

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 28th day of
October, 2015.

In The Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by The Empire District Electric)
Company in its Next Triennial Compliance)
Filing or Next Annual Update Report)

File No. EO-2016-0040

**ORDER ESTABLISHING SPECIAL CONTEMPORARY RESOURCE
PLANNING ISSUES**

Issue Date: October 28, 2015

Effective Date: November 1, 2015

A provision in the Commission's electric utility resource planning rule, 4 CSR 240-22.080(4), requires Missouri's electric utilities to consider and analyze special contemporary issues in their integrated resource plan (IRP) triennial compliance filings or in their annual IRP update reports. The regulation provides that by September 15 of each year, Staff, Public Counsel, and other interested parties may file suggested issues for consideration. The regulation allows the utilities and other parties until October 1 to file comments regarding the suggested issues. The Commission must then issue an order by November 1 of each year specifying the list of special contemporary issues that each electric utility must address.

The Commission's Staff and the Missouri Department of Economic Development – Division of Energy filed suggested special contemporary issues for The Empire District Electric Company (Empire) to analyze and respond to in its 2016 Triennial IRP filing.

Empire filed responses to those suggestions. The Commission must now determine what special contemporary issues Empire should address.

This is not a contested case. The Commission does not need to hear evidence before reaching a decision and does not need to make findings of fact and conclusions of law in announcing that decision.¹ The Commission's rule gives the Commission broad discretion in determining what issues a utility should be required to address, indicating:

[t]he purpose of the contemporary issues lists is to ensure that evolving regulatory, economic, financial, environmental, energy, technical, or customer issues are adequately addressed by each utility in its electric resource planning. Each special contemporary issues list will identify new and evolving issues but may also include other issues such as unresolved deficiencies or concerns from the preceding triennial compliance filing.²

After considering these factors, the Commission will adopt the list of special contemporary issues set forth in this order. The Commission has chosen these issues because they are of particular interest and importance and should be addressed in Empire's IRP filing. Empire may already plan to address these issues in its triennial IRP filing apart from their designation as special contemporary issues. Or it may believe that it has already adequately addressed some of these issues in a previous IRP filing. If that is so, then it does not need to undertake any additional analysis because of this designation and may simply point the Commission to that analysis in its IRP filing.

THE COMMISSION ORDERS THAT:

1. The Empire District Electric Company shall analyze and document the following special contemporary issues in its 2016 Integrated Resource Plan annual update filing:

¹ *State ex rel. Public Counsel v. Public Service Com'n*, 259 S.W.3d 23, 29 (Mo. App. W.D. 2008)

² 4 CSR 240-22.080(4).

- a. Review the impact of foreseeable emerging energy efficiency technologies throughout the 20-year planning period;
- b. Review the impact of foreseeable emerging energy storage technologies throughout the 20-year planning period;
- c. Analyze and document the future capital and operating costs faced by each Empire coal-fired generating unit in order to comply with the following environmental standards:
 - (1) Clean Air Act New Source Review provisions;
 - (2) 1-hour Sulfur Dioxide National Ambient Air Quality Standard;
 - (3) National Ambient Air Quality Standards for ozone and fine particulate matter;
 - (4) Cross-State Air Pollution Rule, including the anticipated 2016 update to the rule to incorporate interstate transport requirements for the 2008 ozone National Ambient Air Quality Standard;
 - (5) Clean Air Interstate Rule;
 - (6) Mercury and Air Toxics Standards;
 - (7) Clean Water Act Section 316(b) Cooling Water Intake Standards;
 - (8) Clean Water Act Steam Electric Effluent Limitation Guidelines;
 - (9) Coal Combustion Waste rules;
 - (10) Clean Air Act Section 111(d) Greenhouse Gas standards for existing sources;
 - (11) Clean Air Act Regional Haze requirements; and
 - (12) Clean Power Plan.

d. Analyze and document the cost of any transmission grid upgrades or additions needed to address transmission grid reliability, stability, or voltage support impacts that could result from the retirement of any existing Empire coal-fired generating unit in the time period established in the IRP process.

e. Analyze and document the range of potential levels of distributed generation in Empire's service territory for the 20-year planning horizon and the potential impacts of each identified level of distributed generation, and in particular distributed solar generation, on Empire's preferred resource plan. The potential impacts should quantify both the amount of electrical energy the distributed generation is expected to provide to the grid and the amount of electrical energy that the distributed generation customers are expected to consume on site that will offset the amount that the company would normally provide to those customers.

f. Review the options available to Empire for providing customer financing for energy efficiency measures. Discuss Empire's current, near term (next three years) and long-term activities and plans for providing customer financing for energy efficiency measures.

g. Describe how the preferred plan of the Company's last and current annual or triennial Integrated Resource Plans (IRPs) positions the utility for full or partial compliance with the U.S. Environmental Protection Agency's (EPA) Clean Power Plan (CPP) under Section 111(d) of the Clean Air Act, as released in final form on August 3, 2015. Please include in this regard:

(1). An evaluation of how renewable energy, energy efficiency and other demand-side resources (including combined heat and power) deployed by the Company after January 1, 2013 could contribute to compliance;

(2). An evaluation of how renewable energy and energy efficiency and other demand-side resources (including combined heat and power) deployed by the Company after the submission of a final State Implementation Plan could qualify under EPA's proposed Clean Energy Investment Program (CEIP);

(3). A description of additional investments (in fiscal, capacity, and energy terms by year) which will be required by the Company to meet the targets in the CPP under scenarios including: a statewide rate-based or mass-based emissions goal; a "trading-ready" approach; and participation in the CEIP;

(4). The barriers to achieving these additional investments;

(5). The price of carbon used by the Company in the analyses above; and

(6). An indication of the Company's preferences regarding various compliance options under a state implementation plan.

h. Describe any assessment of the value of solar (VOS) performed or used by the Company specifically for its Missouri service territory.

i. Analyze and document the cost of any transmission grid upgrades or additions needed to address transmission grid reliability, stability, or voltage support impacts that could result from the retirement of any existing Empire coal-fired generating unit.

j. Analyze and document cost and performance information sufficient to fairly analyze and compare utility scale wind and solar resources, including distributed generation, to other supply-side alternatives.

k. Analyze the impact of emerging energy efficiency technologies throughout the planning period.

2. This order shall become effective on November 1, 2015.

BY THE COMMISSION



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, and
Rupp, CC., concur;
Coleman, C., absent.

Woodruff, Chief Regulatory Law Judge