

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2023-0362, Evergy Missouri West's
Submission of Its 2022 Renewable Energy Standard Compliance Report

FROM: Amanda Coffey, Engineering Analysis

/s/ Amanda Coffey 06/30/23 /s/ Carolyn Kerr 06/30/23
Utility Regulatory Auditor / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Evergy Missouri West's 2022 Renewable Energy
Standard Compliance Report

DATE: June 30, 2023

SUMMARY

Staff has reviewed Evergy Missouri West's ("EMW") 2022 Annual Renewable Energy Standard Compliance Report ("Compliance Report"), filed April 17, 2023. In its review, Staff noted several errors in the Report and recommends EMW file a corrected Report.

Regarding EMW's request for waiver, Staff recommends the Commission grant EMW 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 Gray County, Ensign, Osborn, Prairie Queen, Pratt, Rock Creek, and Cimarron Bend III wind farms.

Staff has utilized the North American Renewables Registry (NAR) to independently verify the retirement of the renewable energy credits (RECs) and solar renewable energy credits S-RECs by EMW for its 2022 RES compliance.¹ Although EMW has achieved compliance with the RES requirements for the 2022 compliance year, Staff noted several errors in its Report and recommends that EMW file a corrected Report.

OVERVIEW

On April 17, 2023, EMW filed its RES Compliance Report for calendar year 2022. The Compliance Report was filed in accordance with 20 CSR 4240-20.100(8), Electric Utility

¹ <http://narecs.com>.

Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. 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.

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 EMW's Compliance Report and file a report within 45 days of the filing. On April 24, 2023, the Commission ordered Staff to file its report no later than June 1, 2023. In order to give EMW time to respond to additional data requests from Staff and allow Staff the necessary time to analyze and incorporate EMW's responses in its report, on June 1, 2023, Staff requested an extension to file its report on July 18, 2023. On June 6, 2023, the Commission ordered Staff to file its report on June 30, 2023.

DISCUSSION

Staff reviewed EMW's Compliance Report in accordance with the established requirements to verify the inclusion of 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;"

EMW reported the total retail electric sales for 2021 was 8,666,707 megawatt hours (MWh).

B. "Total jurisdictional revenue from the total retail electric sales to Missouri customers as measured at the customers' meters;"

EMW provided the total retail electric sales for 2022 expressed as annual operating revenues (dollars) from EMW consumers (\$861,090,061). This amount is consistent

with the amount listed on the Missouri Jurisdictional 2022 FERC Form 1² filed with the Commission on May 15, 2023.

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

EMW provided the 2022 total retail electric sales by renewable resource based on its energy allocation presumption. EMW’s report had several errors in its reported retail sales supplied by renewable energy resources. Staff provides the corrected values in the table below.

EMW utilized two company-owned renewable energy generating facilities during 2022: St. Joseph Landfill Gas and Greenwood Solar. EMW also has seven operational purchase power agreements (“PPA”), with Cimarron Bend Windpower III (“Cimarron Bend”)³, Ensign Wind, LLC (“Ensign”), Osborn Wind Energy (“Osborn”), Rock Creek Wind (“Rock Creek”), Pratt Wind, LLC (“Pratt”), Prairie Queen Windfarm, LLC (“Prairie Queen”), and Gray County Wind Energy, LLC (“Gray County”). Additionally, EMW provided the total estimated generation (MWh) supplied by its newly interconnected customer-generators.

Facility	2022 (MWh) reported	NAR Project Account Holder
Gray County Wind	346,933	KCP&L Greater Missouri Operations
Ensign Wind	490,257	KCP&L Greater Missouri Operations
Osborn Wind	311,234	Kansas City Power & Light
Prairie Queen	343,597	Prairie Queen Wind Farm, LLC
Pratt	585,988	NextEra Energy Resources
Rock Creek Wind ⁴	** [REDACTED] **	Rock Creek Wind Project, LLC

² The sum of Line 10 – Total Sales to Ultimate Customers and Line 13 – Provision for Rate Refunds from FERC Form 1, Page 300.

³ EMW included Cimarron Bend in its report, however it is not utilized for RES compliance.

