

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2014-0290, KCP&L Greater Missouri Operations Renewable Energy
Standard Compliance Report for Calendar Year 2013

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

/s/ Daniel I. Beck / June 30, 2014 /s/ Jennifer Hernandez / June 30, 2014
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on KCP&L Greater Missouri Operations 2013 Renewable
Energy Standard Compliance Report

DATE: June 30, 2014

CONCLUSION

The Staff has reviewed the KCP&L Greater Missouri Operations (“Company”) filed *2013 RES Compliance Report* (Compliance Report), dated April 15, 2014. Based on its review, Staff has not identified any deficiencies in the report based on the requirements under 4 CSR 240.20.100(7). Please note that the RES Compliance Plan does not reflect the S-RECs obtained from customer-generators as a condition of receiving the solar rebate since the enactment of House Bill 142. The Company is working on setting up a system to aggregate those S-RECs. After aggregation the S-RECs will be tracked in the commission-approved tracking system.

OVERVIEW

On April 15, 2014, the Company filed its RES Compliance Report for calendar year 2013 (Case No. EO-2014-0290). The Compliance Report was filed in accordance with 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 RES compliance report no later than April 15 to report on the status of the utility’s compliance with the renewable energy standard and the electric utility’s compliance plan as described in this section for the most recently completed calendar year.” Subparagraphs 4 CSR 240-20.100(7)(A)1.A. through N. provide the minimum

PR

requirements for the Compliance Report. Subsection 4 CSR 240-20.100(7)(D) requires that Staff examine the Compliance Report and file a report of its review within forty-five (45) days of the filing.

Staff has utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by the Company.

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 the review are detailed below, with appropriate rule subparagraphs A. through N. 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 2013 expressed as total megawatt-hours (MWh) sold to ultimate consumers (8,179,781 MWh), consistent with the 2013 FERC Form 1 filed with the Commission on May 15, 2014.

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 2013 expressed as annual operating revenues (dollars) from ultimate consumers. The amount listed on the 2013 FERC Form 1 filed with the Commission on May 15, 2014 was \$761,525,731.¹

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

The Company utilized three (3) primary renewable energy generating facilities during 2013; Gray County Wind Energy ("Gray County"), Ensign Wind ("Ensign"), and St. Joseph Landfill Generating Station. The total amount of energy generated at the facilities was 346,044 MWh. St. Joseph Landfill Generating Station is located in Missouri, thus it qualifies

¹ The sum of Line 10 – Total Sales to Ultimate Customers from MPS FERC Form 1, Page 300 and SJLP FERC Form 1, Page 300.

for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation.² With the credit multiplier, the total compliance REC credit for non-solar facilities was 349,133 MWh.

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 that the St. Joseph Landfill Generating Station generated 12,357 MWh in 2013 and the value of the energy was \$349,827. The RECs created by this facility are a benefit to Missouri ratepayers since capital and operational costs for St. Joseph are already part of the rate structure in the Company’s annual revenue requirement.

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

The Company stated that 3,200 S-RECs were acquired in 2013. This value does not reflect the number of S-RECs acquired from customer-generators since enactment of House Bill 142. The Company also acquires RECs through PPAs with Gray County (12,824 RECs) and Ensign (320,863 RECs). The Company sold 8,757 RECs during the calendar year.

The Company retired RECs from Gray County and S-RECs purchased through third-party brokers. Staff verified that the Company retired 160,324 Gray County RECs (2010-2011 Vintage) to meet the non-solar requirement of 160,324.³ The Company also retired 3,272 S-RECs (2011-2013 Vintage) to meet the solar requirement, which were purchased

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

³ Pursuant to 4 CSR 240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating two percent (2%) of the Company’s total retail sales, less the solar requirement.

through a third-party broker.⁴ These RECs were registered and retired in the North American Renewables Registry⁵ utilized for compliance purposes. In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked appropriately.⁶

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

The Company provided a resource list as Attachment A of the Compliance Report which reflects the source of S-RECs acquired in 2013.

G. “The identification, by source and serial number, 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 B of the Compliance Report.

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 electric utility;”

The Company incurred a gain of \$8,757 from the sale of RECs in 2013. The Company provided the executed contract for the sale of RECs in response to Staff Data Request 2 in EO-2014-0288.

