

**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 Ameren Missouri in its Next) **File No. EO-2016-0037**
Triennial Compliance Filing or Next Annual)
Update Report)

In The Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by Kansas City Power & Light) **File No. EO-2016-0038**
Company in its Next Triennial Compliance)
Filing or Next Annual Update Report)

In The Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by KCP&L Greater Missouri Operations) **File No. EO-2016-0039**
Company in its Next Triennial Compliance)
Filing or Next Annual Update Report)

**UNITED FOR MISSOURI’S COMMENTS ON SUGGESTIONS FOR SPECIAL
CONTEMPORARY RESOURCE PLANNING ISSUES**

COMES NOW United for Missouri, Inc. (“UFM”), by and through counsel, and,
pursuant to 4 CSR 240-22.080(4), comments on the suggestions for special contemporary issues
previously filed in this case.

Introduction

1. On September 14, 2015, the Staff of the Missouri Public Service Commission (“Staff”) filed its *Staff Suggestions for Special Contemporary Resource Planning Issues* (“*Staff Suggestions*”) in File No. EO-2016-0037. On September 15, Sierra Club and Missouri Division of Economic Development – Division of Energy filed their *List of Special Contemporary Issues of Sierra Club* (“*Sierra Club Suggestions*”) and Missouri Department of Economic Development – Division of Energy’s *Suggested Special Contemporary Resource Planning Issues* (“*Division of*

Energy Suggestions”), respectively, in all three cases and Staff filed its *Staff Suggestions* in File Nos. EO-2016-0038 and EO-2016-0039.

2. The purpose and requirements for the special contemporary issues are identified in 4 CSR 240-22.080(4):

The purpose of the 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. Each special contemporary issues list will identify new and evolving issues but may also include other issues such as unresolved deficiencies or concerns from the preceding triennial compliance filing.

3. Before UFM comments on the parties’ specific suggestions, it would like to make a general observation regarding what constitutes a special contemporary issue. The sentence immediately preceding the language cited above states as follows: “It is the responsibility of each utility to keep abreast of evolving electric resource planning issues and to consider and analyze these issues in a timely manner in the triennial compliance filings and annual update reports.” This language indicates that, first, it is the utility’s ultimate responsibility to identify issues. Second, an issue is a concept for the utility to “consider and analyze.” It is not the process of consideration and analysis. It is not a direction on how to do planning or a direction to conduct special studies. The special contemporary issues suggested by the parties should be mere recommendations for the utility to take under advisement and not suggestions on new planning processes.

4. The Commission needs to distinguish between these two. It appears that many of the suggestions of the parties fall into the category of new planning processes. For example, Staff’s recommendation to have the utilities analyze and document the impact of certain environmental standards is consistent with the rule. These environmental laws and regulations are things the utilities should be aware of and consider in their planning process. However,

Sierra Club's recommendation to do a unit-by-unit net present value calculation of upgrades and additions to address all environmental expenses seeks to dictate process.

5. The problem with permitting the establishment of these types of suggestions is that they are wish lists for what the parties want to see in the utility's planning process. Such an approach is regulation by fiat. UFM suggests this approach is an inappropriate alternative to the rulemaking process. If the practice is permitted to grow and expand, allowing parties to submit their wish lists for utility studies, the entire planning process becomes a politically driven endeavor. This is not what the IRP was meant for and is bad policy.

Staff Suggestions

6. *Staff Suggestions* in all three cases are substantially identical. The suggestions identify seven "issues," one consisting of a list of twelve environmental standards for which Staff seeks an analysis of costs faced by each coal-fired generating unit in order to comply with such environmental standards. *Staff Suggestions* filed in the present case files are substantially similar to its suggestions in File Nos. EO-2015-0040 and 0041 for Kansas City Power & Light Company and KCPL Greater Missouri Operations, five of which were established as special contemporary issues in File Nos. EO-2015-0040 and EO-2015-0041.¹ One suggestion, related to activities intended to protect the electrical system infrastructure from cyber, physical and EMP threats, although proposed by Staff in File Nos. EO-2015-0040 and 0041, was not established by the Commission as a special contemporary issue in those case files. Staff's Suggestions in these case files includes an additional suggestion not included in the prior filings, related to options available for providing customer financing for energy efficiency measures.

¹ Ameren Missouri was granted a waiver of this requirement in File No. EO-2015-0039. See *Order Granting Waiver Regarding Ameren Missouri's 2015 Annual Update Report And Special Contemporary Resource Planning Issues*, dated October 22, 2014.

7. UFM has no objection to the five suggestions previously established as contemporary resource planning issues in File Nos. EO-2015-0040 and EO-2015-0041, although it does recognize that these are continuing issues and not new or contemporary. For the most part, these are issues the utilities have already indicated that they are aware of and have already included in their planning processes. Yet the Commission established them as special contemporary issues in the prior proceedings. For consistency sake, UFM raises no objection to establishing them again as contemporary resource planning issues in these case files.

8. For the same reason, consistency, UFM objects to the inclusion of Staff's suggestion regarding a summary of activities intended to protect the electrical system infrastructure from EMP threats. Such information is sensitive. The Commission declined to establish it in prior case files. It should do the same here.

