BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations	)	
Company's Submission of its 2013 RES Compliance Plan	)	File No. EO-2013-0505

RENEW MISSOURI'S COMMENTS IN OPPOSITION TO
KCP&L GREATER MISSOURI OPERATIONS COMPANY'S MOTION
TO APPROVE TARIFF TO SUSPEND PAYMENT OF SOLAR REBATES

COMES NOW Earth Island Institute d/b/a Renew Missouri ("Renew Missouri"), pursuant to 4 CSR 240-20.100 and the Order Directing Filing issued by the Missouri Public Service Commission ("the Commission") on July 9, 2013, and respectfully submits these comments in opposition to: a) KCP&L Greater Missouri Operations Company's ("GMO") 2013-2013 RES Compliance Plan, and b) GMO's Motion to Approve Tariff Suspending Payment of Solar Rebates.

Renew Missouri agrees with the filings in this case opposing GMO's motion, made by the Missouri Solar Energy Industries Association ("MOSEIA") and Brightergy, LLC. In addition, Renew Missouri agrees with the Staff of the Public Service Commission ("Staff") and the Missouri Department of Natural Resources ("DNR") that GMO's 2013-2015 RES Compliance Plan does not follow the methodology outlined in 4 CSR 240-20.100(5) for calculating the 1% retail rate impact limit. These comments are offered to complement those filings already made.

Renew Missouri urges the Commission to deny GMO's Motion to Approve Tariff to Suspend Payment of Solar Rebates filed on July 5th 2013, and further urges the Commission to reject the tariff revision itself. As explained below, GMO has not calculated the retail rate impact limit properly, and has ignored multiple crucial portions of the Commission's rule to implement the RES statute, 4 CSR 240-20.100.

I. Improper Calculation of the RES Retail Rate Impact Limitation Generally

The RES law requires the rules to include provisions for 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…"[1]

Pursuant to this provision, section 5 of the Commission's rules establishes the 1% retail impact limitation and lays out how it is to be calculated: "(A) The retail rate impact…may not exceed one percent (1%) for prudent costs of renewable energy resources directly attributable to RES compliance.... (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."[2] In addition, the rules explicitly require utilities to include the Section 5 calculation in their RES compliance plans: "The RES compliance plan shall include, at a minimum… 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."[3]

GMO has alleged that their total limit for solar rebate spending is around $10 million per year.[4] GMO's methodology for calculating the 1% appears, generally, to be to multiply their total retail revenue requirement by 1%. 2013 Annual Renewable Energy Standard Compliance

[1] § 393.1030.2(1), RSMo.
[2] 4 CSR 240-20.100(5)
[3] § 4 CSR 240-20.100(7)(B)1.F.
[4] Exhibit A, attached. Website found at:
http://www.kcplsave.com/residential/programs_and_services/solar_rebates/how_it_works.html

Plan, GMO at 11. Such methodology was specifically rejected by the Missouri Court of Appeals for the Western District on November 20, 2012, which upheld the Commission's rules in their entirety.[5]

Instead, the Company is required by rule 4 CSR 240-20.100(7)(B)1.F to perform all steps of the rate comparison required by 4 CSR 240-20.100(5) and include "a detailed explanation" of them in its annual RES Compliance Plan. In Section 3 of its Compliance Plan, GMO states that it calculated the retail rate impact according to the provisions of the Commission's rule.[6] In accompanying HC documentation, GMO lists several tables of data including future load projections, projected costs for future renewable investments, etc. However, as MOSEIA's expert Ezra Hausman noted in his testimony, GMO provided no supporting formulas or explanations to substantiate their claimed RES costs or to put them into appropriate context.[7]

As such, Renew Missouri believes GMO's 2013 RES Compliance Plan fails not only to calculate the retail rate impact according to section 5, but also fails to provide the level of "detailed explanation" as contemplated by the Commission's rule. The Commission should not approve a tariff suspending GMO's solar rebates based on an improperly established retail rate impact limitation. Moreover, the Commission should find GMO's 2013 RES Compliance Plan deficient for its failure to include sufficient detail regarding its section 5 calculation.

