

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

In the Matter of The Empire District)
Electric Company’s Application to)
Discontinue Providing Solar Rebates for its)
Electric Customers in its Missouri Service)
Area)
File No. ET-2023-0197

STAFF’S RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and pursuant to the February 1, 2023 *Order Directing Filing and Setting Time for Responses*, states as follows:

1. On December 13, 2022, The Empire District Electric Company d/b/a Liberty (“Liberty” or the “EDE”) filed its *Application to Discontinue Providing Solar Rebates*. Liberty also requested a waiver of Commission Rule 20 CSR 4240-4.017(1) requiring a minimum of 60 days’ notice prior to filing a new case with the Commission.

2. On December 15, 2022, the Commission ordered Staff to file its *Recommendation* or a *Status Report* no later than January 27, 2023.

3. Staff sent the Liberty data requests on January 3, 2023. Liberty answered Staff’s requests on January 23, 2023.

4. On January 26, 2023, in its *Status Report*, Staff requested to make its recommendation by March 29, 2023. The Commission granted Staff’s request on February 1, 2023.

5. Attached hereto and incorporated herein by reference is *Staff’s Recommendation*. Liberty has met the seven million dollar requirement and is no longer obligated to pay solar rebates to customers in accordance with 393.1670. If the

Commission approves Liberty's request, Staff recommends that it order Liberty to file compliance tariffs and specify its SREC source in its upcoming 2022 RES filing.

Further, Staff recommends the Commission to order Liberty to include a more detailed analysis in its 2022 RES filing of the amount of SRECs Liberty anticipates receiving from its rebate customers through the end of the 10-year period and when it anticipates needing to begin supplementing/replacing these SRECs with SRECs from other sources.

WHEREFORE, Staff respectfully requests that the Commission accept its *Recommendations* and grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

/s/ Eric Vandergriff

Eric Vandergriff
Legal Counsel
Missouri Bar No. 73984
P.O. Box 360
Jefferson City, MO 65102
573-522-9524 (Voice)
573-751-9285 (Fax)
Eric.Vandergriff@psc.mo.gov

Staff Counsel for the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 29th day of March, 2023.

/s/ Eric Vandergriff

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2023-0197, In the Matter of The Empire District Electric Company's Application to Discontinue Providing Solar Rebates for its Electric Customers in its Missouri Service Area

FROM: Amanda Coffey, Engineering Analysis Department

/s/ Amanda Coffey 3/29/2023 /s/ Eric Vandergriff 3/29/2023
Engineering Analysis Unit / Date Staff Counsel's Office / Date

SUBJECT: Staff Recommendation Regarding Empire District Electric Company's Application to Discontinue Providing Solar Rebates

DATE: March 29, 2023

OVERVIEW

On December 13, 2022, Empire District Electric Company ("Liberty" or "EDE") submitted its Solar Rebate Tariff Application (Application), requesting approval to revise its Rider SR, discontinuing the payment of new rebates under Liberty's solar rebate program.

Liberty began providing solar rebates to its customers in May 16, 2012 in Rider SR of its tariff¹ in accordance with RSMo. 393.1030 and 393.1670, which established requirements for electrical corporations to make solar rebates available to customers.

RSMo. 393.1030.3 states in part, "As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890." This requirement further outlined the amounts of rebates from \$2 per watt for systems becoming operational on or before June 30, 2014, decreasing incrementally until June 30, 2020, when the requirement ended.

While the requirement laid out in 393.1030 has ended, there is still a solar rebate requirement in 393.1670. RSMo. 393.1670 states in part, "Notwithstanding the provisions of

¹ Sheet Nos. 23-23h

subdivision (1) of subsection 2 of section 393.1030 and section 393.1045 to the contrary, and subject to the limitations provided for in this section, an electrical corporation shall, commencing* January 1, 2019, make solar rebates available in the amounts specified in this section. For systems becoming operational between January 1, 2019, and June 30, 2019, the solar rebate shall be fifty cents per watt, and for systems that become operational after June 30, 2019, through December 31, 2023, the solar rebate shall be twenty-five cents per watt.”

However there are also some limitations laid out in this requirement, including, but not limited to the following: “Electrical corporations with two hundred thousand or less Missouri retail customers as of August 28, 2018, shall not be obligated to pay solar rebates in any calendar year from 2019 through 2023 in an amount exceeding one million four hundred thousand dollars or in an aggregate amount during those calendar years exceeding seven million dollars.”²

DISCUSSION

As of October 31, 2022, EDE had 161,841 retail electric customers in Missouri.³ According to 393.1670.1(3), this means that EDE is not required to pay solar rebates in any calendar year from 2019 through 2023 in an amount exceeding one million four hundred thousand dollars or in an aggregate amount during those calendar years exceeding seven million dollars. EDE supplied a list of all of its rebates paid since 2019 in a spreadsheet. The data from the provided spreadsheet is summarized below. The total of EDE’s paid rebates since 2019 is over in excess of the seven million dollar aggregate amount by over one million dollars. Therefore, EDE has met the seven million dollar requirement and is no longer obligated to pay solar rebates to customers in accordance with 393.1670.

Year	Rebates Paid
2019	\$ 3,949,710.50
2020	\$ 1,164,531.00
2021	\$ 1,122,319.00
2022	\$ 1,862,603.75
	\$ 8,099,164.25

² RSMo. 393.1670.1(3).

³ Staff Data Request 3.

