

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

In the Matter of Evergy Metro, Inc.)
d/b/a Evergy Missouri Metro’s)
Submission of Its 2020 Renewable)
Energy Standard Compliance Report) Case No. EO-2021-0345

In the Matter of Evergy Missouri)
West, Inc. d/b/a Evergy Missouri)
West’s Submission of Its 2020)
Renewable Energy Standard)
Compliance Report) Case No. EO-2021-0346

In the Matter of Evergy Metro, Inc.)
d/b/a Evergy Missouri Metro's)
Submission of its 2021 Renewable)
Energy Standard Compliance Plan) Case No. EO-2021-0347

In the Matter of Evergy Missouri)
West Inc. d/b/a Evergy Missouri)
West's 2021 Renewable Energy)
Standard Compliance Plan) Case No. EO-2021-0348

Public Counsel’s Response to Order Directing Responses

COMES NOW the Office of the Public Counsel (“OPC”) and for its response to the Public Service Commission’s *Order Directing Responses*, states as follows:

1. On June 1, 2021, the OPC filed its Response and Memorandum in which the OPC expressed its concern with the lack of transparency regarding Evergy’s compliance with Missouri’s Renewable Energy Standards

(RES) requirements in that Evergy failed to disclose which renewable projects the company is using to claim RES compliance.

2. Section 393.1045 RSMo includes a retail rate impact limitation of one percent (1%) for RES compliance (“Any renewable mandate required by law shall not raise the retail rates charged to the customers of electric retail suppliers by an average of more than one percent in any year”). To verify compliance with this rate impact limitation, it is necessary to know which renewable projects are for RES compliance.

3. The OPC’s June 1 filing requested the Commission direct Evergy to identify which renewable resources the company is claiming for RES compliance purposes, along with a detailed calculation of the costs of those resources compared to the company’s total retail sales revenues.

4. The OPC’s June 1 filing also indicated that it was awaiting responses to data requests seeking information from Evergy identifying which renewable purchased power agreements (“PPAs”) it used for RES compliance for purposes of determining the 1% rate impact cap.

5. On June 23, 2021, the Commission directed the OPC to provide the Commission with the status of its request for more detailed information regarding Evergy’s compliance with the RES requirements.

6. Evergy’s responses to the OPC’s discovery requests claim none of its wind PPAs are for RES compliance. Evergy responded that it entered into all PPAs, with the exception of the PPAs entered into for its Renewable

Energy Rider (“RER”), “because of favorable economics and are not directly attributable to RES compliance, although RECs from these resources can be utilized to meet RES compliance”. See attached data request answers 8003 of Evergy West and 8501 of Evergy Metro.

7. Designating no wind PPA as an RES resource results in Evergy not including any wind project costs in calculating the 1% rate impact cap.

8. Meanwhile, in 2020, Evergy’s “economic” PPAs cost Evergy Metro’s customers a negative margin of **\$36 million** and Evergy West’s customers a negative margin of **\$31 million**. In the last five years, these “economic” PPAs cost Evergy Metro’s customers over **\$135 million** and Evergy West’s customers **\$105 million**. This occurred while including *no costs* for the RECs from these PPAs in the calculation of the rate impact of the RES as shown in the following table.

Evergy Metro		
	RES Compliance Cost	Economic Benefit/(Cost)
Cimarron 2*	\$0	(\$7,615,540)
Osborn	\$0	(\$3,518,532)
Rock Creek	\$0	(\$5,963,734)
Slate Creek	\$0	(\$5,934,298)
Spearville 3*	\$0	(\$2,899,293)
Waverly	\$0	(\$7,811,631)
Pratt	\$0	(\$1,587,698)
Prairie Queen	\$0	(\$229,095)
Total	\$0	(\$35,559,820)

Evergy West		
	RES Compliance Cost	Economic Benefit/(Cost)
Ensign*	\$0	\$(9,733,234)
Gray County	\$0	\$(5,062,245)

Osborn	\$0	\$(4,358,174)
Rock Creek	\$0	\$(7,218,900)
Pratt	\$0	\$(4,157,908)
Prairie Queen	\$0	\$(419,706)
Total	\$0	\$(30,950,166)
* According to Evergy's RES plans, these PPAs were entered to cover non-solar RES requirements.		

9. Despite Evergy's responses to OPC's data requests, Evergy designated PPAs for compliance with the non-solar RES requirement.

10. Evergy Metro's 2021 compliance plan states:

The existing Spearville 1 wind generating facility (Phase 1) being utilized for nonsolar compliance was installed prior to passage of the RES rules and was justified and constructed as part of EMM's Comprehensive Energy Plan. The 48 MW Spearville 2 facility was constructed in 2010. Accordingly, the wind energy provided by this facility represents the least cost approach for achieving non-solar compliance for the 2021-2023 RES Compliance.

