

In the Matter of a Working Case to Draft a Rule to)
 Modify Commission Rules Regarding Renewable) **File No. EW-2014-0092**
 Energy Standard Requirements and Net Metering)
 Standards)

At the stakeholder meeting on January 30, 2014, Staff of the Public Service Commission asked parties to provide responses to parties proposed revisions to section 5(B) of the Electric Utility Renewable Energy Standard Requirements. Enclosed are Wind on the Wires' responses to Ameren Missouri, MOSEIA, Kansas City Power and Light and KCP&L – Greater Missouri Operations' collective comments on section 5(B) and other sections referenced within said section.

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Generally, Wind on the Wires' agrees with the approach Ameren Missouri has taken in clarifying and streamlining section 5(B). Before we address substantive issues we understand Ameren Missouri's edits to clarify that a 10 year forward looking average should be used and does not support the use of a 10

year average that includes 5 years prior to the planning year and 5 years after the planning year; it clarifies confusion around “actual and projected” resources by removing the phrase “actual and projected”; it removes the phrase “baseline period” in favor of just using the phrase “the next ten years”; it adds language clarifying how to account for existing renewable resources and new renewable energy resources that are not used to comply with the RES portfolio requirements in the retail rate impact analysis; it clarifies that avoided costs could include “energy” that is avoided and not just avoided fuel costs; and it adds a carryover provision which is defined in section 5(G).

Besides minor stylistic differences, we have concerns about the carryover methodology used in the excel document and we question the intent behind the use of the phrase “next ten years” as a replacement for “period for which non-renewable resource additions are projected within the RES retail rate impact analysis calculation.” The proposed language is not as accurate as the language it replaces and it leaves open to interpretation how to account for a renewable energy resource contracts that are to expire prior to 2021. For example, a power purchase agreement may end in 2019. We would assume that a compliance plan developed in the years prior to 2019 would remove the cost of that product from both the RES-Compliant portfolio and the non-renewable generation portfolio in the years after 2019 since the resource would no longer be part of the energy portfolio nor relied upon to comply with the RES portfolio requirement. The proposed language, however, could allow for those types of product to be accounted for in each of the “next ten years.” If Ameren Missouri’s “next ten years” phrase is kept then we would propose a sentence be added to clarify that a product would only be included in the RES-compliant and non-renewable generation portfolios to the extent stated in their contract as of the date of submission of the compliance plan, or similar language.

Ameren Missouri proposes that a carryover provision be added to the rule in subsection 5(G). The intent of the proposal appears to account for the cost impacts of renewable energy resources in the years preceding that of the compliance plan. Failure to account for those years could allow for a cost impact of greater than 1% to Missouri ratepayers, therefore, we support the concept of a carryover provision. However, we take issue with the calculation methodology provided by Ameren Missouri in the excel spreadsheet. First, the calculation methodology uses a “Baseline Revenue Requirement”, which we assume to be the company revenue requirement. Thus the spreadsheet compares the incremental cost for a RES compliant portfolio to 1% of a baseline revenue requirement. That comparison is not consistent with the statute or the rule. The analysis needs to compare the total projected RES-compliant portfolio cost to the total cost of a least cost nonrenewable generation portfolio with the addition of non-renewable generation equal the incremental addition of renewable energy resources added to the RES-compliant portfolio plus avoided costs.

Moreover, the proposed calculation methodology in the excel spreadsheet is really a comparison of a ten year budget. There is no explanation of the comparison or why a ten year budget was developed instead of using a percentile comparison for each year. A percentile comparison would more closely track the statutory requirement and allow the utility to see what years the costs would be 1% more than a non-renewable portfolio and more importantly whether their plan in year 10 is 1% more than a non-renewable portfolio. As an example of how it could be calculated I’ve provided a revised version of the Ameren Missouri excel spreadsheet for the upcoming year.

