

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

In the Matter of Kansas City Power & Light	)	
Company's Submission of its 2013 RES	)	<b><u>File No. EO-2013-0504</u></b>
Compliance Plan	)	former File No. EE-2013-0452

**STAFF REPORT ON COMPANY'S CALENDAR YEAR 2012  
RES COMPLIANCE REPORT**

**COMES NOW** Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and submits this *Staff Report On Company's Calendar Year 2012 RES Compliance Report* ("Staff Report") to the Missouri Public Service Commission ("Commission"). In support of the *Staff Report*, Staff respectfully states the following:

Background

1. On April 15, 2013,<sup>1</sup> Kansas City Power & Light Company ("KCP&L") filed its *2012 Annual Renewable Energy Standard Compliance Report* ("Compliance Report") in File No. EE-2013-0452.
2. On April 16, the Commission issued its *Order Directing Notice And Setting Filing Deadlines*, directing Staff to examine the *Compliance Report* and file a report of its review no later than May 30, forty-five (45) days after the April 15<sup>th</sup> filing requirement.
3. On May 28, KCP&L filed revisions to the *Compliance Report* after discussions with Staff. The Commission opened this file for receipt of the revised *Compliance Report*, as well as KCP&L's 2013-2015 *Annual Renewable Energy Standard Compliance Plan*.

---

<sup>1</sup> All dates herein refer to calendar year 2013, unless otherwise specified.

### Applicable Rules

4. Rule 4 CSR 240-20.100(7) states that “Each electric utility shall file an RES compliance report no later than April 15 to report on the status of the utility’s compliance with the renewable energy standard and the electric utility’s compliance plan as described in this section for the most recently completed calendar year.”

5. Subparagraphs (7)(A)1.A. through N. of Rule 4 CSR 240-20.100 provide the minimum requirements for the *Compliance Report*.

6. Rule 4 CSR 240-20.100(7)(D) provides that:

The staff of the commission shall examine each electric utility’s annual RES compliance report and RES compliance plan and file a report of its review with the commission within forty-five (45) days of the filing of the annual RES compliance report and RES compliance plan with the commission. The staff’s report shall identify any deficiencies in the electric utility’s compliance with the RES.

### Staff’s Report

7. In its *Memorandum*, attached hereto and labeled as Attachment A, Staff reports on its review of KCP&L’s RES *Compliance Report*. Staff found no deficiencies within the *Compliance Report* as revised.

8. KCP&L has filed its calendar year 2012 annual report as required by Section 393.140(6), RSMo., and paid its fiscal year 2013 assessment as required by Section 386.370, RSMo.

9. The Commission’s decision in this file could affect, or be affected by, a decision in Case No. EC-2013-0379, Earth Island Institute d/b/a Renew Missouri, et. al. v. Kansas City Power & Light Company. Complainants allege in that case that KCP&L’s 2012-2014 RES Compliance Plan fails to comply with Subparagraph (7)(B)1.F in Rule 4 CSR 240-20.100 for calculating the RES retail impact limit.

**WHEREFORE**, the Staff submits this *Staff Report* for the Commission's information and consideration.

Respectfully submitted,

**/s/ Jennifer Hernandez**

Jennifer Hernandez  
Senior Staff Counsel  
Missouri Bar No. 59814  
Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751- 8706 (Telephone)  
(573) 751-9285 (Fax)  
[jennifer.hernandez@psc.mo.gov](mailto:jennifer.hernandez@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail to all parties of record as listed in the Commission's Electronic Filing Information System this this 30<sup>th</sup> day of May 2013.

**/s/ Jennifer Hernandez**

## **MEMORANDUM**

TO: Missouri Public Service Commission Case File  
File No. EE-2013-0452, Kansas City Power & Light Company's Renewable Energy  
Standard Compliance Report for Calendar Year 2012

FROM: Claire M. Eubanks, P.E., Energy Unit – Engineering Analysis

/s/ Daniel I. Beck / 05/30/13                      /s/ Jennifer Hernandez / 05/30/13  
Energy Unit / Date                      Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Kansas City Power & Light Company's 2012 Renewable  
Energy Standard Compliance Report

DATE: May 30, 2013

## **CONCLUSION**

The Staff has reviewed the Kansas City Power & Light Company's ("KCP&L" or "Company") 2012 RES Compliance Report, revised May 28, 2013. Based on its review, Staff has not identified any deficiencies.

