

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2021-0345, Evergy Metro Missouri's
Submission of Its 2020 Renewable Energy Standard Compliance Report

FROM: Amanda Coffey, Engineering Analysis

<u>/s/ Claire M. Eubanks, P.E. 6/22/2021</u>	<u>/s/ Travis Pringle 6/22/2021</u>
Engineering Analysis / Date	Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Evergy Metro Missouri's 2020 Renewable Energy Standard Compliance Report

DATE: June 22, 2021

SUMMARY

Staff has reviewed Evergy Metro Missouri's ("EMM") filed *2020 Annual Renewable Energy Standard Compliance Report* ("Compliance Report"), dated April 15, 2021. Based on its review, Staff has not identified any deficiencies.

Regarding EMM's request for waiver, Staff recommends the Commission grant EMM 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, Waverly, Prairie Queen, Ponderosa, Rock Creek, and Pratt wind farms.

Staff utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by EMM for its 2020 RES compliance.¹ Although EMM has achieved compliance with the RES requirements for the 2020 compliance year, Staff noted multiple errors in its Compliance Report and recommends that EMM file a corrected Compliance Report as outlined by Staff herein.

¹ <http://narecs.com/>.

OVERVIEW

On April 15, 2021, EMM filed its RES Compliance Report for calendar year 2020. The Compliance Report was filed in accordance with 20 CSR 4240-20.100(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 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 EMM's Compliance Report and file a report within forty-five (45) days of the filing. On April 16, 2021, the Commission ordered Staff to file its report no later than June 1, 2021. In order to give EMM time to respond to additional data requests from Staff and allow Staff the necessary time to analyze and incorporate EMM's responses in its report, on June 1, 2021, Staff requested an extension to file its report on June 22, 2021, which was approved by the Commission.

DISCUSSION

Staff has reviewed EMM's 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 2020 expressed as total kilowatt-hours (kWh) sold to EMM consumers as 8,053,770,427 kWh, which equates to 8,053,770 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 2020 expressed as annual operating revenues (dollars) from EMM consumers (\$863,130,733). This amount is inconsistent with the amount listed on the Missouri Jurisdictional 2020 FERC Form 1 (FF1)² filed with the Commission on May 15, 2021. EMM clarified in response to Staff Data Request 0005 that a correction was made to EMM’s FF1 after it filed its RES Report and stated that the revenue from retail electric sales expressed as annual operating revenues from EMM consumers is \$858,591,605.³

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 2020 total retail electric sales by renewable resource based on its energy allocation presumption.

EMM utilized three (3) company-owned renewable energy generating facilities during 2020; Spearville 1, Spearville 2, and Solar Aggregate 1.⁴ EMM also has nine (9) operational purchase power agreements (“PPA”), 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”), Pratt Wind, LLC (“Pratt”), Prairie Queen Windfarm, LLC (“Prairie Queen”), and Ponderosa Wind, LLC (“Ponderosa”). Additionally, EMM provided the total estimated generation (MWh) supplied by its newly interconnected customer-generators. Customer-generated S-RECs are eligible for RES compliance; however, these resources are designed primarily to supply the individual customer’s energy

² The sum of Line 10 – Total Sales to Ultimate Customers and Line 13 – Provision for Rate Refunds from FF1 Page 300. $\$860,861,170.00 - \$2,269,564.00 = \$858,591,606$. 3, 2021.

³ Staff notes that there is a difference of \$1 between EMM’s corrected amount and the number that was reported in the FF1 and believes that this difference is due to rounding.

⁴ Solar Aggregate 1 represents EMM’s small owned solar generation located in Missouri, which qualifies for the 1.25 credit multiplier per RSMo 393.1030.1; 20 CSR 4240-20.100(3)(G).

needs. The other electric utilities⁵ report S-RECs acquired from its customer-generators under (8)(A)E.

