

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

In the Matter of KCP&L Greater Missouri)	
Operations Company Submission of its 2013)	<u>File No. EO-2013-0505</u>
RES Compliance Plan)	former File No. EE-2013-0453

**STAFF REPORT ON COMPANY'S CALENDAR YEAR 2012
RES COMPLIANCE REPORT**

COMES NOW Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and submits this *Staff Report On Company's Calendar Year 2012 RES Compliance Report* ("Staff Report") to the Missouri Public Service Commission ("Commission"). In support of the *Staff Report*, Staff respectfully states the following:

Background

1. On April 15, 2013,¹ KCP&L Greater Missouri Operations Company ("GMO") filed its *2012 Annual Renewable Energy Standard Compliance Report* ("*Compliance Report*") in File No. EE-2013-0453.
2. On April 16, the Commission issued its *Order Directing Notice And Setting Filing Deadline*, directing Staff to examine the *Compliance Report* and file a report of its review no later than May 30, forty-five (45) days after the April 15th filing requirement.
3. On May 28, GMO filed revisions to the *Compliance Report* after discussions with Staff. The Commission opened this file for receipt of the revised *Compliance Report*, as well as GMO's 2013-2015 *Annual Renewable Energy Standard Compliance Plan*.

Applicable Rules

¹ All dates herein refer to calendar year 2013, unless otherwise specified.

4. Rule 4 CSR 240-20.100(7) states that “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.”

5. Subparagraphs (7)(A)1.A. through N. of Rule 4 CSR 240-20.100 provide the minimum requirements for the *Compliance Report*.

6. Rule 4 CSR 240-20.100(7)(D) provides that:

The staff of the commission shall examine each electric utility’s annual RES compliance report and RES compliance plan and file a report of its review with the commission within forty-five (45) days of the filing of the annual RES compliance report and RES compliance plan with the commission. The staff’s report shall identify any deficiencies in the electric utility’s compliance with the RES.

Staff’s Report

7. In its *Memorandum*, attached hereto and labeled as Attachment A, Staff reports on its review of GMO’s RES *Compliance Report*. Staff found no deficiencies within the *Compliance Report* as revised.

8. GMO has filed its calendar year 2012 annual report as required by Section 393.140(6), RSMo., and paid its fiscal year 2013 assessment as required by Section 386.370, RSMo.

9. The Commission’s decision in this file could affect, or be affected by, a decision in Case No. EC-2013-0380, Earth Island Institute d/b/a Renew Missouri, et. al. v. KCP&L Greater Missouri Operations Company. Complainants allege in that case that GMO’s 2012-2014 RES Compliance Plan fails to comply with Subparagraph (7)(B)1.F in Rule 4 CSR 240-20.100 for calculating the RES retail impact limit.

WHEREFORE, the Staff submits this *Staff Report* for the Commission's information and consideration.

Respectfully submitted,

/s/ Jennifer Hernandez

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail to all parties of record as listed in the Commission's Electronic Filing Information System this this **30th day of May 2013**.

/s/ Jennifer Hernandez

MEMORANDUM

TO: Missouri Public Service Commission Case File
File No. EE-2013-0453, KCP&L Greater Missouri Operations Renewable Energy
Standard Compliance Report for Calendar Year 2012

FROM: Claire M. Eubanks, P.E., Energy Unit – Engineering Analysis

/s/ Daniel I. Beck / 05/30/13 /s/ Jennifer Hernandez / 05/30/13
Energy Unit / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on KCP&L Greater Missouri Operations 2012 Renewable
Energy Standard Compliance Report

DATE: May 30, 2013

CONCLUSION

The Staff has reviewed the KCP&L Greater Missouri Operations (“Company”) 2012 RES Compliance Report, revised May 28, 2013. Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 15, 2013, the Company filed its RES Compliance Report for calendar year 2012 (File No. EE-2013-0453) and on May 28, 2013, the Company filed a revised RES Compliance Report. The Compliance Report was filed in accordance with 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.” 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.

Staff has utilized the North American Renewables Registry (NAR) 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 Compliance Report 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 2012 expressed as total megawatt-hours (MWh) sold to ultimate consumers (8,080,313 MWh), consistent with the 2012 FERC Form 1 filed with the Commission on May 15, 2013.

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 2012 expressed as annual operating revenues (dollars) from ultimate consumers. The amount listed on the 2012 FERC Form 1 filed with the Commission on May 15, 2013 was \$726,393,751.

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 three (3) primary renewable energy generating facilities during 2012: Gray County Wind Energy (“Gray County”), Ensign Wind (“Ensign”), and St. Joseph Landfill Generating Station. The total amount of energy generated at the facilities was 187,411 MWh. St. Joseph Landfill Generating Station is located in Missouri, thus it qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation.¹ With the credit multiplier, the total compliance REC credit for non-solar facilities was 191,161 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 reported that the St. Joseph Landfill Generating Station generated 3,000 MWh in 2012 and the value of the energy was \$67,806. The RECs created by this facility are a benefit to Missouri ratepayers since capital and operational costs for St. Joseph are already part of the rate structure in the Company’s annual revenue requirement.

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

The Company stated that 3,600 S-RECs were acquired in 2012. The Company also acquires RECs through PPAs with Gray County (157,698 RECs) and Ensign (26,713 RECs). The Company has not sold or transferred RECs during the calendar year.

The Company retired RECs from Gray County and S-RECs purchased through third-party brokers. Staff verified that the Company retired 158,374 Gray County RECs (2009-2010 Vintage) to meet the non-solar requirement of 158,374². The Company also retired 3,232 S-RECs (2010-2012 Vintage) to meet the solar requirement, which were purchased through a third-party broker³. These RECs were registered and retired in the electronic tracking system⁴ utilized for compliance purposes. In accordance with statute and regulation,

¹ 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

² Pursuant to 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 sales, less the solar requirement.

³ Pursuant to 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 sales.

⁴ North American Renewables Registry: <http://narecs.com/>

these RECs were produced by a qualified facility and were banked appropriately.⁵ One REC was retired on April 5, 2013, to align the totals rather than retiring it in January, February, or March⁶.

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

See comments in Section E. of this report.

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, by source and serial number, 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 utility;”

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

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 a resource list as Attachment A of the Compliance Report, which includes the name, address and owner of the facility.

(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 required affidavit for Gray County, Ensign, and S-RECs acquired through 3Degrees Group, Inc. was provided by the Company as Attachment D of the Compliance Report.

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

The renewable energy technology was provided as part of the resource list in Attachment A of the Compliance Report.

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

⁶ 4 CSR-240-20.100(3)(J)

(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 Ensign were provided in Attachment C of the Compliance Report.

(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 and Ensign were provided in Attachment C of the Compliance Report.

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

The Company paid 210 solar rebates during calendar year 2012.

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

No customers were denied a rebate during calendar year 2012.

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 paid \$8,303,022 in solar rebates for calendar year 2012.

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 filed a signed Affidavit with the Compliance Report and discusses the under compliance costs in Section 2.13 of the Report. The cap for determining the over/under compliance costs was listed as \$10,233,086. The Company filed the 2013-2015 Compliance Plan on May 28, 2013, and at this time Staff has not reviewed the Retail Rate Impact calculations provided in that Report. The over/under compliance costs will be reviewed as part of the Staff Report on the Compliance Plan.

N. "If compliance was not achieved, an explanation why the electric utility failed to meet the RES."

The Company provided a statement that it believes it has achieved compliance with the RES.


Notary Public