I. “For acquisition of electrical energy and/or RECs from a renewable energy resource that is not owned by the electric utility, the following information for each resource that has a rated capacity of ten (10) kW or greater:

(I) Name, address, and owner of the facility;

The Company provided a resource list as Attachment A of the Compliance Report, which includes the name, address and owner of the facility. The addresses for S-RECs acquired

⁴ Pursuant to 4 CSR 240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating four-hundredths percent (0.04%) of the Company’s total retail sales.

⁵ <http://narecs.com/>.

⁶ 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).

from customer-generators were not provided, however, this information is provided on the solar rebate application and therefore available to Staff upon request.

(II) An affidavit from the owner of the facility certifying 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;

The required affidavit for Gray County, Ensign, and S-RECs acquired through 3Degrees Group, Inc. was provided by the Company as Attachment D of the Compliance Report. The affidavits for S-RECs acquired from customer-generators were not provided, however, the affidavit is part of the solar rebate application and therefore available to Staff upon request.

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

The renewable energy technology was provided as part of the resource list 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;

The dates and amounts for the payments to Gray County and Ensign were provided in Attachment C of the Compliance Report. The Company previously provided the dates and amounts of payments to 3Degrees Group, Inc.⁷

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

The required meter readings for Gray County, Ensign, and third party S-RECs were not provided in the Compliance Report. The Company has requested a waiver from reporting meter readings for all energy/REC purchases from outside vendors.

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

⁷ Staff Data Request 1 in EO-2013-0505

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 Gray County and Ensign 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."

** _____

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

The S-RECs purchased by the Company from third party aggregators are first registered in the Western Renewable Energy Generation Information System (WREGIS) and imported into NAR. Although APX, Inc. developed the infrastructure for both tracking systems, the tracking systems are operated separately and have different operating procedures.

For RECs registered in NAR to be listed as eligible in Missouri, the Division of Energy must approve the project, including small aggregated generators located outside of Missouri. For registering customer-sited distributed generation in WREGIS the actual cumulative meter

⁸ NAR Requirements for Qualified Reporting Entities

⁹ ** _____ **

readings are entered by either the self-reporting entity or a QRE. The two tracking systems currently have sufficient procedures in place which meet the intent of the Commission rules.

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(7)(A)1.(I)(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Gray County and Ensign. Staff recommends the Commission grant the Company a limited waiver from the requirements of Rule 4 CSR 240-20.100(7)(A)1.(I)(V) for RECs purchased from aggregators that are lawfully registered in another renewable energy registry.

J. “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 584 solar rebates during calendar year 2013; however, the spreadsheet in response to Staff Data Request 1 appears to indicate that ** __ ** solar rebates were paid. Staff has requested clarification in a follow up data request.

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

169 customers were denied a rebate during calendar year 2013 because funding commitments reached the stipulated \$50 million cap.

L. “The amount of funds 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 has paid \$23,749,970 in solar rebates for calendar year 2013. The value reported in the Company’s Compliance Report is incorrect, see response to Staff Data Request 001.

M. “An affidavit documenting the electric utility’s compliance with the RES compliance plan as described in this section during the calendar year. This affidavit will include a description of the amount of over- or under-compliance costs that shall be adjusted in the electric utility’s next compliance plan;”

The Company filed a signed Affidavit with the Compliance Report and discusses the compliance costs in Section 2.13 of the Report. The cap for determining the over/under compliance costs for 2013 was not provided; however, the Company provided costs it believes to be associated with 2013 RES Compliance. The Company states that the compliance costs are under the 1% cap for 2013; however, in ET-2014-0059 the Company provided written testimony indicating that the Company expected to exceed the retail rate impact limit by July 2013.¹⁰ The costs provided in Section 2.13 of the Report are ** ____ ** than the Company’s assumptions in ET-2014-0071¹¹.

N. “If compliance was not achieved, an explanation why the electric utility failed to meet the RES.”

The Company provided a statement that it believes it has achieved compliance with the RES.

¹⁰ Direct Testimony of Tim Rush, Page 9, Lines 9-10

¹¹ Work papers of Burton Crawford, ET-2014-0059, “GMO RES Model Company Alternative Workpapers HC.xlsx”

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

In the Matter of KCP&L Greater)
Missouri Operations Company's)
Submission of Its 2013 Renewable)
Energy Standard Compliance Report)
File No. EO-2014-0290

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