiable records including generator attestation that prove the creation date. The electric utility may comply with the requirements of this section (3)(A) through the registration of the REC in the Commission's approved REC tracking system.

(B) A REC may only be used once to comply with this rule. RECs or S-RECs used to comply with this rule may not also be used to satisfy any similar nonfederal renewable energy standard or requirement. Electric utilities may not use RECs or S-RECs retired under a green pricing program to comply with this rule. A REC or S-REC may be used for compliance with the RES or RES solar requirements of this rule for a calendar year in which it expired so long as it was valid during some portion of that year.

(C) RECs or S-RECs associated with customer-generated net-metered renewable energy resources shall be owned by the customer-generator. All contracts between electric utilities and the owners of net-metered generation sources entered into after the effective date of these rules shall clearly specify the entity or person who shall own the RECs or S-RECs associated with the energy generated by the net-metered generation source. Electric metering associated with net metered sources shall meet the meter accuracy and testing requirements of 4 CSR 240-10.030, Standards of Quality. For solar electric systems utilizing the provisions of subsection (4)(H) of this rule, no meter accuracy or testing requirements is required.

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Comment [A7]: As detailed in paragraph 5 of the KCP&L response.

Deleted: (G) If an electric utility intends to accept proposals for renewable energy resources to be owned by the electric utility or an affiliate of the electric utility, it shall include a written separation policy and name an independent auditor whom the electric utility proposes to hire to review and report to the commission on the fairness of the competitive acquisition process. The independent auditor shall have at least five (5) years experience conducting and/or reviewing the conduct of competitive electric utility resource acquisition, including computerized portfolio costing analysis. The independent auditor shall be unaffiliated with the electric utility; and shall not, directly or indirectly, have benefited from employment or contracts with the utility in the preceding five (5) years, except as an independent auditor under these rules. The independent auditor shall not participate in, or advise the electric utility with respect to, any decisions in the bid solicitation or bid evaluation process. The independent auditor shall conduct an audit of the ... [1]

Deleted: requested by the independent auditor to test the assumptions and results of the bid evaluation analyses. Within sixty (60) days of the utility's selection of renewable energy resources, the ... [2]

Comment [A8]: As mentioned in paragraph 10 of the KCP&L response.

Comment [A9]: KCP&L supports the rules allowing a REC to be eligible for compliance with the RES for a calendar year in which the REC expired as long as the REC was valid during some portion of the year. This provision will reduce administration costs of tracking RECs and will allow for a much simpler ... [3]

Comment [A10]: Suggested clarifying language.

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(D) RECs that are generated with fuel cell energy using hydrogen derived from a renewable energy resource are eligible for compliance purposes only to the extent that the energy used to generate the hydrogen did not create RECs.

(E) If an electrical generator co-fires an eligible renewable energy fuel source with an ineligible fuel source, only the proportion of the electrical energy output associated with the eligible renewable energy fuel source shall be permitted to count toward compliance with the RES. For co-fired generation of electricity, the renewable energy resources shall be determined by multiplying the electricity output by the direct proportion of the as-fired BTU content of the fuel burned that is a source of renewable energy resources as defined in this rule to the as-fired BTU content of the total fuel burned.

(F) Electric utilities shall record REC information in a database. The database shall include, but not be limited to, a list of renewable energy resources the electric utility utilizes for compliance with the RES, including type, location, owner, operator, commencement of operations, and actual REC generation.

(G) All electric utilities may use a commission designated common central third-party registry or other equivalent electronic tracking mechanism for REC accounting for RES requirements. Use of this tracking mechanism may suffice for compliance with subsection (A) and subsection (F) of this section.

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Comment [A11]: As mentioned in paragraph 10 of the KCP&L response.

(H) RECs that are created by the generation of electricity by a renewable energy resource physically located in the state of Missouri shall count as one and twenty-five hundredths (1.25) RECs for purposes of compliance with this rule. This additional credit shall not be tracked in the tracking systems specified in subsections (F) or (G) of this section. This additional credit of twenty-five hundredths (0.25) shall be recognized when the electric utility files its annual compliance report in accordance with section (7) of this rule.

(I) RECs that are purchased by an electric utility from a facility that subsequently fails to meet the requirements for renewable energy resources shall continue to be valid through the date of facility decertification.

(J) Electric utilities required to comply with this rule may purchase or sell RECs, either bilaterally or in any open market system, inside or outside the state, without prior commission approval.

(K) For compliance purposes, utilities shall retire RECs in sufficient quantities to meet the requirements of this rule. The RECS shall be retired during the calendar year for which compliance is being achieved. Utilities may retire RECs produced during the month of January, following the calendar year for

Comment [A12]: Suggested clarifying language.

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which compliance is being achieved, and designate those retired RECs as counting towards the requirements of that previous calendar year. Any RECs retired in this manner shall be specifically annotated in the registry designated in accordance with subsection (G) of this section and the annual compliance report filed in accordance with section (7) of this rule. RECs retired in January, to be counted towards compliance for the previous calendar year in accordance with this subsection, shall not exceed ten percent (10%) of the total RECs necessary to be retired for compliance for that calendar year.

(L) Fractional RECs may be aggregated with other fractional RECs and utilized for compliance purposes.

(4) Solar Rebate. Pursuant to section 393.1030, RSMo, and this rule, electric utilities shall include in their tariffs a provision regarding retail account holder rebates for solar electric systems. These rebates shall be available to Missouri electric utility retail account holders who install new or expanded solar electric systems that become operational after December 31, 2009. The minimum amount of the rebate shall be two dollars (\$2.00) per installed watt up to a maximum of twenty-five (25) kilowatts per retail account (\$50,000). To qualify for the solar rebate and the Standard Offer Contract of subsection (H) of this section, the customer-owned solar generating equipment shall be interconnected with the electric utility's system and have a rated capacity of greater than or equal to five hundred (500) watts.

(A) The retail account holder must be an active account on the electric utility's system and in good payment standing.

(B) The solar electric system must be permanently installed on the account holder's premises. As installed, the solar electric system shall be situated in a location where a minimum of eighty-five percent (85%) of the solar resource is available to the system as determined by the customer at the time of installation.

Comment [A13]: As mentioned in paragraph 12 of the KCP&L response.

(C) The installed solar electric system must remain in place on the account holder's premises for the duration of its useful life which shall be deemed to be ten (10) years unless determined otherwise by the Commission.

(D) Solar electric systems installed by retail account holders must consist of equipment that is commercially available and factory new when installed on the original account holder's premises and the principal system components (i.e. photovoltaic modules and inverters) shall be covered by a functional warranty from the manufacturer for a minimum period of ten (10) years unless determined otherwise by the commission, with the exception of solar battery components. Principal system

Comment [A14]: This language will allow some flexibility around the warranty period and make the terms consistent with paragraph C immediately preceding this paragraph.

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components must be of those certified by the California Energy Commission or similar standard determined by the Commission and appear on the Standard's List of Eligible Equipment. Rebuilt, used or refurbished equipment is not eligible to receive the rebate. For any applicable solar electric system, only one (1) rebate shall be paid for the lifetime of the solar electric system. Retail accounts which have been awarded rebates for an aggregate of less than twenty-five (25) kilowatts shall qualify to apply for rebates for system expansions up to an aggregate of twenty-five (25) kilowatts. Systems greater than twenty-five (25) kilowatts but less than one hundred (100) kilowatts in size shall be eligible for a solar rebate up to the twenty-five (25) kilowatt limit of this section (\$50,000).

