

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

In the Matter of a Determination of Special )  
Contemporary Resource Planning Issues to be )  
Addressed by The Empire District Electric ) File No. EO-2016-0040  
Company in its Next Triennial Compliance )  
Filing or Next Annual Update Report )

**EMPIRE’S COMMENTS AND OBJECTIONS REGARDING  
SUGGESTED SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES**

COMES NOW The Empire District Electric Company (“Empire” or “Company”), by and through the undersigned counsel, and, pursuant to Rule 4 CSR 240-22.080(4)(B), respectfully states as follows to the Missouri Public Service Commission (“Commission”) regarding the special contemporary resource planning issues suggested by the Staff of the Commission (“Staff”) and the Missouri Department of Economic Development – Division of Energy (“DE”):

**Introduction**

This file was opened to facilitate the process established by Rule 22.080(4) regarding evolving electric resource planning issues – or special contemporary issues. On September 15, 2015, Staff filed its suggested special contemporary resource planning issues for Empire, as did DE. Pursuant to Rule 22.080(4)(C), by no later than November 1, 2015, this Commission must issue an order containing a list of special contemporary issues for Empire to analyze and document in its 2016 integrated resource planning (“IRP”) filing.

The purpose of the special contemporary issues lists is to ensure that evolving regulatory, economic, financial, environmental, energy, technical, or customer issues are adequately addressed by each utility in its electric resource planning. 4 CSR 240-22.080(4). In line with the stated purposes of the Commission’s IRP rules, each utility should keep its stakeholders updated and informed regarding changing conditions and factors. The Commission’s IRP rules are comprehensive and prescribe a complex, costly, and detailed planning process for each utility.

Stakeholders should not be allowed to expand upon these IRP rules simply by labeling items as “special contemporary issues.”

To be a “special contemporary issue,” the issue should be reasonably related to Empire’s resource planning, but should not already be explicitly or significantly covered or contemplated by the IRP rules. The list of special contemporary issues ordered by the Commission for consideration by Empire in its upcoming 2016 IRP filing should be straightforward, specific to Empire and its planning process, and appropriately limited in number and scope, so that the issues may be adequately analyzed and the Company’s resources used wisely.

### **Objections**

**Staff Issue G:** “Review the options available to Empire for providing customer financing for energy efficiency measures. Discuss Empire’s current, near term (next three years) and long-term activities and plans for providing customer financing for energy efficiency measures.”

Empire objects to Staff Issue G being included as a special contemporary issue, as the issue is already covered by the IRP rules. With the goal of achieving all cost-effective demand-side savings, potential demand-side resource options are developed and analyzed for cost effectiveness as part of the IRP process. Rule 22.050(3)(E) discusses a marketing plan and delivery process approach for demand-side programs and provides as follows: “When appropriate, consider multiple approaches such as rebates, financing, and direct installations for the same menu of end-use measures.”

Pursuant to the IRP rule, Empire performs a cost-effectiveness analysis and considers marketing and delivery approaches, as appropriate, for the types of programs which will be judged as cost-effective. Staff Issue G, however, is suggesting a delivery process approach prior to knowing the demand-side analysis and integration results. It is only after the 2016 IRP

demand-side analysis and integration is complete, that appropriate marketing and delivery approaches may be determined.

**DE Issue 1:** “Describe and document how the preferred plan of the Company’s last and current annual or triennial Integrated Resource Plans (“IRPs”) position the utility for full or partial compliance with the U.S. Environmental Protection Agency’s (“EPA”) Clean Power Plan (“CPP”) under Section 111(d) of the Clean Air Act, as released in final form on August 3, 2015. Please include in this regard:

- a. An evaluation of how renewable energy, energy efficiency and other demand-side resources (including combined heat and power) deployed by the Company after January 1, 2013 could contribute to compliance;
- b. An evaluation of how renewable energy, and energy efficiency and other demand-side resources (including combined heat and power) deployed by the Company after the submission of a final State Implementation Plan could qualify under EPA’s proposed Clean Energy Investment Program (“CEIP”);
- c. A description of additional investments (in fiscal, capacity, and energy terms by year) which will be required by the Company to meet the targets in the CPP under scenarios including: a statewide rate-based or mass-based emissions goal; a “trading-ready” approach; and participation in the CEIP;
- d. The barriers to achieving these additional investments;
- e. The price of carbon used by the Company in the analyses above; and,
- f. An indication of the Company’s preferences regarding various compliance options under a state implementation plan.”

