BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Establishment of a Working Case for the Review and Consideration of Amending the Commission's Rule on Electric Utility Renewable Energy Standard Requirement	))))	File No. EW-2020-0377

EVERGY METRO, INC. AND EVERGY MISSOURI WEST, INC.
RESPONSES TO ORDER REQUESTING COMMENTS

COMES NOW Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") (collectively, the "Company"),[1] and as requested by the Commission's May 28, 2020 *Order Opening a Working Case for Review and Consideration of Amending the Commission's Rule on Electric Utility Renewable Energy Standard Requirement*, provides the following comments in response to several problem issues and proposed solutions related to the Renewable Energy Standard rule that were identified and submitted by the Missouri Public Service Commission Staff ("Staff") on May 20, 2020.

The Company appreciates the opportunity to respond to Staff's identified issues and proposed solutions, and submits its responses below:

RESPONSE TO STAFF

Issue A:

Staff states that the Fuel Adjustment Clause ("FAC") rule was modified, effective August 2019, to include clarification that revenue related to renewable energy certificates ("RECs") are to be included in Fuel-related revenues, whenever not included in a Renewable Rate Adjustment

[1] Effective October 7, 2019, Evergy Metro Inc. d/b/a Evergy Missouri Metro adopted the service territory and tariffs of Kansas City Power & Light Company ("KCP&L") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West adopted the service territory and tariffs of KCP&L Greater Missouri Operations Company ("GMO").

Mechanism ("RESRAM"). The RESRAM portion of the Renewable Energy Standard ("RES") rule does not have the same clarity. Staff makes two recommendations related to this issue.

First, Staff proposes to (i) include language in the Renewable Energy Standard RES rule which clarifies that REC revenue should be returned to customers through an approved RESRAM. The Company has concerns with this recommendation. First, while the FAC rule states that revenue related to RECs are to be included in fuel-related revenues when not included in the RESRAM, neither the FAC or the RESRAM statute direct that REC revenue must be returned through an approved RESRAM. In fact, Evergy Missouri Metro does not even have a RESRAM in effect; only Evergy Missouri West utilizes the RESRAM mechanism. Furthermore, the RESRAM is there to recover costs related to RES compliance, and not all REC sales are directly related to RES compliance. If Evergy Missouri Metro were to ever sell RECs unassociated with RES compliance, it would not be an effective use of resources to establish a RESRAM just to provide this credit back to retail customers when it can easily and efficiently be credited back to retail customers through the already established FAC.

Second, Staff recommends (ii) adding an annual reporting requirement to provide the number of RECs nearing expiration (define nearing expiration as within the next compliance year), and documentation that the utility has evaluated the value of selling RECs, such as, a cost-benefit analysis, proof of solicited sale, or other steps undertaken. The Company has no concerns regarding the addition of an annual reporting requirement to provide the number of RECs nearing expiration. However, the Company does have concerns related to the requirement for documentation that the utility has evaluated the value of selling RECs, such as, a cost-benefit analysis, proof of solicited sale, or other steps undertaken. As the Commission is aware, this was a contested issue in the consolidated case docket EO-2019-0067 related to the Company's FAC

prudence audit. In that docket Staff asserted that KCP&L (now Evergy Missouri Metro) was in violation of its Rider FAC tariff because it did not attempt to sell the RECs remaining after RES compliance. The Company provided significant testimony on the issue against a Staff's attempt to have the Commission impose a compulsory REC sales program on the Company which would have transformed the RES into a cap on the environmental attributes of renewable energy which a utility could claim. In its November 6, 2019 Order[2], the Commission found that the Company was not imprudent in not taking any action to sell (generate revenues from) RECs which it did not need to satisfy its RES requirement, and its practice allowing those RECs to expire after evaluation of their value was not a detriment to its customers. Requiring documentation such as proof of solicited sales is contrary to the guidance issued by the Commission in the EO-2019-0067 Order.

As an alternative to Staff's proposal, the Company is willing to estimate the value of the RECs based on discussions with REC brokers on current values.

Issue B:

Staff reported that the variation in utility-reported value of RECs is significant ($0 to approximately $58 per REC or S-REC for 2019). Staff proposes to replace the existing requirement regarding the calculation of REC value with a requirement the electric utilities report a market-based value of RECs, by vintage and fuel source. Staff would also modify the penalty

[2] The Commission finds that while KCPL's tariff stated how revenues from sold RECs would figure into a Fuel Adjustment Rider ("FAR") calculation, KCPL's tariff did not mandate the sale of GMO'S RECs and KCPL did not violate its tariff in not selling the RECs.

