

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2017-0269, Kansas City Power & Light Company’s Submission of
Its 2016 Renewable Energy Standard Compliance Report

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

/s/ Dan Beck / May 25, 2017
Engineering Analysis / Date

/s/ Bob Berlin / May 25, 2017
Staff Counsel’s Office / Date

SUBJECT: Staff Report and Conclusion on Kansas City Power & Light Company’s 2016
Renewable Energy Standard Compliance Report

DATE: May 25, 2017

CONCLUSION

The Staff has reviewed the Kansas City Power & Light Company’s (“KCP&L” or “Company”) filed *2016 Annual Renewable Energy Standard Compliance Report* (Compliance Report), dated April 13, 2017. Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 13, 2017, the Company filed its RES Compliance Report for calendar year 2016 (Case No. EO-2015-0269). The Compliance Report was filed in accordance with 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 RES compliance report no later than April 15 to report on the status of both its compliance with the RES and its compliance plan as described in this section for the most recently completed calendar year.” Subparagraphs 4 CSR 240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Compliance Report. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the Company’s Compliance Report and file a report 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.

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** **Denotes Highly Confidential Information** **

Appendix A

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 this review are detailed below, with appropriate rule subparagraphs A. through P. 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 2016 expressed as total megawatt-hours (MWh) sold to KCP&L Missouri consumers (8,435,167 MWh¹), generally consistent with the Missouri Jurisdictional 2016 FERC Form 1 filed with the Commission on May 15, 2017.

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 2016 expressed as annual operating revenues (dollars) from KCP&L Missouri consumers (\$976,197,197²). This amount is consistent with the amount listed on the Missouri Jurisdictional 2016 FERC Form 1 filed with the Commission on May 15, 2017.

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

The Company utilized three (3) company-owned renewable energy generating facilities during 2016; Spearville I, Spearville II, and Solar Aggregate 1.³ The Company also has five (5) purchase power agreements (PPA), with Cimarron Windpower II ("Cimarron"), Spearville 3, LLC ("Spearville 3"), Slate Creek Wind ("Slate Creek"), Waverly Wind Farm ("Waverly"), and Osborn Wind Energy

¹ Missouri jurisdictional FERC Form 1, Page 301 listed 8,435,168 MWh

² The sum of Line 9 - Gross Receipts Tax Removal, Line 10 - Total Sales to Ultimate Customers, and Line 13 - Provision for Rate Refunds from FERC Form 1, Page 300.

³ Solar Aggregate 1 represents KCPL's small owned solar generation located in Missouri, qualifies for the 1.25 credit multiplier per RSMo 393.1030.1; 4 CSR 240-20.100(3)(G)

(“Osborn”).⁴ Additionally, the Company provided the retail sales provided by customer-generators. The Company provided the 2016 total retail sales by renewable resource based on its energy allocation presumption. Staff verified that the total retail sales reported is generally consistent with RECs tracked in KCPL’s Missouri NAR subaccount.

	KCPL-MO RECs registered in KCPL-MO Active NAR subaccount
Spearville 1	145,068
Spearville 2	93,658
Solar Aggregate 1	182
Spearville 3	232,368
Cimarron II	318,189
Slate Creek Wind	357,449
Waverly	439,018
Osborn	7,683
Customer-generators	22,986

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 the number of RECs and S-RECs produced in 2016 and the value of energy created for each company-owned facility.

Facility	Number of RECs	Compliance Equivalency for In-State ⁵	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville I	145,068	n/a	1,707,450	0
Spearville II	93,658	n/a	1,102,355	0
Solar Aggregate 1	182	227.5	4,393	0

⁴ **

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⁵ Renewable resources located in Missouri, qualifies for the one and twenty-five hundredths (1.25) credit multiplier allowed by statute and regulation; 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

Spearville I generated 145,068 MWh and the value of the energy was \$1,707,450; Spearville II generated 93,658MWh and the value of the energy was \$1,102,355; Solar Aggregate 1 generated 182 MWh and the value of the energy was \$4,393. The Company reports no value to its owned resources, however, Staff believes there is a value to the RECs and S-RECs created by the Company's owned generation though that value is not transparent.

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

The Company provided the information regarding the number of RECs acquired and retired during the calendar year. The following table represents the number of RECs acquired and retired during the calendar year:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired ⁶	1,593,433 (1,595,354)	23,168 (28,960)
Retired	413,265 (413,323)	6,748 (8,435)

The Company has not reported the sale or transfer of RECs during calendar year 2016.