Empire objects to DE Issue 1, including all subparts, being included as a special contemporary issue. Each special contemporary issue included in the Commission’s order in this docket should concern Empire’s upcoming IRP filing. DE’s suggested issue, however, deals with Empire’s last triennial IRP or last annual update report – filings made before the EPA’s CPP was even published.

Additionally, Empire's 2016 IRP filing will be developed before the CPP state/regional implementation plans are known. Each state must submit its initial compliance plan by the summer of 2016, with additional time available by request until the summer of 2017 for a single-state approach or the summer of 2018 for a multi-state approach. Development of Empire's 2016 IRP is already underway, with an expected filing in April, 2016. Empire will have to make environmental assumptions about the future for this study, but will have limited information about the CPP state/regional implementation plans.

Lastly, Empire notes that environmental uncertainty is already addressed through the normal course of the IRP process.

**DE Issue 3:** "Identify and evaluate the quantifiable non-energy benefits ("NEBs") which could be included in the Company's demand-side management portfolio planning process for the purposes of IRP planning. Such NEBs may include, but are not limited to, those considered during working docket EW-2015-0105 (In the Matter of a Working Docket to Review the Commission's Missouri Energy Efficiency Investment Act (MEEIA) Rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094) and as approved by the Commission for submission to the Secretary of State under EX-2016-0034 (In the Matter of a Proposed Amendment, Rescission, and Consolidation of Commission Rules Relating to Demand-Side Programs). Additionally, evaluate the impact of a NEBs percentage "adder" as considered during working docket EW-2015-0105 on the Company's demand-side management portfolio planning process for the purposes of IRP planning. Discuss the Company's preference for either a study to determine NEBs or the use of a NEBs percentage adder."

Empire objects to DE Issue 3 being included as a special contemporary issue. The policy objectives of the IRP Rule, 4 CSR 240-22.010(2)(A), instructs each utility to "consider and

analyze demand-side resources, renewable energy, and supply-side resources on an equivalent basis.” DE Issue 3 would violate this directive, by requiring Empire to consider NEB for specified resources. Further, the IRP Rule already outlines cost-effectiveness tests for the demand-side resource analysis, which does not include NEB.

**DE Issue 5:** “To the extent not already discussed in the Company’s IRP filing, evaluate the need to modernize the utility’s delivery infrastructure in order to ensure and enhance system resiliency, reliability and sustainability.”

Empire objects to DE Issue 5 being included as a special contemporary issue. The IRP Rule contains a section devoted to Transmission and Distribution Analysis - 4 CSR 240-22.045, and, as such, it would be redundant to include DE Issue 5 as a special contemporary issue. An issue should not be deemed a special contemporary issue if it is already explicitly or significantly covered or contemplated by the IRP Rules.

**DE Issue 6:** “Indicate the timeline for filing the Company’s next MEEIA application.”

Empire objects to DE Issue 6 being included as a special contemporary issue. MEEIA is a voluntary process, with no utility being required to submit a MEEIA application at a particular time – or at all. Additionally, DE Issue 6 seems to be pre-supposing the outcome of Empire’s 2016 IRP demand-side analysis and integration process. Empire will be able to consider the possibility of filing a future MEEIA application, and the possible timeline therefore, only after a thorough review of the 2016 IRP study. Lastly, the IRP Rule already prescribes that the preferred resource plan be fully documented.

### **Comments**

Empire’s additional comments regarding the special contemporary issues suggested by Staff and DE are set forth on the attached Exhibit A. In general, Empire urges the Commission to apply a reasonableness standard in arriving at its list of special contemporary issues to be set

