

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

In the Matter of KCP&L Greater Missouri Operations)
Company’s Submission of its 2014 Renewable)
Energy Standard (RES) Compliance Plan) File No. EO-2014-0288

MISSOURI DIVISION OF ENERGY’S COMMENTS

The Missouri Department of Economic Development – Division of Energy (DE), pursuant to 4 CSR 240-20.100, respectfully submits the following comments in response to the Renewable Energy Standard Compliance Plan 2014-2016 of KCP&L Greater Missouri Operations Company (KCP&L GMO).

1. Pursuant to 4 CSR 240-20.100 (7)(B)1.A., the RES compliance plan shall include “a specific description of the electric utility’s planned actions to comply with the RES.” Combined with the implementation of HB142, the solar rebate settlement in Case No. ET-2014-0059, which capped KCP&L GMO’s solar rebate payments at \$50 million incurred subsequent to August 31, 2012, will have significant impacts on both near-term RES compliance and long-term solar energy resources development and acquisition. In its filing, KCP&L GMO provided a general description and limited data reflecting the impacts of the solar rebate settlement on RES compliance in both the compliance plan report and RRI calculation, such as the accumulated generating capacity and associated S-RECs from the solar rebate settlement. However, it did not provide a “specific description” to show those impacts on RES compliance, such as the amount of S-RECs from customers’ solar generators and the amount of S-RECs used for compliance, to be banked, and/or sold for each compliance year. KCP&L GMO responded to DE’s request

for data by providing the S-RECs balance sheet including estimated generation and planned usage for compliance years, which addressed several of DE's questions. It would be beneficial to have this kind of data/information earlier in the process. DE recommends that KCP&L GMO include this information in future RES filings so it can be accessed by all intervenors.

2. In its response to DE's request, KCP&L GMO indicated that it had purchased 8,700 S-RECs this year from the State of California. DE performed a rough estimation of S-RECs generated from KCP&L GMO's customer-solar systems using the projected monthly amount of solar rebates from Mr. Tim M. Rush's direct testimony filed on September 4, 2013 in Case No. ET-2014-0059. Using a conservative approach, which only includes the projected customer-solar installations from September to December 2013, and excludes banked S-RECs from previous years, DE's calculation indicates that the amount of S-RECs generated from customer-solar systems installed in this period was more than double KCP&L GMO's 8,637 S-REC requirement in 2014. This conservative estimate did not include previously banked S-RECs or projected S-RECs from customer-solar systems installed in 2014. So it is unclear why KCP&L GMO continued purchasing out-of-state S-RECs when S-RECs from its customer-solar systems were expected to fully meet KCP&L GMO's RES solar requirement in subsequent years.
3. While KCP&L GMO provided an updated retail rate impact (RRI) calculation, DE's concerns over the methodology and validity of the model remain. The updated calculation continues to present various interrelated variables/constraints statically based on a linear assumption. Since those variables/constraints interact with each other in an apparently non-linear way, an iterative dynamic optimization model would be needed to

reflect several limiting factors over the 10-year planning period. In particular, a conceptual model or a simplified flowchart explaining the data sources, scenarios and the underlying interrelationships between various variables that interact in the model is needed before exploring further the detailed analysis. In addition, KCP&L GMO has not provided any information on the RRI model's validity. This issue is critical due, in part, to the substantial variation between results from this year's RRI calculation and the calculation in Case No. ET-2014-0059. Even though KCP&L GMO's calculation may appear to meet all provisions required in the PSC rule, it does not indicate this model's validity both statistically and mathematically. Another model based on significantly different methodology and assumptions, while meeting the same PSC rule requirements, could yield different, perhaps even opposite, results in some cases. Without a sound process of validating the model, it will be difficult to prove the model's legitimacy and justify its use. DE suggests that KCP&L GMO develop the appropriate method to validate the RRI model under various scenarios and share the process and results with stakeholders.

4. Also, incorporating the IRP results, which derive from a long-term plan with embedded uncertainties, into the forward-looking RRI model adds significant additional uncertainty and complexity. Similar to analyzing many alternative resource plans in the IRP, DE suggests that GMO run the RRI calculation under different scenarios of future renewable energy resources additions and acquisitions and share that analysis with stakeholders.

Respectfully submitted,

/s/ Jeremy Knee

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 30th day of June, 2014.

/s/ Jeremy Knee

Jeremy D. Knee