II. GMO Has Failed to Properly Amortize RES Costs

How a utility amortizes its costs greatly affects the present day cost impacts of solar rebates. As stated in the filings for both MOSEIA and Brightergy, LLC, GMO has failed to amortize its solar rebate costs in ways that make sense according to existing statutes and rules.

[5] *Union Electric Co., et. al. v. Public Service Commission*, WD74896 p. 13 (Mo. Ct. App. 2012).
[6] 2013 Annual Renewable Energy Standard Compliance Plan, GMO at 9.
[7] Testimony of Ezra D. Hausman, Ph.D. pg. 7, lines 13-5.

Such failure to correctly amortize solar rebate costs results in drastically inflated solar rebate costs for a single year.

GMO appears to be proposing to account for the full cost of solar rebates paid in the year in which they're paid. This methodology would be just as unfair as if GMO was proposing to build a new coal power plant and charge its ratepayers for it in the year in which the Company incurs the costs. GMO amortizes its costs for all forms of new generation other than net-metered solar, and it should be required to amortize solar rebate costs over a long period as well.

Certain Missouri statutes and Commission rules indicate that solar rebate costs should be amortized over a *minimum* of ten years. For example, by virtue of rule 4 CSR 240-20-100(4)(C), solar panels must remain installed on the customer's property for a minimum of ten years in order to qualify for a solar rebate. Accordingly, the direct result of solar rebate payments is that significant quantities of distributed solar generation will be installed in GMO's territory and generating electricity for at least ten years.[8] Additionally, the recently-passed House Bill 142 requires customers to transfer the SRECs created by their solar systems to their utility for a period of ten years.[9] Each time GMO pays a customer a solar rebate, GMO is guaranteed the rights to that customers' SRECs for ten years, by virtue of HB 142.

These provisions indicate that the only sensible way for utilities to measure their solar rebate costs is to amortize them over a *minimum* of ten years. If GMO is experiencing the myriad benefits of having extra solar generation online for more than a decade, there is no reason why it should be able to claim these gross costs as occurring only in the year in which the solar rebates are paid. It should instead take into account the lifelong savings (or at a bare minimum, the ten-

[8] In actuality, solar panels may provide electricity to the grid for much longer; nearly every solar panel installed in Missouri is covered by a manufacturer's warranty of 25 years or more.
[9] H.B. 142, 97th Gen. Assem., Reg. Sess. (Mo. 2013).

year savings) that result from net metered solar, attributing only the net costs amortized over this long period of time during the life of the generating asset.

The result of GMO failing to amortize its solar rebate costs over a period of ten years or longer would be that GMO would reach the 1% retail rate impact limit much sooner than otherwise, denying its customers the ability to apply for and receive the solar rebates they are entitled to as customers.

III. GMO has Failed to Average RES Costs to Avoid Reaching the 1% Limitation

The RES rules state that: "the retail 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 the succeeding ten (10)-year period…*"[10] This means that costs can exceed a 1% retail rate impact in certain specific years, so long as the average retail rate impact for a ten year period is not greater than 1%. In fact, the Commission's rule assumes the primary methodology for utilities accounting for RES-related costs to the RESRAM mechanism, outlined in section 6. Section 6 clearly spells out three separate scenarios for if the actual cost impact in a given year is less than 1%, between 1% and 2%, or greater than 2%.[11]

Nevertheless, GMO asserts that they've reached the 1% retail rate impact limit without demonstrating how the *average* impact over ten years is equal to or more than 1%. GMO's calculation is not in accordance with section 5, as stated above. However, even if GMO's RES compliance costs for 2013 do rise to the level of the 1% as calculated by section 5, that limit is by design flexible, not strict. This is particularly the case, given the reduction and eventual phase

[10] 4 CSR 240-20.100(5)(A) (emphasis added)
[11] 4 CSR 240-20.100(6)

out of the solar rebates that will result from HB 142.[12] However, it seems GMO has done no calculation of how HB 142 will affect solar rebate costs over the next decade, let alone whether the ten year average impact will be greater than the 1% limit.

