

## MEMORANDUM

**TO:** Missouri Public Service Commission Case File  
Case No. EO-2020-0330, Evergy Missouri West's Submission of Its  
2019 Renewable Energy Standard Compliance Report

**FROM:** Claire M. Eubanks, PE, Manager, Engineering Analysis

/s/ Natelle Dietrich / 6-12-20                      /s/ Travis Pringle / 6-12-20  
Industry Analysis / Date                      Staff Counsel's Office / Date

**SUBJECT:** Staff Report on Evergy Missouri West's 2019 Renewable Energy Standard  
Compliance Report

**DATE:** June 12, 2020

### SUMMARY

Staff has reviewed Evergy Missouri West, Inc. d/b/a Evergy Missouri West's ("Evergy Missouri West" or "Company") *2019 Annual Renewable Energy Standard Compliance Report* ("Compliance Report") originally filed on April 15, 2020 and revised on May 26, 2020.<sup>1</sup> Concurrent with its April 15, 2020 filing, the Company requested a waiver from 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from certain wind PPAs.

Based on its review, Staff has found that the Company has not achieved compliance with the RES requirements for the 2019 compliance year due to retirement of RECs<sup>2</sup> outside of the time period allowed by 20 CSR 4240-20.100(3)(J).<sup>3</sup> The Company requested a variance from this rule

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<sup>1</sup> Evergy Missouri West filed an errata on May 29, 2020.

<sup>2</sup> The North American Renewables Registry defines Retire, Retirement of Certificates, or Retirement as "[a]n action taken to remove a Certificate from circulation within the NAR system. Retirement may be initiated only by the Account Holder for Certificates in his/her own Accounts. Retirement is effectuated by transferring Certificates into a Retirement Sub-account or a Retirement Group Subaccount."

<sup>3</sup> "Electric utilities may retire RECs from January 1 through April 15 of the following year, following the calendar year for which compliance is being sought and designate those retired RECs as counting towards the requirements of that previous calendar year. Any RECs retired in this manner shall be specifically annotated in the registry designated in accordance with subsection (F) of this section and the annual compliance report filed in accordance with section (7) of this rule. RECs retired from January 1 through April 15 of the following year, to be counted towards compliance for the previous calendar year in accordance with this subsection shall not exceed ten percent (10%) of the total RECs necessary to be retired for compliance for that calendar year."

on April 24, 2020 explaining that due to an administrative error REC's were retired in January 2020,<sup>4</sup> rather than by December 31, 2019.

The retirement of 100% of its 2019 compliance year REC's in 2020 resulted in the Company retiring \*\* \_\_\_\_\_ \*\*<sup>5</sup> which were expired for the 2019 compliance year. Rule 20 CSR 4240-20.100(1)(M) states in part: "A REC expires three (3) years from the date the electricity associated with that REC was generated" and 20 CSR 4240-20.100(3)(B) states in part: "REC's and S-REC's may be used to comply with the RES portfolio requirements of this rule for a calendar year in which it expired so long as it was valid at any time in that year." These REC's would not have been considered expired if they were retired on or before December 31, 2019.

The Company further explained the cause of the administrative error in response to Staff Data Request 4. The error was the result of a change in personnel that occurred near the time of retirement who missed the need to retire the majority of REC's for the compliance year prior to year-end. The Company indicated that future REC retirements will be scheduled at the department level rather than by the individual. Because the Company has proposed a remedy for preventing this type of error in the future, Staff recommends the Commission grant the Company a waiver from the requirements of Rule 20 CSR 4240-20.100(3)(J) and expand the waiver to cover 20 CSR 4240-20.100(3)(B) as well for compliance year 2019.

At this time, Staff does not recommend the Commission grant the Company a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V), requested on April 15, 2020, to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Gray County, Ensign, Osborn, Prairie Queen, Pratt, and Rock Creek wind farms. As noted in its filing, the Company does not have access to the invoices as access to the building is limited due to COVID-19 restrictions. Further, Staff requested additional information regarding its waiver request in Data Request 2 which was not fully responded to due

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<sup>4</sup> NAR System shows 100% of 2019 compliance year RES retirements were made on \*\* \_\_\_\_\_ . \*\*

<sup>5</sup> \*\* \_\_\_\_\_ \*\* were January 2016 Vintage (i.e. REC's associated with renewable electricity generated in January 2016)

to access limitations. Staff will provide a recommendation after the Company provides the invoices and the information requested in Data Request 2.

Staff utilized the tracking system, NAR, to independently verify the retirement of the RECs and S-RECs by the Company for its 2019 RES compliance.

