BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Submission of Its 2017 Renewable Energy Standard Compliance Report	)))	**File No. EO-2018-0288**
In the Matter of Kansas City Power & Light Company's Submission of Its 2018 Renewable Energy Standard Compliance Plan	)))	**File No. EO-2018-0290**

MISSOURI DIVISION OF ENERGY'S COMMENTS REGARDING RENEWABLE ENERGY STANDARD COMPLIANCE FILINGS

COMES NOW the Missouri Department of Economic Development – Division of Energy[1] ("DE") and, for its *Comments Regarding Renewable Energy Standard Compliance Filings* in the above-captioned matter, respectfully states as follows:

1. On April 13, 2018, Kansas City Power & Light Company ("KCP&L" or "Company") filed its *2017 Renewable Energy Standard Compliance Report* and its *2018 Annual Renewable Energy Standard Compliance Plan*, as required by 4 CSR 240-20.100. On April 16, 2018, the Missouri Public Service Commission ("Commission") issued an *Order Directing Notice* which directed that its Staff file a report on any deficiencies no later than May 29, 2018, and further stating that any interested person may also file comments.

[1] The Division of Energy was created to serve the State of Missouri through its statutory authority to plan for future energy needs and energy resource development; develop, promote, administer and monitor energy conservation programs; consult and cooperate with all state and federal governmental agencies on matters of energy research and development, management, conservation and distribution; and analyze the potential for increased use of energy alternatives and make recommendations for the expanded use of such alternate energy sources and technologies. §§ 640.150 and 640.676 RSMo.

2. DE provides the following overarching comments in response to the Company's filings.

Submission of Necessary Certifications to the Division of Energy

3. Pursuant to the Renewable Energy Standard ("RES") at Section 393.1025, RSMo. et seq. and 4 CSR 340-8.010, DE has certified all of the resources identified for compliance by KCP&L.

Revisions Based on Senate Bill 564 (2018) and Federal Tax Credits

4. Senate Bill 564 (2018) ("SB 564") was Truly Agreed to and Finally Passed on May 16, 2018. While the Company's filings predate the passage of this bill, DE notes certain pertinent provisions in the legislation that may warrant altering methods of compliance and revisions to the Company's prospective RES compliance plan should the bill become law. In so revising its RES plan to 1) avoid or minimize Renewable Energy Credit ("REC") purchases, 2) consider the renewable energy options newly afforded by SB 564, and 3) use expiring federal tax credits, DE strongly encourages the Company to consider in-state renewable energy resource investment.

5. Section 393.1665, RSMo. (as contained in SB 564) would require the Company to make investments in "utility-owned solar facilities located in Missouri or in an adjacent state" by the end of 2023, with specific investment amounts prescribed for each utility. The "retail rate increase limitation" ("RRI") provided for under the RES statute would not preclude these investment requirements; any exceedance of the RRI by an electrical corporation under Section 393.1665, RSMo. would be deferred to a regulatory asset.

6. In addition, Section 393.1670, RSMo. would require the Company to provide solar rebates between the beginning of 2019 and the end of 2023, with specific investment amounts prescribed for each utility. The RRI provided for under the RES statute would not preclude these

investment requirements; any exceedance of the RRI by an electrical corporation under Section 393.1670, RSMo. would be deferred to a regulatory asset.

7. Other parts of SB 564 would also have an impact on the Company's decisions to invest in utility- and customer-owned renewable energy resources. Section 393.1400.4, RSMo. would require utilities that elect to use "plant-in-service accounting" to file annual five-year capital investment plans. The plans would be required to allocate at least twenty-five percent (25%) of the associated costs towards "grid modernization projects," including, "Deployment and integration of distributed resources and generation, including renewable resources." SB 564 also amends Section 393.170, RSMo. to remove the requirement for an electrical corporation to obtain a Certificate of Convenience and Necessity for the construction of, "… an energy generation unit that has a capacity of one megawatt or less …."

8. Furthermore, DE notes that certain federal tax credits for renewable energy will still be available for the next few years, albeit in decreasing amounts. The Investment Tax Credit ("ITC") will phase down until it reaches zero for residential solar property and 10 percent for commercial and utility properties.[2] The Renewable Electricity Production Tax Credit ("PTC") will also decrease over the next few years.[3]

9. Combined with these federal tax credits, the tools provided by SB 564 would provide utilities a unique opportunity to support the construction of additional in-state renewable energy generation. The legislation's enhancements to planning and distribution system revitalization would allow the Company to promote small-scale solar and other renewable energy

[2] Solar Energy Industries Association. 2018. "Solar Investment Tax Credit (ITC)." https://www.seia.org/initiatives/solar-investment-tax-credit-itc.
[3] American Wind Energy Association. Undated. "Production Tax Credit." https://www.awea.org/production-tax-credit.

projects for the benefit of Missourians; this capability is somewhat time-limited because of the eventual decreases in federal tax credits for renewable energy. DE encourages the Company to timely revise its RES filings, as needed, to account for SB 564's regulatory revisions and the near-term expiry of federal tax credits.

10. The improved potential for new, cost-effective renewable energy resource construction could be a beneficial alternative to the purchase of RECs. This is particularly true for in-state renewable energy resources, which receive 25 percent (25%) in additional RECs under the RES. In-state renewable energy resource development has other advantages, such as the promotion of local economic development through increased property tax payments, compensation for landowners that host wind turbines, and job creation.

WHEREFORE, the Missouri Division of Energy respectfully submits its *Comments Regarding Renewable Energy Standard Compliance Filings* in the above-styled matter.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 29th day of May, 2018.

___/s/ Marc Poston___________

Marc Poston