

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

In the Matter of Kansas City Power & Light Company's Submission of its 2018 Renewable Energy Standard Compliance Report)
)
) Case No. EO-2019-0315
)
)

In the Matter of KCP&L Greater Missouri Operations Company's Submission of its 2018 Renewable Energy Standard Compliance Report)
)
) Case No. EO-2019-0316
)
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In the Matter of Kansas City Power & Light Company's Submission of its 2019 Renewable Energy Standard Compliance Plan)
)
) Case No. EO-2019-0317
)
)

In the Matter of KCP&L Greater Missouri Operations Company's 2019 Renewable Energy Standard Compliance Plan)
)
) Case No. EO-2019-0318
)
)

COMMENTS OF THE MISSOURI OFFICE OF THE PUBLIC COUNSEL

COMES NOW the Office of the Public Counsel (“OPC”) and in response to the *Order Directing Notice and Filing* issued by the Public Service Commission of the State of Missouri (“the Commission”) in each of the above styled cases states as follows:

1. The Commission issued an *Order Directing Notice and Filing* in each of the above styled cases on April 17, 2019, which provided that any interested party to

any of the four cases was permitted to file comments in said case no later than May 30, 2019.

2. In response, the OPC developed a series of comments that have been set forth in the *Memorandum* prepared by the OPC's Senior Analyst: Ms. Lena Mantle, PE. That *Memorandum* has been attached to this pleading as Appendix A, and is incorporated herein by reference. Due to the similarity and interrelated nature of the above styled cases, the OPC has prepared only one set of comments addressing all four cases.

3. As set forth more fully in the attached *Memorandum*, the OPC recommends that the Commission find Kansas City Power & Light Company ("KCPL") and KCP&L Greater Missouri Operations Company ("GMO") in non-compliance with Commission Rule 4 CSR 240-20.100(8)(A)1 in case nos. EO-2019-0315 and EO-2019-0316 and further find GMO in non-compliance with Commission Rule 4 CSR 240-20.100(8)(B)1.F in case no. EO-2019-0318. Consequently, the OPC recommends that the Commission require KCPL and GMO to refile their respective 2018 Annual Renewable Energy Standard Compliance Reports and require GMO to refile its 2019 Annual Renewable Energy Standard Compliance Plan in order to cure the deficiencies leading to this non-compliance.

WHEREFORE, the Office of the Public Counsel respectfully submits these *Comments* and further requests the Commission adopt the recommendations contained herein.

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MEMORANDUM

To: Missouri Public Service Commission Official Case Files
Case Nos. EO-2019-0315, EO-2019-0316, EO-2019-0317, & EO-2019-0318

From: Lena M. Mantle, PE, Senior Analyst

Subject: Calculation of Rate Impact of Renewable Resources

Date: May 30, 2019

Summary

Neither the 2018 Annual Renewable Energy Standard Compliance Reports (“RES Reports”) nor the 2019 Annual Renewable Energy Standard Compliance Plans (“RES Plans”) filed by Kansas City Power & Light Company (“KCPL”) and KCP&L Greater Missouri Operations Company (“GMO”) include all the costs customers incurred due to KCPL’s and GMO’s (collectively “KCP&L”) purchased power contracts for wind energy.

Therefore, the Office of the Public Counsel (“OPC”) recommends the Commission find KCPL and GMO in non-compliance with Commission Rule 4 CSR 240-20.100(8)(A)1.P in case nos. EO-2019-0315 and EO-2019-0316. Rule 4 CSR 240-20.100(8)(A)1.P requires the calculation of the actual renewable energy standard (“RES”) calendar year rate impact for the annual compliance reports, which both companies have failed to accurately provide because they have not included all the costs incurred.

OPC further recommends the Commission find GMO in non-compliance with Commission Rule 4 CSR 240-20.100(8)(B)1.F in case no. EO-2019-0318. Rule 4 CSR 240-20.100(8)(B)1.F requires a calculation of the RES retail impact limit, which GMO has failed to accurately provide because it has not included all the costs GMO incurred.

The Commission should consequently require KCP&L to re-file its RES Reports and RES Plans in a manner that accurately includes the costs resulting from the purchased power contracts for wind energy entered into by both utilities in the retail rate impact calculation so accurate

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information is provided to the Commission and KCP&L's retail customers in accordance with the Commission's rules.