## **OVERVIEW**

On April 15, 2013, the Company filed its RES Compliance Report for calendar year 2012 (File No. EE-2013-0452) and on May 28, 2013, the Company filed a revised RES Compliance Report. The Compliance Report was filed in accordance with 4 CSR 240-20.100(7), 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 the utility's compliance with the renewable energy standard and the electric utility's compliance plan as described in this section for the most recently completed calendar year." Subparagraphs 4 CSR 240-20.100(7)(A)1.A. through N. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(7)(D) requires that Staff examine the Compliance Report and file a report within forty-five (45) days of the filing.

Staff has utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by the Company.

## **DISCUSSION**

Staff has reviewed the Company'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 N. 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 2012 expressed as total megawatt-hours (MWh) sold to ultimate consumers (8,580,716 MWh), consistent with the 2012 FERC Form 1 filed with the Commission on May 15, 2013.

**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 2012 expressed as annual operating revenues (dollars) from ultimate consumers (\$763,291,379<sup>1</sup>). This amount is consistent with the amount listed on the 2012 FERC Form 1 filed with the Commission on May 15, 2013.

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

The Company utilized three (3) company-owned renewable energy generating facilities during 2012; Spearville I, Spearville II, and Paseo Solar. Paseo Solar (listed in attachment B as Solar Aggregate 1) is located in Missouri, thus it qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation.<sup>2</sup> As discussed in Section 2.9 of the Compliance Report, the Company also has two purchased power agreements (“PPA”), with Cimarron Windpower II (“Cimarron”) and Spearville 3, LLC (“Spearville 3”). The Company provided the 2012 total retail sales based on their energy allocation presumption. Please note that 32,330 additional RECs are registered in the KCPL-MO active NAR subaccount. The table below compares the MWhs generated versus the amount registered in the KCPL-MO NAR subaccount. The total generation (Missouri and Kansas jurisdictional) for Spearville 3 and Cimarron II matches the total RECs registered in NAR.

	KCPL-MO (MWh) Based on energy allocation presumption	KCPL-MO RECs registered in KCPL- MO Active NAR subaccount
Spearville I	156,367	156,059
Spearville II	81,904	81,732
Paseo Solar	95	95
Spearville 3	43,875	42,851
Cimarron II	130,936	164,770
<b>Total</b>	<b>413,177</b>	<b>445,507</b>

<sup>1</sup> The sum of Line 9 - Gross Receipts Tax Removal, Line 10 – Total Sales to Ultimate Customers, and Line 13 – Provision for Rate Refunds from FERC Form 1, Page 300.

<sup>2</sup> 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

**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 number of RECs and S-RECs produced in 2012 and the value of energy created for each company-owned facility. Spearville I generated 156,367 MWh and the value of the energy was \$2,163,874; Spearville II generated 81,904 MWh and the value of the energy was \$1,133,423; Paseo Solar generated 95 MWh and the value of the energy was \$2,253. The RECs created by these facilities are a benefit to Missouri ratepayers since capital and operational costs of these facilities are already part of the rate structure in the Company’s annual revenue requirement. Please see the table in Section C for the quantity of RECs registered in the KCPL-MO NAR subaccount.

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

The Company reported that they acquired 3,900 S-RECs in 2012. The Company also acquires RECs from PPAs with Spearville 3 and Cimarron II. See table in Section C for quantity acquired. The Company has not sold or transferred RECs during the calendar year.