(E) The solar electric system shall meet all requirements of 4 CSR 240-20.065, Net Metering or tariff approved by the commission for customer-owned generation.

(F) The electric utility may inspect retail account holder owned solar electric systems for which it has paid a solar rebate pursuant to this section, at any reasonable time, with prior notice of at least three (3) business days provided to the retail account holder. Advance notice is not required if there is reason to believe the unit poses a safety risk to the retail account holder, the premises, the utility's electrical system or the utility's personnel.

(G) For the purpose of determining the amount of rebate, the solar electric system wattage rating shall be established as the direct current wattage rating provided by the original manufacturer, as adjusted using the California Energy Commission's AC rating or similar Standard rating system approved by the Commission where the AC System Rating (kW) equals the Quantity of Photovoltaic Modules multiplied by the Standard's Rating of Photovoltaic Modules and multiplied by the Standard's Inverter Efficiency.

(H) At the time of the rebate payment or anytime thereafter, the electric utility may, at the utility's discretion, negotiate a contract for the purchase of S-RECs created by the customer's installed solar electric system. Payments will be either a one-time lump sum payment or annual payments as described below. The customer is not required to sell any or all S-RECs to the electric utility. The sale of any S-RECs created by the installed solar electric system is not included as a requirement of the electric utility's interconnection agreement. If the customer chooses to sell S-RECs created by the installed solar electric system to the electric utility, the customer shall not be allowed to sell to any other party or otherwise take credit for the S-RECs produced by the system during the contract term. The electric utility, at its

Comment [A15]: As detailed in paragraph 6 of the KCP&L response.

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Comment [A16]: As detailed in paragraph 6 of the KCP&L response.

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discretion, may utilize a standardized contract to arrange for the S-REC purchase.

For solar electric systems with a nameplate capacity of three (3) kW or less, if the electric utility chose to make the standard offer and a customer chose to sell his S-RECs, the utility would purchase a calculated amount of S-RECs to be produced over a five (5) year period through a one time lump sum standard offer payment. The energy that shall be generated by a solar electric system with a nameplate capacity of three (3) kW or less will be estimated using generally accepted analytical tools.

For solar electric systems with a nameplate capacity between three (3) and ten (10) kW, the electric utility could purchase at its discretion and upon the customer's willingness to sell, the S-RECs either through a one-time lump sum standard offer payment or could arrange for annual payments.

For solar electric systems with a nameplate capacity greater than ten (10) kW, the electric utility could purchase at its discretion and upon the customer's willingness to sell, S-RECs only through annual payments.

The unit price for S-RECs will be determined by the electric utility, updated annually, and will approximate the market value of the S-REC. The unit price of S-RECs produced by solar electric systems with a nameplate capacity greater than twenty five (25) kW, will be negotiated by the customer and the electric utility and will be consistent with market prices.

(I) Electric utilities that have purchased S-RECs under a one-time lump sum payment in accordance with subsection (H) of this section may continue to account for purchased S-RECs even if the owner of the solar electric system ceases to operate the system or the system is decertified as a renewable energy resource.

(J) Electric utilities that have purchased S-RECs under a one-time lump sum payment shall utilize the associated S-RECs in equal annual amounts over the lifetime of the purchase agreement.

(K) The electric utility shall provide a rebate offer for solar rebates within thirty (30) days of application, and shall provide the solar rebate payment to qualified retail account holders within sixty (60) days of verification that the solar electric system is fully operational. Applicants who are accepted for the solar rebates shall have up to twelve (12) months from the date of receipt of a rebate offer to demonstrate

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Comment [A17]: As detailed in paragraph 7 of the KCP&L response.

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Comment [A18]: As mentioned in paragraph 13 of the KCP&L response.

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full operation of their proposed solar electric system. Full operation means the purchase and installation on the retail account holder's premises of all major system components of the on-site solar electric system and production of rated electrical generation. If full operation is not achieved within six (6) months of acceptance of the Standard Offer Contract or rebate offer, in order to keep eligibility for the rebate offer and or Standard Offer Contract, the applicant shall file a report demonstrating substantial project progress and indicating continued interest in the rebate. The six (6) month report shall include proof of purchase of the majority of the solar electric system components, partial system construction, and building permit, if required by the jurisdictional authority. Customers who do not demonstrate substantial progress within six (6) months of receipt of the rebate offer, or achieve full operation within one (1) year of receipt of rebate offer, will be required to reapply for any solar rebate.

(L) If the solar rebate program for an electric utility causes the utility to meet or exceed the retail rate impact limits of section (5) of this rule, the solar rebates shall be paid on a first-come, first-served basis, as determined by the solar system operational date. Any solar rebate applications that are not honored in a particular calendar year due to the requirements of this subsection shall be the first applications considered in the following calendar year.

(5) Retail Rate Impact.

(A) The retail rate impact, as calculated in 5 (B), may not exceed one percent (1%) for prudent costs of renewable energy resources directly attributable to RES compliance. The rate impact shall be calculated on an incremental basis for each planning year that includes the addition of renewable generation directly attributable to RES compliance through procurement or development of renewable energy resources, averaged over a ten (10) year period, and shall exclude renewable energy resources under contract prior to the effective date of this rule and renewable energy resources previously determined not to exceed the one percent (1%) threshold.

(B) The RES retail rate impact shall be determined by subtracting the total retail revenue requirement incorporating an incremental non-renewable generation and purchased power portfolio from the total retail revenue requirement including an incremental RES-compliant generation and purchased power portfolio. The non-renewable generation and purchased power portfolio shall be determined by adding to the utility's existing generation and purchased power resource portfolio, additional non-renewable resources sufficient to meet the

Comment [A19]: Suggested clarifying language. As written it might appear that the rate impact study is to be completed on a per generator basis

Comment [A20]: Suggested clarifying language.

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utility's needs on a least-cost basis. The RES-Compliant portfolio shall be determined by adding to the utility's existing generation and purchased power resource portfolio an amount of renewable resources sufficient to achieve the standard set forth in Section (2) of this rule, and an amount of least-cost non-renewable resources, the combination of which is sufficient to meet the utility's needs. These renewable energy resource additions will utilize the most recent electric utility resource planning analysis. In addition, the projected impact on revenue requirements by renewable energy resources shall be reduced by the cost of greenhouse gas emissions reductions, assuming that such reductions are made at the then-current cost per ton of greenhouse gas emissions allowances or the cost of greenhouse gas emission reduction technology, whichever is lower. Any variables utilized in the modeling shall be consistent with values established in prior rate proceedings or RES compliance plans, unless specific justification is provided for deviations. The comparison of the rate impact of renewable and non-renewable energy resources shall be conducted only when the electric utility proposes to add incremental renewable energy resource generation directly attributable to RES compliance through the procurement or development of renewable energy resources.

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Comment [A21]: Suggested clarifying language.

(C) Rebates made during any calendar year in accordance with Section (4) of this rule shall be included in the cost of generation from renewable energy resources.

(D) For purposes of the determination in accordance with subsection (B) of this section, if the revenue requirement including the RES-compliant resource mix, averaged over a ten (10) year period, exceeds the revenue requirement that includes the non-renewable resource mix by more than 1%, the utility shall adjust downward the proportion of renewable resources so that the revenue requirement differential does not exceed 1%. In making this adjustment, the solar requirement shall be in accordance with subsection (2)(F) of this rule. Prudently incurred costs to comply with the RES standard, and passing this rate impact test, may be recovered in accordance with Section (6) of this rule or through a rate proceeding outside or in a general rate case.