RES Compliance Costs

In its RES Reports, KCP&L states that KCPL's and GMO's compliance costs were \$964,407 and \$2,671,460 respectively for 2018. OPC sent a data request to KCP&L requesting detailed descriptions of what KCPL and GMO considered "compliance costs." Their answers are provided in the following tables, which KCP&L labeled "Confidential."¹

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¹ In its responses, KCP&L provided the following explanation of why these tables were considered "Confidential":

Some of the cost information in the attachments is considered **CONFIDENTIAL** as it contains marketing analysis or other market-specific information relating to goods or services offered in competition with others as well as private, technical, financial and business information. Release of this information to the public could adversely affect our ability to plan, negotiate and procure future renewable resources for GMO.

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Despite the fact that these responses are lacking in detail, it nevertheless is evident that KCP&L did not include the costs associated with the wind project purchased power agreements entered into by both KCPL and GMO that are being passed through each utility's respective fuel adjustment clause ("FAC").

Additional RES Costs

In its RES reports, KCP&L lists that it receives renewable energy from ten wind projects. KCPL owns two of those projects – Spearville 1 and 2. KCP&L has purchased power agreements ("PPAs") with the other eight wind projects. The price per mega-watt hour ("MWh") of energy for the PPA wind projects varies from ** **.² In addition to the energy cost, there are costs associated with curtailments at all the wind projects.

KCP&L receives revenues from the Southwest Power Pool ("SPP") energy market for the energy generated at each wind project. When the revenues received from SPP are less than the purchased power and curtailment costs set by the contract, there is a negative margin. For most of the energy generated at the wind projects for which KCP&L has PPAs, the cost of the energy paid to the wind project owners from KCP&L is typically greater than the revenues received from SPP. This results in a negative margin for these PPAs. This negative margin is recovered from KCP&L's customers through KCPL's and GMO's FACs.

At the time this memorandum was prepared, OPC did not have the costs and revenues of the wind projects for the entire time period that the RES Reports cover – calendar year 2018.³ However, information for January 2018, through June 2018, for KCPL and January 2018, through May 2018, for GMO was available from data requests in other Commission cases.⁴ This information shows the costs of the wind PPAs were ** ** greater than the revenues for KCPL's Missouri retail customers for the first half of 2018 and ** ** greater than the revenues for GMO's retail customers for the first five months of 2018. The monthly values are shown on Attachments A and B to this memorandum. These are costs that were included in FAC rates for recovery from both utility's retail customers.

² Provided in response to data requests in case nos. EO-2019-0067 and EO-2019-0068.

³ OPC has requested this information for the rest of the calendar year 2018 from KCP&L.

⁴ Provided in response to data requests in case nos. EO-2019-0067 and EO-2019-0068.

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Rate Impact as Calculated in the RES Reports

In the KCPL RES report, KCP&L stated the rate impact on retail customers of the cost of KCPL's renewables was 0.104%.⁵ However, this did not include the negative margin from the wind PPAs. If the negative margin from the sale of energy from the wind PPAs for just the first half of 2018 is included as a renewables cost, the rate impact is 1.53%. Assuming the first half of 2018 is representative of the second half of 2018, the retail rate impact on KCPL's customers would be approximately 2.96%.

In the GMO RES Report, KCP&L stated the rate impact of the cost of GMO's renewables was 0.343%.⁶ Like the KCPL report, the GMO report did not include the negative margin from the wind PPAs. If the negative margin from the sale of energy from the wind PPAs for just the first five months of 2018 is included as a renewable cost, the retail rate impact to GMO's customers is 1.57%. Assuming the first five months was representative of the last seven months of 2018, the retail rate impact would be 3.29%.

GMO's RES Plan

There is a difference in the costs included in the RES Reports and the RES Plans. The RES Report is required to include all costs associated with the utility's renewable generation, while the RES Plans are limited to include costs of renewables designated to meet the RES requirements. For KCP&L that means that only a subset of the total renewable costs are labeled as "RES compliance costs" and included in the calculation of the RES retail impact limit included in the RES Plans.

