

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of KCP&L Greater Missouri	)	
Operations Company’s Submission of its 2015	)	File No. EO-2016-0281
Renewable Energy Standard Compliance Report	)	
	)	
In the Matter of KCP&L Greater Missouri	)	
Operations Company’s Submission of its 2016	)	File No. EO-2016-0283
Renewable Energy Standard Compliance Plan	)	

**COMMENTS OF RENEW MISSOURI**

COMES NOW Earth Island Institute d/b/a Renew Missouri (“Renew Missouri”), by and through its undersigned counsel, pursuant to 4 CSR 240-20.100(8)(E) and the Commission’s April 16, 2016 *Order Directing Notice and Setting Filing Deadline*, and submits these comments regarding KCP&L Greater Missouri Operations Company’s (“GMO”) annual compliance with the requirements of Missouri’s Renewable Energy Standard.

**COMMISSION’S AUTHORITY TO ADDRESS DEFICIENCIES**

Utilities filed their 2015 RES Compliance Reports and 2016-2018 RES Compliance Plans on April 15, 2016. This marks the fifth year in which the Commission has had the opportunity to review utilities’ progress toward the requirements of Missouri’s Renewable Energy Standard (§§393.1025-1030, RSMo).

Unlike in years past, the Commission now has express authority to direct utilities to take action on alleged deficiencies and other concerns as part of this comment process. In the recent revisions to its own rule at 4 CSR 240-20.100, the Commission added the following provision to Section (8) of its RES rule: “The Commission may direct the electric utility to provide additional information or to address any concerns or deficiencies identified in the comments of staff or other interested persons or entities.” 4 CSR 240.20.100(8)(B)1.F.

These comments request that the Commission take all actions within its authority to remedy the deficiencies identified below. We request that the Commission consider this course of action as an alternative to the more formal complaint process governed by 4 CSR 240-2.070. Formal complaints can cost the Commission, agencies, and stakeholders significant time and money; they can last up to a year and involve expensive discovery and expert witnesses. Some of the below issues (such as the 1% RRI) represent inconsistent approaches between the utilities that must be resolved. We believe that direct action from the Commission is the best way to reach a resolution and clarify expectations for all stakeholders going forward. Actions the Commission may take include: requesting further briefing from parties on certain legal issues; scheduling formal hearings or presentations to the Commission; establishing workshops or workgroups to resolve the 1% RRI methodology, etc. (see below for specific actions requested.)

#### DEFICIENCIES IN KCP&L'S RES COMPLIANCE REPORT AND PLAN

Like KCP&L, GMO deserves praise for its 2015 RES compliance, as well as its planned compliance for the future. KCP&L and GMO stand alone as the only utilities in Missouri that have meaningfully invested in new renewable capacity since the passage of Proposition C in 2008. In addition, unlike its counterpart in the East, GMO has a plan to meet the RES stairsteps with real renewable resources over the next 5 years, all while apparently staying under its 1% retail rate impact. KCP&L and GMO continue to lead the State in investments in wind energy, a resource which has become comparable or cheaper than investments in fossil fuel generation. Importantly, GMO has honored its commitment to cease purchasing 3<sup>rd</sup> party RECs or SRECs that are unconnected from electricity sold to Missouri customers. Renew Missouri appreciates the forward-thinking approach KCP&L and GMO have taken to transition from fossil fuels to renewable generation, and we hope to continue to work with the Company in the future.

The above notwithstanding, GMO's 1% Retail Rate Impact ("RRI") calculation still does not reflect what is required by the RES statute and the Commission's rule.

**I. 1% RRI Calculation Fails to Meet the Requirements of 4 CSR 240-20.100(5).**

As in previous years, GMO's 1% RRI calculation does not meet clear requirements of the Commission's rule at 4 CSR 240-20.100(5). Despite new changes in Section (5) of the rule, GMO has made no attempt to compare the two portfolios in order to calculate the RRI, as required by law and rule.

*A. The Requirements of 4 CSR 240-20.100(5)*

At a minimum, Section (5) requires a comparison of two portfolios: one entirely non-renewable portfolio, and one portfolio that meets the requirements of the RES. Section (5)(B) clarifies that the difference in the revenue requirements between these two portfolios is how the RES retail rate impact is determined.<sup>1</sup> Section (5)(B) also goes on to clarify specifically how each future portfolio is to be determined. The non-renewable ("non-RE") portfolio is to be calculated by "adding, to the utility's existing generation and purchased power resource portfolio excluding all renewable resources, additional non-renewable resources sufficient to meet the utility's needs on a least-cost basis for the next ten (10) years."<sup>2</sup> The Commission added the phrase "excluding all renewable resources" in a 2015 rulemaking to reemphasize that the non-RE portfolio should exclude all costs of the utility's existing renewable generation, while adding in what it would cost to meet future demand using all non-renewable (i.e. fossil fuel) resources. This last addition of imaginary fossil fuel resources is crucial, as that is what enables the comparison between renewable and non-renewable investments.

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<sup>1</sup> 4 CSR 240-20.100(5)(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.

<sup>2</sup> 4 CSR 240-20.100(5)(B)(1).

