

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

In the Matter of Empire District Electric	)	
Submission of its 2014 RES Compliance	)	<u><b>File No. EO-2015-0260</b></u>
Report and 2015-2017 Compliance Plan	)	

**STAFF REPORT ON EMPIRE DISTRICT ELECTRIC COMPANY'S  
RES COMPLIANCE PLAN**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and submits this *Staff Report On Company's Amended RES Plan Report* (Staff Report) to the Missouri Public Service Commission (Commission). In support of the Staff Report, Staff respectfully states the following:

1. On April 14, 2015, Empire Electric District (Company) filed its 2014 Annual Renewable Energy Standard (RES) Compliance Plan (Plan) for calendar years 2015 through 2017.

2. Commission rule 4 CSR 240-20.100(7) states ... "Each electric utility shall file an annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year."

3. Rule 4 CSR 240-20.100(7) (A) specifies what information the RES Compliance Report shall provide.

4. Rule 4 CSR 240-20.100(7) (D) provides that:

The staff of the commission shall examine each electric utility's annual RES compliance report and RES compliance plan and file a report of its review with the commission within forty-five (45) days of the filing of the annual RES compliance report and RES compliance plan with the commission. The staff's report shall identify any deficiencies in the electric utility's compliance with the RES.

5. On May 27, 2015, due to a recent Missouri Supreme Court decision that disallowed Company's exemption from Solar RES requirements, Company filed a Motion for Leave to File Amended Res Plan, attaching a copy of the Amended Res Plan to the Motion.

6. On June 9, 2015, the Commission granted Company's Motion and ordered Staff to file comments no later than July 24th, 2015.

7. In its *Memorandum*, attached hereto and labeled as Attachment A, Staff reports on its review of the amended portions of Company's Amended Annual RES Compliance Report.

8. The Staff is unaware of any other case currently pending before the Commission that a decision in this file will directly affect, or be affected by.

**WHEREFORE**, the Staff submits this *Staff Report* for the Commission's information and consideration.

Respectfully submitted,

**/s/ Nicole Mers**

Nicole Mers  
Assistant Staff Counsel  
Missouri Bar No. 66766

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Missouri Public Service Commission  
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**CERTIFICATE OF SERVICE**

I certify that a true and accurate copy of the foregoing was mailed, electronically mailed, or hand-delivered to all parties to this cause on this 17<sup>th</sup> day of July, 2015.

**/s/ Nicole Mers**

**MEMORANDUM**

TO: Missouri Public Service Commission Case File  
Case No. EO-2015-0260, The Empire District Electric Renewable Energy Standard  
Compliance Plan for Calendar Years 2015, 2016, and 2017

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

/s/ Daniel I. Beck / 7/17/15  
Engineering Analysis / Date

/s/ Nicole Mers / 7/17/15  
Staff Counsel's Office / Date

SUBJECT: Staff Supplemental Report and Conclusion on The Empire District Electric Company's  
2015 Annual Renewable Energy Standard Compliance Plan

DATE: July 24, 2015

**CONCLUSION**

The Staff has reviewed The Empire District Electric Company ("Empire" or "Company") 2015 *Annual Renewable Energy Standard Compliance Plan* ("Plan"), revised on May 27, 2015. Staff prepared supplemental comments on the revised Plan in which Empire intended to address planning for future compliance with solar RES requirements. In the revised Plan, Empire did not exclude existing renewable resources<sup>1</sup> from the retail rate impact ("RRI") calculation as required by 4 CSR 240-20.100(5)(A), and is therefore deficient. However, Empire's retail rate impact estimate is well below one percent and Staff does not expect the revised calculation to alter this result. For purposes of this year's Plan, Staff believes the calculation performed by Empire gives sufficient insight to the potential rate impact of solar compliance. However, in the event Empire files to request suspension of solar rebates, Staff believes Empire should complete the RRI calculation by comparing an entirely non-renewable portfolio to its RES-compliant portfolio.

**OVERVIEW**

Empire filed its original Renewable Energy Standard ("RES") Plan on April 14, 2015. On May 29, 2015, Staff provided its review of the Company's original Plan for calendar years 2015 through 2017.

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<sup>1</sup> Owned or under contract prior to September 30, 2010

However, two days prior, on May 27, 2015, the Company filed a revised Plan for calendar years 2015 through 2017, Case No. EO-2015-0260. Empire intended for the amended Plan to address planning for future compliance with solar RES requirements after the recent Missouri Supreme Court decision regarding the solar exemption. Therefore, Staff addresses only the revisions related to the solar RES requirement planning in this supplemental report.

