

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. EO-2019-0315, Kansas City Power & Light Company's  
Submission of Its 2018 Renewable Energy Standard Compliance Report

**FROM:** Amanda Coffey, Engineering Analysis

/s/ Daniel I. Beck, PE 5/30/2019  
Engineering Analysis / Date

/s/ Jeffrey A. Keevil 5/30/2019  
Staff Counsel's Office / Date

**SUBJECT:** Staff Report and Conclusion on Kansas City Power & Light Company's 2018  
Renewable Energy Standard Compliance Report

**DATE:** May 30, 2019

### SUMMARY

Staff has reviewed the Kansas City Power & Light Company's ("KCPL") filed *2018 Annual Renewable Energy Standard Compliance Report* (Compliance Report), dated April 15, 2019. Based on its review, Staff has not identified any deficiencies.<sup>1</sup>

Regarding KCPL's request for waiver, Staff recommends the Commission grant KCPL a limited waiver from the requirements of Rule 4 CSR 240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, Waverly, Rock Creek, and Pratt wind farms.

Staff has utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by KCPL for its 2018 RES compliance. KCPL has achieved compliance with the RES requirements for the 2018 compliance year.

---

<sup>1</sup> In the previous year, Staff recommended KCPL evaluate the feasibility of creating a separate North American Renewables Registry (NAR) account<sup>1</sup> for Kansas City Power and Light Company (KCPL) and GMO. In the past, KCPL and GMO did not share renewable energy resources so it was clear which RECs were associated with which company; however, the two companies now share several wind resources. This complicates RES reporting and the accounting of NAR fees. Rock Creek and Pratt wind farms are now entered in the tracking system separately; however, other shared resources are not.

## **OVERVIEW**

On April 15, 2019, KCPL filed its RES Compliance Report for calendar year 2018 (Case No. EO-2019-0315). The Compliance Report was filed in accordance with 4 CSR 240-20.100(8), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. This rule states, in part, “Each electric utility shall file a RES compliance report no later than April 15 to report on the status of both its compliance with the RES and its compliance plan as described in this section for the most recently completed calendar year.” Subparagraphs 4 CSR 240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine KCPL’s Compliance Report and file a report within forty-five (45) days of the filing.

## **DISCUSSION**

Staff has reviewed KCPL’s Compliance Report in accordance with the established requirements to verify the Compliance Report contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through P. identified and quoted.

### **A. “Total retail electric sales for the utility, as defined by this rule;”**

KCPL provided the total retail electric sales for 2018 expressed as total kilowatt-hours (kWh) sold to KCPL Missouri consumers (8,675,389,520 kWh<sup>2</sup>), consistent with the Missouri Jurisdictional 2018 FERC Form 1 filed with the Commission on May 15, 2019.

---

<sup>2</sup> Missouri jurisdictional FERC Form 1, Page 301 listed 8,675,389 MWh.

**B. “Total jurisdictional revenue from the total retail electric sales to Missouri customers as measured at the customers’ meters;”**

KCPL provided the total retail electric sales for 2018 expressed as annual operating revenues (dollars) from KCPL Missouri consumers (\$931,128,044<sup>3</sup>). This amount is consistent with the amount listed on the Missouri Jurisdictional 2018 FERC Form 1 filed with the Commission on May 15, 2019.

**C. “Total retail electric sales supplied by renewable energy resources, as defined by section 393.1025(5), RSMo, including the source of the energy;”**

KCPL provided the 2018 total retail sales by renewable resource based on its energy allocation presumption.

KCPL utilized three (3) company-owned renewable energy generating facilities during 2018; Spearville 1, Spearville 2, and Solar Aggregate 1.<sup>4</sup> KCPL also has seven (7) operational purchase power agreements (“PPA”), with Cimarron Windpower II (“Cimarron”), Spearville 3, LLC (“Spearville 3”), Slate Creek Wind (“Slate Creek”), Waverly Wind Farm (“Waverly”), Osborn Wind Energy (“Osborn”), Rock Creek Wind (“Rock Creek”), and Pratt Wind, LLC (“Pratt”). Additionally, KCPL provided the retail sales provided by customer-generators.

KCPL has one NAR account established which it utilizes for KCPL-MO, KCPL-KS, and KCPL-GMO. Once RECs are created the RECs are allocated by KCPL into subaccounts for each jurisdiction. To verify that RECs are being allocated as intended between the jurisdictions Staff reviews the total retail sales reported and compares the information with RECs tracked in KCPL’s Missouri NAR subaccount. At the time of KCPL’s filing, the allocation of RECs into the NAR subaccount for Slate Creek Wind

---

<sup>3</sup> The sum of Line 9 - Gross Receipts Tax Removal, Line 10 – Total Sales to Ultimate Customers, and Line 13 – Provision for Rate Refunds from FERC Form 1, Page 300.

<sup>4</sup> Solar Aggregate 1 represents KCPL’s small owned solar generation located in Missouri, which qualifies for the 1.25 credit multiplier per RSMo 393.1030.1; 4 CSR 240-20.100(3)(G).

was incorrect but has since been corrected<sup>5</sup>. Additionally, KCPL did not provide the retail sales provided by Pratt wind farm in 2018, \*\* \_\_\_\_\_ \*\*.

