

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

In the Matter of Evergy Metro, Inc. d/b/a)	
Evergy Missouri Metro 2020 Biennial)	<u>File No. EE-2021-0237</u>
Parallel Generation Tariff)	Tariff No. JE-2021-0144
In the Matter of Evergy Missouri West, Inc.)	
d/b/a Evergy Missouri West 2020 Biennial)	<u>File No. EE-2021-0238</u>
Parallel Generation Tariff)	Tariff No. JE-2021-0145

STAFF RESPONSE TO REQUEST FOR CLARIFICATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through undersigned counsel, and for its *Staff Response to Request for Clarification* respectfully states:

1. On February 16, 2020, Staff filed its recommendations and attached memorandums in the above-captioned matters concerning the 2020 Biennial Parallel Generation Tariff filings submitted by Evergy Missouri Metro and Evergy Missouri West (collectively “Evergy”).

2. In an order issued on February 17, 2021, the Commission directed Staff to provide additional clarification on a specific list of questions arising from Staff’s memorandums no later than February 22, 2021. Staff’s responses are as follows:

1. If Evergy did not provide the levels of purchases in blocks as required by Commission Rule 20 CSR 4240-3.155(4)(A), should the tariff sheets be rejected for failure to comply with the rule or does Staff think Evergy should seek a waiver from that rule provision?

Although information was not provided in the manner prescribed by the rule, Staff received sufficient information to complete its review and recommend approval. Staff is considering whether clarification is needed through a future rulemaking. Therefore, in Staff’s opinion, the tariff sheets should not be rejected and a waiver from the rule provision is not necessary.

The filing requirements outlined in Section 4 of Chapter 3.155 are intended to ensure that the electric utilities are making available certain data for public inspection as required by PURPA. Commission rule 20 CSR 4240-3.155(4)(A) and 18 CFR 292.302(b)(1) require:

“The estimated avoided cost on the electric utility’s system, solely with respect to the energy component, for various levels of purchases from qualifying facilities. These levels of purchases shall be stated in blocks of not more than one hundred (100) megawatts for systems with peak demand of one thousand (1,000) megawatts or more, and in blocks equivalent to not more than ten percent (10%) of the system peak demand for systems of less than one thousand (1,000) megawatts. The avoided costs shall be stated on a cents per kilowatt-hour basis, during daily and seasonal peak and off-peak periods, by year, for the current calendar year and each of the next five (5) years;”

Although Evergy did not provide the avoided cost data in these increments, it is Staff’s understanding that ** _____

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2. Does the failure to provide the levels of purchases in blocks affect Staff’s confidence in Evergy’s avoided fuel costs and resulting rates?

No. The presentation of the data in this format is required by PURPA and Commission rule for the purposes of public inspection. The work paper provided by Evergy allowed Staff to review Evergy’s calculations and resulting rates.

3. Is it appropriate to base the avoided energy costs on a market cost?

It is appropriate to use market-based avoided energy costs in some instances. For example, market-based avoided costs are reasonable when markets are sufficiently competitive such that qualifying facilities can participate.

As the Commission is aware, FERC revised its rules implementing PURPA by Order 872, including allowing market-based rates in some instances. “There is a rebuttable presumption that a state regulatory authority or nonregulated electric utility may use a Locational Marginal Price as a rate for as-available qualifying facility energy sales to electric utilities located in a market defined in §292.309(e), (f), or (g).”¹

¹ 18 CFR 292.304

The Southwest Power Pool (SPP) is listed in 18 CFR 292.309(g) and both Evergy Missouri Metro and Evergy Missouri West are members of SPP.

4. Can Staff clarify why the “avoided fuel and purchased power cost” seems to be a reasonable estimate of avoided energy costs?

Staff’s description of the calculation as an avoided fuel and purchased power cost was not intended to mean anything different than avoided energy costs.

As members of SPP, EMM and EMW, sell their respective generation into the market and purchase what is needed to serve their respective load.

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_____. ** Evergy’s proposed cogeneration rates for 2021-2022 are \$0.022 per kWh for both companies. The historical SPP day ahead LMPs from 2015 through 2020 range from \$0.021 to \$0.027 per kWh. Further, the most recent two year period (2019-2020) the LMP averaged \$0.022 per kWh.² Evergy’s method in this case resulted in a reasonable estimate of avoided energy costs for EMM and EMW.³

5. Should Evergy’s tariff sheets be suspended to allow Staff to perform additional review? If so how much additional time would Staff need?

Staff is not requesting additional time to review Evergy’s tariff sheets and supporting documentation. As the Commission is aware, revisions to the cogeneration rule and associated filing requirements are being considered in EW-2021-0077. Staff’s Draft Version 1 in that docket included a modification that the biennial January 15 filing would create a tariff case. Staff is considering whether further clarification on the biennial filing requirements is needed in a future rulemaking.

WHEREFORE, Staff submits this *Staff Response to Request for Clarification* and attached sponsoring affidavit for the Commission’s information and consideration.

² KCPL_KCPL and MPS_MPS load nodes

³ Other Missouri utilities utilize a historic average in calculating market-based avoided energy costs.

Respectfully Submitted,

/s/ Jamie S. Myers

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to the Complainant and/or all counsels of record this 22nd day of February, 2021.

/s/ Jamie S. Myers

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AFFIDAVIT OF CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW Claire M. Eubanks, PE, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Response to Request for Clarification*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Claire M. Eubanks, PE
Claire M. Eubanks, PE