### **DISCUSSION**

Staff reviewed the Company's Plan in accordance with the established requirements to verify the Plan contains the information required by rule. The results of this review are detailed below, with appropriate rule subparagraphs A. through G. identified and quoted.

**A. "A specific description of the electric utility's planned action to comply with the RES;"**

The Company described its planned actions for compliance with the solar RES requirements. For solar compliance, the Company will utilize renewable energy certificates ("RECs") from its customer-generators, which will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit.<sup>2</sup> In addition, the Company plans to purchase S-RECs from third-party brokers to supplement the customer-generated S-RECs.

**B. "A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;"**

The Company does not have any executed contracts for S-RECs at this time.

**C. "The projected total retail electric sales for each year;"**

The Company provided values for projected retail electric sales on page 6 of the Plan. The values appear to be reasonable estimates.

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<sup>2</sup> 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

- D. “Any differences, as a result of RES compliance, from the utility’s preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240-22, Electric Utility Resource Planning;”**

The Company filed its most recent triennial compliance filing in July 2013 and its most recent annual update report in March 2015. The Plan is consistent with the information regarding non-solar renewable resources in Empire’s July 2013 preferred resource plan and its annual update for 2014. Empire’s preferred resource plan did not address the solar requirements of the RES. Previously, the Company relied on an exemption from the solar requirements of the RES (393.1050, RSMo). The exemption was challenged and on February 10, 2015, the Missouri Supreme Court issued an opinion that resulted in Empire filing proposed solar rebate tariff sheets on May 5, 2015, that became effective May 16, 2015.

- E. “A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;”**

The Company has evaluated costs associated with the solar requirements, including various scenarios of customer participation in solar rebates and purchasing S-RECs. Staff reserves the right to comment on whether the Plan is the least cost, prudent method to comply with the RES when rate recovery is requested.

- F. “A detailed explanation of the calculation of the RES retail rate impact limit calculated in accordance with section (5) of this rule. This explanation should include the pertinent information for the planning interval which is included in the RES compliance plan:”**

Attachment 7 of Empire’s revised Plan describes various scenarios of customer participation levels in the solar rebate program which Empire used in the calculation of its RRI. Empire provided supporting work papers in response to Staff DR 1.1.

Empire evaluated customer participation levels of regional utilities and other factors when developing its range of solar rebate participation scenarios (cumulative one-eighth of a percent to cumulative one percent of eligible customers). Based on the interest in Empire's solar rebate program thus far<sup>3</sup>, the higher side of the assumed participation levels appears to be reasonable for 2015. However, the average capacity per system for solar rebate applications<sup>4</sup> is higher than Empire's assumptions. If Empire's customers tend to install larger solar electric systems than Empire assumed, Empire will spend more on solar rebates than expected.

Based on Empire's response to Staff Data Request 1.2, Empire did not remove existing renewable resources from the non-renewable portfolio when calculating its RRI. For this year's Compliance Plan, Staff believes the calculation performed by Empire provides sufficient insight to the potential rate impact of solar compliance. However, in the event Empire files to request suspension of solar rebates, Staff believes Empire should complete the RRI calculation by comparing an entirely non-renewable portfolio to its RES-compliant portfolio.

**G. "Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the Department of Natural Resources."**

The Company states in its Plan that, to its knowledge, "All generating facilities utilized by EDE to meet the requirements of the Missouri RES have, to EDE's knowledge, received all necessary environmental and operational permits and are in compliance with any necessary

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<sup>3</sup> In response to Staff Data Request 7, Empire provided the number of solar rebate customers (103) and the aggregate capacity (1,356 kW) from May 5, 2015 through June 30, 2015.

<sup>4</sup> Based on solar rebate applications from May 5, 2015 through June 30, 2015 (1,356 kW per 103 applications = 13.1 kW/system).

federal, states and/or local requirements related to air, water and land use.” Staff has no reason at this time to dispute this statement by Empire.



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OF THE STATE OF MISSOURI**

In the Matter of The Empire District Electric     )  
Company's Submission of its 2015 (RES)     )                    Case No. EO-2015-0260  
Compliance Plan                                     )

**AFFIDAVIT OF CLAIRE M. EUBANKS, P.E.**

State of Missouri     )  
                                  ) ss.  
County of Cole     )

**AFFIDAVIT**

**COMES NOW** Claire M. Eubanks, P.E. 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  
**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 17<sup>th</sup> day of July, 2015.

Laura Distler  
**NOTARY PUBLIC**

