

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2022-0285, Evergy Metro Missouri's
Submission of Its 2021 Renewable Energy Standard Compliance Report

FROM: Amanda Coffey, Associate Engineer, Engineering Analysis Department

/s/ Amanda Coffey 8/5/2022 /s/ Carolyn Kerr 8/5/2022
Engineering Analysis Dept. / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Evergy Metro Missouri's 2021 Renewable Energy Standard Compliance Report

DATE: August 5, 2022

SUMMARY

Evergy Metro Missouri's ("EMM") filed its *2021 Annual Renewable Energy Standard Compliance Report* ("Report") on April 15, 2021. Staff noted multiple errors in its Report and recommended that EMM file a corrected Report. Evergy filed its *Revised 2021 Annual Renewable Energy Standard Compliance Report*, ("Revised Report") on July 25, 2022. Based on its review of the Revised Report, Staff has not identified any deficiencies.

Regarding EMM's request for waiver, Staff recommends the Commission grant EMM a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, Waverly, Prairie Queen, Ponderosa, Rock Creek, and Pratt wind farms.

Staff utilized the North American Renewables Registry (NAR) to independently verify the retirement of the Renewable Energy Credits (RECs) and Solar-Renewable Energy Credits (S-RECs) by EMM for its 2021 Renewable Energy Standard (RES) compliance.¹ EMM has achieved compliance with the RES requirements for the 2021 compliance year.

¹ <http://narecs.com/>.

OVERVIEW

On April 15, 2022, EMM filed its Report for calendar year 2021. The Report was filed in accordance with 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 a 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 20 CSR 4240-20.100(8)(A)1. A. through P. provide the minimum requirements for the Report. Subsection 20 CSR 4240-20.100(8)(D) requires that Staff examine EMM's Report and file a report within forty-five (45) days of the filing. On April 18, 2022, the Commission ordered Staff to file its report no later than May 31, 2022. In order to give EMM time to respond to additional data requests from Staff and allow Staff the necessary time to analyze and incorporate EMM's responses in its report, on May 23, 2022, Staff requested an extension to file its report on July 15, 2022, which was approved by the Commission. After several rounds of electronic communication and discussion to obtain necessary information, EMM provided a Revised Report to Staff on July 1, 2022. On July 14, 2022, Staff requested an extension until August 5, 2022 to prepare its recommendation once the Revised Report has been filed by EMM. This extension was approved by the Commission on July 15, 2022. EMM filed its revised report on July 25, 2022.

DISCUSSION

Staff has reviewed EMM's Report and Revised Report in accordance with the established requirements to verify that EMM has provided 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;”

EMM provided the total retail electric sales for 2021 expressed as total megawatt-hours (MWh) sold to EMM consumers as 8,237,220 MWh.

B. “Total jurisdictional revenue from the total retail electric sales to Missouri customers as measured at the customers’ meters;”

EMM provided the total retail electric sales for 2021 expressed as annual operating revenues (dollars) from EMM consumers of \$849,190,194. This amount is consistent with the amount listed on the Missouri Jurisdictional 2021 FERC Form 1² filed with the Commission on May 13, 2022.

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

EMM provided the 2021 total retail electric sales by renewable resource based on its energy allocation presumption.

EMM utilized three (3) company-owned renewable energy generating facilities during 2021; Spearville 1, Spearville 2, and Solar Aggregate 1.³ EMM also has eight (8) operational purchase power agreements (“PPA”), with Cimarron Windpower II (“Cimarron”), Spearville 3, LLC (“Spearville 3”), Slate Creek Wind (“Slate Creek”), Waverly Wind Farm (“Waverly”), Osborn Wind Energy (“Osborn”), Rock Creek Wind (“Rock Creek”), Pratt Wind, LLC (“Pratt”), and Prairie Queen Windfarm, LLC (“Prairie Queen”). Additionally, EMM provided the total estimated generation (MWh) supplied by its newly interconnected customer-generators.