Comment [A22]: Suggested clarifying language.

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(E) Costs or benefits attributed to compliance with a federal renewable energy standard or portfolio requirement shall be considered as part of compliance with the Missouri RES.

(6) Cost Recovery and Pass-through of Benefits. Pursuant to this rule and sections 393.1030 and 393.1045, RSMo, an electric utility outside or in a general rate proceeding may file an application and rate schedules with the commission to establish,

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continue, modify, or discontinue a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) that shall allow for the adjustment of its rates and charges to provide for recovery of prudently incurred costs or pass-through of benefits received as a result of compliance with RES requirements; provided that the RES compliance retail rate impact on average retail customer rates does not exceed one percent (1%) as determined by section (5) of this rule. Alternately, an electric utility may recover RES compliance costs through rates established in a general rate proceeding. In the interim between general rate proceedings the electric utility may defer the costs in a regulatory asset, and annually calculate AFUDC on the balance in that regulatory asset. The prudently-incurred costs included in the regulatory asset balance will be amortized over a ten (10) year period. When new rates go into effect reflecting amortization recovery as a result of future general rate proceedings, the prudently-incurred costs included in the regulatory asset balance will be added to rate base, the electric utility will stop accruing AFUDC on the amount included in rate base, and will begin amortizing the balance.

Comment [A23]: As detailed in paragraph 9 of the KCP&L response.

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(A) If the actual increase in utility revenue requirements is less than two percent (2%), subsection (B) of this section shall be utilized. If the actual increase in utility revenue requirements is equal to or greater than two percent (2%), subsection (C) of this section shall be utilized. For the initial filing by the electric utility in accordance with this section, subsection (C) of this section shall be utilized.

1. The pass-through of benefits has no single-year cap or limit.

2. Any party in a rate proceeding in which a RESRAM is in effect or proposed may seek to continue as is, modify, or oppose the RESRAM. The commission shall approve, modify, or reject such applications and rate schedules to establish a RESRAM only after providing the opportunity for an evidentiary hearing.

3. If the electric utility incurs costs in complying with the RES requirements that exceed the one percent (1%) limit determined in accordance with section (5) of this rule, those excess costs may be carried forward to future years for cost recovery under this rule. These carried forward costs plus additional annual costs remain subject to the one percent (1%) limit for any subsequent years. In any calendar year that costs from a previous compliance year are carried forward, the carried forward costs will be considered for cost recovery prior to any new costs for the current calendar year.

Comment [A24]: Suggested clarifying language.

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4. For ownership investments in eligible renewable energy technologies in a RESRAM application, the electric

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utility shall be entitled to a rate of return equal to the electric utility's most recent authorized rate of return on rate base. Recovery of the rate of return for investment in renewable energy technologies in an RESRAM application is subject to the one percent (1%) limit specified in section (5) of this rule.

5. Upon the filing of proposed rate schedules with the commission seeking to recover costs or pass-through benefits of RES compliance, the commission will provide general notice of the filing.

6. The electric utility shall provide the following notices to its customers, with such notices to be approved by the commission in accordance with paragraph 7. of this subsection before the notices are sent to customers:

A. An initial, one (1) time notice to all potentially affected customers, such notice being sent to customers no later than when customers will receive their first bill that includes **new RES compliance costs**, explaining the utility's RES compliance and identifying the statutory authority under which it is **seeking recovery of RES compliance costs**;

Deleted: a RESRAM

Comment [A25]: As detailed in paragraph 9 of the KCP&L response.

Deleted: implementing a RESRAM

B. An annual notice to affected customers each year that a RESRAM is in effect explaining the continuation of its RESRAM and RES compliance; and

C. A RESRAM line item on all customer bills, which informs the customers of the presence and amount of the RESRAM.

7. Along with the electric utility's filing of proposed rate schedules to **recover RES compliance costs**, the utility shall file the following **applicable** items with the commission for approval or rejection, and the office of the public counsel may, within ten (10) days of the utility's filing of this information, submit comments regarding these notices to the commission:

Deleted: establish a RESRAM

Comment [A26]: As detailed in paragraph 9 of the KCP&L response.

A. An example of the notice required by subparagraph (A)6.A. of this section;

B. An example of the notice required by subparagraph (A)6.B. of this section; and

C. An example customer bill showing how the RESRAM will be described on affected customers' bills in accordance with subparagraph (A)6.C. of this section.

8. An electric utility may effectuate a change in RESRAM no more often than one (1) time during any calendar year, not including changes as a result of paragraph 11. of this subsection.

9. Submission of Surveillance Monitoring Reports. Each electric utility with an approved RESRAM shall submit to staff, OPC and parties approved by the commission a Surveillance

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Monitoring Report. The form of the Surveillance Monitoring Report is included herein.

A. The Surveillance Monitoring Report shall be submitted within fifteen (15) days of the electric utility's next scheduled United States Securities and Exchange Commission (SEC) 10-Q or 10-K filing with the initial submission within fifteen (15) days of the electric utility's next scheduled SEC 10-Q or 10-K filing following the effective date of the commission order establishing the RESRAM.

B. If the electric utility also has an approved fuel rate adjustment mechanism or environmental cost recovery mechanism (ECRM), the electric utility shall submit a single Surveillance Monitoring Report for the RESRAM, ECRM, the fuel rate adjustment mechanism, or any combination of the three. The electric utility shall designate on the single Surveillance Monitoring Report whether the submission is for RESRAM, ECRM, fuel rate adjustment mechanism or any combination of the three.

C. Upon a finding that a utility has knowingly or recklessly provided materially false or inaccurate information to the commission regarding the surveillance data prescribed in this paragraph, after notice and an opportunity for a hearing, the commission may suspend a RESRAM or order other appropriate remedies as provided by law.

10. The RESRAM will be calculated as a percentage of the customer's energy charge for the applicable billing period.

11. Commission approval of proposed rate schedules, to establish or modify a RESRAM shall in no way be binding upon the commission in determining the ratemaking treatment to be applied to RES compliance costs during a subsequent general rate proceeding when the commission may undertake to review the prudence of such costs. In the event the commission disallows, during a subsequent general rate proceeding, recovery of RES compliance costs previously in a RESRAM, or pass-through of benefits previously in a RESRAM, the electric utility shall offset its RESRAM in the future as necessary to recognize and account for any such costs or benefits. The offset amount shall include a calculation of interest at the electric utility's short-term borrowing rate as calculated in subparagraph 28.A of this subsection. The RESRAM offset will be designed to reconcile such disallowed costs or benefits within the six (6) month period immediately subsequent to any commission order regarding such disallowance.

12. At the end of each twelve (12) month period that a RESRAM is in effect, the electric utility shall reconcile the differences between the revenues resulting from the RESRAM and the pretax revenues as found by the commission for that period and shall submit the reconciliation to the commission with its

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next sequential proposed rate schedules for RESRAM continuation or modification.

13. An electric utility that has implemented a RESRAM shall file revised RESRAM rate schedules to reset the RESRAM to zero (0) when new base rates and charges become effective following a commission report and order establishing customer rates in a general rate proceeding that incorporates RES compliance costs or benefits previously reflected in a RESRAM in the utility's base rates. If an over- or under-recovery of RESRAM revenues or over- or under-pass-through of RESRAM benefits exists after the RESRAM has been reset to zero (0), that amount of over- or under-recovery, or over- or under-pass-through shall be tracked in an account and considered in the next RESRAM filing of the electric utility.

