

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

In the Matter of the Establishment)	
of a Working Case for the Review)	
and Consideration of Amending the)	Case No. EW-2020-0377
Commission's Rule on Electric)	
Utility Renewable Energy Standard)	
Requirements)	

PUBLIC COUNSEL’S COMMENTS

COMES NOW the Office of the Public Counsel (“OPC”) and offers the following comments regarding proposed revisions to the Commission’s electric renewable energy standard requirement, as follows:

Retail Rate Impact Calculation

1. The OPC’s first response with the draft rule as proposed by the Staff is that additional edits are necessary to verify compliance with the one-percent (1%) annual customer impact cap required by § 393.1030.2(1).
2. The current rule assumes utilities add resources in a least-cost manner to meet the energy needs of their customers. However, with the advent of regional transmission organization (RTO) markets for energy, Missouri’s electric utilities are now investing in renewable resources with the justification that the additional resources will provide economical savings to customers from selling energy into the RTO markets. None of the “economic” renewable resources that the utilities have acquired have provided economic benefits for the customers yet.

3. The change in the reasons electric utility invest in renewable generation has created difficulties in determining compliance with the RES statute. First of all, renewable investments made for RES compliance purposes must be distinguished from these “economic” investments to determine compliance with the RES statute’s one-percent (1%) annual customer impact cap required by § 393.1030.2(1). Otherwise, the customer protections established by this rate impact cap are meaningless.

4. Accordingly, the OPC recommends additional edits. The annual RES compliance report required by 20 CSR 4240-20.100(8), subsection (A)2, requires the report to include “total retail electric sales supplied by renewable energy resources.” Additional language should require the utility to delineate total electric sales supplied by renewable energy resources for RES compliance purposes that also identifies the specific sources used for that calculation.

5. To verify compliance with the one-percent rate impact cap, the OPC also recommends the rule require the utility to submit calculations to determine whether the prior years’ rate impact calculations were accurate. Presently, the RES rules require a forward-looking rate impact estimate, but do not require a follow-up calculation that verifies the accuracy of those estimates. Resources designated as RES resources should not change from year to year (load growth is around zero) other than the end of a purchased power agreement (PPA) or the retirement of a resource. Therefore, beginning

with the year the resource was added, a backward look should be included in the calculation of the rate impact of the RES resources. Actual net costs should be included in determining what the rate impact was as well as what the company expects it to be.

6. An edit should also be made to proposed subsection (8)(A)5, which would require the utility to provide “total percentage of generation supplied by renewable energy resources during the calendar year”, by clarifying that such percentages should delineate between RES compliance resources and a non-RES resources.

7. Staff’s proposed subsection (8)(A)12 would require the utility to provide the “*actual calendar year retail rate impact*,” but appears to seek to remove the requirement that the utility provide its calculations since the present language requires in (8)(A)1.P, “*a calculation of its actual calendar year retail rate impact*.” The OPC recommends the rule require the report to include the calculation using only RES compliance resources, provide all inputs into the calculation, and identify the RES compliance sources.

RES Costs and Revenues Through the RESRAM

8. The rule requires RES cost be recovered through the RESRAM and Staff is proposing that revenues be returned through the RESRAM (*see* 20 CSR 4240-20.111(6)(A)16). This will give a more complete picture of the costs of meeting the RES. When RES resources are not designated, these costs and revenues flow through the FAC.

Miscellaneous

9. The OPC noted a number of general questions or concerns with the Staff's proposed rule as follows:

a. Proposed subsection (1)(M) defines "RES compliance benefits" to mean "*revenues and reductions in capital related cost and operating expenses related to generation, sale, or purchase of energy, capacity, or renewable energy credits from such sources used for RES compliance.*" Here, the OPC questions how the "purchase" of RECs can result in revenues and reductions in capital related cost and operating expenses.

b. Subsection (6)(A)7 requires the utility to provide customer notices and bill descriptions, and further provides "OPC may...submit comments regarding these notices." Other parties, such as the Staff, may also wish to provide comments regarding the notices. Therefore, the OPC recommends expanding this language accordingly.

c. Staff's proposed addition to Subsection (6)(A)16 would require "*RES compliance benefits shall be returned to customers through a RESRAM or as a part of a general rate proceeding unless otherwise ordered by the commission.*" This raises several questions, including:

- Can the utility choose between flowing revenues from the RES through the FAC or RESRAM?
- If the utility flows revenues through the RESRAM, is it required to flow costs through the RESRAM?

- How would revenues and costs be treated if the resource is included in fuel costs in the last rate case?

d. Subsection (6)(A)21 states a prudence review of the costs subject to the RESRAM shall be conducted no less frequently than at intervals established in the rate proceeding in which the RESRAM is established. The OPC recommends this time period be included in each RESRAM tariff.

10. The OPC appreciates this opportunity to provide feedback to the Commission, the Staff, and other interested parties. The OPC may expand upon these concerns and propose additional edits in this docket or any other related docket regarding the Commission's RES rules.

WHEREFORE, the Office of the Public Counsel respectfully offers these comments.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 30th day of July 2021.

/s/ Marc Poston
