

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2014-0288, KCP&L Greater Missouri Operations Renewable Energy
Standard Compliance Plan for Calendar Years 2014, 2015, and 2016

FROM: Claire M. Eubanks, PE, Engineering Analysis

/s/ Daniel I. Beck / 6/30/14 /s/ Jennifer Hernandez / 6/30/14
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report on KCP&L Greater Missouri Operations Company's 2014 Renewable
Energy Standard Compliance Plan

DATE: June 30, 2014

CONCLUSION

The Staff has reviewed KCP&L Greater Missouri Operations Company's ("GMO" or "Company") *2014 Annual Renewable Energy Standard Compliance Plan* ("Plan"). Based on its review, the Company has met the minimum requirements for the plan under 4 CSR 240-20.100(7).

OVERVIEW

On April 15, 2014, the Company filed its *Plan* for calendar years 2014 through 2016. The *Plan* was filed in accordance with Rule 4 CSR 240-20.100(7), 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(7)(B)1.A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(7)(D) requires that Staff examine the plan and file a report of its review within forty-five (45) days of the filing. This is the fourth compliance plan filing for the Missouri electric utilities required by the Missouri RES, Sections 393.1020 through 393.1030, RSMo.

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DISCUSSION

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

A. "A specific description of the electric utility's planned actions to comply with the RES;"

The Company explained in detail its completed and planned actions for compliance with the RES for 2014 through 2016. For non-solar compliance, the Company will utilize renewable energy certificates ("RECs") from St. Joseph Landfill Generating Facility ("St. Joseph"), Gray County wind facility purchased power agreement ("PPA"), and Ensign wind PPA. Additionally, GMO executed a wind PPA with Element Power for the Mill Creek 200 MW wind facility which is expected to begin operation by December 31, 2015. For solar compliance, the Company will utilize solar renewable energy credits ("S-RECs") obtained from customer-generators through House Bill 142. Additionally, GMO expects to purchase unbundled S-RECs as needed.

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 a list of executed contracts for the wind PPAs in the *Plan*. The Company has provided the executed purchase agreements with third parties to purchase S-RECs in response to Staff Data Request 1. The Company provided the executed contract for the Mill Creek wind PPA in response to Staff Data Request 2.2.

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

The Company has provided values for its projected retail electric sales. 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 submitted its most recent triennial compliance filing in April 2012 and its most recent annual update report on March 20, 2014. The *Plan* is consistent with the information regarding renewable resource additions in its April 2012 preferred resource plan and its annual update for 2014 for the three-year planning period.

- 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 *Plan* includes utilization of St. Joseph, Gray County PPA, and Ensign PPA. The costs associated with St. Joseph are already included in revenue requirements and the Company currently has a waiver to recover fuel costs for St. Joseph in the fuel adjustment clause until the next rate case.¹ The cost of the Gray County and Ensign PPAs are currently being recovered in the fuel adjustment clause. The Company selected the Ensign PPA in response to the August 2011 Request for Proposals (RFP) and previously provided the reports regarding the selection process.² The Company entered into the Ensign PPA in November 2012.

The Company executed a PPA in November 2013, with Element Power for Mill Creek, a 200 MW wind resource located in Holt County, Missouri. Mill Creek was selected in response to the Company’s issuance of a RFP in July 2013. The Company provided the evaluation of responses to the July 2013 RFP in response to Staff Data Request 3.

¹ In-service requirements met in Case No. ER-2012-0175.

² The Company provided documentation in response to Staff Data Request 3 in EO-2013-0505.

For compliance with the solar portion of the RES, the Company previously provided information regarding purchase of S-RECs from third parties compared to a solar PPA.³ The cost to purchase S-RECs is significantly lower than the cost of a solar PPA. House Bill 142, effective August 28, 2013, includes a condition on solar rebates requiring customers to transfer the first ten (10) years of S-RECs to the utility. This is expected to eliminate the need for third-party S-RECs.

The Company provided information regarding the cost of the RES compliance plan. 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 detailed explanation of the calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. This explanation should include the pertinent information for the planning interval which is included in the RES compliance plan.”

The *Plan* includes an explanation of the calculation of the RES retail rate impact (RRI), and work papers supporting the calculation were provided to Staff. The Company’s calculation results in a rate impact of less than 1 percent on average over the planning period.⁴

Section (5)(B) indicates that the renewable energy resource additions are to utilize the most recent electric utility resource planning analysis. The Company’s annual update for 2014 includes 200 MW of wind in 2016 and utility scale solar additions beginning in 2018.

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_____ ** In response to Staff Data Request 4, the Company reiterates that they expect

³ The Company provided documentation in response to Staff Data Request 4 in EO-2013-0505 supporting the cost for a solar PPA.

⁴ Please note that the calculation required in Section (5)(B) is forward-looking therefore past RES compliance costs are not reflected in the calculation.

the S-RECs acquired from customer-generators will be sufficient to meet the solar requirement over the next ten years. If additional S-RECs are required, the Company will purchase S-RECs from third party brokers. The Company intends to monitor the feasibility of a utility scale solar resource. ** _____

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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 Department of Natural Resources.”

The Company states that, to its knowledge, all facilities utilized by GMO to meet the requirements of the RES have received all necessary environmental and operational permits and are in compliance with the requirements related to air, water and land use.⁵

⁵ Rule 10 CSR 140-8.010(4).

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater)
Missouri Operations Company's)
Submission of Its 2014 Renewable)
Energy Stand Compliance Plan)

File No. EO-2014-0288

AFFIDAVIT OF CLAIRE M. EUBANKS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Claire M. Eubanks, of lawful age, on oath states: that she participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.

Claire M Eubanks
Claire M. Eubanks

Subscribed and sworn to before me this 30th day of June, 2014.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 03, 2014
Commission Number: 10942086

Susan L Sundermeyer
Notary Public