

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

In the Matter of The Empire District Electric)
Company's Submission of Its 2015 RES)
Compliance Report and Its 2016 Compliance Plan) **File No. EO-2016-0279**

**STAFF REPORT ON THE EMPIRE DISTRICT ELECTRIC COMPANY'S
2016 – 2018 RES COMPLIANCE PLAN**

COMES NOW the Staff of the Missouri Public Service Commission, by and through undersigned counsel, and submits its *Staff Report On The Empire District Electric Company's 2016 - 2018 RES Compliance Plan* to the Missouri Public Service Commission (Commission). In support thereof, Staff states:

1. On April 15, 2016, The Empire District Electric Company ("Empire" or "Company") filed its 2016 Renewable Energy Standard (RES) Compliance Plan (Plan) for calendar years 2016 through 2018 as required by rule.¹

2. Commission rule 4 CSR 240-20.100(8) states:

...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 [renewable energy standard] and its compliance plan as described in this section for the most recently completed calendar year...

3. Rule 4 CSR 240-20.100(8)(A) specifies what information the utility must provide in its annual RES Compliance Report.

4. Rule 4 CSR 240-20.100(8)(D) provides that:

The staff of the commission shall examine each electric utility's annual RES compliance report and RES compliance plan and file a report of its review with the commission within forty-five (45) days of the filing of the annual RES compliance report and RES compliance plan

¹ That same day Empire also filed its 2015 Renewable Energy Standard Compliance Report for calendar year 2015.

with the commission. The staff's report shall identify any deficiencies in the electric utility's compliance with the RES.

5. On April 19, 2016, the Commission issued its *Order Directing Notice And Setting Filing Deadline*, directing the Staff to file a report of its review of the Company's 2016 RES Compliance Plan no later than May 30, 2016, forty-one (41) days from the Company's filing.

6. Staff has conducted its review of Empire's 2016 RES Compliance Plan and has identified no deficiencies in the Company's 2016 RES Compliance Plan for calendar years 2016 - 2018. Staff's report is contained in its *Memorandum*, attached hereto as Attachment A and incorporated herein.

7. Staff notes the Commission has granted intervention in this matter to Missouri Department of Economic Development – Division of Energy and Earth Island Institute d/b/a Renew Missouri.

8. The Staff is unaware of any other case currently pending before the Commission that will affect or be affected by a decision in this file.

WHEREFORE, the Staff submits its report for the Commission's information and consideration regarding Empire's 2016 RES Compliance Plan for calendar years 2016 - 2018.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 25th day of May, 2016, to all counsel of record.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2016-0279, The Empire District Electric Company's Submission of its
2015 RES Compliance Report and its 2016 RES Compliance Plan

FROM: Claire M. Eubanks, P.E., Engineering Analysis

/s/ Daniel I. Beck / 5/25/16
Engineering Analysis / Date

/s/ Bob Berlin / 5/25/16
Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Empire District Electric Company's 2016 Annual
Renewable Energy Standard Compliance Plan

DATE: May 25, 2016

CONCLUSION

The Staff has reviewed The Empire District Electric Company ("Empire" or "Company") *2016 Annual Renewable Energy Standard Compliance Plan* ("Plan"). Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 15, 2016, the Company filed its *Plan* for calendar years 2016 through 2018, in accordance with Rule 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 annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year." Subparagraphs 4 CSR 240-20.100(8)(B)1. A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the plan and file a report within forty-five (45) days of the filing.

DISCUSSION

Staff reviewed the Company's Plan in accordance with the established requirements to verify the Plan contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through G. identified and quoted.

A. “A specific description of the electric utility’s planned action to comply with the RES;”

The Company described its planned actions for compliance with the RES. For non-solar compliance, the Company will utilize renewable energy certificates (“RECs”) from purchased power agreements (“PPAs”) from Elk River wind farm located in Butler County, Kansas (“Elk River”) ¹and Ozark Beach Hydroelectric facility located in Taney County, Missouri (“Ozark Beach”). The Company-owned Ozark Beach generation will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.²

For solar compliance, the Company will utilize renewable energy certificates (“RECs”) from its customer-generators, which will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.³ In addition, the Company plans to purchase S-RECs to supplement the customer-generated S-RECs as needed. The Company will also evaluate the feasibility and economics of constructing and operating a utility-scale solar facility.

B. “A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;”

The Company provided the following information regarding its executed contracts:

	Type	Expected Energy Delivered	Contract duration and terms ⁴
Elk River	Wind	550,000	20 years
Meridian Way	Wind	330,000	20 years

¹ The Company has a second wind PPA with Meridian Way located in Cloud County, Kansas. Per response to Staff Data Request 5, the Company does not intend to use during the compliance plan period 2016-2018.

² 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

³ 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

⁴ The Company has previously provided the executed contracts for Elk River and Meridian Way in Staff Data requests.

The Company has 20-year PPAs for energy and RECs from Elk River and Meridian Way, effective December 10, 2004 and June 19, 2007, respectively. Empire expects 550,000 MWhs of generation from Elk River and 330,000 MWhs from Meridian Way.

C. “The projected total retail electric sales for each year;”

The Company provided values for projected retail electric sales on page 7 of the Plan. The values appear to be reasonable estimates.

D. “Any differences, as a result of RES compliance, from the utility’s preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;”

The Company filed its most recent triennial compliance filing in April 2016. The Plan is consistent with the information regarding non-solar renewable resources in Empire’s April 2016 preferred resource plan for the 2016 to 2018 period. Empire has assumed the solar portion of the RES would be met by customer-generated S-RECs or S-REC purchases. At this time, Staff has not completed its review of Empire’s triennial filing (File No. EO-2016-0223).

E. “A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;”

The Company provided information regarding its utilization of existing resources to comply with the non-solar portion of the RES for 2016 through 2018. The costs associated with these resources are already included in revenue requirements.

The Company has evaluated costs associated with the solar requirements and expects to utilize customer-generated S-RECs with supplemental purchased S-RECs as needed. Staff reserves the right to comment on whether the Plan is the least cost, prudent method to comply with the RES when rate recovery is requested.

- F. “A calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. The calculation should be accompanied by workpapers including all the relevant inputs used to calculate the retail rate impact limits for the planning interval which is included in the RES compliance plan. The electric utility may designate all or part of those calculations as highly confidential, proprietary, or public as appropriate under the commission’s rules;”**

The Company provided a description of the Retail Rate Impact calculation on pages 8-9 and Attachment 5 of the Plan and provided the associated work papers with its filing. The Company’s calculation resulted in an average annual retail rate impact of less than 1% over the ten year periods evaluated.

- G. “Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the division.”**

The Company states in its Plan that, to its knowledge, “All generating facilities utilized by EDE to meet the requirements of the Missouri RES have, to EDE’s knowledge, received all necessary environmental and operational permits and are in compliance with any necessary federal, states and/or local requirements related to air, water and land use. All generating facilities have received Certification as a Renewable Energy Generation Facility by the Missouri Department of Economic Development” Staff has no reason at this time to dispute this statement by Empire.