	2018 (MWh) reported	NAR Project Account Holder
Spearville 1	127,463	Kansas City Power Light
Spearville 2	86,673	Kansas City Power Light
Solar Aggregate 1	188	Kansas City Power Light
Spearville 3	228,713	Kansas City Power Light
Cimarron II	312,593	Duke Energy Generations Services, Inc.
Slate Creek Wind	345,110	Kansas City Power Light
Waverly	445,485	Kansas City Power Light
Osborn	244,397	Kansas City Power Light
Rock Creek	368,225	Rock Creek Wind Project LLC
Customer-generators	24,693 <sup>6</sup>	Kansas City Power Light

**D. “The number of RECs and S-RECs created by electrical energy produced by renewable energy resources owned by the electric utility. For the electrical energy produced by these utility-owned renewable energy resources, the value of the energy created. For the RECs and S-RECs, a calculated REC or S-REC value for each source and each category of REC;”**

KCPL reported the number of RECs and S-RECs produced in 2018 and the value of energy created for each company-owned facility.

---

<sup>5</sup> See DR 0002

<sup>6</sup> Staff was unable to confirm the number of S-RECs reported to be generated in 2018

Facility	Number of RECs	Compliance Equivalency for In-State <sup>7</sup>	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville 1	127,463	n/a	1,844,893	0
Spearville 2	86,673	n/a	1,254,500	0
Solar Aggregate 1	188	235	5,425	0

KCPL reports no value to its owned resources, however, Staff believes there is a value to the RECs and S-RECs created by KCPL's owned generation though that value is not transparent. \*\* \_\_\_\_\_

\_\_\_\_\_  
 \*\*<sup>8</sup>

**E. "The number of RECs acquired, sold, transferred, or retired by the utility during the calendar year;"**

KCPL provided the information regarding the number of RECs acquired and retired during the calendar year. The following table represents the number of RECs acquired and retired during the calendar year:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired <sup>9</sup>	2,158,659 (2,219,758)	24,881 (31,101)
Retired	850,188 (n/a)	13,881 <sup>10</sup> (17,351)

<sup>7</sup> Renewable resources located in Missouri, qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G).

<sup>8</sup> Response to Staff Data Request \*2018 vintage\* EO-2019-0315 Staff Data Request 1; EO-2019-0317 Staff Data Request 4

<sup>9</sup> Includes company-owned resources.

<sup>10</sup> GMO originally retired too many S-RECs in 2017 for 2017 compliance. 1,297 S-RECs (1,621.25 MO equivalent) were re-designated for the 2018 compliance year. The tracking system re-designation changed the retirement date from December 19, 2017 to April 4, 2018.

KCPL has not reported the sale or transfer of RECs during calendar year 2018.

KCPL retired 2015 and 2016 vintage wind RECs from Cimarron II, Spearville 1, Spearville 2, and Spearville 3. Staff verified that KCPL retired 850,188 non-solar RECs to meet the non-solar requirement.<sup>11</sup> KCPL also retired 17,351 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement.<sup>12</sup>

These RECs were registered and retired in the North American Renewables Registry (NAR) utilized for compliance purposes.<sup>13</sup> In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.<sup>14</sup>

**F. “The source of all RECs acquired during the calendar year;”**

KCPL provided a resource list as Attachment A and Attachment B of the Compliance Report.

**G. “The identification, by source and serial number, or some other identifier sufficient to establish the vintage and source of the REC, of any RECs that have been carried forward to a future calendar year;”**

KCPL provided a listing, by source and serial number, of RECs that are being carried forward for future year(s) as Attachment C of the Compliance Report.

---

<sup>11</sup> Pursuant to 4 CSR 240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating five percent (10%) of KCPL’s total retail sales, less the solar requirement.

<sup>12</sup> Pursuant to 4 CSR 240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating two-tenths percent (0.2%) of KCPL’s total retail sales.

<sup>13</sup> <http://narecs.com/>.

<sup>14</sup> Qualified facility per 393.1025(5), RSMo and 4 CSR 240-20.100(1)(K); Banked RECs per 393.1030.2, RSMo and 4 CSR 240-20.100(1)(J).

**H. “An explanation of how any gains or losses from sale or purchase of RECs for the calendar year have been accounted for in any rate adjustment mechanism that was in effect for the utility;”**

There were no sales or purchases of RECs except RECs bundled with purchased power.

**I. “For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility, except for systems owned by customer-generators, the following information for each resource that has a rated capacity of ten (10) kW or greater: ”**

**“(I) Facility name, location (city, state), and owner;”**

KCPL provided a resource list as Attachment A of the Compliance Report, which includes the name, location and owner of the facilities. Attachment A includes company-owned resources.