	2020 (MWh) reported	NAR Project Account Holder
Spearville 1	124,388	Kansas City Power & Light
Spearville 2	86,057	Kansas City Power & Light
Solar Aggregate 1	72	Kansas City Power & Light
Spearville 3	234,577	Kansas City Power & Light
Cimarron II	319,166	Duke Energy Generations Services, Inc
Slate Creek Wind	349,342	Kansas City Power & Light
Waverly	403,842	Waverly Wind Farm, LLC
Osborn	235,661	Kansas City Power & Light
Rock Creek	372,568	Rock Creek Wind Project, LLC
Prairie Queen	161,838	Prairie Queen Wind Farm, LLC
Pratt	266,909	NextEra Energy Resources
Ponderosa	22,273	NextEra Energy Resources
TOTAL	2,576,693	

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 2020 and the value of energy created for each company-owned facility. In response to Staff Data Request 1, EMW noted the value of energy (\$) reported for Spearville I and II was incorrect. The table below includes the corrected values:

⁵ See EO-2021-0352, Ameren Missouri RES Compliance Report pgs 6-7 and EO-2021-0344, 2020 Renewable Energy Standard Report Compliance Filing pg 6

Facility	Number of RECs	Compliance Equivalency for In-State ⁶	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville 1	124,388	n/a	1,671,146	0
Spearville 2	86,057	n/a	1,156,171	0
Solar Aggregate 1	72	90	1,617	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. ** [REDACTED]

[REDACTED]. **

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. However, EMM reported only a portion of its 2020 vintage customer-generated S-RECs.⁷ The following table represents the number of RECs acquired and retired during the calendar year, as corrected by Staff:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired ⁸	2,366,176 (2,518,233)	33,037 (41,296.25)
Retired	761,159 (789,271)	12,886 (16,108)

EMM has not reported the sale or transfer of RECs during calendar year 2020.

⁶ Renewable resources located in Missouri, qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; 393.1030.1., RSMo; 20 CSR 4240-20.100(3)(G).

⁷ EMM incorrectly reported only S-RECs acquired from its newly signed customer-generators, 2,802.

⁸ Includes company-owned resources.

EMM retired 2017 vintage wind RECs from Cimarron II, Slate Creek, Spearville 1, Spearville 2, Spearville 3, Osborn and Waverly. Staff verified that EMM retired 789,271 (includes in-state factor for RECs generated in Missouri) non-solar RECs to meet the non-solar requirement of 789,269.⁹ EMM also retired 16,108 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement of 16,108.¹⁰

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.¹¹

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.

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. However, EMM did not identify all 2020 vintage S-RECs acquired from its customer-generators.

⁹ 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.

¹⁰ 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.

¹¹ 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).

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 EMM as the Responsible Party 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”

The payments to the facility owners are provided in Attachment D of the Compliance 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. 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 RECs¹².

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 Spearville 3, Cimarron, Slate Creek, Osborn, Rock Creek, Waverly, Prairie Queen, Ponderosa and Pratt are registered in

¹² 2020 Renewable Energy Standard Compliance Report and Request for Variance, pg. 1, para. 3, filed April 15, 2021.

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]. **

Since EMM 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.¹³ ** [REDACTED]
[REDACTED].¹⁴ **

Based on its review of the information provided by EMM and other sources, Staff recommends the Commission grant EMM 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, Ponderosa and Pratt.

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.

¹³ NAR Requirements for Qualified Reporting Entities.

¹⁴ Response to Staff Data Request No. 0004 in EO-2014-0289.

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

EMM reported it paid 333 solar rebates during calendar year 2020 (page 8 of the Report).

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

EMM reported no customers were denied a rebate during calendar year 2020 (page 8 of the Report).

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 \$863,824 in solar rebates for calendar year 2020. 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;”

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. Additionally, EMM 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.”

EMM included its actual calendar year retail rate impact, 0.129%, on Page 9 of the Compliance Report.

CONCLUSION

Although EMM has achieved compliance with the RES requirements for the 2020 compliance year, Staff noted multiple errors in its Compliance Report and recommends that EMM file a corrected Compliance Report correcting the following errors:

- EMM reported incorrect value for its 2020 total jurisdictional revenue.
- EMM reported only a portion of the 2020 vintage S-RECs acquired from its customer-generators and did not identify them as being carried forward to future calendar years in Attachment C of the report.
- EMM reported incorrect values of energy for Spearville 1 and 2.