The Commission should require GMO to continue paying solar rebates and average any costs actually above the 1% limit over a period of ten years.

IV. GMO Failed to Make Use of Mulitiple Approaches Available to It

In claiming they've hit the 1% retail rate impact limitation for 2013, GMO has failed to utilize several alternative approaches that would have allowed it to avoid creating this solar crisis we are currently experiencing.

a. GMO Has Made No Attempt to Rollover Costs to Future Years as Allowed by Section 6(A)3

Section 6(A)3 of the Commission's rule states:

> 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 for any year, those excess costs may be carried forward to future years for cost recovery under this rule. Any costs carried forward shall have a carrying cost applied to them monthly equal to the electric utility's cost of short-term borrowing rate. These carried forward costs plus accrued carrying costs plus additional annual costs remain subject to the one percent (1%) limit for any subsequent years.[13]

b. GMO Failed to Use a RESRAM Tracking Mechanism

The RESRAM tracking mechanism is spelled out in section 6 of the Commission's rule, and is indicated to be the preferred financing mechanism. The rules reference the collection of

[12] H.B. 142, 97th Gen. Assem., Reg. Sess. (Mo. 2013).
[13] 4 CSR 240-20.100(6)(A)3.

RES compliance costs in a regular rate case (i.e. without the use of a RESRAM mechanism) as an "alternative" approach. [14]

GMO chose to ignore these provisions in the rule and claim all 2013 solar rebate payments as RES costs for 2013. If GMO's choice is approved by the Commission, GMO customers would be denied the ability to apply for and receive solar rebates, even though GMO was presented with several clear opportunities to avoid such a situation. These decisions reflect extreme imprudence on the part of GMO and indicate a deliberate attempt to block the full implementation of the RES law. The Commission should make efforts to ensure that such imprudent choices are not allowed to damage or threaten an entire industry.

V. The Benefits of Solar Electricity are Not Included in GMO's 1% Calculation

Accounting for the actual financial, supply-side and demand-side benefits of net-metered solar can have a drastic impact on the calculation of a utility's 1% retail rate impact. This is true whether RES compliance costs are tracked and recovered through a RESRAM or through a general rate proceeding.

GMO is stating they have incurred costs due to compliance with the solar rebate provisions of the RES. However, GMO has not accounted for the many measurable financial benefits they have received from the solar electricity that has come online or will come online as a result of paying solar rebates to its customers.

Recent studies indicate that a utility may receive financial benefits greater than 100% of the costs incurred, due to every kWh of solar coming onto their power grid. One study[15] (Exhibit

[14] 4 CSR 240-20.100(6)(D) identifies a non-RESRAM cost recovery procedure as an "[A]lternative…"

[15] Exhibit B – Karl Ràbago, Leslie Libby, Tim Harvey. "Designing Austin Energy's Solar Tariff Using a Distributed PV Value Calculator." Found at: http://rabagoenergy.com/files/value-of-solar-rate.pdf

B) details how the Austin, Texas municipality (Austin Energy) accounted for a long list of financial, environmental, and peak load reduction benefits.

GMO'S assertion that they have incurred costs, with no accounting of the vast financial benefits to the Company and to all of their customers, is fundamentally unjust. If GMO were required to fully account for all actual financial benefits received by the Company in tandem to their solar rebate costs, the Company's *net costs* for solar rebates would be drastically reduced. Such inclusion of benefits would approach a fairer assessment of the true costs to the Company.

Accordingly, the Commission should take these many as-yet-unmeasured benefits to GMO into account when deciding whether GMO has reached its 1% retail rate impact.

VI. Public Sentiment is in Favor of GMO Continuing to Pay Solar Rebates

As one final concern, Renew Missouri asks that the Commission consider the clear sentiment of the Missouri public, which voiced its overwhelming support for investing in large-scale distributed generation solar in 2008 when they voted to approve Proposition C by a 2/3rds margin. Additionally, please see Exhibit C for an attached list of roughly 1,700 Missourians who have once again chosen use their voices to demand that GMO refrain from suspending payment of solar rebates.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 30th day of July, 2013, to all parties of record in this case.

/s/ Andrew J Linhares