

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2025-0287, 2024 RES Compliance Report and 2025 RES
Compliance Plan of The Empire District Electric Company d/b/a/ Liberty

FROM: Matthew W. Lucas, Engineering Analysis

<u>/s/ Matthew W. Lucas / 05/30/2024</u> Engineering Analysis / Date	<u>/s/ Eric Vandergriff / 05/30/2024</u> Staff Counsel's Office / Date
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SUBJECT: Staff Report and Conclusion on Empire District Electric Company's 2025 Annual
RES Compliance Plan

DATE: May 30, 2025

SUMMARY

Staff has reviewed The Empire District Electric Company's ("Liberty" or "Company") *2025-2027 RES Compliance Plan* ("Plan"). Based on its review, Staff has not identified any deficiencies in the Company's filing.

OVERVIEW

On April 15, 2025, the Company filed its Plan for calendar years 2025 through 2027, in accordance with Rule 20 CSR 4240-20.100(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 20 CSR 4240-20.100(8)(B)1. A. through G. provide the minimum requirements for the plan. Subsection 20 CSR 4240-20.100(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 the 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;”

To meet its non-solar RES obligations from 2025 to 2027, the Company plans to utilize its existing contracts with several large-scale wind farms—Neosho Ridge, North Fork Ridge, Kings Point, Elk River, and Meridian Way—as well as renewable energy generated the Company’s Ozark Beach Hydroelectric Project.

Because the Ozark Beach facility is located in Missouri, the Company receives 1.25 RECs for each MWh produced. The same Missouri-sourced multiplier also applies to the North Fork Ridge and Kings Point Wind projects due to their in-state status.

To meet its solar RES (“SREC”) requirements, the Company intends to use SRECs sourced from its customer-generators. These customer-generators receives a rebate for building a qualified solar facility, and the Company receives the rights to the RECs for a ten-year period. The SRECs available from these resources significantly exceeds the solar RES requirement, and these SRECs also qualify for the 1.25 multiplier applied to Missouri-sourced generation.

Together, these resources generate significantly more RECs than the Company requires for compliance. In 2025, the Company’s existing resources could supply an expected 2,885,818 RECs, but only 650,237 MWh of RECs are should be needed for compliance. Similar surpluses are expected in 2026 and 2027, and the Company plans to sell a portion or all of any excess RECs it may accumulate.

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 (MWhs)	Contract Effective Date	Contract duration
Elk River	Wind	270,727	12/10/2004	20 years
Meridian Way	Wind	203,699	6/19/2007	20 years

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. Liberty expects 270,727 MWh of generation from Elk River and 203,699 MWh from Meridian Way. According data requests in its ongoing rate case¹, the ** [REDACTED] **. [REDACTED]

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

The Company provided annual projected retail electric sales through 2027. While the general trends between the data provided in the 2025 IRP update² and the Company’s RES plan filing are similar, Staff does have questions about what is causing the overall negative load growth in the short term, and why there is such a drastic drop in implied jurisdictional allocation between 2026 and 2027. However, since the Company’s renewable generation is more than sufficient to cover its RES compliance needs even if these projections are too low, these concerns do not affect Staff’s recommendation in this docket.

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

¹ ER-2024-0261 Staff Data Request 0303.0. ** [REDACTED]

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² EO-2024-0280. Item 7. April 1, 2025.

with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;”

Since the Company intends meet its RES compliance goals through existing resources, there are no differences between its 2025-2027 RES plan and the 2025 IRP update provided on April 1, 2025.

- 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 both the solar non-solar portion of the RES for 2025 through 2027. The costs associated with these resources are already included in revenue requirements.

Staff does not find any deficiencies in the Company’s filing at this time. However, Staff wants it to be clear that when it states it has not identified any deficiencies in Liberty’s filing, Staff has not made a ratemaking determination whether the Plan is the least cost, prudent method in complying with the RES, and suggests the Commission be clear in any Order it may issue in this case that it is not making any ratemaking determination.

- F. “A calculation of the RES retail rate impact (“RRI”) 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 its RRI calculation as Attachment 3 in its filing, and the calculations result in a retail impact of ** [REDACTED] ** over the planning period. There an unusual amount of unexplained annual variation over the planning period. For

instance, the Company expects to spend ** [REDACTED] ** on compliance in 2025, but only ** [REDACTED] ** in 2026. Also, from 2028 through 2034, the compliance costs ** [REDACTED] [REDACTED] **. No discussion of this variation is provided by the Company in its filing. While the Company's filing is not deficient at this time, more detail should be provided in future Plan filings to explain significant annual variation of compliance cost during the planning period.

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 attests in its Plan that "All generating facilities utilized by Liberty to meet the requirements of the Missouri RES have, to Liberty's knowledge, received all necessary environmental and operational permits and are in compliance with any necessary federal, state 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 Natural Resources, Division of Energy."

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the 2024 RES Compliance)	
Report and 2025 RES Compliance Plan of)	File No. EO-2025-0287
The Empire District Electric Company)	
d/b/a Liberty)	

AFFIDAVIT OF MATTHEW W. LUCAS

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COMES NOW MATTHEW W. LUCAS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report* in memorandum form; and that the same is true and correct according to his best knowledge and belief.

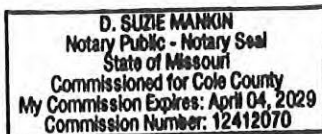
Further the Affiant sayeth not.

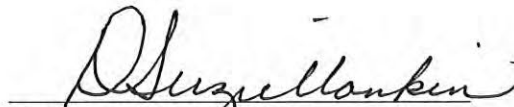


MATTHEW W. LUCAS

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 27th day of May 2025.





Notary Public