

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2020-0329, Eveygy Missouri Metro's
Submission of Its 2019 Renewable Energy Standard Compliance Report

FROM: Amanda Coffey, Utility Engineering Specialist III, Engineering Analysis

/s/ Claire M. Eubanks, PE / 6-12-2020 /s/ Travis Pringle / 6-12-2020
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Eveygy Missouri Metro's 2019 Renewable Energy
Standard Compliance Report

DATE: June 12, 2020

SUMMARY

Staff has reviewed the Eveygy Inc., d/b/a Eveygy Missouri Metro's ("EMM" or "Company") filed *2019 Annual Renewable Energy Standard Compliance Report* ("Compliance Report"), dated April 15, 2020, and the *Revised 2019 Annual Renewable Energy Standard Compliance Report*, dated May 26, 2020.¹ Concurrent with its April 15, 2020 filing, the Company requested a waiver from 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from certain wind purchase power agreements ("PPAs").

Based on its review, Staff has found that the Company has not achieved compliance with the RES requirements for the 2019 compliance year due to retirement of RECs² outside of the time period allowed by 20 CSR 4240-20.100(3)(J).³ The Company requested a variance from

¹ Eveygy Missouri Metro filed an errata on May 29, 2020.

² The North American Renewables Registry defines Retire, Retirement of Certificates, or Retirement as "[a]n action taken to remove a Certificate from circulation within the NAR system. Retirement may be initiated only by the Account Holder for Certificates in his/her own Accounts. Retirement is effectuated by transferring Certificates into a Retirement Sub-account or a Retirement Group Subaccount."

³ "Electric utilities may retire RECs from January 1 through April 15 of the following year, following the calendar year for which compliance is being sought and designate those retired RECs as counting towards the requirements of that previous calendar year. Any RECs retired in this manner shall be specifically annotated in the registry designated in accordance with subsection (F) of this section and the annual compliance report filed in accordance with section (7) of this rule. RECs retired from January 1 through April 15 of the following year, to be counted towards compliance for the previous calendar year in accordance with this subsection shall not exceed ten percent (10%) of the total RECs necessary to be retired for compliance for that calendar year."

this rule on April 24, 2020 explaining that due to an administrative error RECs were retired in January 2020,⁴ rather than by December 31, 2019.

The retirement of 100% of its 2019 compliance year RECs in 2020 resulted in the Company retiring ** _____ **⁵ which were expired for the 2019 compliance year. Rule 20 CSR 4240-20.100(1)(M) states in part: “A REC expires three (3) years from the date the electricity associated with that REC was generated” and 20 CSR 4240-20.100(3)(B) states in part: “RECs and S-RECs may be used to comply with the RES portfolio requirements of this rule for a calendar year in which it expired so long as it was valid at any time in that year.” These RECs would not have been considered expired if they were retired on or before December 31, 2019.

The Company further explained the cause of the administrative error in response to Staff Data Request No. 0004. The error was the result of a change in personnel that occurred near the time of retirement who missed the need to retire the majority of RECs for the compliance year prior to yearend. The Company indicated that future REC retirements will be scheduled at the department level rather than by the individual. Because the Company has proposed a remedy for preventing this type of error in the future, Staff recommends the Commission grant the Company a waiver from the requirements of Rule 20 CSR 4240-20.100(3)(J) and expand the waiver to cover 20 CSR 4240-20.100(3)(B) for compliance year 2019.

At this time, Staff does not recommend the Commission grant the Company a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V), requested on April 15, 2020, to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, Waverly, Rock Creek, Prairie Queen, and Pratt wind farms. As noted in its filing, the Company does not have access to the invoices as access to the building is limited due to COVID-19 restrictions. Further, Staff requested additional information regarding its waiver request in Data Request No. 0002 which was not fully responded to due to access limitations. Staff will provide an additional recommendation after the Company provides the invoices and the information requested in Data Request No. 0002.

⁴ NAR System shows 100% of 2019 compliance year RES retirements were made on ** _____ . **

⁵ ** _____ ** were January 2016 Vintage (i.e. RECs associated with renewable electricity generated in January 2016).

Staff has utilized the North American Renewables Registry (“NAR”) to independently verify the retirement of the RECs and S-RECs by EMM for its 2019 RES compliance.

OVERVIEW

On April 15, 2020, EMM filed its RES Compliance Report for calendar year 2019. The Compliance Report was filed in accordance with 20 CSR 4240-20.100(8). This rule states, in part, “Each electric utility shall file a 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.” On May 26, 2020, Evergy Missouri West filed a Revised Compliance Report correcting several inadvertent errors. Staff requested additional time to file its recommendation which the Commission granted on May 29, 2020.

Subparagraphs 20 CSR 4240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 20 CSR 4240-20.100(8)(D) requires that Staff examine EMM’s Compliance Report and file a report within forty-five (45) days of the filing.

