

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2018-0289, KCP&L Greater Missouri Operations Company's
Submission of Its 2017 Renewable Energy Standard Compliance Report

FROM: Cedric E. Cunigan, Engineering Analysis

/s/ Daniel I. Beck, PE / 5-29-18 /s/ Robert S. Berlin / 05-29-18
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report on KCP&L Greater Missouri Operations Company's
2017 Renewable Energy Standard Compliance Report

DATE: May 29, 2018

SUMMARY

Staff has reviewed the KCP&L Greater Missouri Operations' ("GMO" or "Company") 2017 RES Compliance Report. Based on its review, Staff has not identified any deficiencies.

Staff recommends that the Company evaluate and report its findings within 6 months of the filing of Staff's report, the feasibility of creating a separate North American Renewables Registry (NAR) account¹ for Kansas City Power and Light Company (KCPL) and GMO. In the past, KCPL and GMO did not share renewable energy resources so it was clear which RECs were associated with which company; however, the two companies now utilize both Osborn and Rock Creek wind PPAs.² This complicates RES reporting and the accounting of NAR fees.

Regarding the Company's request for variance, Staff recommends the Commission grant the Company a limited waiver from the requirements of Rule 4 CSR 240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Gray County, Ensign, and Osborn.

¹ The current cost of having a separate NAR account is a \$750 registration fee and a \$2,000 subscription fee. Asset fees and transfer fees may also apply. <https://apx.com/wp-content/uploads/2017/07/NAR-Fee-Schedule-July-2017.pdf>.

² <https://apx.com/wp-content/uploads/2017/07/NAR-Fee-Schedule-July-2017.pdf>; Asset fees and transfer fees may also apply.

Staff has utilized the NAR to independently verify the retirement of the RECs and S-RECs by the Company for its 2017 RES compliance. The Company has achieved compliance with the RES requirements for the 2017 compliance year.

OVERVIEW

On April 13, 2018, GMO filed its Compliance Report for calendar year 2017 (Case No. EO-2018-0289), in accordance with 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 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.

DISCUSSION

Staff reviewed the Company’s Compliance Report in accordance with the established rules 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 2017 expressed as total megawatt-hours (MWh) sold to Missouri customers (7,931,919 MWh), which is consistent with the Missouri jurisdictional 2017 FERC Form 1 filed with the Commission on May 15, 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 2017, expressed as annual operating revenues (dollars) from Missouri consumers, at \$773,336,558. The

Missouri jurisdictional 2017 FERC Form 1 filed with the Commission on May 15, 2018 shows sales to ultimate customers of \$763,543,151. The number submitted by the Company in the Compliance Report is consistent with the number provided in the FERC form minus provision for rate refunds of -\$9,793,407.

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

The Company utilized seven renewable energy generating facilities as defined by 393.1025(5), RSMo during 2017. Generation for each facility is shown in the table below:

Facility	(MWH)
Gray County Wind	144,536
Ensign Wind	435,172
Osborn Wind	293,843
Rock Creek Wind	74,336
St. Joseph Landfill Gas	12,336
Greenwood Solar	2,801
Solar Rebates	25,729
Total	988,753

KCPL has one NAR account established which it utilizes for KCPL-MO, KCPL-KS, and GMO. Once RECs are created the RECs are allocated by KCPL into subaccounts for each jurisdiction. To verify that RECs are being allocated as intended between the jurisdictions Staff reviews the total retail sales reported and compares the information with RECs tracked in GMO’s Missouri NAR subaccount. At the time of the

Company’s initial filing, the allocation of RECs into the NAR subaccounts was incorrect but has since been corrected.

Staff recommends the Company consider the feasibility of creating a separate NAR account for KCPL and GMO. In the past, KCPL and GMO did not share renewable energy resources; however, the two companies now utilize both Osborn and Rock Creek. The current cost of having a separate NAR account is a \$750 registration fee and a \$2,000 subscription fee.³ Additional transfer fees and asset subscription fees may apply.

