

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2016-0280, Kansas City Power & Light Company’s Submission of Its
2015 Renewable Energy Standard Compliance Report

FROM: Claire M. Eubanks, P.E., Engineering Analysis

/s/ Dan Beck / May 26, 2016 /s/ Bob Berlin / May 26, 2016
Engineering Analysis / Date Staff Counsel’s Office / Date

SUBJECT: Staff Report and Conclusion on Kansas City Power & Light Company’s 2015 Renewable
Energy Standard Compliance Report

DATE: May 26, 2016

CONCLUSION

The Staff has reviewed the Kansas City Power & Light Company’s (“KCP&L” or “Company”) filed *2015 Annual Renewable Energy Standard Compliance Report* (“RES Compliance Report”), dated April 15, 2016. Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 15, 2016, the Company filed its RES Compliance Report for calendar year 2015 (Case No. EO-2015-0280). The Compliance Report was filed in accordance with 4 CSR 240-20.100(8), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. This rule states, in part, “Each electric utility shall file an RES compliance report no later than April 15 to report on the status of both its compliance with the RES and its compliance plan as described in this section for the most recently completed calendar year.” Subparagraphs 4 CSR 240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the Company’s Compliance Report and file a report within forty-five (45) days of the filing.

Staff has utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by the Company.

DISCUSSION

Staff has reviewed the Company's Compliance Report in accordance with the established requirements to verify the Compliance Report contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through P. identified and quoted.

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

The Company provided the total retail electric sales for 2015 expressed as total megawatt-hours (MWh) sold to KCP&L Missouri consumers (8,432,160 MWh¹), generally consistent with the Missouri Jurisdictional 2015 FERC Form 1 filed with the Commission on May 13, 2016.

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

The Company provided the total retail electric sales for 2015 expressed as annual operating revenues (dollars) from KCP&L Missouri consumers (\$866,463,541²). This amount is consistent with the amount listed on the Missouri Jurisdictional 2015 FERC Form 1 filed with the Commission on May 13, 2016.

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

The Company utilized three (3) company-owned renewable energy generating facilities during 2015; Spearville I, Spearville II, and Solar Aggregate 1.³ The Company also has four (4) purchase power agreements (PPA), with Cimarron Windpower II ("Cimarron"),

¹ Missouri jurisdictional FERC Form 1, Page 301 listed 8,432,159 MWh

² The sum of Line 9 - Gross Receipts Tax Removal, Line 10 - Total Sales to Ultimate Customers, and Line 13 - Provision for Rate Refunds from FERC Form 1, Page 300.

³ Solar Aggregate 1 represents KCPL's small owned solar generation located in Missouri, qualifies for the 1.25 credit multiplier per RSMo 393.1030.1; 4 CSR 240-20.100(3)(G)

Spearville 3, LLC (“Spearville 3”), Slate Creek Wind (“Slate Creek”) and Waverly Wind Farm⁴ (“Waverly”). The Company provided the 2015 total retail sales based on its energy allocation presumption. Staff verified that the total retail sales reported is consistent with RECs tracked in KCPL’s Missouri NAR subaccount.

	KCPL-MO RECs registered in KCPL-MO Active NAR subaccount
Spearville 1	172,393
Spearville 2	92,863
Solar Aggregate 1 ⁵	155
Spearville 3	233,268
Cimarron II	316,242
Slate Creek Wind	16

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;”

The Company reported the number of RECs and S-RECs produced in 2015 and the value of energy created for each company-owned facility.

Facility	Number of RECs	Compliance Equivalency for In-State ⁶	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville I	172,393	n/a	2,810,006	0
Spearville II	92,863	n/a	1,513,667	0
Solar Aggregate 1	151	188	3,553	0

⁴ **

⁵ Page 3 of the Compliance Report has a typographical error on the number of RECs generated by Solar Aggregate 1

⁶ Renewable resources located in Missouri, qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

Spearville I generated 172,393 MWh and the value of the energy was \$2,810,006; Spearville II generated 92,863 MWh and the value of the energy was \$1,513,667; Solar Aggregate 1 generated 151 MWh and the value of the energy was \$3,553. The Company reports no value to its owned resources, however, Staff believes there is a value to the RECs and S-RECs created by the Company's owned generation though that value is not transparent.

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

The Company provided the information regarding the number of RECs acquired and retired during the calendar year. The following table represents the number of RECs acquired and retired during the calendar year:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired	549,526	18,602
	(n/a)	(23,252.5)
Retired	413,176	6,854
	(n/a)	(8,433)

The Company acquired RECs from PPAs with Spearville 3, Cimarron II, Slate Creek and S-RECs through its customer-generators during 2015. The Company reported acquiring 18,748 S-RECs in 2015. ** _____

_____ ** The Company has not sold or transferred RECs during calendar year 2015.

The Company retired RECs from Cimarron II, Spearville I, Spearville II, and Spearville 3 (Vintage 2012-2013) and aggregated S-RECs⁷ (Vintage 2012-2014). Staff verified that the Company retired 413,176 non-solar RECs to meet the non-solar requirement.⁸ The Company also retired 8,433⁹ S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement.¹⁰ These RECs were registered and retired in the North American Renewables Registry (NAR) utilized for compliance purposes.¹¹ In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.¹²

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

The Company provided a resource list as Attachment A and Attachment B of the Compliance Report.