## B. *GMO's Attempted RRI Calculation, and Non-Compliance*

It appears GMO has not calculated the non-RE portfolio. Under the “Summary” tab in the workpapers accompanying GMO’s 2016-2018 RES Compliance Plan, the Company lists its 10-year average Retail Rate Impact (“RRI”) for the next three years. While the listed RRIs are well below 1%, they seem to merely be the difference between: 1) the revenue requirement with renewable additions; and 2) the revenue requirement without renewable additions. This may be a useful comparison to make, however it is not the portfolio comparison required by statute and rule.

GMO’s RRI calculation fails to meet the requirements of Section (5) because it does not include a non-RE portfolio. The table under the “Summary” tab of the workpapers does not explain how all of the Company’s renewable costs were subtracted or what additional fossil fuel costs would be added to make up for that generation, as required by rule.<sup>3</sup> Regardless of the format GMO chooses to use for its RRI, it must include (at a minimum) those things required by rule. Those things include: the non-RE portfolio; the assumptions behind it; and a comparison of the non-RE portfolio to the RES-compliant portfolio. Because none of these things are found in GMO’s calculation of its 1% RRI, its 2016-2018 RES Compliance Plan is deficient.

Without a non-RE portfolio, the RRI calculation will not reflect a true comparison of generation costs, as intended by the RES statute at Section 393.1030.2(1), RSMo.<sup>4</sup> The 1% RRI limit is supposed to compare the cost of renewable investments to the cost of new fossil fuel investments. The consequence of GMO using a simple “1% of revenue requirement” RRI calculation is that new renewable investments are compared to nothing. This results in an

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<sup>3</sup> For an example of how to include the assumptions behind the non-RE portfolio, see Empire District Electric Company’s 2016-2018 RES Compliance Plan at Attachment 5.

<sup>4</sup> § 393.1030.2, RSMo.: “Such rules shall include: (1) A maximum average retail rate increase of one percent determined by estimating and *comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources...*”

artificially low RRI limit and delays the renewable investments that the voters of Missouri demanded Missouri utilities make. GMO may argue this doesn't present an issue since they do not project reaching the cap in the next three years. However, GMO may quickly find itself reaching 1% and behind its compliance goals once the next stairsteps kick in (10% in 2018, 15% in 2021). Accordingly, it is important to use this opportunity to ensure that all of Missouri's investor-owned utilities are employing the correct RRI methodology.

*C. Request that Commission Establish Workshop to Correct 1% RRI Calculations.*

As stated in our comments on Ameren Missouri's RES compliance filings, we believe the moment is ripe to solve the 1% RRI issue once and for all. Utilities have taken conflicting approaches to the RRI this year: While Ameren and KCP&L have limited themselves to 1% of their current revenue requirements, Empire has attempted to perform the comparison spelled out in Section (5) of the Commission's rule. Given these differing approaches, the Commission should step in to clarify what exactly is required by its rule at 4 CSR 240-20.100(5)(B). In addition, this is the first year following the recent revision of the Commission's rule implementing the RES. The Commission altered and added to the provisions of Section (5)(B), including adding the phrase "excluding all renewable resources," as mentioned above. Accordingly, this presents an opportunity to clarify the meaning of the Commission's rule regarding the 1% RRI calculation. Without further clarification from the Commission, parties will continue to dispute the calculation and utilities will continue to have non-compliant and non-uniform approaches to the rule, which will disrupt future RES compliance.

In addition to the above, further clarification may be needed on the RRI due to the issues GMO raises in its Plan (see pg. 1). "GMO asserts that the rate impact of RES spending is at or above 1%" due to: 1) some overlooked costs of solar rebates, 2) annual RES recovery

assumptions through the RESRAM, and 3) its renewable portfolio exceeds the RES requirements. It is unclear whether GMO is referring to the statutory RRI calculation, or just a simple rate impact. Either way, it appears that GMO has some grievances to air regarding the RRI.

Renew Missouri suggests that the Commission direct utilities, agencies, and interested stakeholders to participate in a workshop for the express purpose of developing an agreed-upon methodology and format for calculating the 1% RRI. We believe conducting this workshop will save utilities and stakeholders significant time and money by avoiding costly complaint processes and by standardizing procedures for future compliance years.

#### CONCLUSION

As stated above, Renew Missouri appreciates GMO's good faith compliance with Missouri's RES in 2015 and its plans for full compliance in the future. We recognize KCP&L and GMO as leaders in renewable energy in Missouri. However, it appears the Company's calculation of its 1% Retail Rate Impact still fails to comport with the requirements of the RES statute and Section (5) of the Commission's rules at 4 CSR 240-20.100. Accordingly, we respectfully suggest that the Commission open a workshop wherein all investor-owned utilities, interested agencies, and stakeholders can agree upon an RRI methodology that addresses the requirements in the law and the Commission's rule.

WHEREFORE, Renew Missouri submits these Comments pursuant to 4 CSR 240-20.100(8)(B)1.E and requests that the Commission use its existing authority under the RES and its new authority under 4 CSR 240-20.100(8) to resolve the issues expressed above.

Respectfully Submitted,

/s/ Andrew J. Linhares  
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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document was mailed, faxed, or emailed to all counsel of record on this 27<sup>th</sup> day of May, 2016.

*/s/ Andrew J. Linhares*

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Andrew J. Linhares