MEMORANDUM

TO: Missouri Public Service Commission Case File

Case No. EO-2016-0279, The Empire District Electric Company's Submission of its

2015 RES Compliance Report and its 2016 RES Compliance Plan

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

<u>/s/ Dan Beck / 5/25/16</u>
Engineering Analysis / Date

<u>/s/ Bob Berlin / 5/25/16</u>
Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on The Empire District Electric's 2015 Renewable Energy

Standard Compliance Report

DATE: May 25, 2016

CONCLUSION

Staff has reviewed The Empire District Electric Company ("Empire" or "Company") 2015 RES Compliance Report. Based on its review, Staff has not identified any deficiencies.

OVERVIEW

On April 15, 2016, Empire filed its Compliance Report for calendar year 2015 (Case No. EO-2016-0279), in accordance with 4 CSR 240-20.100(8), Electric Utility Renewable Energy Standard Requirements, Annual RES Compliance Report and RES Compliance Plan. Additionally, Empire filed a revised Compliance Report on May 11, 2016. 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 completed its review and utilized the North American Renewables Registry (NAR) to independently verify the retirement of the RECs and S-RECs by the Company.

DISCUSSION

Staff reviewed the Company's Compliance Report in accordance with the established rules to verify it contains the information required. 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 2015 expressed as total megawatt-hours (MWh) sold to Missouri customers (4,059,623 MWh), which is consistent with the Missouri jurisdictional 2015 FERC Form 1 filed with the Commission on May 5, 2016.¹

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 2015, expressed as annual operating revenues (dollars) from Missouri consumers, at \$450,474,700, which is consistent with the Missouri jurisdictional 2015 FERC Form 1 filed with the Commission on May 5, 2016.

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 renewable energy generating facilities as defined by 393.1025(5), RSMo during 2015: the Company-owned Ozark Beach Hydroelectric Project ("Ozark Beach") and two purchase power agreements ("PPA") with Elk River and Meridian Way. The 2015 total retail electric sales supplied by renewable energy resources is approximately 731,112 MWh. The total amount of energy generated at Ozark Beach during 2015 was 41,996 MWhs. The Company provided the total retail electric sales² supplied by Elk River approximately 425,715 MWh and Meridian Way approximately 263,401 MWh in Attachment 5 of the Compliance Report.

¹ Page 301 of 2015 FERC form 1, Line 10 (Missouri Jurisdictional)

² Assumes a 83.5807% allocation to Missouri customers

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 following information:

Facility	Number of RECs	Compliance Equivalency for In-State ³	Value of Energy	Value of RECs (\$/REC)
Ozark Beach	41,996	52,495	****	n/a

The Company-owned Ozark Beach facility generated 41,996 MWh in 2015. With the credit multiplier, the total compliance REC credit for the facility is 52,495.

The Company states that there is little value for the RECs produced by Ozark Beach as they do not qualify for other states Renewable Standards. The Company reported the value of energy to be ** _____ ** based on the locational marginal pricing though the Southwest Power Pool.

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

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

³ 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)

	Number of RECs	Number of S-RECs		
	(Compliance Equivalency)	(Compliance Equivalency)		
Acquired	824,493	***		
	(n/a)	****		
Retired	176,454	3,858		
	(198,922)	(4,060)		
Sold	****	n/a		
	(n/a)			

Non-Solar Renewable Energy Credits:

Based on Attachments 4 and 5 to the 2015 Annual RES Compliance Report, the Company acquired 509,347 RECs (2015 Vintage) through a PPA with Elk River. The Company also acquired 315,146 RECs (2015 Vintage) from Meridian Way Windfarm which are not currently tracked in NAR.

In Section (8)(A)1.E, F. of the Compliance Report, to	he Company discusses the sale of RECs
in 2015 and provides the quantity of RECs sold **	
** in Attachment 4.	

Staff verified the Company retired 89,873 RECs (112,341 RECs including compliancy equivalency, 2014-2015 Vintage) from Ozark Beach and 86,581 RECs from Elk River (2015 Vintage) for calendar year 2015 compliance to meet the non-solar requirement of 198,922.⁴

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

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Solar Renewable Energy Credits:

year 2015. Additionally, the Company acquired 810 S-RECs (1,012 S-RECs including compliance equivalency) from its customers as a condition of receiving a solar rebate.