The Company retired RECs from Spearville I and S-RECs purchased through third-party brokers. Staff verified that the Company retired 168,182 Spearville I RECs (2009 Vintage) to meet the non-solar requirement of 168,182<sup>3</sup>. The Company also retired 3,433.5 S-RECs (2010-2012 Vintage, includes in-state factor) to meet the solar requirement of 3,433<sup>4</sup>. The S-RECS were purchased through a third-party broker. These RECs were registered and retired in the electronic tracking system<sup>5</sup> utilized for compliance purposes. In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.<sup>6</sup>

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

The Company provided a resource list as Attachment A of the Compliance Report. The resource list is based on the RECs retired in 2012 rather than acquired in 2012; however, the list is more extensive and includes all sources of RECs acquired in 2012.

**G. “The identification, by source and serial number, of any RECs that have been carried forward to a future calendar year;”**

---

<sup>3</sup> Pursuant to 4 CSR 240-20.100(2)(C)1., the amount of RECs necessary is determined by calculating two percent (2%) of the Company’s total retail sales, less the solar requirement.

<sup>4</sup> Pursuant to 4 CSR 240-20.100(2)(D)1., the amount of S-RECs necessary is determined by calculating four-hundredths percent (0.04%) of the Company’s total retail sales.

<sup>5</sup> North American Renewables Registry: <http://narecs.com/>

<sup>6</sup> Qualified facility per 393.1025.(5), RSMo and 4 CSR 240-20.100(1)(K); Banked RECs per 393.1030.2., RSMo and 4 CSR 240-20.100(1)(J).

The Company provided a listing, by source and serial number, of RECs that are being carried forward for future year(s) as Attachment B 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;"**

The Company did not incur any gains or losses associated with REC purchases or sales. No RECs were sold and all RECs purchased will be utilized for future compliance purposes.

**I. "For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility, the following information for each resource that has a rated capacity of ten (10) kW or greater:**

**(I) Name, address, and owner of the facility;**

The Company provided a resource list as Attachment A of the Compliance Report which includes the name, address and owner of the facilities.

**(II) An affidavit from the owner of the facility certifying 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 required affidavits for Spearville 3, Cimarron, and S-RECs acquired through 3Degrees Group, Inc. were provided by the Company as Attachment D of the Compliance Report.

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

The renewable energy technology was provided as part of the resource list 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;**

The dates and amounts for the payments to Spearville 3, Cimarron, and 3Degrees Group, Inc. were provided in Attachment C of the Compliance Report. 3Degrees Group, Inc. is a third party broker of S-RECs.

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

The required meter readings for Spearville 3 and Cimarron were provided in Attachment C of the Compliance Report. The Company provided the signed affidavit from 3Degrees Group, Inc., which includes the number of S-RECs sold.

**J. "The total number of customers that applied and received a solar rebate in accordance with section (4) of this rule;"**

The Company paid 100 solar rebates during calendar year 2012.

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

No customers were denied a rebate during calendar year 2012.

**L. “The amount of funds 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 paid \$4,137,812 in solar rebates for calendar year 2012.

**M. “An affidavit documenting the electric utility’s compliance with the RES compliance plan as described in this section during the calendar year. This affidavit will include a description of the amount of over- or under-compliance costs that shall be adjusted in the electric utility’s next compliance plan;”**

The Company filed a signed Affidavit with the Compliance Report and discusses the under compliance costs in Section 2.13 of the Report. The cap for determining the over/under compliance costs was listed as \$10,704,339. The Company filed the 2013-2015 Compliance Plan on May 28, 2013, and at this time Staff has not reviewed the Retail Rate Impact calculations provided in that Report. The over/under compliance costs will be reviewed as part of the Staff Report on the Compliance Plan.

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

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 meet the RES requirement<sup>7</sup>.

---

<sup>7</sup> Pursuant to 4 CSR 240-20.100(2)(C)1., the amount of RECs necessary is determined by calculating two percent (2%) of the Company’s total retail sales, less the solar requirement.  
Pursuant to 4 CSR 240-20.100(2)(D)1., the amount of S-RECs necessary is determined by calculating four-hundredths percent (0.04%) of the Company’s total retail sales.



  
Notary Public