14. Upon the inclusion of RES compliance cost or benefit pass-through previously reflected in a RESRAM into an electric utility's base rates, the utility shall immediately thereafter reconcile any previously unreconciled RESRAM revenues or RESRAM benefits and track them as necessary to ensure that revenues or pass-through benefits resulting from the RESRAM match, as closely as possible, the appropriate pretax revenues or pass-through benefits as found by the commission for that period.

15. In addition to the information required by subsections (B) or (C) of this section, the electric utility shall also provide the following information when it files proposed rate schedules with the commission seeking to establish, modify, or reconcile a RESRAM:

A. A description of all information posted on the utility's website regarding the RESRAM; and

B. A description of all instructions provided to personnel at the utility's call center regarding how those personnel should respond to calls pertaining to the RESRAM.

16. RES compliance costs shall only be recovered through a RESRAM or as part of a general rate proceeding and shall not be considered for cost recovery through an environmental cost recovery mechanism or fuel adjustment clause or interim energy charge.

Comment [A27]: As detailed in paragraph 9 of the KCP&L response.

17. Pre-Existing Adjustment Mechanisms, Tariffs and Regulatory Plans. The provisions of this rule shall not affect:

A. Any adjustment mechanism, rate schedule, tariff, incentive plan, or other ratemaking mechanism that was approved by the commission and in effect prior to the effective date of this rule; and

B. Any experimental regulatory plan that was approved by the commission and in effect prior to the effective date of this rule.

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18. Each electric utility with a RESRAM shall submit, with an affidavit attesting to the veracity of the information, the following information on a monthly basis to the manager of the auditing department of the commission and the office of the public counsel (OPC). The information may be submitted to the manager of the auditing department through EFIS. The following information shall be aggregated by month and supplied no later than sixty (60) days after the end of each month when the RESRAM is in effect. The first submission shall be made within sixty (60) days after the end of the first complete month after the RESRAM goes into effect. It shall contain, at a minimum:

A. The revenues billed pursuant to the RESRAM by rate class and voltage level, as applicable;

B. The revenues billed through the electric utility's base rate allowance by rate class and voltage level;

C. All significant factors that have affected the level of RESRAM revenues along with workpapers documenting these significant factors;

D. The difference, by rate class and voltage level, as applicable, between the total billed RESRAM revenues and the projected RESRAM revenues;

E. Any additional information ordered by the commission to be provided; and

F. To the extent any of the requested information outlined above is provided in response to another section, the information only needs to be provided once.

19. Information required to be filed with the commission or submitted to the manager of the auditing department of the commission and to OPC in this section shall also be, in the same format, served on or submitted to any party to the related rate proceeding in which the RESRAM was approved by the commission, periodic adjustment proceeding, prudence review, or general rate case to modify, continue or discontinue the same RESRAM, pursuant to the procedures in 4 CSR 240-2.135 for handling confidential information, including any commission order issued thereunder.

20. A person or entity granted intervention in a rate proceeding in which a RESRAM is approved by the commission, shall be a party to any subsequent related periodic adjustment proceeding or prudence review, without the necessity of applying to the commission for intervention. In any subsequent general rate proceeding, such person or entity must seek and be granted status as an intervenor to be a party to that case. Affidavits, testimony, information, reports, and workpapers to be filed or submitted in connection with a subsequent related periodic adjustment proceeding, prudence review, or general rate case to modify, continue or discontinue the same RESRAM shall be served

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on or submitted to all parties from the prior related rate proceeding and on all parties from any subsequent related periodic adjustment proceeding, prudence review, or general rate case to modify, continue or discontinue the same RESRAM, concurrently with filing the same with the commission or submitting the same to the manager of the auditing department of the commission and OPC, pursuant to the procedures in 4 CSR 240-2.135 for handling confidential information, including any commission order issued thereunder.

21. A person or entity not a party to the rate proceeding in which a RESRAM is approved by the commission may timely apply to the commission for intervention, pursuant to 4 CSR 240-2.075(2) through (4) of the commission's rule on intervention, respecting any related subsequent periodic adjustment proceeding, or prudence review, or, pursuant to 4 CSR 240-2.075(1) through (5), respecting any subsequent general rate case to modify, continue or discontinue the same RESRAM. If no party to a subsequent periodic adjustment proceeding or prudence review, objects within ten (10) days of the filing of an application for intervention, the applicant shall be deemed as having been granted intervention without a specific commission order granting intervention, unless within the above-referenced ten (10)-day period the commission denies the application for intervention on its own motion. If an objection to the application for intervention is filed on or before the end of the above-referenced ten (10)-day period, the commission shall rule on the application and the objection within ten (10) days of the filing of the objection.

22. The results of discovery from a rate proceeding where the commission may approve, modify, reject, continue or discontinue a RESRAM, or from any subsequent periodic adjustment proceeding or prudence review relating to the same RESRAM, may be used without a party resubmitting the same discovery requests (data requests, interrogatories, requests for production, requests for admission, or depositions) in the subsequent proceeding to parties that produced the discovery in the prior proceeding, subject to a ruling by the commission concerning any evidentiary objection made in the subsequent proceeding.

23. If a party which submitted data requests relating to a proposed RESRAM in the rate proceeding where the RESRAM was established or in any subsequent related periodic adjustment proceeding or prudence review wants the responding party to whom the prior data requests were submitted to supplement or update that responding party's prior responses for possible use in a subsequent related periodic adjustment proceeding, prudence review or general rate case to modify, continue or discontinue the same RESRAM, the party which previously submitted the data

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requests shall submit an additional data request to the responding party to whom the data requests were previously submitted which clearly identifies the particular data requests to be supplemented or updated and the particular period to be covered by the updated response. A responding party to a request to supplement or update, shall supplement or update a data request response from a related rate proceeding where a RESRAM was established, reviewed for prudence modified, continued or discontinued, if the responding party has learned or subsequently learns that the data request response is in some material respect incomplete or incorrect.

24. Each rate proceeding where commission establishment, continuation, modification, or discontinuation of a RESRAM is the sole issue shall comprise a separate case. The same procedures for handling confidential information shall apply, pursuant to 4 CSR 240-2.135, as in the immediately preceding RESRAM case for the particular electric utility, unless otherwise directed by the commission on its own motion or as requested by a party and directed by the commission.

25. In addressing certain discovery matters and the provision of certain information by electric utilities, this rule is not intended to restrict the discovery rights of any party.

26. Prudence Reviews Respecting a RESRAM. A prudence review of the costs subject to the RESRAM shall be conducted no less frequently than at intervals established in the rate proceeding in which the RESRAM is established.

A. All amounts ordered refunded by the commission shall include interest at the electric utility's short-term borrowing rate. The interest shall be calculated on a monthly basis for each month the RESRAM rate is in effect, equal to the weighted average interest rate paid by the electric utility on short-term debt for that calendar month. This rate shall then be applied to a simple average of the same month's beginning and ending cumulative RESRAM over-collection or under-collection balance. Each month's accumulated interest shall be included in the RESRAM over-collection or under-collection balances on an on-going basis.

B. The staff shall submit a recommendation regarding its examination and analysis to the commission not later than one hundred eighty (180) days after the staff initiates its prudence audit. The staff shall file notice within ten (10) days of starting its prudence audit. The commission shall issue an order not later than two hundred ten (210) days after the staff commences its prudence audit if no party to the proceeding in which the prudence audit is occurring files,

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within one hundred ninety (190) days of the staff's commencement of its prudence audit, a request for a hearing.