DISCUSSION

Staff has reviewed EMM’s Compliance Report and Revised 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 P. identified and quoted.

A. “Total retail electric sales for the utility, as defined by this rule;”

EMM provided the total retail electric sales for 2019 expressed as total kilowatt-hours (kWh) sold to EMM consumers (8,404,297,659 kWh), which is consistent with the Missouri jurisdictional 2019 FERC Form 1 filed with the Commission on May 15, 2020.⁶

⁶ The Missouri Jurisdictional 2019 FERC Form 1 filed with the Commission on May 15, 2020 listed the total retail electric sales for 2019 as 8,404,298 MWh.

B. “Total jurisdictional revenue from the total retail electric sales to Missouri customers as measured at the customers’ meters;”

EMM provided the total retail electric sales for 2019 expressed as annual operating revenues (dollars) from EMM consumers (\$908,398,913⁷). This amount is consistent with the amount listed on the Missouri Jurisdictional 2019 FERC Form 1 filed with the Commission on May 15, 2020.

C. “Total retail electric sales supplied by renewable energy resources, as defined by section 393.1025(5), RSMo, including the source of the energy;”

EMM provided the 2019 total retail sales by renewable resource based on its energy allocation presumption.

EMM utilized three (3) company-owned renewable energy generating facilities during 2019; Spearville 1, Spearville 2, and Solar Aggregate 1.⁸ EMM also has eight (8) operational PPAs, with Cimarron Windpower II (“Cimarron”), Spearville 3, LLC (“Spearville 3”), Slate Creek Wind (“Slate Creek”), Waverly Wind Farm (“Waverly”), Osborn Wind Energy (“Osborn”), Rock Creek Wind (“Rock Creek”), and Pratt Wind, LLC (“Pratt”), Prairie Queen Windfarm, LLC (“Prairie Queen”). Additionally, EMM provided the retail sales provided by customer-generators.

	2019 (MWh) reported	NAR Project Account Holder
Spearville 1	124,394	Kansas City Power Light
Spearville 2	87,765	Kansas City Power Light
Solar Aggregate 1	165	Kansas City Power Light
Spearville 3	228,629	Kansas City Power Light
Cimarron II	305,349	Duke Energy Generations Services, Inc.
Slate Creek Wind	325,853	Kansas City Power Light

⁷ The sum of Line 10 – Total Sales to Ultimate Customers and Line 13 – Provision for Rate Refunds from FERC Form 1, Page 300.

⁸ Solar Aggregate 1 represents EMM’s small owned solar generation located in Missouri, which qualifies for the 1.25 credit multiplier per Section 393.1030.1 RSMo; 20 CSR 4240-20.100(3)(G).

	2019 (MWh) reported	NAR Project Account Holder
Waverly	426,960	Kansas City Power Light
Osborn	242,221	Kansas City Power Light
Rock Creek	383,037	Rock Creek Wind Project LLC
Prairie Queen	71,780	Prairie Queen Windfarm
Pratt	265,418	Pratt Wind
Customer- generators ⁹	10,343	Kansas City Power Light

The utilities aggregate and report the number of S-RECs generated by customer generators to the tracking system for future retirements. At this time, the Company has not registered the S-RECs associated with customer-generators into the tracking system for vintage 2019. The Company intends to register the customer-generated S-RECs in the tracking system by the end of May 2020.¹⁰ This is the second year in a row that the Company has not registered S-RECs into the tracking system prior to the RES Compliance Report due date. In its previous RES Compliance Report, the Company reported 24,693 S-RECs acquired from solar rebates with a vintage of 2018; however, the Company registered ** _____ ** in the tracking system.

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;”

EMM reported the number of RECs and S-RECs produced in 2019 and the value of energy created for each company-owned facility.

⁹ As of the time of this report Staff was unable to confirm the number of S-RECs reported to be generated in 2019 as the Company had not yet registered them with NAR. Per their response to Data Request No. 0003, the Company plans to have them registered by the end of May, 2020.

¹⁰ Response to Staff Data Request No. 0003.

Facility	Number of RECs	Compliance Equivalency for In-State ¹¹	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville 1	124,394	n/a	1,599,993	0
Spearville 2	87,765	n/a	1,128,860	0
Solar Aggregate 1	165	206	4,047	0

EMM reports no value to its owned resources, however, Staff believes there is a value to the RECs and S-RECs created by EMM’s owned generation, though that value is not transparent. **

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

EMM provided the information regarding the number of RECs acquired and retired during the calendar year. The following table represents the number of RECs acquired and retired during the calendar year:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired ^{12,13}	2,249,247 (2,405,562)	10,343 (12,929)
Sold	0	0
Transferred	0	0
Retired	823,621 (n/a)	13,447 (16,809)

¹¹ Renewable resources located in Missouri, qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; Section 393.1030.1., RSMo; 20 CSR 4240-20.100(3)(G).