The Commission finds that when made, KCPL's decision not to sell the 722,628 RECs was not imprudent in light of the circumstances then existing and considered, to wit: KCPL's consideration of its customers' wishes to retain their energy's environmental attributes; KCPL's consideration that selling the RECs would reduce from 25.15% to 19.39% the percentage of power customers were receiving from renewable energy sources; KCPL's consideration that the revenue opportunities in selling the RECs were very limited; KCPL's consideration that the credit to customers of approximately $0.02 per month per 1,000kWh was de minimis and outweighed by KCPL's customers' desires to receive energy bundled with their corresponding renewable energy credits and thereby reduce their carbon footprint.

language to remove the requirement that the value be based on RECs used in compliance with the rule and instead use the reported market-based value.

In the Company's experience, it has seen little variation in REC pricing, and has not seen anything close to the referenced $58 in the region. Since 2009, the highest one-year price for RECs was just over $1.00 ($1.06 average in 2014) and all other years traded between $0.28 and $0.90 per REC. With regards to the recommendation to use a reported market-based value, the Company is not aware of a service that provides an officially published price for RECs or S-RECs in the Southwest Power Pool ("SPP") Region. From the Company's experience, such pricing is obtained from individual brokers which typically includes caveat language stating that the information is confidential and not to be used for such purposes. The Company is not confident that it can obtain such a market price other than getting an estimated value of RECs based on discussions with REC brokers on current values.

Issue C:

Staff proposes to modify the RES reporting requirement to be a simple form and modify the requirement to file a RES plan to occur only when a utility is planning to utilize unbundled RECs for compliance. RES planning is already required by the resource planning requirements of Chapter 22.

The Company agrees with this recommendation. The Company will be in compliance for the next 20+ years with the non-solar requirements and expects to easily exceed the solar requirements as well. Going through the current process is unnecessary and a waste of resources. Staff asserts that the majority of the electric utilities are in a position to comply with the standard in year 2021, and when the 15% standard is reached, the majority of utilities will simply be "planning to maintain compliance". The Company would emphasize that its commitment to

renewable energy goes well beyond the minimal compliance and continues to add renewable resources when it is economic to do so for our customers.

Issue D:

First, Staff states that several utilities are in an excess position on RES compliance which leads to confusion regarding which renewable resources are considered to be "directly related" to RES compliance. Staff recommends to (i) modify the RES reporting requirements to require listing of renewable resources directly related to RES compliance. The Company would need to understand the specifics of what Staff is proposing before being able to provide meaningful comments. For example, would this listing simply be the resources that were used to meet compliance in the reporting year? Would this list be fixed going forward? The Company would also note that it does not characterize the renewable resources the Company currently has were procured for the purpose to meet the RES rule, but rather the Company has renewable resources as part of its portfolio and also utilize a portion of them for RES requirements. Notably, Evergy Missouri Metro does not have a RESRAM in part because the resources were not procured specifically to meet RES, although some of Evergy Missouri Metro's renewable facilities are used to meet RES compliance. If Evergy Missouri Metro had procured such facilities for the explicit purpose to meet RES, then Evergy Missouri Metro would be required to obtain a RESRAM for cost recovery.

Staff also suggests to (ii) add an application process for voluntary renewable programs which would be applicable to a utility's internal renewable goal or customer-offered renewable programs. Minimum requirements would include the designation of resources to the program, retirement of RECs, and require designating RECs as public within the tracking system. The Company believes that this is beyond the scope of the RES statute and does not belong in the RES

rule. Adding such an extra requirement is unnecessary and contrary to the intent to streamline the utilities' reporting requirements associated with the rule.

The Company appreciates the opportunity to provide feedback on these proposed recommendations from Staff.

Respectfully submitted,

/s/ Roger W. Steiner

Robert J. Hack, MBN 36496
Roger W. Steiner, MBN 39586
Evergy, Inc.
1200 Main Street, 16th Floor
Kansas City, MO 64105
Telephone: (816) 556-2791
Telephone: (810) 556-2314
Facsimile: (816) 556-2110
E-Mail: Rob.Hack@evergy.com
E-Mail: Roger.Steiner@evergy.com

Attorneys for Evergy Missouri Metro and Evergy Missouri West

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to the Staff of the Commission and to the Office of the Public Counsel this 29th day of June 2020.

/s/ Roger W. Steiner

Attorney for Evergy Missouri Metro and Evergy Missouri West