⁴ EMW reported 455,536 RECs (2022 vintage) from Rock Creek Wind, this differs from the ** [REDACTED] ** RECs listed in NAR (2022 vintage). In its 2022 REC reconciliation spreadsheet, EMW stated that the 2022 vintage RECs listed in NAR is correct. EMW should make this correction and file a corrected Report.

Cimarron Bend III ⁵	526,407	Cimarron Bend Wind Project III, LLC
St. Joseph Landfill Gas	8,867	KCP&L Greater Missouri Operations
Greenwood Solar	4,110	KCP&L Greater Missouri Operations
Customer Generators ⁶	58,129	KCP&L Greater Missouri Operations
TOTAL	3,072,941	

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;”

EMW reported the number of RECs and S-RECs produced in 2022 and the value of energy created for each company-owned facility.

Facility	Number of RECs	Compliance Equivalency for In-State ⁷	Value of Energy (\$)	Value of RECs (\$/REC)
St. Joseph Landfill Gas	8,867	11,084	-	0
Greenwood Solar	4,110	5,138	-	0

EMW reports no value to its owned resources. However, Staff believes there is a value to the RECs and S-RECs created by EMW’s owned generation, though that value is not transparent. Additionally, Eversource did report REC sales for 2022. The sale prices range from ** [REDACTED] **

⁵ EMW reported 526,419 RECs (2022 vintage) from Cimarron Bend III. In its 2022 REC reconciliation spreadsheet, EMW stated that this number is off by 12. Taking this into account, Staff was able to reconcile the RECs listed in NAR with REC sales. EMW should make this correction and file a corrected Report.

⁶ EMW reported 58,129 S-RECs (2022 vintage) from its customer generators. There are ** [REDACTED] ** RECs in NAR (2022 vintage). In its 2022 REC reconciliation spreadsheet EMW stated that the variance is caused by an adjustment to 2022 vintage S-RECs in NAR due to an error made to the 2021 vintage RECs the year before. This procedure is described in the NAR Operating Procedures under section 6.1.3 Prior Period Adjustments [NAR-Operating-Procedures-November-2018.pdf \(apx.com\)](#)

⁷ Renewable resources located in Missouri qualifies for the 1.25 credit multiplier allowed by statute and regulation. 393.1030.1., RSMo; 20 CSR 4240-20.100(3)(G).

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

EMW 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	3,059,964 (3,251,657)	58,129 (72,661)
Sold	3,531,168	n/a
Retired	1,147,433 (1,274,007)	20,800 (26,000)

EMW retired 2019 vintage wind RECs from Gray County, Ensign, Osborn, Prairie Queen, Pratt, Rock Creek, and St. Joseph Landfill. Staff verified that EMW retired 1,274,007 (includes in-state factor for RECs generated in Missouri) non-solar RECs to meet the non-solar requirement of 1,274,006 RECs.⁸ EMW also retired 20,800 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement of 26,000 S-RECs.⁹

These RECs were registered and retired in the North American Renewables Registry (NAR) utilized for compliance purposes. In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.¹⁰

⁸ Pursuant to 20 CSR 4240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating 10% of EMW’s total retail sales, less the solar requirement.

⁹ Pursuant to 20 CSR 4240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating 0.2% of EMW’s total retail sales.

¹⁰ Qualified facility per 393.1025(5), RSMo and 20 CSR 4240-20.100(1)(K); Banked RECs per 393.1030.2, RSMo and 20 CSR 4240-20.100(1)(J).

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

EMW provided a resource Table 4 of the 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;”

EMW provided a listing, by source and serial number, of RECs that are being carried forward for future year(s) as Appendix B of the Compliance Report. This list includes 2020, 2021, and 2022 vintage RECs.

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;”

EMW reported REC sales for 2022. EMW stated in its Report that revenues from the sale of RECs were reflected in FERC account 509000 and gains or losses would be recorded in FERC accounts 411800 and 411900. Staff reviews the prudence of REC sales when rate recovery is requested through a general rate case or a prudency review of a rate adjustment mechanism (FAC or RESRAM).