¹² Acquired RECs were reported in the Company’s Notice of Errata to Revised 2019 Renewable Energy Standard Compliance Report that was filed May 29, 2020.

¹³ Staff was unable to verify the number of S-RECs acquired from customer-generators because the Company has not registered these S-RECs in NAR. The Company intended to register these S-RECs in May 2020, but as of June 2, 2020 these S-RECs have not been registered.

EMM has not reported the sale or transfer of RECs or S-RECs during calendar year 2019.

EMM retired 2016 vintage wind RECs from Cimarron II, Slate Creek, Spearville 1, Spearville 2, Spearville 3, and Waverly. Staff verified that EMM retired 823,621 non-solar RECs to meet the non-solar requirement.¹⁴ EMM also retired 16,809 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement.¹⁵

These RECs were registered and retired in the North American Renewables Registry utilized for compliance purposes.¹⁶

On April 24, 2020, the Company requested a variance from Rule 20 CSR 4240-20.100(3)(J) which allows the electric utilities to retire no more than 10% of their compliance obligations between January 1 through April 15 of the following year. The Company explained that due to an administrative error RECs were retired in January 2020, rather than by December 31, 2019. The NAR tracking system shows 100% of 2019 compliance year RES retirements were made on ** _____ . ** The error was the result of a change in personnel that occurred near the time of retirement who missed the need to retire the majority of RECs for the compliance year prior to year-end.

The retirement of 100% of its 2019 compliance year RECs in 2020 resulted in the Company retiring ** _____ **¹⁷ which were expired for the 2019 compliance year.

¹⁴ Pursuant to 20 CSR 4240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating ten percent (10%) of EMM's total retail sales, less the solar requirement.

¹⁵ Pursuant to 20 CSR 4240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating two-tenths percent (0.2%) of EMM's total retail sales.

¹⁶ <http://narecs.com/>.

¹⁷ ** _____ ** were January 2016 Vintage (i.e. RECs associated with renewable electricity generated in January 2016).

These RECs would not have been considered expired if they were retired on or before December 31, 2019.

Staff has found that the Company has not achieved compliance with the RES requirements for the 2019 compliance year due to retirement of RECs outside of the time period allowed by 20 CSR 4240-20.100(3)(J). However, because the Company has proposed a remedy for preventing this type of error in the future, Staff recommends the Commission grant the Company's variance request regarding the retirement outside the timeframe allowed under 20 CSR 4240.20.100(3)(J) and expand the waiver to cover 20 CSR 4240-20.100(3)B) as well.¹⁸

Staff recommends the Commission grant the Company's variance request regarding the retirement outside the timeframe allowed under 20 CSR 4240-20.100(3)(J).

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

EMM provided a resource list as Attachment A and Attachment B of the Compliance Report.

¹⁸ 20 CSR 4240-20.100(1)(M) states in part: "A REC expires three (3) years from the date the electricity associated with that REC was generated"

20 CSR 4240-20.100(3)(B) states in part: "RECs and S-RECs may be used to comply with the RES portfolio requirements of this rule for a calendar year in which it expired so long as it was valid at any time in that year."

20 CSR 4240-20.100(3)(J) states in part: "For compliance purposes, electric utilities shall retire RECs in sufficient quantities to meet the RES portfolio requirements of this rule. The RECs shall be retired during the calendar year for which compliance is sought. Electric utilities may retire RECs from January 1 through April 15 of the following year, following the calendar year for which compliance is being sought and designate those retired RECs as counting towards the requirements of that previous calendar year."

20 CSR 4240-20.100 (1)(A) defines calendar year: "Calendar year means a period of three hundred sixty-five (365) days (or three hundred sixty-six (366) days for leap years) that includes January 1 of the year and all subsequent days through and including December 31 of the same year"

- 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;”**

EMM provided a listing, by source and serial number, of RECs that are being carried forward for future year(s) as Attachment C 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;”**

There were no sales or purchases of RECs except RECs bundled with purchased power or from qualified customer generator’s operational solar electric systems as a condition of receiving solar rebates.

- I. “For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility, except for systems owned by customer-generators, 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;”

EMM provided a resource list as Attachment A of the Compliance Report, which includes the name, location and owner of the facilities. Attachment A includes company-owned resources.

“(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;”

Affidavits from Cimarron and Waverly were included in Attachment E. EMM notes that the Generator Owners for Osborn, Spearville 3 and Slate Creek have designated

Kansas City Power and Light Company¹⁹ as the Responsible Party²⁰ in NAR, this represents that the generator owner has not granted similar authority to another person or entity in NAR or any other similar registry. Additionally, EMM previously provided the Responsible Party designation forms in response to Staff Data Request No. 0003 in EO-2016-0280.

