

**MEMORANDUM**

TO: Missouri Public Service Commission Case File  
Case No. EO-2014-0289, Kansas City Power & Light Company's 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 Kansas City Power & Light Company's 2013 Renewable  
Energy Standard Compliance Report

DATE: June 30, 2014

**CONCLUSION**

The Staff has reviewed the Kansas City Power & Light Company's ("KCP&L" or "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 currently 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-2014-0289). 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

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 this 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 (8,562,163 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 (\$812,448,664<sup>1</sup>). This amount is generally consistent with the amount listed on the 2013 FERC Form 1 filed with the Commission on May 15, 2014.

**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 2013; Spearville I, Spearville II, and Solar Aggregate 1.<sup>2</sup> As discussed in Section 2.9

---

<sup>1</sup> 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.

<sup>2</sup> 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)

of the Compliance Report, the Company also has two purchase power agreements (PPA), with Cimarron Windpower II (“Cimarron”) and Spearville 3, LLC (“Spearville 3”). The Company provided the 2013 total retail sales based on their energy allocation presumption. Staff verified that the total retail sales reported is consistent with RECs tracked in KCPL’s Missouri NAR subaccount.

	KCPL-MO RECs registered in KCPL-MO Active NAR subaccount
Spearville 1	180,184
Spearville 2	97,054
Solar Aggregate 1	112
Spearville 3	192,513
Cimarron II	290,547

- 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 2013 and the value of energy created for each company-owned facility. Spearville I generated 180,184 MWh and the value of the energy was \$2,380,231; Spearville II generated 97,054 MWh and the value of the energy was \$1,282,083; Solar Aggregate 1 generated 112 MWh and the value of the energy was \$2,968. The RECs created by these facilities are a benefit to Missouri ratepayers since capital and operational costs for these facilities 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 reported that they acquired 3,044 S-RECs in 2013, please note that this value does not reflect the number of S-RECs acquired from customer-generators since enactment of House Bill 142. The Company is currently 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. The Company also acquires RECs from PPAs with Spearville 3 and Cimarron II. See discussion in Section C for quantity acquired. The Company has not sold or transferred RECs during the calendar year.

The Company retired RECs from Spearville I and S-RECs purchased through third-party brokers. Staff verified that the Company retired 168,818 Spearville I RECs (2010 Vintage) to meet the non-solar requirement of 167,818.<sup>3</sup> The Company also retired 3,425 S-RECs (2012-2013 Vintage, includes in-state factor) to meet the solar requirement of 3,425.<sup>4</sup> The S-RECS were purchased through a third-party broker or generated by KCPL's small owned solar generation. These RECs were registered and retired in the North American Renewables Registry (NAR)utilized for compliance purposes.<sup>5</sup> In accordance with statute and regulation, these RECs were produced by a qualified facility and were banked and utilized appropriately.<sup>6</sup>

**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. Additionally, the Company acquired RECs from PPAs with Spearville 3 and Cimarron II.

---

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> <http://narecs.com/>.

<sup>6</sup> 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).

**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 utility;”**

The Company did not incur any gains or losses associated with REC purchases or sales. No RECs were sold and all RECs purchased will be utilized for future compliance purposes.

**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 facilities. Please note that S-RECs acquired from customer-generators since enactment of House Bill 142 are not included in the Compliance Report. The Company is currently 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.

**(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 affidavits for Spearville 3, Cimarron, and S-RECs acquired through 3Degrees Group, Inc. were provided by the Company as Attachment D of the Compliance Report and revised in response to Staff Data Request 2 (Schedule CME-1). Please note that

the attestation for Cimarron includes Kansas jurisdictional RECs. 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 affidavits/attestations provided in Attachment D 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, and 3Degrees Group, Inc. were provided in the revised Attachment C provided in response to Staff Data Request 1 (Schedule CME-2). 3Degrees Group, Inc. is a third party broker of S-RECs.

**(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 third party S-RECs were not provided in the Compliance Report. The Company requested a limited waiver from this rule requirement 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 and Cimarron 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 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

7 \*\* \_\_\_\_\_ \*\*  
8 \*\* \_\_\_\_\_ \*\*



reasonable substitute when meter readings are not available for energy purchases from Spearville 3 and Cimarron. 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 209 solar rebates during calendar year 2013; however, the spreadsheet in response to Staff Data Request 3 appears to indicate that 210 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;”**

No customers were denied a rebate during calendar year 2013.

**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 paid \$7,822,002 in solar rebates for calendar year 2013.

**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-2014-0071 the Company



provided written testimony indicating that the Company expected to exceed the RRI limit by November 2013<sup>9</sup>. The solar rebate costs provided in Section 2.13 of the Report are \*\* \_\_\_\_ \*\* than the Company's assumptions in ET-2014-0071 while the remainder of the costs are \*\* \_\_\_\_ \*\*<sup>10</sup>.

**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. Additionally, the Company retired the appropriate number of RECs to meet the RES requirement.

---

<sup>9</sup> Direct Testimony of Tim Rush, Page 9, Lines 9-11

<sup>10</sup> Work papers of Burton Crawford, ET-2014-0071, "KCPL RES Model Company Alternative Workpapers HC.xlsx"

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

In the Matter of Kansas City Power & Light Company's Submission of Its 2013 Renewable Energy Standard Compliance Report )  
)  
)  
)

File No. EO-2014-0289

**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 30<sup>th</sup> 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