

## **GMO MEMORANDUM**

**TO:** Missouri Public Service Commission Official Case File  
Case No. EO-2019-0316, KCP&L Greater Missouri Operations Company's  
Submission of Its 2018 Renewable Energy Standard Compliance Report

**FROM:** Claire M. Eubanks, PE, Engineering Analysis

/s/ Daniel I. Beck, PE / 5-30-19                      /s/ Jeffrey A. Keevil / 05-30-19  
Engineering Analysis / Date                      Staff Counsel's Office / Date

**SUBJECT:** Staff Report on KCP&L Greater Missouri Operations Company's  
2018 Renewable Energy Standard Compliance Report

**DATE:** May 30, 2019

### **SUMMARY**

Staff has reviewed the KCP&L Greater Missouri Operations' ("GMO") 2018 RES Compliance Report. Based on its review, Staff has found that GMO has not achieved compliance with the solar RES requirements for the 2018 compliance year due to retirement of RECs which were expired for the 2018 compliance year. Staff utilized the tracking system, NAR, to independently verify the retirement of the RECs and S-RECs by GMO for its 2018 RES compliance.

Staff recommends the Company retire an additional 1,510 S-RECs for 2018 compliance and be granted a variance from the Commission to make this retirement outside the timeframe allowed under 4 CSR 240-20.100(3)(J).

Regarding GMO's request for limited waiver included in its Renewable Energy Standard Compliance Report and Request for Waiver, Staff recommends the Commission grant GMO 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, Osborn, and Rock Creek.

### **OVERVIEW**

On April 15, 2019, GMO filed its Compliance Report for calendar year 2018 (Case No. E0-2019-0316), 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 GMO’s Compliance Report and file a report within forty-five (45) days of the filing.

### **DISCUSSION**

Staff reviewed GMO’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;”**

GMO provided the total retail electric sales for 2018 sold to Missouri customers (8,385,396,512 kWh),<sup>1</sup> which is generally consistent with the Missouri jurisdictional 2018 FERC Form 1 filed with the Commission on May 15, 2019.<sup>2</sup>

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

GMO provided the total retail electric sales for 2018, expressed as annual operating revenues (dollars) from Missouri consumers, at \$777,917,584. The Missouri jurisdictional 2018 FERC Form 1 filed with the Commission on May 15, 2019 shows sales to ultimate customers of \$777,917,584.<sup>3</sup>

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<sup>1</sup> KCPL-GMO reported the total retail electric sales expressed as total kilowatt-hours, rather than megawatt-hours as required per rule.

<sup>2</sup> KCPL-GMO reported 8,385,396 MWh on its Missouri jurisdictional FERC Form 1 (Line 10, page 301).

<sup>3</sup> Page 300 of FERC Form 1, Line 10 (Total Sales to Ultimate Customers) minus Line 13 (Provision for Rate Refunds)

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

GMO utilized seven renewable energy generating facilities<sup>4</sup> as defined by 393.1025(5), RSMo during 2018. Generation for each facility is shown in the table below:

	<b>2018 (MWh) Reported</b>	<b>NAR Project Account Holder</b>
Gray County Wind <sup>5</sup>	215,650	KCP&L Greater Missouri Operations
Ensign Wind <sup>6</sup>	444,301	KCP&L Greater Missouri Operations
Osborn Wind	286,874	Kansas City Power & Light Company <sup>7</sup>
Rock Creek Wind	432,176	Rock Creek Wind Project, LLC
St. Joseph Landfill Gas	5,253	KCP&L Greater Missouri Operations
Greenwood Solar <sup>8</sup>	4,684	KCP&L Greater Missouri Operations
Customer-generators <sup>9</sup>	25,729	KCP&L Greater Missouri Operations

<sup>4</sup> For purposes of this table all customer-generators are listed as one facility.

<sup>5</sup> Staff was unable to independently verify the number of Gray County RECs acquired during 2018 due to an additional NAR subaccount being created for GMO. See also data request 2.

<sup>6</sup> Staff was unable to independently verify the number of Ensign RECs acquired during 2018 due to an additional NAR subaccount being created for GMO. See also data request 2.

<sup>7</sup> KCPL and KCPL-GMO shared resource

<sup>8</sup> Staff was unable to confirm the number of S-RECs reported to be generated in 2018.

<sup>9</sup> Staff was unable to confirm the number of S-RECs reported to be generated in 2018.

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.<sup>10</sup>

At this time Staff is unable to confirm the number of solar RECs reported for 2018

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\*\* The utilities aggregate and report the number of S-RECs generated by customer generators to 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;”**

GMO reported the following information:

Facility	Number of RECs	Value of Energy	Value of RECs (\$/REC)
St. Joseph Landfill Gas	5,253	\$133,961	0
Greenwood Solar	4,684 <sup>11</sup>	\$141,497	0

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<sup>10</sup> In the previous year, Staff recommended the Company evaluate the feasibility of creating a separate North American Renewables Registry (NAR) account<sup>10</sup> 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 share several wind resources. This complicates RES reporting and the accounting of NAR fees. Rock Creek and Pratt wind farms are now entered in the tracking system separately; however, other shared resources are not.

<sup>11</sup> Staff was unable to confirm the number of S-RECs reported to be generated in 2018.