² The sum of Line 10 – Total Sales to Ultimate Customers and Line 13 – Provision for Rate Refunds from FF1 Page 300. \$870,046,317.00 - \$29,856,123.00 = \$849,190,194.

³ Solar Aggregate 1 represents EMM’s small owned solar generation located in Missouri, which qualifies for the 1.25 credit multiplier per RSMo 393.1030.1; 20 CSR 4240-20.100(3)(G).

	2021 (MWh) reported	NAR Project Account Holder
Spearville 1	79,545	Kansas City Power & Light
Spearville 2	38,871	Kansas City Power & Light
Solar Aggregate 1	61	Kansas City Power & Light
Spearville 3	186,238	Kansas City Power & Light
Cimarron II	311,411	Duke Energy Generations Services, Inc
Slate Creek Wind	348,587	Kansas City Power & Light
Waverly	417,653	Waverly Wind Farm, LLC
Osborn	245,242	Kansas City Power & Light
Rock Creek	365,171	Rock Creek Wind Project, LLC
Prairie Queen	156,387	Prairie Queen Wind Farm, LLC
Pratt	260,867	NextEra Energy Resources
TOTAL	2,576,693	

Staff was unable to verify these RECs in NAR due to the sale or use of 2021 vintage RECs for other purposes in 2022. EMM did provide Staff with a spreadsheet containing the REC sales. Staff was able to reconcile the difference using the spreadsheet and NAR.

- 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;”**

EMM reported the number of RECs and S-RECs produced in 2021 and the value of energy created for each company-owned facility.

Facility	Number of RECs	Compliance Equivalency for In-State ⁴	Value of Energy (\$)	Value of RECs (\$/REC)
Spearville 1	79,388	n/a	6,283,268	0
Spearville 2	38,793	n/a	3,000,964	0
Solar Aggregate 1	61	90	5,293	0

EMM reports no value to its owned resources. However, Staff believes there is a value to the RECs and S-RECs created by EMM’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;”

EMM 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, as corrected by Staff:

	Number of RECs (Compliance Equivalency)	Number of S-RECs (Compliance Equivalency)
Acquired ⁵	2,409,972 (2,562,575)	40,329 (50,396)
Retired	1,127,102 (1,210,871)	19,770 (24,713)

EMM has not reported the sale or transfer of RECs during calendar year 2021. The REC sales which occurred in 2022 will be reported in EMM’s next compliance report.

EMM retired 2018 vintage wind RECs from Cimarron II, Slate Creek, Spearville 1, Spearville 2, Spearville 3, Osborn, Waverly, and Slate Creek. Staff verified that EMM retired 1,210,871 (includes in-state factor for RECs generated in Missouri)

⁴ 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; 20 CSR 4240-20.100(3)(G).

⁵ Includes company-owned resources.

non-solar RECs to meet the non-solar requirement of 1,210,871.⁶ EMM also retired 24,713 S-RECs (includes in-state factor for customer-generated S-RECs) to meet the solar requirement of 24,712.⁷

These RECs were registered and retired in NAR utilized for compliance purposes. In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.⁸

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

EMM provided a resource list as Table 4 of the Revised Report.

G. “The identification, by source and serial number, or some other identifier sufficient to establish the vintage and source of the REC, of any RECs that have been carried forward to a future calendar year;”

EMM provided a listing, by source and serial number, of RECs that are being carried forward for future year(s) as Appendix B of the Revised Report. This list includes 2019, 2020, and 2021 vintage RECs, some of which have been sold since the date the Report was first filed.

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 or from qualified customer generator’s operational solar electric systems as a condition of receiving solar rebates.

⁶ Pursuant to 20 CSR 4240-20.100(2)(C)1, the amount of RECs necessary is determined by calculating ten percent (14.7%) of EMM’s total retail sales, less the solar requirement.

⁷ Pursuant to 20 CSR 4240-20.100(2)(D)1, the amount of S-RECs necessary is determined by calculating two-tenths percent (0.3%) of EMM’s total retail sales.

⁸ Qualified facility per 393.1025(5), RSMo and 20 CSR 4240-20.100(1)(K); Banked RECs per 393.1030.2, RSMo and 20 CSR 4240-20.100(1)(J).

