

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2019-0318, KCP&L Greater Missouri Operations Company's
2019 Renewable Energy Standard Compliance Plan

FROM: Claire M. Eubanks, PE, Engineering Analysis

/s/ Daniel I. Beck, PE / 5-30-19 /s/ Jeffrey A. Keevil / 5-30-19
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report on KCP&L Greater Missouri Operations Company's 2019 Annual
Renewable Energy Standard Compliance Plan

DATE: May 30, 2019

SUMMARY

On April 15, 2019, KCP&L Greater Missouri Operations Company ("GMO") filed its 2019 Renewable Energy Standard (RES) Compliance Plan. Based on the information supplied, GMO has met the minimum requirements of 4 CSR 240-20.100(8)(B).

In regards to the retail rate impact ("RRI") calculation, GMO calculated the cumulative carry-forward amount; however, GMO did not originally include the resulting value in its final RES RRI calculation as required by Commission rule.¹ GMO provided the corrected RRI work paper in response to a Staff Data Request.² The cumulative carry-forward amount, which can be positive or negative, ** _____ ** therefore, Staff does not recommend a re-filing of GMO's RRI calculation in this instance.

OVERVIEW

On April 15, 2019, GMO filed its *Plan* for calendar years 2019 through 2021. 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

¹ 4 CSR 240-20.100(5)(B)3.

² EO-2019-0316 Staff Data Request 1; EO-2019-0318 Staff Data Request 4

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 GMO’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;”

GMO explained its planned actions for compliance with the RES for 2019 through 2021. For non-solar compliance, GMO will utilize its banked renewable energy certificates (“RECs”) in addition to RECs generated from the following renewable resources:

Renewable Resource	Commercial Operation Date	Term (Years)	GMO Share of Capacity (MW)	Expected Annual Generation (MWh)	Cumulative Expected Annual Generation
St. Joseph Landfill Generating Facility ³		n/a	1.6	11,000	11,000
Gray County	3/13/2001	15	110	202,000	213,000
Ensign	11/22/2012	20	99	417,900	630,900

³ Capacity and expected generation for St. Joseph Landfill Generating Facility from GMO’s 2018 RES Compliance Plan filed in File No. EO-2018-0291

Renewable Resource	Commercial Operation Date	Term (Years)	GMO Share of Capacity (MW)	Expected Annual Generation (MWh)	Cumulative Expected Annual Generation
Osborn	12/15/2016	20	80	300,100	931,000
Rock Creek	11/8/2017	20	120	460,450	1,391,450
Pratt	12/13/2018	30	134	529,600	1,921,050
Prairie Queen	Expected May 2019	20	110	425,000	2,346,050

GMO projects the non-solar RES requirement in 2021 (end of planning period) to be 1,197,056. As shown in the table above, GMO's expected annual generation is an estimated 2,346,050 MWh, well in excess of the 2021 RES requirements. Therefore, Pratt and Prairie Queen are in excess of the RES requirements during the planning period.⁴

For solar compliance, GMO 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;"

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

⁴ Staff's assessment assumes the oldest wind PPAs are used for RES compliance which is not necessarily based on least-cost resources.

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

GMO 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;”

GMO submitted its most recent Integrated Resource Plan in Case No. EO-2018-0269 on April 2, 2018. The *Plan* mirrors the most recent Integrated Resource Plan for the period 2019-2021. 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;”

GMO provided information regarding the cost of the RES compliance plan. Staff wants it to be clear that it has not made a ratemaking determination whether the Plan is the least cost, prudent method for complying with the RES and reserves the right to address this when rate recovery is requested, and suggests the Commission be clear in any Order it may issue in this case that it is not making any ratemaking determination.

Fuel costs related to St. Joseph Landfill Gas facility are being recovered through GMO’s Renewable Energy Standard Rate Adjustment Mechanism (RESRAM).⁵

⁵ 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. On Page 28, lines 3-4 of Staff’s *Eighth Prudence Review of*

GMO notes that the wind contracts were entered into because of favorable economics and are not directly attributed to RES Compliance. As described in Section A of this memorandum, Pratt and Prairie Queen PPAs are in excess of what is needed for GMO's RES compliance.⁶

For compliance with the solar portion of the RES during the planning period, GMO 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).

- 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 included in the filing. GMO's calculation results in a rate impact of less than 1 percent over the planning period.

In regards to the RRI calculation, GMO calculated the cumulative carry-forward amount; however, GMO did not originally include the resulting value in its final RES

Costs Related to the Fuel Adjustment Clause For the Electric Operations of Kansas City Power & Light Greater Missouri Operations, Staff noted "the total net costs were reversed in the general ledger removing all related expenses to be recovered from the FAC and appropriately through the RESRAM." Additionally, Staff's Second Prudence review of GMO's RESRAM (Staff's Cost of Service report in ER-2018-0145) noted costs related to St. Joseph Landfill Gas facility are being recovered through the RESRAM.

⁶ Staff's assessment assumes the oldest wind PPAs are used for RES compliance which is not necessarily based on least-cost resources.

RRI calculation as required by Commission rule.⁷ GMO provided the corrected RRI work paper in response to a Staff Data Request.⁸ The cumulative carry-forward amount, which can be positive or negative, **_____** therefore, Staff does not recommend a re-filing of GMO's RRI calculation in this instance.

Section (5)(B) indicates that the renewable energy resource additions will utilize the most recent electric utility resource planning analysis. GMO's 2018 IRP includes 266 MW of wind in additions over the planning period, which are not included in the RRI calculation. As noted on page 7 of the *Plan*, GMO 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.”

GMO 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.⁹

⁷ 4 CSR 240-20.100(5)(B)3.

⁸ EO-2019-0316 Staff Data Request 1; EO-2019-0318 Staff Data Request 4

⁹ 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 2019 Renewable) Case No. EO-2019-0318
Energy Standard Compliance Plan)

AFFIDAVIT OF CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

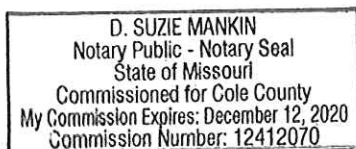
COMES NOW CLAIRE M. EUBANKS, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - 2019 Annual RES Compliance Plan*, in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Claire M Eubanks
CLAIRE M. EUBANKS, 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 30th day of May 2019.



D. Suzie Mankin
Notary Public