

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EE-2019-0305, The Empire District Electric Company's
2018 Renewable Energy Standard Compliance Report and 2019 RES Plan

FROM: Cedric E. Cunigan, Engineering Analysis

/s/ Daniel I. Beck, PE / 05-30-19 /s/ Steven Dottheim / 05-30-19
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on The Empire District Electric's 2018 Renewable
Energy Standard Compliance Report

DATE: May 30, 2019

SUMMARY

Staff has reviewed The Empire District Electric Company ("Empire" or "Company") 2018 RES Compliance Report. Based on its review, Staff has not identified any deficiencies. However, Staff is making no determination for 4 CSR 240-20.100(8)(A)1.P. because the information for this item has not been filed by Empire and is not being filed by Empire until July 1, 2019.

OVERVIEW

On April 15, 2019, Empire filed its Compliance Report for calendar year 2018 (Case No. EE-2019-0305), in accordance with 4 CSR 240-20.100(8), Electric Utility Renewable Energy Standard (RES) 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 both its compliance with the RES and its compliance plan as described in this section for the most recently completed calendar year." Subparagraphs 4 CSR 240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the Company's Compliance Report and file a report within forty-five (45) days of the filing.

Staff completed its review and utilized the North American Renewables Registry (NARR) to independently verify the retirement of the RECs and S-RECs by the Company.

DISCUSSION

Staff reviewed the Company's Compliance Report in accordance with the established requirements to verify it contains the information required. The results of this review are detailed below, with appropriate Rule subparagraphs A. through P. 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 2018 expressed as total megawatt-hours (MWh) sold to Missouri customers (4,321,595 MWh), which is consistent with the Missouri Jurisdictional Annual Report filed with the Commission on May 10, 2018.

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 2018 expressed as annual operating revenues (dollars) from Missouri consumers, at \$522,849,829, which is consistent with the Missouri Jurisdictional Annual Report filed with the Commission on May 10, 2018.

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) renewable energy generating facilities defined by Section 393.1025(5), RSMo during 2018: the Company-owned Ozark Beach Hydroelectric Project, Missouri ("Ozark Beach"), a purchase power agreement ("PPA") with Elk River Windfarm, LLC, Kansas ("Elk River"), and a PPA with Cloud County Wind Farm, LLC, Kansas ("Meridian Way"). 2018 total retail electric sales supplied by renewable energy resources is approximately 718,601 MWh.

The Company provided the total retail electric sales¹ supplied to Missouri customers by Elk River, Meridian Way, and Ozark Beach, approximately 400,228 MWh, 274,498 MWh, and 43,875 MWh respectively, in Attachment 5 of the Compliance Report.

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 the following information:

Facility	Number of RECs	Compliance Equivalency for In-State ²	Value of Energy	Value of RECs (\$/REC)
Ozark Beach	49,431	61,788	** _____ **	\$67.88

The Company-owned Ozark Beach facility generated 49,431 MWh in 2018. With the credit multiplier (see footnote 2), the total compliance REC credit for the facility is 61,788.

The Company states that there is little value for the RECs produced by Ozark Beach as they do not qualify for other states’ Renewable Portfolio Standards. The Company reported the value of energy to be ** _____ ** based on the locational marginal pricing through the Southwest Power Pool.

¹ Assumes 88.76% allocation to Missouri customers.

² Renewable resources located in Missouri, qualify for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; Section 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G).

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

The Company provided the following information regarding the number of RECs acquired, retired, and sold during the calendar year:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired	809,600 (821,958)	23,483 (29,353)
Retired	399,075 (411,433)	16,587 (20,734)
Sold	** _____ ** ** _____ **	n/a

Non-Solar Renewable Energy Credits:

Based on Attachments 1, 4, and 5 to the 2018 Annual RES Compliance Report, the Company provides the energy acquired through PPA and attributed to MO.

** _____

Ozark Beach’s reported generation allowed for 49,431 RECs (61,789 MO equivalent) in 2018.

In Attachment 4 to the Compliance Report, the Company also provided the quantity of RECs sold ** _____
_____ ³⁾ **.

Staff verified the Company retired 49,431 RECs (61,789 RECs including compliance equivalency, 2018 Vintage) from Ozark Beach and 349,644 RECs from Elk River (2017 and 2018 Vintage) for calendar year 2018 compliance. The Company was required to retire a total of 432,160 RECs for compliance, with at least 8,643 being S-RECs.⁴ The Company retired 16,587 S-RECs (20,734 MO compliance equivalency) to meet the 8,643 solar requirement with the excess S-RECs being used to meet the total compliance requirement of 432,160 RECs. The total number of RECs retired exceeded the total compliance requirement by 7 RECs.

Solar Renewable Energy Credits:

The Company acquired 23,483 S-RECs (29,354 S-RECs including compliance equivalency) from its customers as a condition of receiving a solar rebate.

