

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2012-0349, KCP&L Greater Missouri Operations Company Renewable
Energy Standard Compliance Report for Calendar Year 2011

FROM: Michael E. Taylor, Energy Unit – Engineering Analysis

/s/ Daniel I. Beck 5/31/12 /s/ Jennifer Hernandez 5/31/12
Energy Unit / Date Staff Counsel’s Office / Date

SUBJECT: Staff Report and Conclusion on KCP&L Greater Missouri Operations Company’s 2011
Renewable Energy Standard Compliance Report

DATE: May 31, 2012

CONCLUSION

The Staff has reviewed the KCP&L Greater Missouri Operations Company’s (Company) 2012 Renewable Energy Standard (RES) Compliance Report (Compliance Report) for calendar year 2011. Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 16, 2012, the Company filed its RES Compliance Report for calendar year 2011 (Case No. EO-2012-0349). The Compliance Report was filed in accordance with Rule 4 CSR 240-20.100(7), 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 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. The initial annual RES compliance report shall be filed by April 15, 2012, for the purpose of providing the necessary information for the first RES compliance year (2011).” Subparagraphs 4 CSR 240-20.100(7)(A)1.A. through N. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(7)(D) requires that Staff examine the Compliance Report and file a report within forty-five (45) days of the filing. This is the first Compliance Report filing for the Missouri

electric utilities required by the Missouri Renewable Energy Standard, Sections 393.1020 through 393.1030, RSMo.

Staff has utilized MissouriRECS (North American Renewables Registry) 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 plan contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through N. 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 2011 expressed as total megawatt-hours (MWh) sold to ultimate consumers. This amount (8,194,746 MWh) is consistent with the 2011 FERC Form 1 filed on May 15, 2012.

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 2011 expressed as annual operating revenues (dollars) from ultimate consumers. This amount (\$721,662,693) is consistent with the 2011 FERC Form 1 filed on May 15, 2012.

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 one (1) renewable energy generating facility during 2011; the Gray County Wind Energy (Gray County) facility (purchased power agreement (PPA)). The total amount of energy (allocated to the Company) generated at the wind facility was 194,764 MWh.

- 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 does not own any renewable energy generating facilities.

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

The Company provided information regarding its utilization of RECs for compliance. The Company acquired 160,617 RECs through a PPA with Gray County. The Company also acquired 3,278 S-RECs. The Company did not sell or transfer any RECs. Staff verified that the Company retired 160,617 RECs and 3,278 S-RECs¹. These RECs were registered and retired in the electronic tracking system² utilized for compliance purposes. In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.³

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

In addition to the RECs acquired through the PPA with Gray County, the Company acquired S-RECs from third-party brokers. The identifying information for these S-RECs was provided.

¹ Pursuant to Rule 4 CSR 240-20.100(2)(C)1., the amount of RECs necessary is determined by calculating two percent (2%) of the Company’s total retail electric sales, less the solar requirement and pursuant to Rule 4 CSR 240-20.100(2)(D)1., the amount of S-RECs necessary is determined by calculating four-hundredths percent (0.04%) of the Company’s total retail electric sales.

² MissouriRECS (North American Renewables Registry): <http://missourirecs.com/>

³ Qualified facility per Section 393.1025.(5), RSMo and Rule 4 CSR 240-20.100(1)(K); Banked RECs per Section 393.1030.2., RSMo and Rule 4 CSR 240-20.100(1)(J).

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 of RECs that are being carried forward for future year(s) as Attachment B 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 electric utility;”

The Company did not incur any gains or losses associated with REC purchases or sales. No RECs were sold and all RECs purchased were utilized for current compliance purposes or retained for future compliance.

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) Name, address, and owner of the facility;

The Company provided the necessary information for the Gray County PPA and the solar facilities from which third-party S-RECs were created.

(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;

The Company was designated by the owner of Gray County as the responsible party for the purposes of registering RECs from the facility, thus even though the Company doesn't own the facility, the Company acts as the owner for purposes of registering RECs. This

situation negates the need for an affidavit since the Company controls the renewable attributes of the facility. The S-RECs obtained by the Company were registered in the Western Renewable Energy Generation System (WREGIS). WREGIS has the same requirements for registration of RECs as the Commission-approved tracking system (MissouriRECS). Registration in WREGIS negates the need for an affidavit since the registration requirements are equivalent to utility-owned facility being registered in MissouriRECS.

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

See Subsection I.(I) above.

(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 Gray County and the third-party S-RECs were provided.

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

The required meter readings for Gray County were provided.

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

The Company paid 46 solar rebates during calendar year 2011.

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

No customers were denied a solar rebate.

- 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;”**

The Company has paid \$1,351,670 in solar rebates. The Company has not had and does not have a Standard Offer Contract (SOC) tariff in effect.

- M. “An affidavit documenting the electric utility’s compliance with the RES compliance plan 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;”**

The Company provided an affidavit documenting compliance with the RES. There were no over- or under-compliance costs; therefore no adjustments are necessary in the Company’s next compliance plan.

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

As described in Discussion paragraph E., the Company achieved compliance with the Missouri RES for calendar year 2011.