### **OVERVIEW**

On April 15, 2020, Evergy Missouri West filed its Compliance Report for calendar year 2019, in accordance with 20 CSR 4240-20.100(8). 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.” On May 26, 2020, Evergy Missouri West filed a Revised Compliance Report correcting several inadvertent errors. Staff requested additional time to file its recommendation, which the Commission granted on May 29, 2020.

Subparagraphs 20 CSR 4240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 20 CSR 4240-20.100(8)(D) requires that Staff examine the Company’s Compliance Report and file a report within forty-five (45) days of the filing.

### **DISCUSSION**

Staff reviewed the Company’s Compliance Report in accordance with the established rules to verify it contains the information required. 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;”**

The Company provided the total retail electric sales for 2019 sold to Missouri customers (8,133,618,691 kWh),<sup>6</sup> which is generally consistent with the Missouri jurisdictional 2019 FERC Form 1 filed with the Commission on May 15, 2020.<sup>7</sup>

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

The Company provided the total retail electric sales for 2019, expressed as annual operating revenues (dollars) from Missouri consumers, at \$789,533,330.<sup>8</sup>

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

The Company utilized nine renewable energy generating facilities as defined by 393.1025(5), RSMo during 2019. Generation for each facility is shown in the table on the following page:

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<sup>6</sup> Evergy Missouri West reported the total retail electric sales expressed as total kilowatt-hours, rather than megawatt-hours as required per rule.

<sup>7</sup> Evergy Missouri West reported 8,133,619 MWh on its Missouri jurisdictional FERC Form 1 (Line 10, page 301).

<sup>8</sup> Page 300 of FERC Form 1, Line 10 (Total Sales to Ultimate Customers) minus Line 13 (Provision for Rate Refunds)

<b>Facility</b>	<b>(MWH)</b>
Gray County Wind	206,406
Ensign Wind	421,899
Osborn Wind	283,383
Prairie Queen	154,295
Pratt	571,119
Rock Creek Wind	450,107
St. Joseph Landfill Gas	6,294
Greenwood Solar	4,545
Customer-generators <sup>9</sup>	15,461
<b>Total</b>	<b>1,603,346</b>

The utilities aggregate and report the number of S-RECs generated by customer generators to the tracking system for future retirements. Staff was unable to verify the number of S-RECs acquired from customer-generators because the Company has not registered these S-RECs in NAR. The Company intended to register these S-RECs in May 2020, but as of June 2, 2020 these S-RECs have not been registered.<sup>10</sup> This is the second year in a row that the Company has not registered S-RECs into the tracking system prior to the RES Compliance Report due date. In its previous RES Compliance Report, the Company reported 25,729 S-RECs acquired from solar rebates with a vintage of 2018, however, the Company registered \*\* \_\_\_\_\_ \*\* in the tracking system.

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<sup>9</sup> Staff was unable to confirm that the number of S-RECs reported to be generated from customer-generators in 2019 matches the S-RECs registered in NAR because they are not yet tracked in NAR.

<sup>10</sup> Response to Staff Data Request 3.

- 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;”**

The Company reported the following information:

Facility	Number of RECs	Value of Energy	Value of RECs (\$/REC)
St. Joseph Landfill Gas	6,294	\$135,681	0
Greenwood Solar	4,545	\$124,505	0

The Company reported that the St. Joseph Landfill Generating Station generated 6,294 MWh in 2019 and the value of the energy was \$135,681. Greenwood Solar generated 4,545 MWh and the value of energy was \$124,505.

The Company reports no value to RECs generated from its owned resources; however, Staff believes there is a value to the RECs created by the Company’s owned generation though that value is not transparent. \*\*

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<sup>11</sup> Response to Staff Data Request EO-2019-0318 Staff Data Request 6; \*Assumed value based on 2019 vintage S-RECs\*

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

The Company provided the following information regarding the number of RECs acquired and retired during the calendar year:

	<b>Number of RECs (Compliance Equivalency)</b>	<b>Number of S-RECs (Compliance Equivalency)</b>
Acquired <sup>12,13</sup>	2,088,209 (2,271,831.5)	15,461 (5,681.25)
Sold	0	0
Transferred	0	0
Retired	715,025 (797,095)	13,014 (16,267)

The Company acquired RECs through PPAs with Gray County Wind, Ensign Wind, Prairie Queen Wind, Pratt Wind, Osborn Wind, and Rock Creek Wind; and S-RECs through its customer-generators during 2019.

The Company has not sold or transferred RECs or S-RECs during the calendar year.

Staff verified that the Company retired 715,025 RECs (MO equivalency of 797,095) to meet the non-solar requirement of 797,095 RECs. These RECs were registered and retired in the NAR utilized for compliance purposes.<sup>14</sup> Additional details regarding the

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<sup>12</sup> Reported in Errata filed on May 29, 2020.