Staff verified that the Company retired 16,587 customer-generator S-RECs (20,734 MO equivalency, 2017 vintage) to meet the solar requirement of 8,643 S-RECs⁵ and the remaining non-solar requirement.

All RECs and S-RECs retired for 2018 compliance were registered and retired in the electronic tracking system⁶ utilized for compliance purposes. In accordance

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⁴ Pursuant to 4 CSR 240-20.100(1)(R)2., the amount of RECs necessary is determined by calculating five percent (5%) of the Company's total retail sales, less the solar requirement.

⁵ Pursuant to 4 CSR 240-20.100(1)(R)5.B., the amount of S-RECs necessary is determined by calculating one-tenth percent (0.1%) of the Company's total retail sales.

⁶ North American Renewables Registry: <http://missourirecs.com/>.

with statute and regulation, a qualified facility produced these RECs and they were banked and utilized appropriately.⁷

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

See discussion in the preceding subparagraph E. of this report.

G. “The identification, by source and serial number, or some other identifier sufficient to establish the vintage and source of the REC, of any RECs that have been carried forward to a future calendar year;”

The Company provided a listing of RECs, by source and serial number, being carried forward for future year(s), as Attachment 3 of the Compliance Report. The list includes RECs from Elk River and Meridian Way, and S-RECs acquired from customer-generators and through a third party broker (2015 and 2018 vintage).

The Company stated that Meridian Way was added to the NARR registry in 2018. The Company also stated that it does not intend to use RECs from the Meridian Way PPA during the compliance plan period 2019-2021.

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 sold RECs produced by its wind PPAs. ** _____

_____ ** REC revenues factor into Empire’s Fuel Adjustment Clause in effect during the 2018 calendar year under P.S.C. Mo. No. 5, Sec. 4, 3rd Revised Sheet No. 17b. Both Elk River and Meridian Way PPAs were entered into before the Renewable Energy Standard existed, therefore, Staff does not

⁷ Qualified facility per Section 393.1025.(5), RSMo and 4 CSR 240-20.100(1)(N); Banked RECs per Section 393.1030.2., RSMo and 4 CSR 240-20.100(1)(M).

consider these wind PPAs to be RES compliance costs which are restricted from being recovered in a fuel adjustment clause.

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) Facility name, location (city, state), and owner;”

The Company provided the name, address, and owner for Elk River and Meridian Way on page 10 of the Annual RES Compliance Report.

“(II) 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;”

Green-e certificates for Elk River and Meridian Way were provided as Attachment 6 to the 2018 Annual RES Compliance Report.

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

The type of technology was provided on page 10 of the 2018 Annual RES Compliance Report.

“(IV) The dates and amounts of all payments from the electric utility to the owner of the facility;”

Empire provided the dates and amounts of the payments to Elk River and Meridian Way as Attachment 1 to the 2018 Annual RES Compliance Report.

“(V) All meter readings used for the calculation of the payments referenced in part (IV) of the paragraph;”

The meter readings used to calculate the payments to Elk River and Meridian Way were provided in Attachment 1 to the 2018 Annual RES Compliance Report.

J. “For acquisition of electrical energy and/or RECs from a customer-generator:”

“(I) Location (zip code);”

The Company provided the zip codes of its customer-generators in Attachment 7.

“(II) Name of aggregated subaccount in which RECs are being tracked in;”

The Company provided the name of the aggregated subaccounts in Attachment 7.

“(III) Interconnection date”

The Company provided the operational date for customer-generator systems in Attachment 7.

“(IV) Annual estimated or measured generation; and”

The Company provided the estimated generation from customer-generator systems in Attachment 7.

“(V) The start and end date of any estimated or measured RECs being acquired;”

The Company provided the start and end date of estimated RECs being acquired in Attachment 7.

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

The number of customers that applied for and received a solar rebate in 2018 was 572. A total of 1,829 customers have connected to the Company’s system as of December 31, 2018.

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

The Company stated that no customers were denied a solar rebate.

- M. “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 stated it spent \$3,086,744 on solar rebates in 2018.

- N. “An affidavit documenting the electric utility’s compliance with the RES compliance plan as described in this section during the calendar year;”**

The Company included the affidavit as Attachment 8 of the Compliance Report.

- O. “If compliance was not achieved, an explanation why the electric utility failed to meet the RES.”**

The Company retired seven (7) more RECs than were required and used a larger portion of S-RECs than were necessary to achieve compliance.

- P. “A calculation of its actual calendar year retail rate impact.”**

The Company was granted an extension until July 1, 2019 to file this information. Staff’s report on this information will be delayed as a consequence, until no later than August 14, 2019.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company's 2018 Renewable Energy Standard) Case No. EE-2019-0305
Compliance Report and 2019 RES Plan)

AFFIDAVIT OF CEDRIC E. CUNIGAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CEDRIC E. CUNIGAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report - 2018 RES Compliance Report*, in memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



CEDRIC E. CUNIGAN

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 of May 2019.





Notary Public