

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

In the Matter of the Empire District Electric     )  
Company's 2014 IRP Annual Update Report     )     **File No. EO-2014-0243**

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT -  
DIVISION OF ENERGY COMMENTS IN RESPONSE TO  
THE EMPIRE DISTRICT ELECTRIC COMPANY'S 2014  
INTEGRATED RESOURCE PLAN ANNUAL UPDATE FILING**

COMES NOW the Missouri Department of Economic Development – Division of Energy (“DE”) by and through counsel, pursuant to 4 CSR 240-22.080(3)(D), and submits its comments on the Empire District Electric Company (“Empire”) 2014 Integrated Resource Plan Annual Update Report (“Update Report”).

1. Empire submitted its 2014 Update Report in Case No. EO-2014-0243 on March 11, 2014.
2. Empire followed up its report with an update meeting on April 10, 2014 and submitted its report summary on April 21, 2014.
3. While Empire has provided an Update Report and update session that communicated the major changes that have taken place in the utility's preferred plan and resource acquisition strategy since its last triennial compliance filing, two of DE's alleged deficiencies identified in the

Joint Filing in the Empire 2013 Triennial IRP Case, Case No. EO-2013-0547, January 31, 2014 (“Joint Filing”) were not sufficiently addressed.

4. DE alleged deficiency 3 (Joint Filing, page 5, paragraph 12) stated that

Empire lacked a detailed analysis of various distributed generation technologies, in particular combined heat and power (“CHP”), residential/commercial solar and small wind, in its screening analysis of potential supply-side resources.

As a remedy, Empire agreed to “address it again as a special contemporary issue for the 2014 Annual Update”. In its 2014 IRP Update Report, however, Empire did not provide any updates on this issue. Instead, it simply stated that “Empire believes that it has already adequately addressed this special contemporary issue in an earlier filing” (Update Report, page 27). DE fully understands that the IRP process is a planning process in which generic resources are preferably evaluated. Due to the fact that both CHP and distributed generation technologies include an array of different technologies and require specific project partners or host facilities for project/program development, it would be challenging to generalize those technologies for IRP purposes. However, DE recommends that targeted industrial and/or commercial sectors (for instance, wastewater treatment facilities, health and educational institutions) with selected proven technologies could be chosen to simplify this generalization process. Further

resource and/or market potential studies may be necessary to incorporate CHP and distributed generation into Empire's future IRP analysis. In addition, enhanced grid reliability and resilience should be included in the cost and benefit analysis of CHP.

5. DE alleged deficiency 4 (Joint Filing, page 5, paragraph 13) stated that Empire lacked an analysis of possible measures/updates to improve the plant energy efficiency. As a remedy, Empire agreed to "continue to explore generating plant efficiency improvements which reduce the utility's own use of energy for subsequent IRPs". However, DE did not find any mention by Empire of this issue in its 2014 IRP annual update. In particular, Empire should screen and evaluate existing and emerging technologies which would reduce its generating plants' parasitic load and thereby increase overall plant efficiency.

6. In addition, DE alleged concern 1 (Joint Filing, page 6, paragraph 14) stated that "Empire should closely monitor EPA's upcoming rulemaking process on carbon regulation on existing power facilities and develop corresponding compliance plans in subsequent years". The Environmental Protection Agency ("EPA") will issue proposed carbon pollution standards and guidelines for modified and existing power plants on June 2, 2014. On April 29, 2014, the U.S. Supreme Court reversed the U.S

Court of Appeals for the D.C. Circuit’s opinion vacating EPA’s Cross-State Air Pollution Regulations (“CSAPR”). EPA is currently reviewing the opinion and is expected to make a determination in the next few months. With the anticipated final action by EPA on regulating coal combustion residues, these three major environmental regulations will likely have significant impacts on both supply-side and demand-side resource planning. In its 2015 IRP annual update and the next triennial IRP filing, Empire should collect available information on those regulations and corresponding state regulations and conduct a thorough analysis on how to comply with those proposed regulations using both supply-side and demand-side resources.

7. In the Joint Filing, Empire also agreed to discuss with stakeholders a fitting method to identify “all significant decision makers” for “purposes of future IRP planning processes” in response to DE’s concern that regular meetings with an Advisory Group does not fulfill Empire’s obligation under 4 CSR 240-22.050(1)(A)(2) to identify potential demand side resources applicable to all significant decision makers (Joint Filing, page 6-7, paragraph 15. (Note: The Joint Filing erroneously cited 4 CSR 240-22.050(1)(B)(2)). The company also agreed to provide--in future filings--clarification on the meaning of the term “decision makers” as it relates to that rule. There is no reference to “decision makers” in the 2014 Update

Report. DE once again recommends that Empire identify as decision makers “at least those who choose building design features and thermal integrity levels, equipment and appliance efficiency levels, and utilization levels of the energy-using capital stock”. (4 CSR 240-22.050(1)(A)(2))

WHEREFORE, the Missouri Department of Economic Development - Division of Energy respectfully submits these comments.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been transmitted electronically to all counsel of record this 21<sup>st</sup> day of May, 2014.

/s/ Jose S. Caldera  
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