GMO reported that the St. Joseph Landfill Generating Station generated 5,253 MWh in 2018 and the value of the energy was \$133,961. Greenwood Solar generated 4,684 MWh and the value of energy was \$141,497. GMO reports no value to its owned resources, however, Staff believes there is a value to the RECs created by GMO'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;”**

GMO provided the following information regarding the number of RECs acquired and retired during the calendar year:

	<b>Number of RECs (Compliance Equivalency)</b>	<b>Number of S-RECs (Compliance Equivalency)</b>
Acquired	1,384,254 <sup>13,14</sup> (1,565,329.75)	30,413 <sup>15,16</sup> (38,016.25)
Sold	0	0
Transferred	0	0
Retired	812,557 (821,768.75)	See discussion below

<sup>12</sup> Response to Staff Data Request EO-2019-0318 Staff Data Request 6; \*\* \_\_\_\_\_

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<sup>13</sup> GMO reported 1,384,254 RECs acquired. This number included Company owned generation (St Joseph Landfill Gas), which is typically not counted in acquired RECs.

<sup>14</sup> Staff was unable to independently verify the number of RECs acquired during 2018 due to an additional NAR subaccount being created for GMO. See also data request 2.

<sup>15</sup> GMO reported 30,413 S-RECs acquired. This number included Company owned generation (Greenwood Solar), which is typically not counted as acquired S-RECs.

<sup>16</sup> Staff was unable to independently verify the number of RECs acquired during 2018 due to an additional NAR subaccount being created for GMO. See also data request 2.

GMO acquired RECs through PPAs with Gray County Wind, Ensign Wind, Osborn Wind, and Rock Creek Wind; and S-RECs through its customer-generators during 2018. GMO has not sold or transferred RECs during the calendar year.

Staff verified that GMO retired 184,459 RECs (2015 - 2017 Vintage) from Gray County Wind, 591,251 RECs from Ensign Wind (2015 - 2017 Vintage), 35,688 RECs from Osborn (44,610 MO equivalent; 2016-2017 Vintage), and 1,159 RECS from St. Joseph Landfill Gas (1,448.75 MO equivalent, 2017 Vintage) to meet the non-solar requirement of 821,769 RECs. Note an additional 0.25 S-REC counts toward the non-solar RES compliance.

GMO also retired 13,417 S-RECs (16,771.25 MO equivalent) from customer-generators to meet the solar requirement of at least 16,771 S-RECs. However, of those 16,771.25 S-RECs, GMO retired 1,208 S-RECs (1,510 MO equivalent) which were generated in November 2014 and December 2014.

GMO had originally retired the 1,208 S-RECs (1,510 MO equivalent) in December 2017 for 2017 compliance. However, in January 2018 GMO noticed more S-RECs were retired in 2017 than needed for the 2017 compliance year (for KCPL and GMO). GMO notified Staff and NAR and requested assistance with the 2017 over-retirement. NAR provided two options to GMO. As Staff understands, NAR was able to “un-retire” these RECs because GMO had noticed the issue in a reasonable amount of time from the retirement date. Another option was to re-designate S-RECs from 2017 to 2018 compliance. Staff advised GMO via email on January 22, 2018 that re-designation to another compliance year may require approval from the Commission.

NAR took no action until April 4, 2018. The tracking system now shows these 1,208 S-RECs (1,510 MO equivalent) S-RECs as being retired on April 4, 2018 and

designated for the 2018 compliance year. However, these S-RECs expired in 2017 and cannot be counted for 2018 compliance pursuant to the relevant rule provisions.

Staff recommends GMO retire an additional 1,510 S-RECs for 2018 compliance and be granted a variance from the Commission to make this retirement outside the timeframe allowed under 4 CSR 240-20.100(3)(J).

The rule references relevant to expiration of RECs are provided below:

- 4 CSR 240-20.100(1)(M) states in part: “A REC expires three (3) years from the date the electricity associated with that REC was generated”
- 4 CSR 240-20.100(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.”
- 4 CSR 240-20.100(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.”
- 4 CSR 240-20.100 (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”

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

GMO provided a resource list as Attachment A and B of the Compliance Report, which reflects the source of RECs acquired in 2018.

- 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;”**

GMO 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;”**

GMO 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;”**

GMO 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. The Rock Creek Wind Farm project is registered in NAR to Rock Creek Wind, LLC.<sup>17</sup>

**“(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, Osborn Wind, and Rock Creek were provided in Attachment D to GMO'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 No. EO-2017-0270, GMO requested, and was granted a limited waiver of this requirement.<sup>18</sup> Staff recommended that in lieu of meter readings, GMO should provide invoices or another reasonable substitute for energy purchases from Gray County Wind, Ensign Wind, and Osborn Wind. GMO has requested a waiver of the rule again. Staff recommends granting the waiver as invoices for the facilities have been provided in Attachment D, which includes Rock Creek, to GMO's Compliance Report.

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

**“(I) Location (zip code);”**

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<sup>17</sup> <https://apx.com/registries/nar-1/public-records-and-reports/>

<sup>18</sup> Rule 4 CSR 240-20.100(8)(A)1.I.(V).

- “(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;”**

GMO states that no solar rebates were applied for or received during the 2018 calendar year. Staff would note this is not necessarily reflective of the solar rebates associated with SB 564.<sup>19</sup>

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

GMO stated that no customers were denied a solar rebate.

- 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;”**

GMO stated it spent \$0 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;”**

GMO filed a signed affidavit with the Compliance Report.

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<sup>19</sup> 393.1670 RSMo

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

GMO provided a statement that it believes it has achieved compliance with the RES. Based on its review, Staff has found that GMO has not achieved compliance with the solar RES requirements for the 2018 compliance year due to retirement of RECs which were expired for the 2018 compliance year.

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

GMO listed a value of 0.343% for the 2018 actual calendar year retail rate impact.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri )  
Operations Company's Submission of its ) Case No. EO-2019-0316  
2018 Renewable Energy Standard )  
Compliance Report )

**AFFIDAVIT OF CLAIRE M. EUBANKS, PE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW CLAIRE M. EUBANKS, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - 2018 RES Compliance Report*, in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Claire M Eubanks  
CLAIRE M. EUBANKS, PE

**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

D Suzie Mankin  
Notary Public