

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2018-0288, Kansas City Power & Light Company's
Submission of Its 2017 Renewable Energy Standard Compliance Report

FROM: Claire M. Eubanks, P.E., Energy Unit – Engineering Analysis

/s/ Daniel I. Beck, PE 5/25/18 /s/ Robert S. Berlin 5/25/18
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Kansas City Power & Light Company's 2017
Renewable Energy Standard Compliance Report

DATE: May 25, 2018

SUMMARY

The Staff has reviewed the Kansas City Power & Light Company's ("KCPL" or "Company") filed *2017 Annual Renewable Energy Standard Compliance Report* (Compliance Report), dated April 13, 2018 and the Company's revised Compliance Report filed on May 22, 2018. The Company's revised Compliance Report clarified the following items:

- Replaced Attachment C in its entirety. Attachment C identifies renewable energy credits ("RECs"), by serial numbers, carried forward to future calendar years.
- Corrected the number of acquired S-RECs in Table 3, page 6.
- Updated Section 2.16, page 9 with the Company's response to Staff Data Request No. 0002.

Staff recommends that the Company evaluate and report its findings within 6 months of the filing of Staff's report, the feasibility of creating a separate North American Renewables

Registry (NAR) account¹ for KCPL and KCP&L Greater Missouri Operations (“GMO”). In the past, KCPL and GMO did not share renewable energy resources so it was clear which RECs were associated with which company; however, the two companies now utilize both Osborn and Rock Creek wind PPAs.² This complicates RES reporting and the accounting of NAR fees.

Regarding the Company’s request for variance, Staff recommends the Commission grant the Company a limited waiver from the requirements of Rule 4 CSR 240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, and Waverly.

Staff has utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by the Company for its 2017 RES compliance. The Company has achieved compliance with the RES requirements for the 2017 compliance year.

OVERVIEW

On April 13, 2018, the Company filed its RES Compliance Report for calendar year 2017 (Case No. EO-2018-0288). The Compliance Report was filed in accordance with 4 CSR 240-20.100(8), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. This rule states, in part, “Each electric utility shall file an 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

¹ The current cost of having a separate NAR account is a \$750 registration fee and a \$2,000 subscription fee. Asset fees and transfer fees may also apply. <https://apx.com/wp-content/uploads/2017/07/NAR-Fee-Schedule-July-2017.pdf>.

² <https://apx.com/wp-content/uploads/2017/07/NAR-Fee-Schedule-July-2017.pdf>; Asset fees and transfer fees may also apply.

recently completed calendar year.” Subparagraphs 4 CSR 240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(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 has reviewed the Company’s Compliance Report in accordance with the established requirements to verify the Compliance Report contains the information required by rule. 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 2017 expressed as total megawatt-hours (MWh) sold to KCPL Missouri consumers (8,289,429 MWh³), consistent with the Missouri Jurisdictional 2017 FERC Form 1 filed with the Commission on May 15, 2018.

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 2017 expressed as annual operating revenues (dollars) from KCPL Missouri consumers (\$1,002,352,829⁴). This amount is consistent with the amount listed on the Missouri Jurisdictional 2017 FERC Form 1 filed with the Commission on May 15, 2018.

³ Missouri jurisdictional FERC Form 1, Page 301 listed 8,435,168 MWh.

⁴ The sum of Line 9 - Gross Receipts Tax Removal, Line 10 – Total Sales to Ultimate Customers, and Line 13 – Provision for Rate Refunds from FERC Form 1, Page 300.

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

The Company provided the 2017 total retail sales by renewable resource based on its energy allocation presumption.

The Company utilized three (3) company-owned renewable energy generating facilities during 2017; Spearville I, Spearville II, and Solar Aggregate 1.⁵ The Company also has six (6) operational purchase power agreements (PPA), with Cimarron Windpower II (“Cimarron”), Spearville 3, LLC (“Spearville 3”), Slate Creek Wind (“Slate Creek”), Waverly Wind Farm (“Waverly”), Osborn Wind Energy (“Osborn”), and Rock Creek Wind (“Rock Creek”). Additionally, the Company provided the retail sales provided by customer-generators.

KCPL has one NAR account established which it utilizes for KCPL-MO, KCPL-KS, and KCPL-GMO. Once RECs are created the RECs are allocated by KCPL into subaccounts for each jurisdiction. To verify that RECs are being allocated as intended between the jurisdictions Staff reviews the total retail sales reported and compares the information with RECs tracked in KCPL’s Missouri NAR subaccount. At the time of the Company’s initial filing, the allocation of RECs into the NAR subaccounts were incorrect but have since been corrected and the Company filed its revised RES Compliance Report on May 22, 2018.

⁵ Solar Aggregate 1 represents KCPL’s small owned solar generation located in Missouri, qualifies for the 1.25 credit multiplier per RSMo 393.1030.1; 4 CSR 240-20.100(3)(G).

	2017 (MWh) reported	NAR Project Account Holder
Spearville 1	86,224	Kansas City Power Light
Spearville 2	90,958	Kansas City Power Light
Solar Aggregate 1	189	Kansas City Power Light
Spearville 3	231,962	Kansas City Power Light
Cimarron II	312,961	Duke Energy Generations Services, Inc.
Slate Creek Wind	350,583	Kansas City Power Light
Waverly	478,804	Kansas City Power Light
Osborn	251,717	Kansas City Power Light
Rock Creek	In the process of being registered in NAR.	Rock Creek Wind Project LLC
Customer-generators	23,774	Kansas City Power Light

Staff recommends the Company consider the feasibility of creating a separate NAR account for KCPL and GMO. In the past, KCPL and GMO did not share renewable energy resources; however, the two companies now utilize both Osborn and Rock Creek. The current cost of having a separate NAR account is a \$750 registration fee and a \$2,000 subscription fee.⁶ Additional transfer fees and asset subscription fees may apply.

