

## MEMORANDUM

**TO:** Missouri Public Service Commission 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 Empire District Electric Company's 2019 Annual  
Renewable Energy Standard Compliance Plan

**DATE:** May 30, 2019

### SUMMARY

Staff has reviewed The Empire District Electric Company ("Empire" or "Company") *2019 Annual Renewable Energy Standard Compliance Plan* ("Plan"). Based on its review, Staff has not identified any deficiencies. However, Staff is making no determination for 4 CSR 240-20.100(8)(B)1.F. 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, the Company filed its *Plan* for calendar years 2019 through 2021, in accordance with Rule 4 CSR 240-20.100(8), 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 annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 4 CSR 240-20.100(8)(B)1. A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the Plan and file a report within forty-five (45) days of the filing.

### DISCUSSION

Staff reviewed the Company's Plan in accordance with the established requirements to verify the Plan contains the information required by the Rule. The results of this review are detailed below, with appropriate Rule subparagraphs A. through G. identified and quoted.

**A. “A specific description of the electric utility’s planned action to comply with the RES;”**

The Company described its planned actions for compliance with the RES. For non-solar compliance, the Company will utilize renewable energy certificates (“RECs”) from a purchased power agreement (“PPA”) from Elk River wind farm located in Butler County, Kansas (“Elk River”)<sup>1</sup> and the Company owned Ozark Beach Hydroelectric facility located in Taney County, Missouri (“Ozark Beach”). Ozark Beach generation will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.<sup>2</sup>

For solar compliance, the Company will utilize solar renewable energy certificates (“S-RECs”) from its customer-generators, which will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.<sup>3</sup> Customer generated S-RECs are expected to exceed the solar RES requirement through 2020. The Company will also evaluate the feasibility and economics of constructing and operating a utility-scale wind facility.

**B. “A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;”**

The Company provided the following information regarding its executed contracts:

	Type	Expected Energy Delivered (MWhs)	Contract Effective Date	Contract duration
<b>Elk River</b>	Wind	550,000	12/10/2004	20 years
<b>Meridian Way</b>	Wind	330,000	6/19/2007	20 years

<sup>1</sup> The Company has a second wind PPA which is with Meridian Way located in Cloud County, Kansas. The Company does not intend to use RECs from the Meridian Way PPA to comply with RES during the compliance plan period 2019-2021.

<sup>2</sup> Section 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G).

<sup>3</sup> Section 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G).

The Company has 20-year PPAs for energy and RECs from Elk River and Meridian Way, effective December 10, 2004 and June 19, 2007, respectively. Empire expects 550,000 MWhs of generation from Elk River and 330,000 MWhs from Meridian Way.

**C. “The projected total retail electric sales for each year;”**

The Company provided values for projected retail electric sales on pages 7 and 8 of the Plan. The values appear to be reasonable estimates.

**D. “Any differences, as a result of RES compliance, from the utility’s preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;”**

The Company filed its most recent IRP annual update report in March 2018. The Plan is consistent with the information regarding non-solar renewable resources in Empire’s April 2016 preferred resource plan for the 2019 to 2021 period. Empire has assumed the solar portion of the RES would be met by customer-generated S-RECs or S-REC purchases.

**E. “A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;”**

The Company provided information regarding its utilization of existing resources to comply with the non-solar portion of the RES for 2019 through 2021. The costs associated with these resources are already included in revenue requirements.

The Company has evaluated costs associated with the solar requirements and determined that S-RECs purchased through an industry broker would be the least cost option. However, the Company expects to utilize customer-generated S-RECs to meet the compliance requirements. Staff wants it to be clear that when it states it has not

identified any deficiencies in Empire's report, Staff has not made a ratemaking determination whether the Plan is the least cost, prudent method in complying with the RES, and suggests the Commission be clear in any Order it may issue in this case that it is not making any ratemaking determination.

- F. "A calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. The calculation should be accompanied by workpapers including all the relevant inputs used to calculate the retail rate impact limits for the planning interval which is included in the RES compliance plan. The electric utility may designate all or part of those calculations as highly confidential, proprietary, or public as appropriate under the commission's rules;"**

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.

- G. "Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the division."**

The Company states in its Plan that "All generating facilities utilized by Empire to meet the requirements of the Missouri RES have, to Empire's knowledge, received all necessary environmental and operational permits and are in compliance with any necessary federal, state and/or local requirements related to air, water and land use. All generating facilities have received Certification as a Renewable Energy Generation Facility by the Missouri Department of Economic Development."

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 - 2019 Annual RES Compliance Plan*, in memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
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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 30<sup>th</sup> day of May 2019.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2020  
Commission Number: 12412070

  
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Notary Public