

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2023-0358, 2022 RES Compliance Report and 2023 RES
Compliance Plan of The Empire District Electric Company d/b/a/ Liberty

FROM: Cedric E. Cunigan, PE, Engineering Analysis

/s/ Cedric E. Cunigan, P.E. /08-17-2023 /s/ Nicole Mers /08-17-2023
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Empire District Electric Company's 2023
Annual RES Compliance Plan

DATE: August 17, 2023

SUMMARY

Staff has reviewed The Empire District Electric Company ("Liberty" or "Company") 2023 Annual Renewable Energy Standard Compliance Plan ("Plan"). Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 15, 2022, the Company filed its *Plan* for calendar years 2022 through 2024, in accordance with Rule 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 an annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 20 CSR 4240-20.100(8)(B)1. A. through G. provide the minimum requirements for the plan. Subsection 20 CSR 4240-20.100(8)(D) requires that Staff examine the Plan and file a report within forty-five (45) days of the filing. Liberty submitted a Revised Report and Plan on May 24, 2023. Liberty again submitted a revised Report and Plan on August 4, 2023. The Commission granted Staff an extension of time to submit its recommendation and comments on Liberty's RES Compliance Report and Plan until August 17, 2023.

DISCUSSION

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

A. “A specific description of the electric utility’s planned action to comply with the RES;”

The Company described its planned actions for compliance with the RES. For non-solar compliance, the Company will utilize renewable energy certificates (“RECs”) from a purchased power agreement (“PPA”) from Elk River wind farm located in Butler County, Kansas (“Elk River”), A PPA with Meridian Way Wind Farm located in Cloud County, Kansas and the Company owned Ozark Beach Hydroelectric facility located in Taney County, Missouri (“Ozark Beach”). Ozark Beach generation will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.¹ The Company noted that Kings Point, Neosho Ridge, and North Fork Ridge would provide flexibility in meeting compliance if needed.

For solar compliance, the Company will utilize solar renewable energy certificates (“S-RECs”) from its customer-generators, which will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit. Customer generated S-RECs are expected to exceed the solar RES requirement through 2024. The Company will also evaluate the feasibility and economics of constructing and operating a utility-scale solar facility.

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 the following information regarding its executed contracts:

| | Type | Expected Energy Delivered (MWhs) | Contract Effective Date | Contract duration |
|---------------------|------|----------------------------------|-------------------------|-----------------------|
| Elk River | Wind | 282,000 | 12/10/2004 | 20 years ² |
| Meridian Way | Wind | 277,000 | 6/19/2007 | 20 years |

The Company has 20-year PPAs for energy and RECs from Elk River and Meridian Way, effective December 10, 2004 and June 19, 2007, respectively. Liberty expects 282,000 MWhs of generation from Elk River and 277,000 MWhs from Meridian Way.

¹ Section 393.1030.1., RSMo; 20 CSR 4240-20.100(3)(G).

² The Contract for Elk River was entered into on December of 2004, and the actual receipt of energy did not begin until 2005. The 20-year period goes through December 2025.

C. “The projected total retail electric sales for each year;”

The Company provided values for projected retail electric sales on page 7 of the Plan. 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 Plan is consistent with the information regarding non-solar renewable resources in Liberty’s preferred resource plan for the 2023 to 2025 period. Liberty has assumed the solar portion of the RES would be met by customer-generated S-RECs or S-REC purchases.

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 its utilization of existing resources to comply with the non-solar portion of the RES for 2023 through 2025. The costs associated with these resources are already included in revenue requirements.

The Company asserts it has evaluated costs associated with the solar requirements and determined that S-RECs purchased through an industry broker would be the least cost option. Liberty has not provided data that supports this viewpoint and Staff does not agree with this statement.³ However, the Company expects to utilize customer-generated S-RECs to meet the compliance requirements in the near-term. The SRECs provided through customer generators should be enough to satisfy requirements for the 3- year planning period and likely several years beyond. Staff wants it to be clear that when it states it has not identified any deficiencies in Liberty’s report, Staff has not made a ratemaking determination whether the Plan is the least cost, prudent method in complying with the RES, and suggests the Commission be clear in any Order it may issue in this case that it is not making any ratemaking determination.

F. “A calculation of the RES retail rate 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 rate impact limits for the planning interval which is included in the RES

³ Staff’s Recommendation in Case No. ET-2023-0197 pages 3 and 4.

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;”

The Company provided an explanation of the calculation of the RES RRI as Attachment 3, stating which resources were removed and added to portfolio requirements of 20 CSR 4240.20.100(5)(B)1. and 2. The workpapers that were included show the result of these modifications. ** [REDACTED]

[REDACTED] ** Staff has concerns with some of the formatting and grouping of information in the RRI calculation. Staff would like further detail on costs included for existing plant and projected plant in the future. Liberty uses a third party contractor to complete this modeling. Therefore, Staff recommends the Company meet with Staff, OPC, and the contractor prior to the next RES filing to discuss changes to the RRI calculation presentation.

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 in its Plan that “All generating facilities utilized by Liberty to meet the requirements of the Missouri RES have, to Liberty’s knowledge, 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. All generating facilities have received Certification as a Renewable Energy Generation Facility by the Missouri Department of Natural Resources, Division of Energy.”

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of 2022 RES Compliance)
Report and 2023 RES Compliance Plan of)
The Empire District Electric Company d/b/a)
Liberty)
File No. EO-2023-0358

AFFIDAVIT OF CEDRIC E. CUNIGAN, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CEDRIC E. CUNIGAN, PE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *2023 Annual Renewable Energy Standard Compliance Plan, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

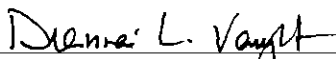
Further the Affiant sayeth not.



CEDRIC E. CUNIGAN, 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 16th day of August, 2023.



Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377