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 number of RECs and S-RECs produced in 2017 and the value of energy created for each company-owned facility.

⁶ <https://apx.com/wp-content/uploads/2017/07/NAR-Fee-Schedule-July-2017.pdf>.

Facility	Number of RECs	Compliance Equivalency for In-State ⁷	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville I	86,224	n/a	851,035	0
Spearville II	90,958	n/a	897,756	0
Solar Aggregate 1	189.6	227.5	4,393	0

The Company reports no value to its owned resources, however, Staff believes there is a value to the RECs and S-RECs created by the Company's owned generation though that value is not transparent.

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

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

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired ⁸	1,803,209 (1,866,138)	23,963 ⁹ (29,954)
Retired	406,182 (n/a)	6,632 (8,290)

The Company has not reported the sale or transfer of RECs during calendar year 2017.

⁷ Renewable resources located in Missouri, qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G).

⁸ Includes Company-owned resources.

⁹ The Company clarified the number of S-RECs acquired in its revised Compliance Report.

The Company retired 2014 vintage wind RECs from Cimarron II, Spearville I, Spearville II, and Spearville 3. Staff verified that the Company retired 406,182 non-solar RECs to meet the non-solar requirement.¹⁰ The Company also retired 8,290 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement.¹¹

These RECs were registered and retired in the North American Renewables Registry (NAR) utilized for compliance purposes.¹² In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.¹³

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

The Company provided a resource list as Attachment A and Attachment B of the Compliance Report.

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 RECs that are being carried forward for future year(s) as Attachment C of the Compliance Report. Due to the initial allocation of RECs to KCP&L’s NAR subaccounts, Attachment C was revised in the Company’s revised Compliance report. ** _____

_____ ** GMO has
120 MW of the 200 MW Osborn wind resource.

¹⁰ Pursuant to 4 CSR 240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating five percent (5%) of the Company’s total retail sales, less the solar requirement.

¹¹ Pursuant to 4 CSR 240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating one-tenth percent (0.1%) of the Company’s total retail sales.

¹² <http://narecs.com/>.

¹³ Qualified facility per 393.1025(5), RSMo and 4 CSR 240-20.100(1)(K); Banked RECs per 393.1030.2, RSMo and 4 CSR 240-20.100(1)(J).

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 RECs bundled with purchased power.

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 of the Compliance Report, which includes the name, location and owner of the facilities. Attachment A includes Company-owned resources.

“(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;”

Affidavits from Cimarron and Waverly were included in Attachment F and G, respectively. The Company notes that the Generator Owners for Spearville 3 and Slate Creek have designated KCP&L as the Responsible Party in NAR, this represents that the generator owner has not granted similar authority to another person or entity in NAR or another any similar registry. Additionally, the Company previously provided the Responsible Party designation forms in response to Staff Data Request No. 0003 in EO-2016-0280.

The Company did not provide an affidavit for Rock Creek and currently KCP&L is not designated as the Responsible Party in NAR. However, the Company ** _____
_____. **

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

The renewable energy technology was provided in Attachment A of 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 Spearville 3, Cimarron, Waverly, Slate Creek, Osborn, and Rock Creek were provided in Attachment D.

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

The required meter readings were not provided in the Compliance Report. The Company requested a limited waiver from this rule requirement (4 CSR 240-20.100(8)(A)1.I.(V)) for purchased RECs stating the meter reading information is not provided by the vendors that the Company purchases RECs from.

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 to 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 Spearville 3, Cimarron, Slate Creek, Osborn, and Waverly 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." ** _____

_____ ** Since the Company is subject to a renewable energy standard, to qualify as a QRE in NAR it 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 under the principles defined by the FERC's Independent Functioning and No Conduit Rules.¹⁴

** _____

_____ ¹⁵ ** The Company has provided the invoices supporting the dates and payments listed in Attachment D which includes the monthly generation.

Based on its review of the information provided by the Company and other sources, Staff recommends the Commission grant the Company a limited waiver from the requirements of Rule 4 CSR 240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, and Waverly.

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"

¹⁴ NAR Requirements for Qualified Reporting Entities.

¹⁵ Response to Staff Data Request No. 0004 in EO-2014-0289.

“(V) The start and end date of any estimated or measured RECs being acquired;”

The required information was provided in Attachment B of 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 it paid 115 solar rebates during calendar year 2017.

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

The Company states that 72 customers were denied a rebate during calendar year 2017 because funding commitments reached the specified level in ET-2014-0071.

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 reported that it paid \$801,348 in solar rebates for calendar year 2017. 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. Additionally, the Company retired the appropriate number of RECs to meet the RES solar and non-solar requirements.

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

The Company included its actual calendar year retail rate impact, 0.142%, on Page 9 of the revised Compliance Report.¹⁶

¹⁶ Revised report consistent with response to Staff Data Request No. 0002.

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) Case No. EO-2018-0288
Energy Standard Compliance Report)

AFFIDAVIT OF CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

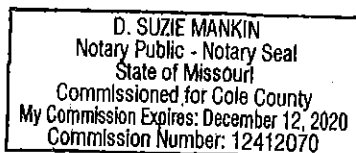
COMES NOW CLAIRE M. EUBANKS, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Staff Report (*2017 RES Compliance Report*) in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

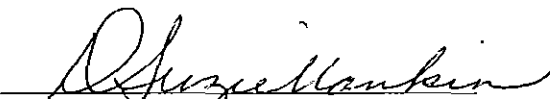
Further the Affiant sayeth not.


CLAIRE M. EUBANKS, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 25th day of May 2018.




Notary Public