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	Value of Energy	Value of RECs (\$/REC)
St. Joseph Landfill Gas	12,336	** _____ **	0
Greenwood Solar	2,801	** _____ **	0

The Company reported that the St. Joseph Landfill Generating Station generated 12,336 MWh in 2017 and the value of the energy was ** _____. ** Greenwood Solar generated 2,801 MWh and the value of energy was ** _____. ** The Company reports no value to its owned resources, however, Staff believes there

³ <https://apx.com/wp-content/uploads/2017/07/NAR-Fee-Schedule-July-2017.pdf>.

is a value to the RECs created by the Company's owned generation though that value is not transparent.

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 and retired during the calendar year:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired	885,887 ⁴ (888,971)	28,530 ⁵ (35,662)
Sold	0	0
Transferred	0	0
Retired	383,480 (388,664)	6,346 (7,933)

The company acquired RECs through PPAs with Gray County Wind, Ensign Wind, Osborn Wind, and Rock Creek Wind; and S-RECs through its customer-generators during 2017. The Company has not sold or transferred RECs during the calendar year.

Staff verified that the Company retired 90,925 RECs (2015 Vintage) from Gray County Wind, 271,819 RECs from Ensign Wind (2015 Vintage), and 20,736 RECS from St. Joseph Landfill Gas (25,920 MO equivalent, 2015 and 2016 Vintage) to meet the non-solar requirement of 388,664 RECs. The company also retired 6,346 S-

⁴ GMO reported 885,887 RECs acquired. This number included Company owned generation (St Joseph Landfill Gas), which is typically not counted in acquired RECs.

⁵ GMO reported 28,530 S-RECs acquired. This number included Company owned generation (Greenwood Solar), which is typically not counted as acquired S-RECs.

RECs (2014 Vintage, 7,933 MO equivalent) from customer-generators to meet the solar requirement of at least 7,932 S-RECs.

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

The Company provided a resource list as Attachment A and B of the Compliance Report, which reflects the source of RECs acquired in 2017.

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, by source and serial number, of the 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 those bundled with purchased power or 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;”

The Company provided a resource list as Attachment A to the Compliance Report, which includes the names, locations, and owners of the facilities.

“(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;”

The Company notes that the Generator Owners for Ensign Wind, Gray County Wind, and Osborn Wind have designated KCP&L as the Responsible Party in NAR which means the generator owner has not granted similar authority to another person or entity in NAR or any similar registry. KCP&L then transfers RECs to the appropriate subaccount for GMO.

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

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

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

The dates and amounts for the payments to Gray County Wind, Ensign Wind, and Osborn Wind were provided in Attachment D to the Company's Compliance Report.

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

The required meter readings for Gray County Wind, Ensign Wind, and Osborn Wind were not provided in the Compliance Report. In Case EO-2017-0270, the Company requested, and was granted a limited waiver of this requirement.⁶ Staff recommended that in lieu of meter readings, the Company should provide invoices or another reasonable substitute for energy purchases from Gray County Wind, Ensign Wind, and Osborn Wind. The Company has requested a waiver of the rule again. Staff recommends granting the waiver as invoices for the facilities have been provided in Attachment D to the Company's Compliance Report.

⁶ Rule 4 CSR 240-20.100(8)(A)1.I.(V).

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 to the Compliance Report

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

The Company states that no solar rebates were applied for or received during the 2017 calendar year.

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

The company stated that 166 customers were denied a solar rebate because funding reached the stipulated cap set in ET-2014-0059.

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;”

The company stated it spent \$225,511 on solar rebates in 2017. Staff provided notice of the start of its second RESRAM prudence review on March 1, 2018 as a part of ER-2018-0146. In RES compliance reports prior to 2016, the Company reported only the amount of funds expended for solar rebates.

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 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”

The Company provided a statement that it believes it has achieved compliance with the RES. Additionally, the Company retired the appropriate number of RECS to comply with the RES requirements for calendar year 2017.

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

The Company listed a value of 0.017% for the 2017 retail rate impact, but did not provide the calculation. The Company asserts that the impact of RES spending is at or above 1% and that GMO is currently recovering approximately \$7.7 million in rates for 2017 revenue representing 1%.

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

In the Matter of KCP&L Greater Missouri Operations)
Company's Submission of Its 2017 Renewable Energy)
Standard Compliance Report)

File No. EO-2018-0289

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 attached Staff Report; 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 24th day of May, 2018.



NOTARY PUBLIC

