

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

In the Matter of the Establishment of a Working)
Case Regarding the Commission's Rule Governing) **Case No. EW-2021-0077**
Cogeneration)

WORKSHOP QUESTIONS

COMES NOW the Staff of the Missouri Public Service Commission, through counsel, and files these questions for discussion by all stakeholders at the January 6, 2021 workshop. Staff believes interactive discussion will assist Staff and the Commission in their review.

Respectfully submitted,

/s/ Karen E. Bretz

Karen E. Bretz
Senior Counsel
Missouri Bar No. 70632
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-5472 (Voice)
573-751-9285 (Fax)
Karen.Bretz@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all parties and/or counsel on the EFIS subscriber list on this 4th day of January, 2021.

/s/ Karen E. Bretz

1. Criteria to determine whether a legally enforceable obligation (LEO) is established.
 - FERC Order 872-A mentions several criteria which a state could consider to determine whether a LEO is established. (These include taking meaningful steps to obtain site control, applying for approvals and permits, and filing an interconnection application.)
 - What types of information would satisfy taking meaningful steps to obtain site control?
 - What types of approvals and permits may be reasonably required in your service territory?
 - Should the Commission rule be modified to identify what it considers to be an LEO?
 - If the Commission rule is modified to include criteria to determine whether a LEO is established, should this criteria be reviewed at the time the application is filed or at another point?
 - Should the draft rule be modified to clarify that a utility's standard contract template should not be construed as a LEO?
2. Implications of various methodologies for calculating avoided costs.
 - FERC rulemaking allows for the locational marginal price (LMP) established in organized markets to represent the as-available avoided cost of energy.
 - In selecting this option are further language edits needed to clarify fixed capacity rates? Why or why not? (See FERC Order 872, P 57)
 - FERC Order 872-A clarifies it is not changing the precedent that avoided capacity costs may be zero, however, if the utilities' avoided capacity cost exceeds zero a qualifying facility (QF) is entitled to fixed capacity rates.
 - MISO is listed in FERC's definition of organized markets, but SPP is not. If the Commission rule is modified to set as-available energy rates, would the rule need to allow both LMP-based and a Competitive Price (liquid market or Combined Cycle formula rate)? If so, the Commission would need to determine the Competitive Price represents the utility's avoided cost of energy; at what time should that determination be made?
 - Staff's initial draft included the following methodologies for determining avoided costs: Proxy Unit, IRP-based, Market Based Pricing; and that the electric utility may propose any other method that can be demonstrated to reflect avoided costs.
 - If the rule remains largely the same as Staff's draft, is it necessary to specify three methods or will the utilities tend to choose the same method?
 - If the rule is modified to set variable energy rates/fixed capacity rates is specifying the avoided cost methodologies necessary?
 - Should utilities' calculation of avoided costs be subject to prudence review? If so, how often should the costs be reviewed?

3. Development of standard offer rates.

- The joint utilities suggest adding in section (6)(B)(1) the words “or as required by the utility” after the phrase “Upon request of a qualifying facility.” The joint utilities’ proposal would allow a utility to apply its standby rate. Does FERC Order 872-A allow this?

4. Whether standard offer contract capacity should be increased to one (1) MW or five (5) MW.

- In the previous working docket, Empire was concerned with the interconnection of systems larger than 1 MW. Is this no longer a concern? Why or why not?
 - If there is no longer a concern, what standard offer contract capacity should be included in the rule?
- Should the rule specify that standard contracts are for terms of 15, 20, or 25 years?
- Historically, have standard offer rates diverged from LMPs? If so, generally how long do the standard offer rates reasonably reflect LMPs before they diverge?
- What other information should be included in standard contracts?
- In specifying the maximum system size to be eligible for a standard offer, is additional clarity needed in regards to measuring capacity? For example, in the case of solar-storage systems.

5. Development of technical standards.

- In EX-2020-0006, the utilities suggested at least 6 months is needed to develop and obtain Commission approval of technical standards; the current draft rule specifies 9 months. The utilities expressed concern with the removal of safety standards prior to development of technical standards. Should the current draft rule be clarified to state that existing safety standards in the current tariffs apply until the Commission approves technical standards?

6. On December 17, 2020 FERC issued a final rule stating that “all fuel cells that use waste heat in an integrated fuel reforming process” may attain QF status. Are stakeholders aware of Missouri facilities that would qualify as a QF under this broadened definition of thermal energy?

7. Should the Commission consider separate conditions and terms for QFs that include storage?

- Should storage systems with less than 100kW of capacity be eligible for 20-year standard contracts, similar to the rules adopted by Idaho in October 2020?
[20201002Final Order No 34794.pdf \(idaho.gov\)](#)
- Should storage systems with more than 100kW of capacity be eligible for 2-year standard contracts, similar to the rules adopted by Idaho in October 2020?

8. What impact if any do stakeholders anticipate FERC Order 2222 having on the demand for cogeneration agreements by QFs?