KCP&L stated in its RES Plan that Spearville 1 and 2 alone are used to meet the requirements of KCPL's Missouri RES.⁷ Since KCPL owns Spearville 1 and 2, there are no negative margins to consider in the calculation of the RES retail impact limit.

⁵ \$964,407/\$931,124, Kansas City Power & Light Company 2018 Annual Renewable Energy Standard Compliance Report, page 10.

⁶ \$2,671,460/\$777,917,584, KCP&L Greater Missouri Operations Company 2018 Annual Renewable Energy Standard Compliance Report, page 9.

⁷ This is in direct contradiction to KCP&L's response to Staff data request no. 3 in case no. EO-2019-0317 where KCP&L states "KCP&L in the past has complied with the non-solar RES requirements by retiring [Renewable Energy Credits] from a combination of wind resources under contract. This will also be the case going forward in the 3-year planning period as well as over the next 10 years." OPC has difficulty reconciling this to KCPL's statement in its RES Plan that it is using Spearville 1 and 2 alone to meet the requirements of Missouri's RES, but, for the purposes of this memorandum, OPC will accept as true what KCPL has reported in its RES Plan.

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However, GMO's RES plan states that its Gray County wind project PPA is being used to meet the Missouri RES. Moreover, information provided in response to an OPC data request in the GMO FAC prudence review case EO-2019-0067 shows ** **
for the time period from January 2019 through May 2019 for the Gray County wind project.⁸ Nonetheless, a review of the workpapers filed with the RES Plans show that no part of this negative margin was considered in the calculation of the RES retail impact limit in the RES Plan GMO filed with the Commission. The failure to include this cost is a clear and obvious error.

Conclusion

When reviewing the cost of renewables, all costs should be identified. All of the cost of KCP&L's renewables acquired through PPAs are passed through the FAC and are not currently differentiated from other fuel and purchased power costs. Therefore, neither the Commission nor the customer have the information available to them to make intelligent decisions regarding the full costs KCP&L incurs related to the use of renewable energy. The Commission should consequently require KCP&L to re-file its RES Reports and RES Plans to include the cost resulting from the PPAs entered into by both utilities in the retail rate impact calculation so accurate information is provided in accordance with the Commission's rules.

⁸ GMO response to OPC data request 8006.

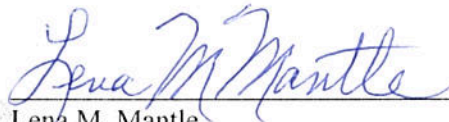
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

COMES NOW LENA M. MANTLE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *COMMENTS OF THE MISSOURI OFFICE OF THE PUBLIC COUNSEL*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Lena M. Mantle
Senior Analyst

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 30th day May, 2019.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

Case No. EO-2019-0315

Case No. EO-2019-0316

Case No. EO-2019-0317

Case No. EO-2019-0318

Attachment A to Lena M.
Mantle's Memorandum has
been deemed "Confidential" in
its entirety

GMO Wind PPA Margins

		Total Revenue Received From SPP	Margin	Jurisdictional Factor	Missouri Margin
	Total				
January 2018	\$ 3,940,591.08	\$ 2,048,591.72	\$ (1,891,999.36)	0.995376	\$ (1,883,251.04)
February 2018	\$ 3,372,611.26	\$ 1,183,814.91	\$ (2,188,796.35)	0.994754	\$ (2,177,313.60)
March 2018	\$ 4,391,225.48	\$ 1,900,139.41	\$ (2,491,086.07)	0.996849	\$ (2,483,237.81)
April 2018	\$ 3,996,317.46	\$ 2,055,483.31	\$ (1,940,834.15)	0.996620	\$ (1,934,274.42)
May 2018	\$ 2,921,401.44	\$ 1,857,297.20	\$ (1,064,104.24)	0.997093	\$ (1,061,011.19)
Total	\$ 18,622,146.72	\$ 9,045,326.55	\$ (9,576,820.17)		\$ (9,539,088.06)
			Other RES costs		\$ 2,671,460
			KCPL's Missouri Retail Revenues		\$ 777,917,584
			RES Retail Rate Impact		1.57%

Costs and revenues from GMO response to OPC DR 8006 in case no. EO-2019-0067
 Jurisdictional factors from FAC rate change workpapers