9. While UFM appreciates Staff's recommendation for the utilities to review options available to provide customer financing for energy efficiency measures, it cannot support the establishment of the issue as a special contemporary issue. UFM believes that the exploration of this possibility is a critical step in making energy efficiency sustainable. MEEIA directs the Commission to, "ensure that utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently."² The best way to align these incentives is to posture the MEEIA programs as close as possible to marketable services for the utility companies. If the utility is motivated by profit and the customer is motivated by profit (or cost savings), the motivations are correctly aligned to foster economic transactions when the true price of the service is quoted and charged to the customer receiving the service. If efficiency measures are truly cost effective, a

² The Missouri Energy Efficiency Investment Act, Section 393.1075, RSMo., specifically section 393.1075.3(2).

willing buyer of such services should, when presented with the true price of the services, be able to make the value judgment on whether to buy or not buy the services. The true parties in interest will enter into negotiations for the services rather than mere interest groups negotiating for programs. This will result in the most economically efficient transactions. While UFM would like to encourage this way of looking at energy efficiency, it does not believe, however, that the IRP process is the correct venue for its consideration for the reasons discussed above. UFM does not see how the issue is a resource planning issue; neither does it see how it is a contemporary issue. This process would be more appropriately addressed within the MEEIA regulations.

Sierra Club Suggestions

10. The *Sierra Club Suggestions* filed in each of the three case files are identical. They consist of six suggestions, three of which are substantially similar to issues the Commission has established in case File Nos. EO-2015-0040 and EO-2015-0041. UFM has no objection to the Commission identifying these three issues as special contemporary issues as it has in the past.

11. The remaining three suggestions are the following:

3. Analyzing and documenting on a unit-by-unit basis the net present value revenue requirement of the relative economics of continuing to operate each GMO coal-fired generating unit versus retiring and replacing each such unit in light of all of the environmental, capital, fuel, and O&M expenses needed to keep each such unit operating as compared to the cost of other demand-side and supply side resources;

4. Analyzing and documenting the technical, maximum achievable, and realistic achievable energy and demand savings from demand-side management, and incorporating each level of savings into GMO's resource planning process;

5. Analyzing and documenting cost and performance information sufficient to fairly analyze and compare utility scale wind and solar resources, including distributed generation, to other supply side alternatives.

The Commission should decline to establish these as special contemporary issues as it has in past case files. First, these are not “issues,” but requests to impose additional standards under the IRP rule as discussed in the Introduction above. An issue is a consideration the utility must take cognizance of in its analysis. Each of these suggestions requests the Commission establish a new study within the IRP for each utility. These are not special contemporary issues.

12. Second, these new standards are vague and subject the IRP analyses thereunder to significant uncertainty. In particular, suggestion number 3 would require the utility to analyze and document on a unit-by-unit bases a net present value calculation considering “all of the environmental, capital, fuel, and O&M expenses needed to keep each such unit operating as compared to the cost of other demand-side and supply side resources.” What are “all of the environmental, capital, fuel, and O&M expenses needed?” As the Commission is aware and as UFM has pointed out in the Ameren Missouri IRP case, File No. EO-2015-0084, Sierra Club has a tendency to simply assume away all uncertainty that future events will occur as it believes they will and argue the utility failed in its IRP. These requests will simply give Sierra Club more fanciful fodder for their expensive proposals.

Division of Energy Suggestions

13. The *Division of Energy Suggestions* are identical in all three case files. UFM objects to the *Division of Energy Suggestions* for the reasons stated in the Introduction above. The Division of Energy requests the Commission establish what might be called a new Clean Power Plan planning process in its first request. It also requests the utilities describe any assessments of the value of solar that it performs in its second. UFM finds this the least objectionable of the Division of Energy requests in that it merely requests information on the utility’s analysis. The Division of Energy requests the utilities evaluate the quantifiable non-

energy benefits (“NEBs”) of demand-side programs. It wants the utilities to, “Discuss the Company’s preference for either a study to determine NEBs or the use of a NEBs percentage adder.” Finally, the Division of Energy wants the utilities to evaluate the potential load associated with electric vehicles and the need to modernize the utility’s delivery infrastructure, “to the extent not already discussed in the Company’s IRP filing.”

14. UFM repeats that, for the most part, these suggestions are requesting the Commission establish new studies and study processes. They are not the identification of issues. This is particularly true of its request for a study of NEBs. As the request indicates, it wants the Commission to preempt its consideration of the issue in File No. EX-2016-0034 and direct the utilities to plan according to proposals suggested by only some parties in File No. EW-2015-0105. There is nothing in the policy of the state of Missouri which would direct utilities to consider these unquantifiable, highly speculative and one-sided considerations. What is worse, the Division of Energy wants the utilities to express a preference on an NEB approach. This is tantamount to asking the question, “When did you stop beating your wife,” in that it assumes a fact that may or may not be true, either the beating of the wife or the existence of a preference.

15. Finally, UFM is confused by the qualification that the utilities study and discuss certain issues “to the extent not already discussed.” What does that mean? The Commission rules dictate what the utilities must consider and discuss. If the utility discusses the issue, what does it mean to discuss it to the extent not already discussed? If it does not discuss it, what is the extent necessary for compliance? Particularly as to the suggestion related to delivery infrastructure, UFM is confused since the studies conducted by regional transmission organizations are exhaustive on such matters. What is the extent of the additional discussions on delivery infrastructure desired by the Division of Energy?

WHEREFORE, UFM suggests the Commission not establish any special contemporary issues in these case files, or, in the alternative, limit the establishment of such issues to special contemporary issues it previously established in case File Nos. EO-2015-0040 and EO-2015-0041.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was sent to all parties of record via electronic transmission this 30th day of September, 2015.

By: /s/ David C. Linton