

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/ Natelle Dietrich / 5/29/15
Tariff, Safety, Economic and
Engineering Analysis / Date

/s/ Nicole Mers / 5/29/15
Staff Counsel's Office / Date

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

DATE: May 29, 2015

CONCLUSION

The Staff has reviewed The Empire District Electric Company ("Empire" or "Company") *2015 Annual Renewable Energy Standard Compliance Plan* ("Compliance Plan"), dated April 15, 2015. Empire filed an amended Compliance Plan on May 27, 2015 to address planning for future compliance with the solar RES requirements. Staff will prepare supplemental comments on the amended Compliance Plan and file those supplemental comments as ordered by the Commission.

OVERVIEW

On April 14, 2015, the Company filed its Renewable Energy Standard ("RES") Compliance Plan ("Plan") for calendar years 2015 through 2017 (Case No. EO-2015-0260). The Plan 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 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(7)(B)1. A. through G. provide the minimum requirements for the plan. Subsection 4 CSR 240-20.100(7)(D) requires Staff examine the plan and file a report within forty-five (45) days of the filing.

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 RES. For non-solar compliance, the Company will utilize renewable energy certificates ("RECs") from purchased power agreements ("PPAs") from two wind farms, Elk River located in Butler County, Kansas ("Elk River"), and Meridian Way located in Cloud County, Kansas ("Meridian Way") and/or Ozark Beach Hydroelectric facility located in Taney County, Missouri ("Ozark Beach"). The Company-owned Ozark Beach generation will qualify for the Missouri in-state one and twenty-five hundredths (1.25) credit¹.

In previous compliance plans, 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. To date, the Company has not provided a specific description of its planned actions to comply with the solar requirements of the RES.

The Company included its projected Missouri Retail sales² and estimated REC generation potential to demonstrate that the existing renewable resources and PPAs will produce excess RECs over the three-year planning period. The Company has not evaluated the projected solar RECs ("S-RECs") required to comply with the RES over the three-year planning period.

¹ 393.1030.1., RSMo; 4 CSR 240-20.100(3)(G)

² 2015-2019 Revenue Model, Draft 6

- 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 has 20-year PPAs for energy and RECs from Elk River and Meridian Way, effective December 10, 2004 and June 19, 2007, respectively. Empire expects 550,000 MWhs of generation from Elk River and 330,000 MWhs from Meridian Way.

- 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.

- 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 2014. The Plan is consistent with the information regarding renewable resources in Empire’s July 2013 preferred resource plan and its annual update for 2014.

- 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 provided information regarding its utilization of existing resources to comply with the non-solar portion of the RES for 2015 through 2017. The costs associated with these resources are already included in revenue requirements.

The Company has not evaluated costs associated with the solar requirements or determined a plan to comply with the solar requirements.

- 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:”**

Empire asserts that 4 CSR 240-20.100(5)(B) exempts them from having to perform the detailed RRI analysis in accordance with section (5) of the rule because they are not adding renewable energy during the planning period. Empire notes that this determination is subject to change due to the solar rebate requirements. At the time Empire filed its original RES Compliance Plan, it did not have a solar rebate tariff in place. Empire filed an amended RES Compliance Plan on May 27, 2015; Staff will review how Empire addressed the retail rate impact calculation in the amended RES Compliance Plan and file supplemental comments.

- 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 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.

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

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

AFFIDAVIT OF CLAIRE M. EUBANKS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

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 in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



Claire M. Eubanks

Subscribed and sworn to before me this 29th day of May, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public