

In the Matter of the 2014 Kansas City)
Power & Light Company Annual IRP) **File No. EO-2014-0256**
Update Report)

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 Kansas City Power and Light Company (“KCP&L”) 2014 Integrated Resource Plan Annual Update Report (“Update Report”).

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filing. Based on DE's limited review of KCP&L's 2014 Update Report and participation in the annual update workshop, KCP&L appears to have done an adequate job in updating its 2014 IRP to generally comply with applicable Chapter 22 rules. However, DE has identified one significant instance where KCP&L's Update Report may not comply with applicable Chapter 22 rules. In addition, DE questions the value of the additional "combined" resource plans under a KCP&L/GMO joint company scenario.

4. Pursuant to 4 CSR 240-22.080(3)(B), "the depth and detail of the annual update report shall generally be commensurate with the magnitude and significance of the changing conditions since the last filed triennial compliance filing or annual update filing".

5. KCP&L requested on September 10, 2013 that the Commission authorize KCP&L to suspend solar rebates payments in Case No. EO-2014-0071.

6. KCP&L and signatories, including DE, filed a non-unanimous stipulation and agreement on October 30, 2013 which capped KCP&L's solar rebate payments at \$36.5 million incurred subsequent to August 31, 2012.

7. Combined with the implementation of HB 142, this solar rebate settlement will have significant impacts on both RES compliance and long-term solar energy resources planning and development. KCP&L's Update Report lacks a detailed analysis of impacts of this significant changing

condition after its last annual update filing. In particular, the accumulated generating capacity and associated S-RECs from its customer solar generators as a result of the solar rebate settlement should have been assessed and reported. The absence of this analysis calls into question whether the Update Report complies with the “depth and detail” scope required by 4 CSR 240-22.080(3)(B) and raises concerns with KCP&L’s process for choosing options for near-term compliance with the 2% solar requirement in the RES, and with justifying the size and timing of additional utility-scale solar projects in future years, as identified in its Update Report.

8. In addition, this Update Report is the first time under the Commission’s revised IRP rules that KCP&L has filed a detailed analysis of alternative resource plans based on KCP&L as a stand-alone company. However, KCP&L also provided additional analysis of resource plans under a KCP&L/GMO joint company scenario in its Update Report. Even though KCP&L stated its belief that “this element of planning – planning that includes a joint company view – is an important element of resource planning for both companies” (Update Report page 71), DE continues to hold the concerns expressed in its comments on KCP&L’s 2013 IRP Annual Update Report (Case No. EO-2013-0537) with KCP&L’s continued adherence to the jointly determined resource acquisition strategy. Moreover,

DE notes that the analysis of resource plans under a joint company approach in its 2014 Update Report appears to provide little added value to this planning exercise due to the fact the joint alternative resource plans appear to be simply a linear addition of corresponding plans for KCP&L and GMO based on the individual stand-alone companies. Thus, the “combined company” resource plans are not truly plans from a joint company viewpoint regarding choosing the preferred resource plan and resource acquisition strategy.

9. Ultimately, DE emphasizes the necessity of an extensive analysis of various options to comply with coming Environmental Protection Agency (“EPA”) regulations in KCP&L’s 2015 triennial IRP filing. The 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 of next steps in the coming months. With the anticipated final action on regulation of coal combustion residues, there are now three major environmental regulations on the near horizon that will likely have significant impacts on both supply-side and demand-side resource planning. In its 2015 triennial IRP filing, KCP&L should collect available information

on those federal 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.

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 21st day of May 2014.

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