<sup>13</sup> Staff was unable to verify the number of S-RECs acquired from customer-generators because the Company has not registered these S-RECs in NAR. The Company intended to register these S-RECs in May 2020, but as of June 2, 2020 these S-RECs have not been registered.

<sup>14</sup> <http://narecs.com/>.

source and amount of RECs retired for 2019 compliance are presented on the following page:

<b>Resource</b>	<b>RECs</b>	<b>Missouri Equivalent RECs</b>	<b>Vintage (Year)</b>
Ensign	** ____ **	** ____ **	** ____ **
Gray County	** ____ **	** ____ **	** ____ **
Osborn	** ____ **	** ____ **	** ____ **
Rock Creek	** ____ **	** ____ **	** ____ **
Total	715,025	797,095	** ____ **

Staff verified the Company retired 12,835 S-RECs (16,267.75 MO equivalent) from customer-generators and Greenwood Solar to meet the solar requirement of at least 16,267 S-RECs. These S-RECs were registered and retired in the NAR utilized for compliance purposes.<sup>15</sup> Additional details regarding the source and amount of S-RECs retired for 2019 compliance is presented below:

<b>Resource</b>	<b>RECs</b>	<b>Missouri Equivalent RECs</b>	<b>Vintage (Year)</b>
Customer-Generators	** ____ **	** ____ **	** ____ **
Greenwood Solar	** ____ **	** ____ **	** ____ **
Total:	13,014	16,267.50	** ____ **

<sup>15</sup> <http://narecs.com/>.



On April 24, 2020, the Company requested a variance from Rule 20 CSR 4240-20.100(3)(J) which allows the electric utilities to retire no more than 10% of their compliance obligations between January 1 through April 15 of the following year.

The Company explained that due to an administrative error RECs were retired in January 2020, rather than by December 31, 2019. The NAR tracking system shows 100% of 2019 compliance year RES retirements were made on \*\* \_\_\_\_\_.\*\* The Company explained this error was the result of a change in personnel that occurred near the time of retirement who missed the need to retire the majority of RECs for the compliance year prior to year-end. The Company states this specific task will be included in future department schedules independent of individual schedules.

The retirement of 100% of its 2019 compliance year RECs in 2020 resulted in the Company retiring \*\* \_\_\_\_\_ \*\*<sup>16</sup> which were expired for the 2019 compliance year. These RECs would not have been considered expired if they were retired on or before December 31, 2019.

Staff has found that the Company has not achieved compliance with the RES requirements for the 2019 compliance year due to retirement of RECs outside of the time period allowed by 20 CSR 4240-20.100(3)(J). However, because the Company has proposed a remedy for preventing this type of error in the future, Staff recommends the Commission grant the Company's variance request regarding the retirement outside the timeframe allowed under 20 CSR 4240-20.100(3)(J) and expand the waiver to cover 20 CSR 4240-20.100(3)(B) as well.<sup>17</sup>

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<sup>16</sup> \*\* \_\_\_\_\_ \*\* were January 2016 Vintage (i.e. RECs associated with renewable electricity generated in January 2016)

<sup>17</sup> 20 CSR 4240-20.100(1)(M) states in part: "A REC expires three (3) years from the date the electricity associated with that REC was generated"

20 CSR 4240-20.100(3)(B) states in part: "RECs and S-RECs may be used to comply with the RES portfolio requirements of this rule for a calendar year in which it expired so long as it was valid at any time in that year."

20 CSR 4240-20.100(3)(J) states in part: "For compliance purposes, electric utilities shall retire RECs in sufficient quantities to meet the RES portfolio requirements of this rule. The RECs shall be retired during the calendar year for which compliance is sought. Electric utilities may retire RECs from January 1 through April 15 of the following year, following the calendar year

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

The Company provided a resource list as Attachment A and B of the Compliance Report, which reflects the source of RECs acquired in 2019.

**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;”**

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

**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 those bundled with purchased power or as a condition of receiving solar rebates.

**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;”**

The Company provided a resource list as Attachment A to the Compliance Report, which includes the names, locations, and owners of the facilities.

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for which compliance is being sought and designate those retired RECs as counting towards the requirements of that previous calendar year.”