(I) If the staff, OPC or other party auditing the RESRAM believes that insufficient information has been supplied to make a recommendation regarding the prudence of the electric utility's RESRAM, it may utilize discovery to obtain the information it seeks. If the electric utility does not timely supply the information, the party asserting the failure to provide the required information shall timely file a motion to compel with the commission. While the commission is considering the motion to compel the processing time line shall be suspended. If the commission then issues an order requiring the information to be provided, the time necessary for the information to be provided shall further extend the processing time line. For good cause shown the commission may further suspend this time line.

(II) If the time line is extended due to an electric utility's failure to timely provide sufficient responses to discovery and a refund is due to the customers, the electric utility shall refund all imprudently incurred costs plus interest at the electric utility's short-term borrowing rate. The interest shall be calculated on a monthly basis in the same manner as described in subparagraph 26.A. of this subsection.

C. The commission must issue its final order concerning an existing prudence review before a subsequent prudence review may be initiated.

Comment [A28]: As mentioned in paragraph 14 of the KCP&L response.

(B) RESRAM for less than two percent (2%) actual increase in utility revenue requirements.

1. When an electric utility files proposed rate schedules pursuant to sections 393.1020 and 393.1030, RSMo, and the provisions of this rule, the commission staff shall conduct an examination of the proposed RESRAM.

2. The staff of the commission shall examine and analyze the information submitted by the electric utility to determine if the proposed RESRAM is in accordance with provisions of this rule and sections 393.1030 and 393.1045, RSMo, and shall submit a report regarding its examination to the commission not later than sixty (60) days after the electric utility files its proposed rate schedules.

3. The commission may hold a hearing on the proposed rate schedules and shall issue an order to become effective not later than ninety (90) days after the electric utility files the proposed rate schedules.

4. If the commission finds that the proposed rate schedules or substitute filed rate schedules comply with the

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applicable requirements, the commission shall enter an order authorizing the electric utility to utilize said RESRAM rate schedules with an appropriate effective date, as determined by the commission.

5. At the time an electric utility files proposed rate schedules with the commission seeking to establish, modify, or reconcile a RESRAM, it shall submit its supporting documentation regarding the calculation of the proposed RESRAM, and shall serve the office of the public counsel with a copy of its proposed rate schedules and its supporting documentation. The utility's supporting documentation shall include workpapers showing the calculation of the proposed RESRAM, and shall include, at a minimum, the following information:

A. The state, federal, and local income or excise tax rates used in calculating the proposed RESRAM, and an explanation of the source of and the basis for using those tax rates;

B. The regulatory capital structure used in calculating the proposed RESRAM, and an explanation of the source of and the basis for using the capital structure;

C. The cost rates for debt and preferred stock used in calculating the proposed RESRAM, and an explanation of the source of and the basis for using those rates;

D. The cost of common equity used in calculating the proposed RESRAM, and an explanation of the source of and the basis for that equity cost;

E. The depreciation rates used in calculating the proposed RESRAM, and an explanation of the source of and the basis for using those depreciation rates;

F. The applicable customer class billing methodology used in calculating the proposed RESRAM, and an explanation of the source of and basis for using that methodology;

G. An explanation of how the proposed RESRAM is allocated among affected customer classes, if applicable; and

H. For purchase of electrical energy from eligible renewable energy resources bundled with the associated RECs or for the purchase of unbundled RECs, the cost of the purchases, and an explanation of the source of the energy or RECs and the basis for making that specific purchase, including an explanation of the request for proposal (RFP) process, or the reason(s) for not using an RFP process, used to establish which entity provided the energy or RECs associated with the RESRAM.

(C) RESRAM for equal to or greater than two percent (2%) actual increase in utility revenue requirements.

1. If an electric utility files an application and rate schedules to establish, continue, modify, or discontinue a

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RESRAM outside of a general rate proceeding, the staff shall examine and analyze the information filed in accordance with this section and additional information obtained through discovery, if any, to determine if the proposed RESRAM is in accordance with provisions of this rule and sections 393.1030 and 393.1045, RSMo. The commission shall establish a procedural schedule providing for an evidentiary hearing and commission report and order regarding the electric utility's filing. The staff shall submit a report regarding its examination and analysis to the commission not later than seventy-five (75) days after the electric utility files its application and rate schedules to establish a RESRAM. An individual or entity granted intervention by the commission may file comments not later than seventy-five (75) days after the electric utility files its application and rate schedules to establish a RESRAM. The electric utility shall have no less than fifteen (15) days from the filing of the staff's report and any intervenor's comments to file a reply. The commission shall have no less than thirty (30) days **and no more than forty-five (45) days** from the filing of the electric utility's reply to hold a hearing and issue a report and order approving the electric utility's rate schedules subject to or not subject to conditions, rejecting the electric utility's rate schedules, or rejecting the electric utility's rate schedules and authorizing the electric utility to file substitute rate schedules subject to or not subject to conditions.

Comment [A29]: As mentioned in paragraph 15 of the KCP&L response.

2. When an electric utility files an application and rate schedules as described in this subsection, the electric utility shall file at the same time supporting direct testimony and the following supporting information as part of, or in addition to, its supporting direct testimony:

- A. Proposed RESRAM rate schedules;
- B. A general description of the design and intended operation of the proposed RESRAM;
- C. A complete description of how the proposed RESRAM is compatible with the requirement for prudence reviews;
- D. A complete explanation of all the costs that shall be considered for recovery under the proposed RESRAM and the specific account used for each cost item on the electric utility's books and records;
- E. A complete explanation of all of the costs, both capital and expense, incurred for RES compliance that the electric utility is proposing be included in base rates and the specific account used for each cost item on the electric utility's books and records;
- F. A complete explanation of all the revenues that shall be considered in the determination of the amount

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eligible for recovery under the proposed RESRAM and the specific account where each such revenue item is recorded on the electric utility's books and records;

G. A complete explanation of any feature designed into the proposed RESRAM or any existing electric utility policy, procedure, or practice that can be relied upon to ensure that only prudent costs shall be eligible for recovery under the proposed RESRAM;

H. For each of the major categories of costs, that the electric utility seeks to recover through its proposed RESRAM, a complete explanation of the specific rate class cost allocations and rate design used to calculate the proposed RES compliance revenue requirement and any subsequent RESRAM rate adjustments during the term of the proposed RESRAM; and

I. Any additional information that may have been ordered by the commission in a prior rate proceeding to be provided.

3. When an electric utility files rate schedules to as described in this subsection with the commission, and serves upon parties as provided in paragraph (A)20. of this section, the rate schedules must be accompanied by supporting direct testimony, and at least the following supporting information:

A. The following information shall be included with the filing:

(I) For the period from which historical costs are used to adjust the RESRAM rate:

(a) REC costs differentiated by purchases, swaps and loans;

(b) Net revenues from REC sales, swaps and loans;

(c) Extraordinary costs not to be passed through, if any, due to such costs being an insured loss, or subject to reduction due to litigation or for any other reason;

(d) Base rate component of RES compliance costs and revenues;

(e) Identification of capital projects placed in service that were not anticipated in the previous general rate proceeding; and

(f) Any additional requirements ordered by the commission in the prior rate proceeding;

(II) The levels of RES compliance capital costs and expenses in the base rate revenue requirement from the prior general rate proceeding;

(III) The levels of RES compliance capital cost in the base rate revenue requirement from the prior general

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rate proceeding as adjusted for the proposed date of the periodic adjustment;

(IV) The capital structure as determined in the prior rate proceeding;

(V) The cost rates for the electric utility's debt and preferred stock as determined in the prior rate proceeding;

(VI) The electric utility's cost of common equity as determined in the prior rate proceeding; and

(VII) Calculation of the proposed RESRAM collection rates; and

B. Workpapers supporting all items in subparagraph 3.A. shall be submitted to the manager of the auditing department, and served upon parties as provided in paragraph (A)20. in this section. The workpapers may be submitted to the manager of the auditing department through EFIS.