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

The renewable energy technology was provided in Attachment A of the Compliance Report.

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

Due to the quarantine put in place because of the COVID-19 pandemic, EMM could not obtain copies of the invoices prior to the report being filed. EMM plans to provide a list of the related payments within a reasonable amount of time after access to its headquarters is restored.

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

The required meter readings were not provided in the Compliance Report. EMM requested a limited waiver from this rule requirement (20 CSR 4240-20.100(8)(A)1.I.(V)) for purchased RECs stating the meter reading information is not provided by the vendors from which EMM purchases RECs. ** _____

_____ ²¹ ** EMM was unable to provide the invoices supporting the dates and

¹⁹ Evergy Missouri West and Evergy Missouri Metro have not changed its name within the NAR database.

²⁰ Responsible Party as defined in NAR Operating Procedures is “[a]n Account Holder who has been assigned the Registration Rights for a given Asset. This gives the designated Account Holder *full and sole* management and authority over the transactions and activities related to the Asset within NAR.”

²¹ Response to Staff Data Request No. 0004 in EO-2014-0289.

payments due to the quarantine. EMM plans to provide the invoices within a reasonable amount of time after access is restored.

The purpose of this subparagraph is to demonstrate the validity of RECs and/or S-RECs obtained from sources that are not owned by the electric utility. Generation of renewable energy at company-owned resources is typically monitored by revenue quality meters and/or reported through an independent system operator. Resources in which this subparagraph applies are not necessarily monitored by the utility that seeks to retire the associated RECs for compliance purposes. This subparagraph compensates for the lack of utility ownership/control of the renewable energy resource.

The RECs associated with energy purchased from Spearville 3, Cimarron, Slate Creek, Osborn, Rock Creek, Waverly, Prairie Queen, and Pratt are registered in NAR. A Qualified Reporting Entity (QRE) is defined in NAR's Operating Procedures as "an entity reporting meter reading and other generation data to the NAR Administrator." ** _____

_____ ** To qualify as a QRE in NAR, entities that are subject to a renewable energy standard must be able to demonstrate that there is an independent group responsible for reporting separate from the group which is engaged in marketing functions or REC retirement under the principles defined by the FERC's Independent Functioning and No Conduit Rules.²²

At this time, Staff does not recommend the Commission grant the Company a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, Rock Creek, Waverly, Prairie Queen and Pratt wind farms. As noted in its filing, the Company does not have access to the invoices as access to the building is limited due to COVID-19 restrictions. Further, Staff requested additional information regarding its waiver request

²² NAR Requirements for Qualified Reporting Entities.

in Data Request No. 0002 which was not fully responded to due to access limitations. Staff will provide an additional recommendation after the Company provides the invoices and the information requested in Data Request No. 0002.

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

“(I) Location (zip code);”

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

“(III) Interconnection date;”

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

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

The required information was provided in Attachment B of the Compliance report.

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

EMM states it paid 430 solar rebates during calendar year 2019. These rebates are associated with Senate Bill 564.²³

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

EMM states that no customers were denied a rebate during calendar year 2019.

M. “The amount 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;”

EMM reported that it paid \$4,003,415 in solar rebates for calendar year 2019. Staff reserves the right to comment on the prudence of solar rebate expenditures when rate recovery is requested.

²³ Section 393.1670 RSMo.

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

EMM filed a signed Affidavit with the Compliance Report.

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

EMM provided a statement that it believes it has achieved compliance with the RES. Based on its review, Staff has found that the Company has not achieved compliance with the RES requirements for the 2019 compliance year due to retirement of RECs outside of the timeframe allowed; however, as stated above, if the Commission grants EMM the requested waiver of 20 CSR 4240-20.100(3)(J) and 20 CSR 4240-20.100(3)(B) , which Staff recommends, non-compliance will be resolved.

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

EMM included its actual calendar year retail rate impact, 0.507%, on Page 9 of the Compliance Report.

CONCLUSION

Staff recommends the Commission grant the Company a waiver from the requirements of Rule 20 CSR 4240-20.100(3)(J) and expand the waiver to cover 20 CSR 4240-20.100(3)(B) as well for compliance year 2019.

Staff does not recommend the Commission grant the Company a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V), requested on April 15, 2020, to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from its wind PPAs. Staff will provide an additional recommendation after the Company provides the invoices and the information requested in Data Request No. 0002.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc.)	
d/b/a Evergy Missouri Metro's Submission)	Case No. EO-2020-0329
of Its 2019 Renewable Energy Standard)	
Compliance Report)	

AFFIDAVIT OF AMANDA COFFER

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COME NOW AMANDA COFFER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Amanda Coffe
AMANDA COFFER