20 CSR 4240-20.100 (1)(A) defines calendar year: “Calendar year means a period of three hundred sixty-five (365) days (or three hundred sixty-six (366) days for leap years) that includes January 1 of the year and all subsequent days through and including December 31 of the same year”

**“(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;”**

The Generator Owners for Ensign Wind and Gray County Wind have designated KCP&L Greater Missouri Operations as the Responsible Party<sup>18</sup> in NAR. The Generator Owners for Osborn Wind have designated Kansas City Power and Light Company<sup>19</sup> as the Responsible Party in NAR which means the generator owner has not granted similar authority to another person or entity in NAR or any similar registry. Rock Creek Wind, Prairie Queen Wind, and Pratt Wind are registered in NAR to their respective owners.<sup>20</sup>

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

The renewable energy technology was provided as a part of the resource list in Attachment A to 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 Gray County Wind, Ensign Wind, Prairie Queen Wind, Pratt Wind, Osborn Wind, and Rock Creek were not provided in the Company's Compliance Report. As stated in its filing, the Company was unable to provide the information at this time due to the COVID access restrictions. The Company will file when available.

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

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<sup>18</sup> Responsible Party as defined in NAR Operating Procedures is “[a]n Account Holder who has been assigned the Registration Rights for a given Asset. This gives the designated Account Holder *full and sole* management and authority over the transactions and activities related to the Asset within NAR.”

<sup>19</sup> Evergy Missouri West and Evergy Missouri Metro have not changed their names within the NAR database.

<sup>20</sup> <https://apx.com/registries/nar-1/public-records-and-reports/>

The required meter readings for Gray County Wind, Ensign Wind, Prairie Queen Wind, Pratt Wind, Osborn Wind, and Rock Creek were not provided in the Compliance Report. In Case EO-2017-0270, the Company requested and was granted a limited waiver of this requirement.<sup>21</sup> Staff recommended that in lieu of meter readings, the Company should provide invoices or another reasonable substitute for energy purchases from its wind PPAs.\*\*

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\*\*\*<sup>22</sup> Evergy Missouri West was unable to provide the invoices supporting the dates and payments due to the quarantine. Evergy Missouri West plans to provide the invoices within a reasonable amount of time after access is restored.

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 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 Gray County, Ensign, Osborn, Prairie Queen, Pratt, and Rock Creek wind farms 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."

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To qualify as a QRE in NAR, entities that are subject to a renewable energy standard 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

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<sup>21</sup> Rule 20 CSR 4240-20.100(8)(A)1.I.(V).

<sup>22</sup> Response to Staff Data Request No. 0004 in EO-2014-0289.

under the principles defined by the FERC's Independent Functioning and No Conduit Rules.<sup>23</sup>

At this time, Staff does not recommend the Commission grant the Company a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Gray County, Ensign, Osborn, Prairie Queen, Pratt, and Rock Creek wind farms. As noted in its filing, the Company does not have access to the invoices as access to the building is limited due to COVID-19 restrictions. Further, Staff requested additional information regarding its waiver request in Data Request 2 which was not fully responded to due to access limitations. Staff will provide an additional recommendation after the Company provides the invoices and the information requested in Data Request 2.

**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 to the Compliance Report

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

The Company states that 615 solar rebates were applied for or received during the 2019 calendar year. These solar rebates are associated with Senate Bill 564.<sup>24</sup>

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<sup>23</sup> NAR Requirements for Qualified Reporting Entities.

<sup>24</sup> § 393.1670 RSMo

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

The Company stated that no customers were denied a solar rebate.

**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;”**

The Company stated it spent \$4,913,601 on solar rebates in 2019. 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;”**

The Company 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”**

The Company provided a statement that it believes it has achieved compliance with the RES. Based on its review, Staff has found that the Company has not achieved compliance with the RES requirements for the 2019 compliance year due to retirement of RECs outside of the timeframe allowed; however, as stated above, if the Commission grants Evergy Missouri West the requested waiver of 20 CSR 4240-20.100(3)(J) and 20 CSR 4240-20.100(3)(B), which Staff recommends, non-compliance will be resolved.

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

The Company listed a value of 0.776% for the 2019 actual calendar year retail rate impact.

### **CONCLUSION**

Staff recommends the Commission grant the Company a waiver from the requirements of Rule 20 CSR 4240-20.100(3)(J) and expand the waiver to cover 20 CSR 4240-20.100(3)(B) as well for compliance year 2019.

Staff does not recommend the Commission grant the Company a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V), requested on April 15, 2020, to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from its wind PPAs. Staff will provide an additional recommendation after the Company provides the invoices and the information requested in Data Request 2.

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

In the Matter of Evergy Missouri West, Inc.	)	
d/b/a Evergy Missouri West's Submission of	)	Case No. EO-2020-0330
Its 2019 Renewable Energy Standard	)	
Compliance Report	)	

**AFFIDAVIT OF CLAIRE M. EUBANKS, PE**

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

**COMES NOW** Claire M. Eubanks, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report* in memorandum form; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Claire M. Eubanks, PE  
Claire Eubanks