

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

In the Matter of Kansas City Power & Light)
Company’s Submission of its 2015 Renewable) File No. EO-2015-0265
Energy Standard Compliance Plan)

MISSOURI DIVISION OF ENERGY’S COMMENTS

The Missouri Department of Economic Development – Division of Energy (DE), pursuant to 4 CSR 240-20.100, respectfully submits the following comments in response to the 2015-2017 Renewable Energy Standard (RES) Compliance Plan of Kansas City Power & Light Company (KCP&L).

1. Pursuant to 4 CSR 240-20.100 (7)(B)1.A., the RES compliance plan shall include “a specific description of the electric utility’s planned actions to comply with the RES.” Combined with the implementation of Section 393.1030.1 RSMo., the solar rebate settlement in Case No. EO-2014-0071, which capped KCP&L’s solar rebate payments at \$36.5 million incurred subsequent to August 31, 2012, has had significant impacts on both near-term RES compliance and long-term solar energy resources development and acquisition. In section 2.1.2, while KCP&L provided a general description and limited levels of data reflecting the impacts of the solar rebate settlement on RES three-year compliance, it was missing the required “specific description” of key information and data such as the accumulated generating capacity, the amount of S-RECs generated from both customers’ solar generators and the amount of S-RECs used for compliance, to be banked and/or sold for each compliance year. In addition, KCP&L provided a list of solar installations that resulted from its SmartGrid project in Table 1. However, historical or

estimated solar energy generation was not provided so that associated S-RECs are not known. KCP&L also indicated the intention to “add 3 MW of solar resources consisting of commercial and industrial rooftop installations owned by KCP&L.” However, estimated solar energy generation along with associated S-RECs was not reported. DE suggests that KCP&L include this kind of key data and information in its initial RES filing so that it may be accessed by all intervenors.

2. While KCP&L provided an updated retail rate impact (RRI) calculation, DE’s concerns over the methodology and validity of the model remain. The updated calculation continues to rely on linear statistical modeling which has not been shown to adequately account for various interrelated variables and constraints. Since those variables and constraints may interact with each other in an apparently non-linear way, an iterative dynamic optimization model is likely needed to reflect several limiting factors over the 10-year planning period. A conceptual model or a simplified flowchart explaining the data sources, assumptions, scenarios and the underlying interrelationships between various variables that interact in the model should be provided as supporting documentation. In addition, KCP&L hasn’t provided any information on the RRI model’s validity. Even though KCP&L’s calculation may appear to meet all provisions required in the Public Service Commission (PSC) rule, it does not equally indicate this model’s validity both statistically and mathematically. Another model based on significantly different methodology and assumptions, while meeting the same PSC rule requirements, would possibly yield different, perhaps even opposite results in some cases. Without a sound process of validating the model by comparing historical data with modeling results, it will be difficult to justify the legitimacy of the model and explain why to

choose one model or methodology over others. DE suggests that KCP&L develop the appropriate method to validate the RRI model under various scenarios and share the process and results with stakeholders.

3. Also, incorporating the Integrated Resource Plan (IRP) results, which are a long-term plan with embedded uncertainties, into the RRI model which is characterized by a forward-looking approach adds significant additional uncertainty and complexity. Similar to analyzing many alternative resource plans in the IRP, DE suggests that KCP&L run the RRI calculation under different scenarios of future renewable energy resource additions and acquisitions and share that analysis with stakeholders.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 5th day of June, 2015.

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