The Company retired wind RECs from Cimarron II, Spearville I, Spearville II, and Spearville 3 (Vintage 2013), RECs from Hampton Feed Lot (Vintage 2014-2015) and aggregated S-RECs⁷ (Vintage 2014-2015). Staff verified that the Company retired 413,323 non-solar RECs (includes in-state factor for Hampton Feed Lot) to meet the

⁶ Includes Company-owned resources

⁷ S-RECs acquired through customer-generators and generated by Solar Aggregate 1.

non-solar requirement.⁸ The Company also retired 8,435 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement.⁹ These RECs were registered and retired in the North American Renewables Registry (NAR) utilized for compliance purposes.¹⁰ In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.¹¹

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

The Company provided a resource list as Attachment A and Attachment B of the Compliance Report.

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 C 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 utility;”

There were no sales or purchases of RECs except RECs bundled with purchased power.

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:

⁸ Pursuant to 4 CSR 240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating five percent (5%) of the Company's total retail sales, less the solar requirement.

⁹ Pursuant to 4 CSR 240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating one-tenth percent (0.1%) of the Company's total retail sales.

¹⁰ <http://narecs.com/>.

¹¹ 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).

“(I) Facility name, location (city, state), and owner;”

The Company provided a resource list as Attachment A of the Compliance Report, which includes the name, location and owner of the facility.

“(II) 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;”

Affidavits from Cimarron and Waverly were included in Attachment E of the Compliance Report. The Waverly affidavit was included in the highly confidential version of the Compliance report and the Cimarron affidavit was included in the public version. The Company notes that the Generator Owners for Spearville 3 and Slate Creek have designated KCP&L as the Responsible Party in NARR, this represents that the generator owner has not granted similar authority to another person or entity in NAR or another any similar registry. Additionally, the Company previously provided the Responsible Party designation forms in response to Staff data request 3 in EO-2016-0280.

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

The renewable energy technology was provided 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 Spearville 3, Cimarron, Waverly, and Slate Creek were provided in Attachment D.

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

The required meter readings for Spearville 3, Cimarron, and Slate Creek were not provided in the Compliance Report. The Company requested a limited waiver from

this rule requirement (4 CSR 240-20.100(8)(A)1.I.(V)) for purchased RECs stating the meter reading information is not provided by the vendors that the Company purchases RECs from.

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 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 Spearville 3, Cimarron, and Slate Creek 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." ** _____

_____ .**¹². ** _____

_____ ** ¹³. The Company has provided the invoices supporting the dates and payments listed in Attachment D which includes the monthly generation.

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(8)(A)1.(I)(V) to substitute invoices or

¹² NAR Requirements for Qualified Reporting Entities.
¹³ Response to Staff Data Request 4 in EO-2014-0289.

another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, and Slate Creek.

J. "For acquisition of electrical energy and/or RECs from a customer-generator:"

"(I) Location (zip code);"

"(II) Name of aggregated subaccount in which RECs are being tracked in;"

"(III) Interconnection date"

"(IV) Annual estimated or measured generation; and"

"(V) The start and end date of any estimated or measured RECs being acquired;"

The required information was provided in Attachment B of the Compliance report.

K. "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 42 solar rebates during calendar year 2016.

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

The Company states that 19 customers were denied a rebate during calendar year 2016 because the net-metering interconnection application expired or it was not approved by Engineering.

M. "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 reported that it paid \$3,045,120 in solar rebates for calendar year 2016.

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**. Staff reserves the right to comment on the prudence of solar rebate expenditures when rate recovery is requested.

N. "An affidavit documenting the electric utility's compliance with the RES compliance plan as described in this section during the calendar year;"

The Company filed a signed Affidavit with the Compliance Report.

O. “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. Additionally, the Company retired the appropriate number of RECs to meet the RES solar and non-solar requirements.

P. “A calculation of its actual calendar year retail rate impact.”

The Company included its actual calendar year retail rate impact on Page 9 of the Compliance Report.

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

In the Matter of Kansas City Power & Light)
Company's Submission of Its 2016 Renewable)
Energy Standard Compliance Report) **File No. EO-2017-0269**

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Claire M. Eubanks and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Memorandum*; and that the same is true and correct according to her best knowledge and belief.


Further the Affiant sayeth not.



Claire M. Eubanks, P.E

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 25th day of May, 2017.



NOTARY PUBLIC