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;”

EMW provided a resource list as Table 4 of the Report, which includes the name, location and owner of the facilities. Table 4 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;”

The Generator Owners for Ensign Wind and Gray County Wind have designated KCP&L Greater Missouri Operations as the Responsible Party¹¹ in NAR. The Generator Owners for Osborn Wind have designated Kansas City Power and Light Company¹² 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. Rock Creek Wind, Prairie Queen Wind, and Pratt Wind are registered in NAR to their respective owners.¹³ Staff also verified that Gray County, Ensign, Osborn, Pratt, Rock Creek, and Cimarron Bend III are listed on the Missouri Department of Natural Resources list of Renewable Energy Standard Certified facilities.¹⁴

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

The renewable energy technology was provided in Table 4 of the Report.

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

The payments to the facility owners are provided in Appendix C of the Report.

“(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. EMW requested a limited waiver from this rule requirement

¹¹ 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.”

¹² Evergy Missouri West and Evergy Missouri Metro have not changed their names within the NAR database.

¹³ <https://apx.com/registries/nar-1/public-records-and-reports/>

¹⁴ [Renewable Energy Standard \(RES\) Certification | Missouri Department of Natural Resources \(mo.gov\)](#).

(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 EMW purchases RECs.

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 to 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 Gray County Wind, Ensign Wind, Prairie Queen Wind, Pratt Wind, Osborn Wind, Cimarron Bend III, and Rock Creek 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." ** [REDACTED]

[REDACTED]

[REDACTED] **

Since EMW is subject to a renewable energy standard, to qualify as a QRE in NAR it 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.¹⁵ ** [REDACTED]

[REDACTED] ¹⁶ **

Based on its review of the information provided by EMW and other sources, Staff recommends the Commission grant EMW a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices, which were provided in

¹⁵ NAR Requirements for Qualified Reporting Entities.

¹⁶ Response to Staff Data Request No. 0004 in EO-2014-0289.

appendix C of the Report, or another reasonable substitute when meter readings are not available for energy purchases from Gray County, Ensign, Osborn, Prairie Queen, Pratt, Rock Creek, and Cimarron Bend III.

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 Appendix A of the Report.

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

EMW reported 218 solar rebates during calendar year 2022.

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

EMW reported 1,025 were denied a rebate during calendar year 2022 due to lack of available funds.

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;”

EMW reported that it paid \$582,102 in solar rebates for calendar year 2022. Staff reserves the right to comment on the prudence of solar rebate expenditures when rate recovery is requested.

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

EMW filed a signed Affidavit with the Report.

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

EMW provided a statement that it believes it has achieved compliance with the RES. Additionally, EMW retired the appropriate number of RECs to meet the RES solar and non-solar requirements.

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

EMW included its actual calendar year retail rate impact, 0.267%. EMW calculated its actual calendar year retail rate impact by dividing its 2022 RES Compliance Cost by its 2022 Retail Revenues: ** [REDACTED] **.

CONCLUSION

EMW has achieved compliance with the RES requirements for the 2022 compliance year. During its review Staff noted multiple errors in EMW’s report as listed below:

- EMW reported 455,536 RECs (2022 vintage) from Rock Creek Wind, this differs from the ** [REDACTED] ** RECs listed in NAR (2022 vintage). In its 2022 REC reconciliation spreadsheet, EMW stated that the 2022 vintage RECs listed in NAR is correct.
- EMW reported 526,419 RECs (2022 vintage) from Cimarron Bend III. In its 2022 REC reconciliation spreadsheet EMW stated that this number is off by 12. Taking this into account Staff was able to reconcile the RECs listed in NAR with REC sales.
- EMW reported 58,129 S-RECs (2022 vintage) from its customer generators. There are ** [REDACTED] ** RECs in NAR (2022 vintage). In its 2022 REC reconciliation spreadsheet, EMW stated that the variance is caused by an adjustment to 2022

vintage S-RECs in NAR due to an error made to the 2021 vintage RECs the year before.

The rule requires electronic copies of the RES compliance report be posted on both the utility's website and on the Commission's website for public access.¹⁷ Staff recommends the Commission order EMW to file a corrected report and update its website so the public has access to accurate information. Additionally, Staff recommends EMW include any tables needed to reconcile their report with NAR as part of its future filings.

¹⁷ 20 CSR 4240-20.100(7)(A)2. and 3