EDE receives solar renewable energy credits (S-RECs) generated for a period of 10 years in return for the rebates it provides to customers. EDE registers these S-RECs in the North American Renewables Registry (NAR) and utilizes them to comply with the Renewable Energy Standard (RES). The RES requires that a portion of energy produced must come from a renewable source, with a specific portion from solar resources. At the moment, EDE has no owned solar resources that it utilizes for solar RES compliance and relies solely on S-RECs obtained from its rebate customers to meet its solar RES requirement. EDE provided the following projected solar compliance information in its 2022-2024 RES Compliance Plan⁴:

Year	Solar Requirement %	Expected MO Retail Sales (MWh)	Solar Requirement (S-RECs)	Expected Customer Generated S-RECs
2022	0.3%	4,308,795	12,926	44,198
2023	0.3%	4,338,622	13,016	44,198
2024	0.3%	4,365,882	13,098	44,198

EDE’s 2022-2024 RES Compliance Plan indicates that EDE will use customer generated S-RECs for solar compliance. Further, it is clear that the S-RECs that EDE will continue to receive in return for solar rebates paid through 2021 is sufficient to meet the RES requirements through 2024. However, beginning in 2025, the number of S-RECs expected from customer-generators will begin to decline due to the 10-year period for which EDE is allowed to claim the S-RECs from customer-generators who received a solar rebate.

Staff requested information regarding whether EDE had performed any cost-benefit analyses to determine the least-cost option for RES compliance.⁵ In its response, EDE referred to its 2021 RES Plan and stated that it expects to remain in compliance with the RES utilizing the customer facilities currently online through the ten-year period the S-RECs are assigned to the company. The response also stated that the company evaluated the feasibility and economics of constructing and operating additional utility scale solar generation in its 2022 Integrated Resource Plan (IRP)⁶. EDE did state in its 2022 Integrated Resource Plan (IRP)⁷ that the preferred plan calls for investment in solar and storage as the primary medium and long term capacity and energy options, however the preferred plan does not go into detail regarding planned additions that would

⁴ EO-2022-0282, Table 2, page 4.

⁵ Staff Data Request 005.

⁶ EO-2021-0331

specifically support solar RES compliance. Additionally, EDE did state in its RES Plan that the purchase of S-RECs through a broker is currently the least expensive alternative, however there was no evident cost-benefit analysis in either the RES Plan or the IRP to determine the least cost-option for RES compliance. Purchasing S-RECs from its customers through a Commission-approved tariff is also an option that EDE could consider.⁸

As required by 20 CSR 4240-20.100(5), EDE provided its Retail Rate Impact (RRI) calculation with its 2021 RES Plan. The 2022 RRI analysis calculates the retail rate impact for each planning year based on procurement or development of renewable energy resources averaged over the next 10 years. The RES RRI is calculated by subtracting the total retail revenue requirement incorporating non-renewable generation and purchased power portfolio from the total retail revenue requirement and including a RES compliant generation and purchased power portfolio. The RES RRI for 2022-2031 was found to be 1.1%, which is higher than the maximum 1% for prudent costs⁹ of renewable energy resources directly attributable to RES compliance. Exceeding the 10-year RES RRI requires EDE adjust downward its spending on RES compliance activities.¹⁰

CONCLUSION

The total of EDE's paid rebates since 2019 is in excess of the seven million dollar aggregate amount by over one million dollars. Therefore, EDE has met the seven million dollar requirement and is no longer obligated to pay solar rebates to customers in accordance with 393.1670. Additionally, the loss of S-RECs from customer generators is not expected to cause issues with RES compliance within the planning period of EDE's most recent RES Plan (2022-2024), however beginning in 2025, the number of S-RECs expected from customer-generators will begin to decline due to the 10-year period for which EDE is allowed to claim the S-RECs from customer-generators who received a solar rebate and EDE does not have a clear plan, least cost or otherwise to replace the loss of this source of S-RECs.

⁸ 20 CSR 4240-20.100(2)(H).

⁹ A prudence review of the RES compliance costs will occur during a general rate case.

¹⁰ 20 CSR 4240-20.100(5)(D).

Staff recommends the Commission order EDE to file draft compliance tariffs because EDE did not initially file its proposed revisions to the solar rebate tariff. Additionally, Staff recommends the Commission order EDE to address the loss of this S-REC source in its upcoming 2022 RES filing and provide a more detailed analysis of the amount of S-RECs EDE expects to receive from its rebate customers through the end of the 10 year period and when it expects it will need to start supplementing/replacing these S-RECs with S-RECS from other sources.

Staff is not making any recommendations on rate recovery of solar rebates paid in excess of \$7 million at this time and suggests the Commission be clear in any Order it may issue in this case that it is not making any ratemaking determination. Staff will review the RRI calculation provided in EDE's next RES Compliance Plan (due April 15, 2023) and the solar rebate expenditures in the next rate case.

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


In the Matter of The Empire District)	<u>Case No. ET-2023-0197</u>
Electric Company's Application to)	
Discontinue Providing Solar Rebates for its)	
Electric Customers in its Missouri Service)	
Area)	

AFFIDAVIT OF AMANDA COFFER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Amanda Coffe, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

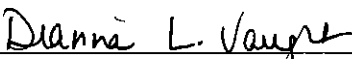
Further the Affiant sayeth not.



Amanda Coffe

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 29th day of March, 2023.



Notary Public

DIANNA L VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires: July 18, 2023 Commission #: 15207377
--