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

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

EMM provided a resource list as Table 4 of the Revised Report, which includes the name, location, and owner of the facilities.

“(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;”

EMM notes that the Generator Owners for Osborn, Spearville 3 and Slate Creek have designated EMM as the Responsible Party in NAR, this represents that the generator owner has not granted similar authority to another person or entity in NAR or any other similar registry. Additionally, EMM previously provided the Responsible Party designation forms in response to Staff Data Request No. 0003 in EO-2016-0280.

Staff also verified that Spearville 1, Spearville 2, Spearville 3, Cimarron 2, Slate Creek, Waverly, Osborn, Pratt, and Rock Creek are listed on the Missouri Department of Natural Resources (MDNR) list of Renewable Energy Standard Certified facilities.⁹ Prairie Queen was not listed as a certified facility, and it is Staff’s understanding that EMM has not yet requested MDNR certification.

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

The renewable energy technology was included in Table 4.

⁹ [Renewable Energy Standard \(RES\) Certification | Missouri Department of Natural Resources \(mo.gov\)](https://www.mo.gov/renewable-energy-standard-certification).

“(IV) The dates and amounts of all payments from the electric utility to the owner of the facility; and”

The payments to the facility owners are provided in Appendix C of the Report.

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

The required meter readings were not provided in the Report. EMM requested a limited waiver from this rule requirement (20 CSR 4240-20.100(8)(A)1.I.(V)) for purchased RECs, stating the meter reading information is not provided by the vendors from which EMM purchases RECs¹⁰.

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 to which this subparagraph applies 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, Slate Creek, Osborn, Rock Creek, Waverly, Prairie Queen, and Pratt 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.”

** [REDACTED] **

¹⁰ 2021 Revised Renewable Energy Standard Compliance Report and Request for Variance, pg. 1, para. 3, filed April 15, 2022.

Since EMM is subject to a renewable energy standard, to qualify as a QRE in NAR, it must be able to demonstrate that there is an independent group responsible for reporting separate from the group which is engaged in marketing functions or REC retirement under the principles defined by the FERC's Independent Functioning and No Conduit Rules.¹¹ ** [REDACTED]

[REDACTED] ¹² **

Based on its review of the information provided by EMM and other sources, Staff recommends the Commission grant EMM a limited waiver from the requirements of Rule 20 CSR 4240-20.100(8)(A)1.I.(V) to substitute invoices, which were provided in appendix C of the Report, or another reasonable substitute when meter readings are not available for energy purchases from Spearville 3, Cimarron, Slate Creek, Osborn, Rock Creek, Waverly, Prairie Queen, and Pratt.

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 Appendix A of the Report.

¹¹ NAR Requirements for Qualified Reporting Entities.

¹² Response to Staff Data Request No. 0004 in EO-2014-0289.

K. “The total number of customers that applied and received a solar rebate in accordance with section (4) of this rule;”

EMM reported it paid 373 solar rebates during calendar year 2021 (page 9 of the Revised Report).

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

EMM reported no customers were denied a rebate during calendar year 2021 (page 9 of the Revised Report).

M. “The amount 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;”

EMM reported that it paid \$943,587 in solar rebates for calendar year 2021. 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;”

EMM filed a signed Affidavit with the Report.

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

EMM provided a statement that it believes it has achieved compliance with the RES. Additionally, EMM 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.”

EMM included its actual calendar year retail rate impact, 0.291%, on Page 10 of the Revised Report.

CONCLUSION

EMM has achieved compliance with the RES requirements for the 2021 compliance year.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro's Submission of its) File No. EO-2022-0285
2021 Renewable Energy Standard)
Compliance Report)

AFFIDAVIT OF AMANDA COFFER

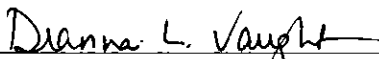
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Amanda Coffe, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Amanda Coffe

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 5th day of August, 2022.


Notary Public

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commission #: 15207377