(7) Annual RES Compliance Report and RES Compliance Plan. Each electric utility shall file an annual RES compliance report no later than April 15 to report on the status of the utility's compliance with the renewable energy standard and the electric utility's compliance plan as described in this section for the most recently completed calendar year. Each electric utility shall file a RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year.

Comment [A30]: Suggested clarifying language.

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(A) Annual RES Compliance Report

Comment [A31]: Suggested clarifying language.

1. The annual RES compliance report shall provide the following information for the most recently completed calendar year for the electric utility:

A. Total retail electric sales for the utility, as defined by this rule;

B. Total jurisdictional revenue from the total retail electric sales to Missouri customers as measured at the customers' meters;

C. Total retail electric sales supplied by renewable energy resources, as defined by section 393.1025(5), RSMo, including the source of the energy;

Comment [A32]: Suggested clarifying language.

D. The number of RECs and S-RECs created by electrical energy produced by renewable energy resources owned by the electric utility. For the electrical energy produced by these utility-owned renewable energy resources, the value of the energy created. For the RECs and S-RECs, a calculated REC or S-REC value for each source and each category of REC;

E. The number of RECs acquired, sold, transferred, or retired by the utility during the calendar year;

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F. The source of all RECs acquired during the calendar year;

G. The identification, by source and serial number, of any RECs that have been carried forward to a future calendar year;

H. An explanation of how any gains or losses from sale or purchase of RECs for the calendar year have been accounted for in any rate adjustment mechanism that was in effect for the electric utility;

I. For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility when the RECs are not tracked through the commission designated common central third-party registry or other equivalent tracking mechanism, the following information for each resource that has a rated capacity of ten (10) kW or greater:

Comment [A33]: As mentioned in paragraph 10 of the KCP&L response.

(I) Name, address, and owner of the facility;

(II) An affidavit from the owner of the facility certifying that the energy was derived from an eligible renewable energy technology and that the renewable attributes of the energy have not been used to meet the requirements of any other local or state mandate;

(III) The renewable energy technology utilized at the facility;

(IV) The dates and amounts of all payments from the electric utility to the owner of the facility; and

J. The total number of customers that applied and received a solar rebate in accordance with section (4) of this rule.

Deleted: . . . (V) All meter readings used for calculation of the payments referenced in subparagraph D. of this paragraph.¶
..

K. The total number of customers that were denied a solar rebate and the reason(s) for denial.

L. The amount of funds expended by the electric utility for solar rebates, including the price and terms of future S-REC contracts associated with the facilities that qualified for the solar rebates.

M. An affidavit documenting the electric utility's compliance with the RES as described in this section during the calendar year. This affidavit will include a description of the amount of over or under compliance costs that shall be adjusted in the electric utility's next compliance plan

Comment [A34]: Suggested clarifying language.

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N. If compliance was not achieved, an explanation why the electric utility failed to meet the RES.

2. On the same date that the electric utility files its annual RES compliance report, the utility shall post an electronic copy of its annual RES compliance report, excluding

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highly confidential or proprietary material, on its website to facilitate public access and review.

3. On the same date that the electric utility files its annual RES compliance report, the utility shall provide the commission with separate electronic copies of its annual RES compliance report including and excluding highly confidential and proprietary material. The commission shall place the redacted electronic copies of each electric utility's annual RES compliance reports on the commission's website in order to facilitate public viewing, as appropriate.

(B) Preapproval

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1. Prior to undertaking the construction of a renewable energy resource generation facility or entering into a new renewable energy resource power supply contract, an electric utility may file a petition with the Commission to obtain a determination of the rate-making principles and treatment for the new construction or contract of the renewable energy resource(s).

2. The electric utility proposes the ratemaking treatment it wants the Commission to approve.

A. The Commission has 180 days to enter an Order. If no Order issues within that time, the treatment proposed by the electric utility in its application is deemed approved.

B. The Commission staff, public counsel, and any intervenor shall review the electric utility's petition and shall file a report or comments within 60 days. This report shall indicate the appropriateness of the electric utility's proposal and, if necessary, recommended modifications or alternate rate-making treatment proposal.

C. If the staff, public counsel, or any intervenor disagrees on the electric utility's proposed rate-making treatment, they shall work with the electric utility and the other parties to reach, within 45 days of the date that the report or comments were submitted, a joint agreement on a plan to remedy any discrepancies. If full agreement cannot be reached, this shall be reported to the Commission through a joint filing as soon as possible, but no later than 50 days after the date on which the report and comments were submitted.

D. If full agreement on remedying discrepancies is not reached, then within 60 days from the date on which the staff, public counsel, and any intervenor submitted a report or comments relating to the electric utility's compliance filing, the electric

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utility may file a response and the staff, public counsel, and any intervenor may file comments in response to each other. The electric utility response shall address any discrepancies set forth by staff, public counsel or any intervenor.

E. The rate-making treatment approved in the Order (or deemed approved by operation of law) must be used by the Commission in all subsequent rate-making proceedings.

F. The Commission must consider whether the plan selected by the electric utility is reasonable, reliable and efficient.

(C) RES Compliance Plan

1. The plan shall cover the current year and the immediately following two (2) calendar years. The RES compliance plan shall include, at a minimum:

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

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;

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

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;

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; and

F. A detailed explanation of the calculation of the RES retail 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.

(D) Upon receipt of the electric utility's annual RES compliance report and RES compliance plan, the commission shall establish a docket for the purpose of receiving the report and plan. The commission shall issue a general notice of the filing.

(E) The staff of the commission shall examine each electric utility's annual RES compliance report and RES compliance plan and file a report of its review with the commission within forty-five (45) days of the filing of the annual RES compliance

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Comment [A35]: As mentioned in paragraph 16 of the KCP&L response.

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Comment [A36]: Suggested clarifying language.

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report and RES compliance plan with the commission. The staff's report shall identify any deficiencies in the electric utility's compliance with the RES.

(F) The office of the public counsel and any interested persons or entities may file comments based on their review of the electric utility's annual RES compliance report and RES compliance plan within forty-five (45) days of the electric utility's filing of its compliance report with the commission.

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Comment [A37]: Suggested clarifying language.

(G) The commission shall issue an order which establishes a procedural schedule, if necessary.

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(8) Penalties. An electric utility shall be subject to penalties of at least twice the average market value of RECs or S-RECs for the calendar year for failure to meet the targets of section 393.1030.1, RSMo and section (2) of this rule. The average market value for RECs associated with this provision is to be calculated and published by the Commission Staff in advance of the compliance periods established in section 7 of this rule.

Deleted: no later than February 1 of each year

(A) An electric utility shall be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or to the extent that the maximum average retail rate impact increase, as determined in accordance with section (5) of this rule, would be exceeded.

(B) Penalty payments shall be remitted to the department. These payments shall be utilized by the department for the following purposes:

1. Purchase RECs or S-RECs in sufficient quantity to offset the shortfall of the utility to meet the RES requirements; and

2. Payments in excess of those required in paragraph 1 of this subsection shall be utilized to provide funding for renewable energy and energy efficiency projects. These projects shall be selected by the department's energy center in consultation with the staff.