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

The Company provided a listing, by source and serial number, of RECs that are being carried forward for future year(s) as Attachment C of the Compliance Report.

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 utility;”

There were no sales or purchases of RECs except RECs bundled with purchased power.

⁷ S-RECs acquired through customer-generators, third party brokers, or generated by Solar Aggregate 1.

⁸ Pursuant to 4 CSR 240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating five percent (5%) of the Company’s total retail sales, less the solar requirement.

⁹ The Company retired 1 additional SRECs than required for 2015 compliance

¹⁰ Pursuant to 4 CSR 240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating one-tenth percent (0.1%) of the Company’s total retail sales.

¹¹ <http://narecs.com/>.

¹² Qualified facility per 393.1025(5), RSMo and 4 CSR 240-20.100(1)(K); Banked RECs per 393.1030.2, RSMo and 4 CSR 240-20.100(1)(J).

I. “For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility, the following information for each resource that has a rated capacity of ten (10) kW or greater:

“(I) Facility name, location (city, state), and owner;”

The Company provided a resource list as Attachment A of the Compliance Report, which includes the name, location and owner of the facility.

“(II) 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;”

The Company notes that the Generator Owners for Spearville 3 and Slate Creek have designated KCP&L as the Responsible Party in NARR which means the generator owner has not granted similar authority to another person or entity in NAR or another any similar registry. Additionally, the Company provided the Responsible Party designation forms in response to Staff Data Request 3. The Company included an affidavit for Cimarron as Attachment D.

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

The renewable energy technology was provided in Attachment A of the Compliance Report.

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

The dates and amounts for the payments to Spearville 3, Cimarron, Waverly¹³, and Slate Creek were provided in Attachment D.

¹³ ** _____ **

(V) All meter readings used for the calculation of the payments referenced in part (IV) of the paragraph;”

The required meter readings for Spearville 3, Cimarron, and Slate Creek were not provided in the Compliance Report. The Company requested a limited waiver from this rule requirement (4 CSR 240-20.100(8)(A)1.I.(V)) for purchased RECs stating the meter reading information is not provided by the vendors that the Company purchases RECs from.

The purpose of this subparagraph is to demonstrate the validity of RECs and/or S-RECs obtained from sources that are not owned by the electric utility. Generation of renewable energy at Company owned resources is typically monitored by revenue quality meters and/or reported through an independent system operator. Resources in which this subparagraph applies to are not necessarily monitored by the utility that seeks to retire the associated RECs for compliance purposes. This subparagraph compensates for the lack of utility ownership/control of the renewable energy resource.

The RECs associated with energy purchased from Spearville 3, Cimarron, and Slate Creek are registered in NAR. A Qualified Reporting Entity (QRE) is defined in NAR’s Operating Procedures as “an entity reporting meter reading and other generation data to the NAR Administrator.” ** _____

_____ ¹⁴ ** The Company has provided the invoices supporting the dates and payments listed in Attachment C which includes the monthly generation.

¹⁴ NAR Requirements for Qualified Reporting Entities.

Based on its review of the information provided by the Company and other sources, Staff recommends the Commission grant the Company a limited waiver from the requirements of Rule 4 CSR 240-20.100(8)(A)1.(I)(V). Staff believes good cause exists because the meter readings are not available to the Company. In lieu of meter readings, Staff recommends the Company provide invoices or another reasonable substitute for energy purchases from Spearville 3, Cimarron, and Slate Creek.

J. “For acquisition of electrical energy and/or RECs from a customer-generator:”

“(I) Location (zip code);”

“(II) Name of aggregated subaccount in which RECs are being tracked in;”

“(III) Interconnection date”

“(IV) Annual estimated or measured generation; and”

“(V) The start and end date of any estimated or measured RECs being acquired;”

The required information was provided in Attachment B of the Compliance report.

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

The Company states it paid 103 solar rebates during calendar year 2015.

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

The Company states that 21 customers were denied a rebate during calendar year 2015 because the net-metering interconnection application expired or it was not completed in the time limits established in the Company’s tariffs.

- M. “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;”**

The Company paid \$6,473,569 in solar rebates for calendar year 2015.

- N. “An affidavit documenting the electric utility’s compliance with the RES compliance plan as described in this section during the calendar year;”**

The Company filed a signed Affidavit with the Compliance Report.

- O. “If compliance was not achieved, an explanation why the electric utility failed to meet the RES.”**

The Company provided a statement that it believes it has achieved compliance with the RES. Additionally, the Company retired the appropriate number of RECs to meet the RES requirement.

- P. “A calculation of its actual calendar year retail rate impact.”**

The Company included its actual calendar year retail rate impact in its amended Report filed on May 23, 2016.

