

## **MEMORANDUM**

**TO:** Missouri Public Service Commission Case File  
Case No. EO-2018-0291, KCP&L Greater Missouri Operations Company's  
2018 Renewable Energy Standard Compliance Plan

**FROM:** Cedric E. Cunigan, Engineering Analysis

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

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

**DATE:** May 29, 2018

### **SUMMARY**

On April 13, 2018, KCP&L Greater Missouri Operations Company ("GMO" or "Company") filed its 2018 Renewable Energy Standard (RES) Compliance Plan. Based on the information supplied, the Company appears to have met the minimum requirements of 4 CSR 240-20.100(8)(B).

### **OVERVIEW**

On April 13, 2018, the Company filed its *Plan* for calendar years 2018 through 2020. The *Plan* was filed in accordance with Rule 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 annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 4 CSR 240-20.100(8)(B)1.A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the plan and file a report of its review within forty-five (45) days of the filing.

## **DISCUSSION**

Staff has reviewed the Company's *Plan* in accordance with the established requirements to verify that the *Plan* contains the information required by the rule. The results of the review are detailed below, with appropriate rule subparagraphs A. through G. identified and quoted.

**A. "A specific description of the electric utility's planned actions to comply with the RES;"**

The Company explained its planned actions for compliance with the RES for 2018 through 2020. For non-solar compliance, the Company will utilize its banked renewable energy certificates ("RECs") in addition to RECs generated from the following renewable resources:

<b>Renewable Resource</b>	<b>Fuel Type</b>	<b>Ownership Type</b>	<b>Expected Annual Energy (MWh)</b>
St. Joseph Landfill Generating Facility	Landfill Gas	Owned	11,000
Gray County	Wind	PPA <sup>1</sup>	140,000
Ensign	Wind	PPA	430,000
Osborn	Wind	PPA	303,000
Rock Creek	Wind	PPA	538,000

The Company projects the non-solar RES requirement in 2020 (end of planning period) to be 786,017. As shown in the table above, the Company's cumulative

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<sup>1</sup> Purchase Power Agreement (PPA).

expected annual generation is an estimated 1,422,000 MWh, well in excess of the 2020 RES requirements. For solar compliance, the Company will utilize solar renewable energy credits ("S-RECs") obtained from customer-generators and the 3 MW Greenwood solar facility as needed.

**B. "A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;"**

The Company provided a list of executed contracts for the wind PPAs in Table 1 of the *Plan*.

**C. "The projected total retail electric sales for each year;"**

The Company has provided its values for projected retail electric sales. The values appear to be reasonable estimates.

**D. "Any differences, as a result of RES compliance, from the utility's preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;"**

The Company submitted its most recent Integrated Resource Plan in case No. EO-2018-0269 on April 2, 2018. The *Plan* shows the current status of wind resource additions, but leaves out renewable resource additions in its April 2018 preferred resource plan. GMO has entered into 2 PPAs, for an additional 266 MW of wind capacity, through that are expected to come on line in 2018 and 2019. GMO anticipates being able to meet RES Compliance with the resources listed in the *Plan*.

**E. “A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;”**

The Company provided information regarding the cost of the RES compliance plan. Staff reserves the right to comment on whether the *Plan* is the least cost, prudent method to comply with the RES when rate recovery is requested.

The *Plan* includes utilization of the St. Joseph Landfill Gas facility and Gray County, Ensign Wind, Osborn, and Rock Creek PPAs for GMO’s non-solar RES compliance during the planning period (2018-2020). GMO notes that the wind contracts were entered into because of favorable economics and are not directly attributed to RES Compliance. For compliance with the solar portion of the RES during the planning period, the Company intends to use S-RECs from its customer-generators and the Greenwood solar facility. The S-RECs GMO obtains from its customer-generators are a condition of receiving a solar rebate. Solar rebates are being recovered through GMO’s Renewable Energy Standard Rate Adjustment Mechanism (RESRAM).

4 CSR 240-20.100(6)(A)16 does not allow for consideration of recovery of RES compliance costs through a FAC, however, GMO requested and was granted a waiver from this portion of the rule “for landfill gas costs for its St. Joseph Landfill Gas Facility” in Case No. ER-2012-0175. Because the FAC cannot be changed outside of a general rate case, when GMO requested its RESRAM in Case No. EO-2015-0151, the parties in the non-unanimous stipulation and agreement agreed to preserve issues for a future general rate case. These issues included moving St. Joseph Landfill costs and benefits to the RESRAM. The RES compliance costs related to St. Joseph landfill gas purchases are not included in GMO’s current tariff in P.S.C. MO. No. 1 2<sup>nd</sup> Revised Sheets No. 127.1 through P.S.C. MO. No. 1 Original

Sheet No. 127.12, which are applicable to service provided February 22, 2017 and thereafter.

**F. “A calculation of the RES retail impact limit calculated in accordance with section (5) of this rule. The calculation should be accompanied by workpapers including all the relevant inputs used to calculate the retail impact limits for the planning interval which is included in the RES compliance plan. The electric utility may designate all or part of those calculations as highly confidential, proprietary, or public as appropriate under the commission’s rules; and”**

The *Plan* includes an explanation of the calculation of the RES RRI. Work papers supporting the calculation were provided to Staff with this filing. The Company’s calculation results in a rate impact of less than 1 percent over the planning period.

Section (5)(B) indicates that the renewable energy resource additions will utilize the most recent electric utility resource planning analysis. The Company’s 2018 IRP includes 266 MW of wind in additions over the planning period, which are not included in the RRI calculation. The Company does not anticipate using these resources for RES compliance during the planning period.

The Company does not think that the RES rules’ methodology presents an accurate account of GMO’s spending on renewables for the following reasons.

- The retail rate impact calculations do not take into account that GMO has paid more than \$50 million in solar rebates which is in excess of the specified level as approved by the MPSC in Case No. ET-2014-0059 and is well in excess of 1% of its revenues.
- GMO initiated a RESRAM in 2014 based on annual recovery of renewable energy costs and reflects recovery of 1% of GMO’s revenues reported in its last rate case.

- GMO's renewable portfolio far exceeds the requirements of the statute.  
(see Tables 1 & 2 in the *Plan*)

Staff agrees that the Company's portfolio far exceeds the non-solar RES requirements and Staff agrees that GMO's application of the RRI calculation does not provide an accurate picture of its renewable compliance costs. However, it is the Company who has chosen not to reflect the revenue requirement of certain renewable energy resources in its RRI calculation. As noted on page 7 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

**G. "Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4., RSMo, and the regulations of the division."**

The Company states that, to its knowledge, all facilities utilized by GMO to meet the requirements of the RES have received all necessary environmental and operational permits and are in compliance with any necessary federal, state, and/or local requirements related to air, water and land use.<sup>2</sup>

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<sup>2</sup> Rule 4 CSR 340-8.010(4).

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

In the Matter of KCP&L Greater Missouri Operations )  
Company's 2018 Renewable Energy Standard )  
Compliance Report )

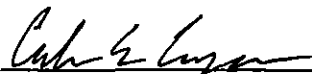
**File No. EO-2018-0291**

**AFFIDAVIT OF CEDRIC E. CUNIGAN**

State of Missouri )  
 ) ss.  
County of Cole )

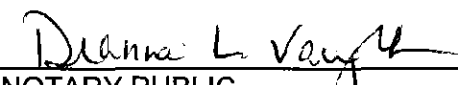
**COMES NOW** Cedric E. Cunigan, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Report; and that the same is true and correct according to his best knowledge and belief.

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