A. The department shall file an annual report no later than April 15 to report on the department's utilization of funds paid under this section. The report shall reconcile all funds received; identifying the projects funded, defining the purpose of the projects, and identifying the funds received by each project for the most recently completed calendar year.

Comment [A38]: As mentioned in paragraph 17 of the KCP&L response.

(C) Penalty amounts shall be calculated by determining the electric utility's shortfall relative to RES total requirements and RES solar energy requirements for the calendar year. The penalty amount shall be based on twice the average market value during the calendar year for RECs or S-RECs in sufficient quantity to make up the utility's shortfall for RES total

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requirements or RES solar energy requirements. The average market value for RECs or S-RECs for the calendar year shall be based on RECs and S-RECs utilized for compliance with this rule and determined by the staff. The office of public counsel and any interested persons or entities may file comments based on their review of staff's determination of REC and S-REC value. The commission shall issue an order which establishes a procedural schedule, if necessary.

(D) Any electric utility that is subject to penalties as prescribed by this section shall not seek recovery of the penalties through section (6) of this rule or any other rate-making activity.

(9) Solar Energy Exemptions. Pursuant to 393.1050, RSMo, and this rule electric utilities may be exempt from certain requirements of the RES.

(A) Any electric utility which, by January 20, 2009, achieved an amount of renewable energy resource aggregate nameplate capacity equal to or greater than fifteen percent (15%) of the electric utility's total owned fossil-fired generating capacity, shall be exempt from the following requirements of this rule, as follows:

1. The requirement to provide a solar rebate or Standard Offer Contract to the electric utility's retail customers in accordance with section 393.1030, RSMo and section (4) of this rule; and

2. The requirement to provide a certain percentage of its total retail electric sales from solar energy in accordance with section 393.1030, RSMo and section (2) of this rule.

(10) Nothing in this rule shall preclude a complaint case from being filed, as provided by law, on the grounds that an electric utility is earning more than a fair return on equity, nor shall an electric utility be permitted to use the existence of its RESRAM as a defense to a complaint case based upon an allegation that it is earning more than a fair return on equity.

(11) Waivers and Variances. Upon written application, and after notice and an opportunity for hearing, the commission may waive or grant a variance from a provision of this rule for good cause shown.

(A) The granting of a variance to one (1) electric utility which waives or otherwise affects the required compliance with a provision of this rule does not constitute a waiver respecting, or otherwise affect, the required compliance of any other electric utility.

(B) The commission may not waive or grant a variance from this

Appendix A

rule in total.

(C) The commission may not waive or grant a variance from any section of this rule that implements the specific requirements of sections 393.1025, 303.1030, 393.1040, 393.1045 or 393.1050, RSMo.

AUTHORITY: section 393.1030 RSMo; sections 386.040 and 386.610, RSMo 1939; section 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; and section 393.140, RSMo 1939, amended 1949, 1967.

Electric Company
12 Months Ended _____
Per Books
(IN THOUSANDS OF DOLLARS)
FINANCIAL SURVEILLANCE MONITORING REPORT
RATE BASE AND RATE OF RETURN

<u>Total Company Rate Base</u>	<u>Measurement Basis</u>	<u>12 Months Ended</u>
Plant in Service		
Intangible	End of Period	xxx,xxx
Production – Steam	End of Period	xxx,xxx
Production – Nuclear	End of Period	xxx,xxx
Production – Hydraulic	End of Period	xxx,xxx
Production – Other	End of Period	xxx,xxx
Transmission	End of Period	xxx,xxx
Distribution	End of Period	xxx,xxx
General	End of Period	xxx,xxx
Total Plant in Service	End of Period	\$ x,xxx,xxx
Reserve for Depreciation		
Intangible	End of Period	xxx,xxx
Production – Steam	End of Period	xxx,xxx
Production – Nuclear	End of Period	xxx,xxx
Production – Hydraulic	End of Period	xxx,xxx
Production – Other	End of Period	xxx,xxx
Transmission	End of Period	xxx,xxx
Distribution	End of Period	xxx,xxx
General	End of Period	xxx,xxx
Total Reserve for Depreciation		x,xxx,xxx
Net Plant		x,xxx,xxx
Add:		
Materials & Supplies	13 Mo. Avg.	x,xxx,xxx
Cash	(from prior rate case including offsets)	x,xxx,xxx
Fuel Inventory	13 Mo. Avg.	x,xxx,xxx
Prepayments	13 Mo. Avg.	x,xxx,xxx
Other Regulatory Assets	End of Period	x,xxx,xxx
Less:		
Customer Advances	13 Mo. Avg.	x,xxx,xxx
Customer Deposits	13 Mo. Avg.	x,xxx,xxx
Accumulated Deferred Income Taxes	End of Period	x,xxx,xxx
Other Regulatory Liabilities	End of Period	x,xxx,xxx
Other Items from Prior Rate Case	Per rate case method	x,xxx,xxx
(A) Total Rate Base		\$ x,xxx,xxx
(B) Net Operating Income		\$ x,xxx,xxx
(C) Return on Rate Base [(B) / (A)]		

Electric Company
12 Months Ended _____
Per Books
(IN THOUSANDS OF DOLLARS)
FINANCIAL SURVEILLANCE MONITORING REPORT
CAPITAL STRUCTURE AND RATE OF RETURN

Overall Cost of Capital

		<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-Term Debt	\$	x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Short-Term Debt		x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Preferred Stock		x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Other	d	x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Common Equity		x,xxx,xx e	x.xx%	x.xx% a	x.xx%
Total Overall Cost of Capital based on Rate Case					
Rate of Return on Equity	\$	<u>x,xxx,xxx</u>	<u>100.00%</u>		<u>x.xx%</u>

Actual Earned Return on Equity

		<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-Term Debt	\$	x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Short-Term Debt		x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Preferred Stock		x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Other	d	x,xxx,xx e	x.xx%	x.xx% f	x.xx%
Common Equity		x,xxx,xx e	x.xx%	x.xx% c	x.xx%
Total Overall Cost of Capital with Actual Return					
On Equity	\$	<u>x,xxx,xxx</u>	<u>100.00%</u>		<u>x.xx% b</u>

- a From last general rate case, Report & Order
b From actual Return on Rate Base, page 1 "Rate Base"
c Calculated after actual Return on Rate Base, per footnote B, is determined
d Other capital structure components from last general rate case, Report & Order
e Actual balance at end of period
f Actual average cost at end of period

Note Additional breakdown may be added per Report & Order authorizing a recovery clause under 4 CSR 240-20

Electric Company
Quarter Ended and 12 Months Ended _____
Per Books
(IN THOUSANDS OF DOLLARS)
FINANCIAL SURVEILLANCE MONITORING REPORT
OPERATING INCOME STATEMENT