**“(II) That the energy was derived from an eligible renewable energy technology and that the renewable attributes of the energy have not been used to meet the requirements of any other local or state mandate;”**

Affidavits from Cimarron and Waverly were included in Attachment E. KCPL notes that the Generator Owners for Osborn, Spearville 3 and Slate Creek have designated KCPL as the Responsible Party in NAR, this represents that the generator owner has not granted similar authority to another person or entity in NAR or any other similar registry. Additionally, KCPL previously provided the Responsible Party designation forms in response to Staff Data Request No. 0003 in EO-2016-0280.

**“(III) The renewable energy technology utilized at the facility;”**

The renewable energy technology was provided in Attachment A of the Compliance Report.

**“(IV) The dates and amounts of all payments from the electric utility to the owner of the facility; and”**

The dates and amounts for the payments to Spearville 3, Cimarron, Waverly, Slate Creek, Osborn, Rock Creek, and Pratt were provided in Attachment D.

**“(V) All meter readings used for the calculation of the payments referenced in part (IV) of the paragraph;”**

The required meter readings were not provided in the Compliance Report. KCPL requested a limited waiver from this rule requirement (4 CSR 240-20.100(8)(A)1.I.(V)) for purchased RECs stating the meter reading information is not provided by the vendors from which KCPL purchases RECs.

The purpose of this subparagraph is to demonstrate the validity of RECs and/or S-RECs obtained from sources that are not owned by the electric utility. Generation of renewable energy at company-owned resources is typically monitored by revenue quality meters and/or reported through an independent system operator. Resources in which this subparagraph applies to are not necessarily monitored by the utility that seeks to retire the associated RECs for compliance purposes. This subparagraph compensates for the lack of utility ownership/control of the renewable energy resource.

The RECs associated with energy purchased from Spearville 3, Cimarron, Slate Creek, Osborn, Rock Creek, Waverly, and Pratt are registered in NAR. A Qualified Reporting Entity (QRE) is defined in NAR’s Operating Procedures as “an entity reporting meter reading and other generation data to the NAR Administrator.” \*\*

---

\*\*



Since KCPL is subject to a renewable energy standard, to qualify as a QRE in NAR it must be able to demonstrate that there is an independent group responsible for reporting separate from the group which is engaged in marketing functions or REC retirement under the principles defined by the FERC's Independent Functioning and No Conduit Rules.<sup>15</sup> \*\*

<sup>16</sup> \*\* KCPL has provided the invoices supporting the dates and payments listed in Attachment D which includes the monthly generation.

Based on its review of the information provided by KCPL and other sources, Staff recommends the Commission grant KCPL a limited waiver from the requirements of Rule 4 CSR 240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, Rock Creek, Waverly, and Pratt.

**J. “For acquisition of electrical energy and/or RECs from a customer-generator”**

**“(I) Location (zip code);”**

**“(II) Name of aggregated subaccount in which RECs are being tracked in;”**

**“(III) Interconnection date;”**

**“(IV) Annual estimated or measured generation; and”**

**“(V) The start and end date of any estimated or measured RECs being acquired;”**

The required information was provided in Attachment B of the Compliance report.

---

<sup>15</sup> NAR Requirements for Qualified Reporting Entities.

<sup>16</sup> Response to Staff Data Request No. 0004 in EO-2014-0289.

**K. “The total number of customers that applied and received a solar rebate in accordance with section (4) of this rule;”**

KCPL states it paid 52 solar rebates during calendar year 2018. KCPL did not report rebates associated with Senate Bill 564.<sup>17</sup>

**L. “The total number of customers that were denied a solar rebate and the reason(s) for denial;”**

KCPL states that 65 customers were denied a rebate during calendar year 2018 because funding commitments reached the specified level in Case No. ET-2014-0071.

**M. “The amount expended by the electric utility for solar rebates, including the price and terms of future S-REC contracts associated with the facilities that qualified for the solar rebates;”**

KCPL reported that it paid \$207,108 in solar rebates for calendar year 2018. Staff reserves the right to comment on the prudence of solar rebate expenditures when rate recovery is requested.

**N. “An affidavit documenting the electric utility’s compliance with the RES compliance plan as described in this section during the calendar year;”**

KCPL filed a signed Affidavit with the Compliance Report.

**O. “If compliance was not achieved, an explanation why the electric utility failed to meet the RES; and”**

KCPL provided a statement that it believes it has achieved compliance with the RES. Additionally, KCPL retired the appropriate number of RECs to meet the RES solar and non-solar requirements.

---

<sup>17</sup> 393.1670 RSMo,

**P. “A calculation of its actual calendar year retail rate impact.”**

KCPL included its actual calendar year retail rate impact, 0.104%, on Page 10 of the Compliance Report.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light )  
Company's Submission of its 2018 Renewable ) Case No. EO-2019-0315  
Energy Standard Compliance Report )

**AFFIDAVIT OF AMANDA COFFER**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW AMANDA COFFER** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - 2018 RES Compliance Report*, in memorandum form; and that the same is true and correct according to her best knowledge and belief.

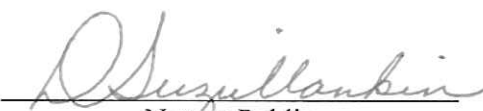
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**AMANDA COFFER**

**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 30<sup>th</sup> day of May 2019.



  
\_\_\_\_\_  
Notary Public