

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2017-0271, Kansas City Power & Light Company’s 2017
Renewable Energy Standard Compliance Plan

FROM: Claire M. Eubanks, PE, Engineering Analysis

/s/ Dan Beck / May 25, 2017 /s/ Bob Berlin / May 25, 2017
Engineering Analysis / Date Staff Counsel’s Office / Date

SUBJECT: Staff Report on Kansas City Power & Light Company’s 2017 Annual Renewable
Energy Standard Compliance Plan

DATE: May 25, 2017

CONCLUSION

The Staff has reviewed Kansas City Power & Light Company’s (“KCPL” or “Company”) 2017 Annual Renewable Energy Standard Compliance Plan (“Plan”). Based on the information supplied the Company appears to have met the minimum requirements of 4 CSR 240-20.100(8)(B). However, KCPL has made an error in the calculation of its retail rate impact, specifically the carry-forward amount from previous years. 4 CSR 240-20.100(5)(G) states: “The initial cumulative carry-forward amount shall be equal to the sum of the annual carry-forward amounts for the period January 1, 2015, through December 31, 2015.” ** _____

_____. **. The result of the error does not significantly alter the RRI calculation and therefore Staff recommends the Commission order KCPL to make this correction in its 2018 Plan rather than requiring a revised RRI calculation for 2017.

OVERVIEW

On April 13, 2017, the Company filed its *Plan* for calendar years 2017 through 2019. The *Plan* was filed in accordance with Rule 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 annual RES compliance plan with the commission. The plan shall be filed no later than April 15 of each year.” Subparagraphs 4 CSR 240-20.100(8)(B)1.A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(8)(D) requires that Staff examine the plan and file a report of its review within forty-five (45) days of the filing.

DISCUSSION

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

A. “A specific description of the electric utility’s planned actions to comply with the RES;”

For non-solar compliance, the Company has the following resources which it may utilize renewable energy certificates (“RECs”) from:

Renewable Resource	Fuel Type	Ownership Type	Capacity (MW)	Expected annual generation¹ (Mwh)
Spearville I	Wind	Owned	100.5	225,000
Spearville II	Wind	Owned	48	
Cimarron II	Wind	PPA	131.1	307,000
Spearville 3	Wind	PPA	100.8	220,000
Slate Creek	Wind	PPA	150	380,000
Waverly	Wind	PPA	200	447,000
Osborn	Wind	PPA	120 ²	266,000
Rock Creek	Wind	PPA	300	Under Construction

¹ KCPL’s share of Missouri jurisdictional generation, See page 4 of *Plan*

² KCPL’s Osborn PPA is for 120 MW of the 200 MW

As noted on Page 4 of the *Plan*, KCP&L expects to have banked RECs unexpired at the end of 2016 plus the addition of RECs generated by the wind facilities' actual generation. KCP&L has not provided a specific listing of which of the above listed facilities will be utilized for RES compliance in the 2017 to 2019 plan period.

For solar compliance, the Company expects to utilize solar renewable energy credits ("S-RECs") obtained from customer-generators for the 2017 to 2019 plan period. KCP&L also generates S-RECs from the solar generation facilities installed as a part of the SmartGrid project (refer to Table 1 of the *Plan* for a listing of specific projects).

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 provided a list of executed contracts for the wind PPAs. The Company has provided the following executed agreements in response to Staff Data Requests:

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

The Company has provided its values for projected retail electric sales. The values appear to be reasonable estimates.

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;"

³ Staff Data Request 1 in EO-2014-0287
⁴ Staff Data Request 2.2 in EO-2014-0287
⁵ Staff Data Request 1 in EO-2013-0504
⁶ Staff Data Request 2 in EO-2015-0265
⁷ Staff Data Request 4 in EO-2016-0282

The Company submitted its most recent Resource Plan annual update filing in March 2016 (EO-2016-0232). The *Plan* is not consistent with the information regarding renewable resource additions in its 2016 annual update preferred plan; however, the differences do not appear to be the result of RES compliance. The preferred resource plan includes 350 MW of wind additions in 2016, 3 MW of solar additions in 2016, and 300 MW of wind additions in 2017. The *Plan* includes the addition of the wind facilities Osborn PPA in 2016 (300 MW), and Rock Creek PPA in 2017 (200 MW).

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 *Plan* notes that Spearville 1 was installed prior to the RES rules, as part of KCP&L's Comprehensive Energy Plan. The costs associated with Spearville 1 and Spearville 2 are already included in revenue requirements.⁸

The Company selected wind resources Spearville 3 and Cimarron II PPAs in response to the August 2011 Request For Proposals (RFP) and provided the reports regarding the selection process.⁹ The Company also executed the Slate Creek and Waverly wind PPAs. Spearville 3 and Cimarron II are currently included in purchased power expense.¹⁰ The Company notes that they do not consider these wind contracts as directly attributable to RES compliance.

For compliance with the solar portion of the RES, the Company plans to use S-RECs from customer-generators and future KCPL owned solar installations.

The Company provided information regarding the cost of the RES compliance plan. 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.

⁸ In-service requirements for Spearville 1 met in Case No. ER-2006-0314; In-service requirements for Spearville 2 met in Case No. ER-2010-0355.

⁹ The Company provided documentation in response to Staff Data Request 3 in EO-2013-0504.

¹⁰ Case No. ER-2012-0174.

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.”

The *Plan* includes an explanation of the calculation of the RES RRI. Work papers supporting the calculation were provided with its filing. The Company’s calculation results in a rate impact of less than 1 percent on average over the planning period.

KCPL has made an error in the calculation of its retail rate impact, specifically the carry-forward amount from previous years. 4 CSR 240-20.100(5)(G) states: “The initial cumulative carry-forward amount shall be equal to the sum of the annual carry-forward amounts for the period January 1, 2015, through December 31, 2015.” Additionally, the Commission’s Final Order of rulemaking makes clear that the carry-forward calculation will start with the period beginning on January 1, 2015.¹¹

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The result of this error does not significantly alter the RRI calculation and therefore Staff recommends the Commission order KCPL to make this correction in its 2018 Plan rather than requiring a revised RRI calculation for 2017.

Section (5)(B) indicates that the renewable energy resource additions will utilize the most recent electric utility resource planning analysis. The Company’s annual resource plan filing submitted in April 2016 includes 350 MW of wind in 2016, 300 MW of wind in 2017, and 3 MW of roof-top solar additions in 2016. **

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As noted

¹¹ EX-2014-0352

on page 9 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

The Company asserts that the calculation outlined Section (5)(B) does not present an accurate picture of the Company's spending on renewables and notes that the Company's portfolio far exceeds the RES requirements (see Tables 3 & 4 in the *Plan*). Staff agrees that the Company's portfolio far exceeds the non-solar RES requirements. However, it is the Company who has chosen not to reflect ** _____

_____. **. As noted on page 9 of the *Plan*, the Company does not consider the wind PPAs as directly attributable to RES compliance due to their favorable economics.

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 that, to its knowledge, all facilities utilized by KCPL to meet the requirements of the RES have received all necessary environmental and operational permits and are in compliance with any necessary federal, state, and/or local requirements related to air, water and land use.¹²

¹² Rule 10 CSR 140-8.010(4).