	Quarter Ended Actual	12 Months Ended Actual
Operating Revenues		
Sales to Residential, Commercial, & Industrial Customers		
Residential	\$ x,xxx,xxx	\$ x,xxx,xxx
Commercial	x,xxx,xxx	x,xxx,xxx
Industrial	x,xxx,xxx	x,xxx,xxx
Total of Sales to Residential, Commercial, & Industrial Customers	\$ x,xxx,xxx	\$ x,xxx,xxx
Other Sales to Ultimate customers	x,xxx,xxx	x,xxx,xxx
Sales for Resale		
Off-System Sales	x,xxx,xxx	x,xxx,xxx
Other Sales for Resale	x,xxx,xxx	x,xxx,xxx
Provision for Refunds	x,xxx,xxx	x,xxx,xxx
Other Operating Revenues	x,xxx,xxx	x,xxx,xxx
Operating Revenues	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>
Operating & Maintenance Expenses		
Production Expenses		
Fuel Expense		
Native Load	x,xxx,xxx	x,xxx,xxx
Off-System Sales	x,xxx,xxx	x,xxx,xxx
Other Production-Operations	x,xxx,xxx	x,xxx,xxx
Other Production-Maintenance	x,xxx,xxx	x,xxx,xxx
Purchased Power-Energy		
Native Load	x,xxx,xxx	x,xxx,xxx
Off -System Sales	x,xxx,xxx	x,xxx,xxx
Purchased Power-Capacity	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Production Expenses¹	x,xxx,xxx	x,xxx,xxx
Transmission Expenses	x,xxx,xxx	x,xxx,xxx
Distribution Expenses	x,xxx,xxx	x,xxx,xxx
Customer Accounts Expense	x,xxx,xxx	x,xxx,xxx
Customer Serve. & Info. Expenses	x,xxx,xxx	x,xxx,xxx
Sales Expenses	x,xxx,xxx	x,xxx,xxx
Administrative & General Expenses	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Operating & Maintenance Expenses	\$ x,xxx,xxx	\$ x,xxx,xxx
Depreciation & Amortization Expense		
Depreciation Expense	x,xxx,xxx	x,xxx,xxx
Amortization Expense	x,xxx,xxx	x,xxx,xxx
Decommissioning Expense	x,xxx,xxx	x,xxx,xxx
Other	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>
Total Depreciation & Amortization Expense	x,xxx,xxx	x,xxx,xxx
Taxes Other than Income Taxes	<u>xxx,xxx</u>	<u>xxx,xxx</u>
Operating Income Before Income Tax	x,xxx,xxx	x,xxx,xxx
Income Taxes	xxx,xxx	x,xxx,xxx
Net Operating Income	<u>\$ x,xxx,xxx</u>	<u>\$ x,xxx,xxx</u>
Actual Cooling Degree Days	<u>x,xxx</u>	<u>x,xxx</u>
Normal Cooling Degree Days	<u>x,xxx</u>	<u>x,xxx</u>
Actual Heating Degree Days	<u>x,xxx</u>	<u>x,xxx</u>
Normal Heating Degree Days	<u>x,xxx</u>	<u>x,xxx</u>

Electric Company
12 Months Ended _____
FINANCIAL SURVEILLANCE MONITORING REPORT
Missouri Jurisdictional Allocation Factors

<u>Description</u>	<u>Allocation Factor</u>
Plant in Service	
Intangible	
Production – Steam	
Production – Nuclear	
Production – Hydraulic	
Production – Other	
Transmission	
Distribution	
General	
Depreciation Reserve	
Intangible	
Production – Steam	
Production – Nuclear	
Production – Hydraulic	
Production – Other	
Transmission	
Distribution	
General	
Net Plant	
Materials & Supplies	
Cash Working Capital	per rate case
Fuel Inventory	
Prepayments	
Other Regulatory Assets	Jurisdictional Specific
Customer Advances	
Customer Deposits	
Accumulated Deferred Income Taxes	
Other Regulatory Liabilities	Jurisdictional Specific
Other Items from Prior Rate Case	
Operating Revenues	
Interchange Revenues	
Production Expenses:	
Fuel Expense	
Native Load	
Off-System Sales	
Other Production – Operations	
Other Production – Maintenance	
Purchased Power – Energy	
Native Load	
Off-System Sales	
Purchased Power – Capacity	
Total Production Expenses	
Transmission Expenses	
Distribution Expenses	
Customer Accounts Expense	
Customer Serve. & Info. Expenses	
Sales Expenses	
Administrative & General Expenses	
Depreciation Expense	
Depreciation Expense	
Amortization Expense	
Decommissioning Expense	
Taxes, Other than Income	
Income Taxes	
Other Items	
xxxx	
xxxx	
xxxx	

Note Additional breakdown may be added per Report & Order authorizing a recovery clause under 4 CSR 240-20

Electric Company
Quarter Ended and 12 Months Ended _____
Per Books
FINANCIAL SURVEILLANCE MONITORING REPORT

NOTES TO FINANCIAL SURVEILLANCE REPORT

(G) If an electric utility intends to accept proposals for renewable energy resources to be owned by the electric utility or an affiliate of the electric utility, it shall include a written separation policy and name an independent auditor whom the electric utility proposes to hire to review and report to the commission on the fairness of the competitive acquisition process. The independent auditor shall have at least five (5) years experience conducting and/or reviewing the conduct of competitive electric utility resource acquisition, including computerized portfolio costing analysis. The independent auditor shall be unaffiliated with the electric utility; and shall not, directly or indirectly, have benefited from employment or contracts with the utility in the preceding five (5) years, except as an independent auditor under these rules. The independent auditor shall not participate in, or advise the electric utility with respect to, any decisions in the bid solicitation or bid evaluation process. The independent auditor shall conduct an audit of the electric utility's bid solicitation and evaluation process to determine whether it was conducted fairly. For purposes of such audit, the electric utility shall provide the independent auditor immediate and continuing access to all documents and data reviewed, used or produced by the electric utility in its bid solicitation and evaluation process. The utility shall make all its personnel, agents, and contractors involved in the bid solicitation and evaluation available for interview by the auditor. The electric utility shall conduct any additional modeling

requested by the independent auditor to test the assumptions and results of the bid evaluation analyses. Within sixty (60) days of the utility's selection of renewable energy resources, the independent auditor shall file a report with the commission containing the auditor's findings on whether the electric utility conducted a fair bid solicitation and bid evaluation process, with any deficiencies specifically reported. After the filing of the independent auditor's report, the electric utility, other bidders in the renewable energy resource acquisition process, and other interested parties shall be given the opportunity to review and comment on the independent auditor's report. For the purposes of this subsection, the role and responsibilities of independent auditor may be fulfilled by Staff.

KCP&L supports the rules allowing a REC to be eligible for compliance with the RES for a calendar year in which the REC expired as long as the REC was valid during some portion of the year. This provision will reduce administration costs of tracking RECs and will allow for a much simpler annual reconciliation of RECs for compliance. Having to account for a REC on a monthly or daily basis to a monthly or daily corresponding amount of retail energy supplied to customers will require a much more complex compliance planning and reporting process.

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Author

At the time of the rebate payment or anytime thereafter, the electric utility shall offer a one-time lump sum payment, called a Standard Offer Contract, for the current ten (10) year fixed price for associated S-RECs. The sale of any S-RECs created by the installed solar electric system shall not be included as a requirement of the utility's interconnection agreement. The Standard Offer Contract shall include a requirement for the retail account holder to provide a certification to the electric utility of continued operation of the solar electric system at least five years (5) years and not greater than six (6) years after the acceptance of the Standard Offer Contract. Failure to provide this certification shall result in forfeiture by the retail account holder of the prorated portion of the Standard Offer Contract payment. For purposes of this subsection, the energy that shall be generated by a solar photovoltaic system with a nameplate capacity of ten (10) kW or less shall be estimated using generally accepted analytical tools, unless such smaller systems are equipped with monitoring technology to track actual production. The selection and use of these analytical tools shall be conducted in consultation with the staff of the commission.