In August 2011, a wind generation RFP was issued to cover EMM and Evergy Missouri West non-solar requirements. An evaluation of the proposals received was conducted and resulted in execution of two separate 20-year PPAs. The first PPA was with Duke Energy Renewables and Sumitomo Corp for the Cimarron II wind facility, and the second with EDF Renewable Energy for the 100.8 MW Spearville 3 wind facility.

Note that these wind contracts were entered because of favorable economics to take advantage of low-cost energy prices and not directly attributable to RES compliance. These PPAs will also be used to meet future EMM non-solar RES requirements.¹

¹ Evergy Missouri Metro 2020 Annual Renewable Energy Standard Compliance Plan, April 2021, Case No. EO-2021-0347, pp. 7-8.

11. Evergy West's 2021 compliance plans states:

The 60 MW Gray County wind PPA being utilized for non-solar compliance was in effect for several years prior to the passage of the RES rules and was justified at the time it was executed. Since this facility was already in place, the wind energy provided by this resource represents the least cost approach for achieving non-solar compliance for the 2021-2023 RES Compliance Plan period.

In August 2011 an RFP was issued to cover both Evergy Missouri Metro and EMW non-solar requirements. A complete evaluation of the proposals received was conducted and resulted in execution of a PPA with NextEra Energy for the Ensign wind facility mentioned above. EMW also executed four other 20-year PPAs, two with NextEra Energy Resources for the Osborn and Pratt wind facilities, one with Enel Green Power, NA for the Rock Creek wind facility, and one with EDP Renewables for the Prairie Queen wind facility. Additionally, EMW executed a 15-year PPA with Enel Green Power NA for Cimarron Bend III.

Note that these wind contracts were entered because of favorable economics and are not directly attributable to RES compliance. These PPAs were entered into to take advantage of low-cost energy prices and will also be used to meet future EMW non-solar RES requirements.²

12. While Evergy clearly states that it entered into a number of PPAs for purposes of RES, it also claims no cost of compliance because it believed these contracts would be "economic."

² Evergy West's 2020 Annual Renewable Energy Standard Compliance Plan, April 2021, Case No. EO-2021-0348, p. 8.

13. The Staff's report also identified projects as RES compliance, and states the Staff's "assessment assumes the oldest wind PPAs are used for RES compliance, which is not necessarily based on least-cost resources."³

14. By not designating any PPA as a cost of compliance, Evergy avoids the 1% rate cap included in Section 393.1045 as a consumer protection to insulate customers by limiting recovery in a given year.

15. Before the Commission can properly determine costs for purposes of the Section 393.1045 RSMo cap, it must be able to designate which projects are for RES compliance. For this reason, the OPC urges the Commission to direct Evergy to designate which of its non-solar renewable resources are directly attributable to RES compliance. In addition, the OPC further requests the Commission direct Evergy to provide a detailed and itemized complete list of all the costs for each of its non-solar RES and economic renewable resources including the annual costs and revenues generated by these sources.

Other Concerns

16. RER Compliance Projects: As shown in the response to the attached OPC data requests, Evergy West included the Cimarron Bend III PPA in error in its reports and Evergy Metro included Ponderosa and Expedition PPAs in error. These projects should be removed from Evergy's 2020 RES reports and 2021 RES plans.

³ Staff Report, EO-2021-0348, footnote 7.

17. Gray County and Rock Creek PPAs: Evergy's response to OPC data request 8008 provides that the estimated energy for the Gray County PPA and Rock Creek PPA were reversed in the Evergy West 2021 RES plan report. Evergy should correct this error by providing a correct estimated energy for these PPAs.

WHEREFORE, the Office of the Public Counsel respectfully offers this response and urges the Commission to: 1) direct Evergy to designate non-solar renewable resources for RES compliance purposes; 2) direct Evergy to calculate the retail rate impact for 2020 as required by 20 CSR 4240-20.100(8)(A)1.P for the 2020 RES Report and provide a detailed and itemized list of all the costs for each of its non-solar RES and economic renewable resources including the actual incurred costs and revenues received for these sources; 3) direct Evergy to calculate the retail rate impact as calculated in 20 CSR 4240-20.100(5) as included in the 2021 RES Plans and provide a detailed and itemized list of all the costs for each of its non-solar RES and economic renewable resources including the annual costs and revenues generated by these sources with supporting workpapers; and 3) direct Evergy to make the corrections identified in paragraphs 16 and 17 of this response.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 7th day of July 2021.

/s/ Marc Poston