Staff verified that the Company retired 3,048 S-RECs which were purchased through a thirdparty broker (2015 Vintage) and 1,012 customer-generator S-RECs (2015 Vintage) to meet the solar requirement of 4,060 S-RECs⁵.

All RECs and S-RECs retired for 2015 compliance were registered and retired in the electronic tracking system⁶ utilized for compliance purposes. In accordance with statute and regulation, a qualified facility produced these RECS and they were banked and utilized appropriately.⁷

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

See comments in Section E. of this 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;"

The Company provided a listing of RECs, by source and serial number, being carried forward for future year(s), as Attachment 3 of the Compliance Report. The list includes RECs from Ozark Beach, Elk River, and S-RECs acquired from customer-generators and through a third party broker (2015-2016 vintage).

and 4 CSR 240-20.100(1)(M).

⁵ Pursuant to 4 CSR 240-20.100(1)(R)5.B., the amount of S-RECs necessary is determined by calculating one-tenth percent (0.1%) of the Company's total retail sales.

⁶ North American Renewables Registry: http://missourirecs.com/

Oualified facility per 393.1025.(5), RSMo and 4 CSR 240-20.100(1)(N); Banked RECs per 393.1030.2., RSMo

As noted in Section E, the Company does not currently track RECs for Meridian Way Windfarm in the commission-approved tracking system. The Company explained in response to Staff Data Request 5 that it does not intend to use Meridian Way RECs during the planning period. Staff is comfortable with Meridian Way RECs not being tracked in the commission approved tracking system at this time.

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 sold RECs produced by its wind PPAs **				
** REC revenues factor into Empire's Fuel Adjustment				
Clause in effect during the 2015 calendar year under P.S.C. Mo. No. 5, Sec. 4, 1st Revised				
Sheet No. 17i. Both Elk River and Meridian Way PPAs were entered into before the				
Renewable Energy Standard, therefore, Staff does not consider these wind PPAs to be RES				
compliance costs which are restricted from being recovered in a fuel adjustment clause.				

- 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) Facility name, location (city, state), and owner;"

The Company provided the name, address, and owner for Elk River, Meridian Way, and Stanton Solar Farm on page 10 of the Annual RES Compliance Report.

"(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;"

Green-e certificates for Elk River, Meridian Way, and purchased S-RECs were provided as Attachment 7 to the 2015 Annual RES Compliance Report.

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

The type of technology was provided on page 10 of the 2015 Annual RES Compliance Report.

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

Empire provided the dates and amounts of the payments to Elk River and Meridian Way as Attachment 1 to the 2015 Annual RES Compliance Report.

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

The meter readings used to calculate the payments to Elk River and Meridian Way were provided in Attachment 1 to the 2015 Annual RES Compliance Report.

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

"(I) Location (zip code);"

The Company provided the location of its customer-generators in in Attachment 8.

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

The Company provided the name of the aggregated subaccounts in Attachment 8.

"(III) Interconnection date"

The Company provided the operational date for customer-generator systems in Attachment 8.

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

The Company provided the estimated generation from customer-generator systems in Attachment 8.

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

The Company provided the start and end date of estimated RECs being acquired in Attachment 8.

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

The Company received and paid 234 solar rebates in 2015.

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

The company stated that no customers were denied a solar rebate.

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 stated it spent \$3,098,478 on solar rebates in 2015.

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 included the affidavit as Attachment 9 of the Compliance Report.

O. "If compliance was not achieved, an explanation why the electric utility failed to meet the RES."

The Company retired the appropriate number of RECS to comply with the RES requirements for calendar year 2015.

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

The Company included its retail rate impact calculation including a calculation of its actual calendar year retail rate impact in Attachment 10 of the Compliance Report.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric Company's Submission of Its 2015 RES Compliance Report and Its 2016 Compliance Plan				File No. EO-2016-0279
		<u>AFFIDAVIT</u>		
State of Missouri)			
County of Cole) ss.)			

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 Report*; 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

<u>JURAT</u>

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, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434

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