2. Kansas City Power and Light and KCP&L- Greater Missouri Operations Para. 9

KCPL/KCP&L-GMO support the carry-forward provision proposed by Ameren Missouri and proposes a new sub-paragraph be inserted into section 5 which Wind on the Wires' understands is an attempt to describe the carry-forward provision. KCPL/KCP&L-GMO's proposed sub-paragraph states that the calculation will be the difference between "the actual costs of the RES compliance and an amount equal to 1% of the revenue requirement for that year for the non-renewable generation and purchased power portfolio from its most recent annual RES compliance plan" filed with the PSC. (KCPL/KCP&L-GMO Comments at ¶19).

It is our understanding of the proposed sub-paragraph is that it only describes the carry-forward calculation and that the retail rate impact test that would be used for the 10 years following the compliance plan year is defined in section 5(B). Based on that understanding, we think that KCPL/KCP&L-GMO's proposed sub-paragraph should clarify that the carry-forward amount relates to the year preceding the compliance plan year.

PROPOSED REVISION:

The utility shall calculate ~~for each actual compliance year~~ an Annual Carry-Forward Amount for the year preceding the compliance plan year. This amount shall be calculated as the difference between the actual costs of RES compliance and an amount equal to 1% of the revenue requirement for that year for the non-renewable generation and purchased power portfolio from its most recent annual RES compliance plan filed pursuant to Section (7)(B) of this rule. Annual Carry- Forward Amounts shall be accumulated, the Cumulative Carry-Forward Amount, and carried forward from year to year and included in the cost of the RES-compliant portfolio for purposes of calculating the retail rate impact, as calculated in subsection (5)(B).

3. Kansas City Power and Light and KCP&L- Greater Missouri Operations Para. 10

KCPL/KCP&L-GMO supports the language that Ameren Missouri added to section 5(b) clarifying how to account for existing renewable resources and new renewable energy resources that are not used to comply with the RES portfolio requirements in the retail rate impact analysis. Wind on the Wires' does not believe that RECs generated by renewable energy resources prior to the effective date of the rule should be used for compliance with the RES portfolio requirements. That being said, since they are part of the generation portfolio at the time the compliance plan is developed they should be in both the RES-compliance portfolio costs and the non-renewable generation portfolio costs. Wind on the Wires' believes the proposed language is consistent with our position above and therefore has no objection to the language proposed by KCPL/KCP&L-GMO.

4. MOSEIA

There are four edits proposed by MOSEIA that we take issue with. First, in section 5(A) MOSEIA proposes that the average retail rate impact “may not result in an average increase in rates in one year of more than one percent (1%).” This language prohibits any year in the 10 year retail rate impact test from being more than 1%. Under that language a utility would not need to perform an average over ten years since the average would never be more than 1%. Thus, such an edit is clearly contrary to the intent of the statute since it undermines the purpose of using an average retail rate analysis.

Second, in section 5(A), MOSEIA proposes that the retail rate impact test be based on “least cost, prudent costs.” Least cost and prudent costs are typically separate and distinct tests – a cost is either least cost or prudent. It is unclear why the PSC would need to select the least cost of the prudent costs as opposed to the least cost. Moreover, we are in favor of keeping the prudent costs language since “least cost” renewables would always result in one form a renewables being selected and fails to give the utility discretion in putting together a portfolio of renewable energy resources that would comply with the retail rate impact test.

Third, in section 5(A), MOSEIA 3 proposes the following language – “no costs shall be included in the actual RES compliance cost amounts that were incurred prior to the effective date of the RES rule.” We have no objection to this language to the extent it is intended to prohibit the use of renewable energy resources that existed prior to the effective date from being used to comply with the RES portfolio requirements. We proposed similar language in our comments. However, the RES compliance portfolio is supposed to start with the existing generation portfolio and add new renewable energy resources, so to the extent that renewable energy resources are part of the existing generating portfolio at the time the compliance plan is created those renewable energy resources should be part of the cost basis of the RES compliant portfolio.

Fourth, in section 5(B), MOSEIA proposes that avoided costs added to the non-renewable generation portfolio costs include “transmission and distribution infrastructure.” While this addition seems simple enough it would undoubtedly add countless hours to the utilities cost analysis. This proposal would require the utility to develop proxies for transmission and distribution lines. In doing so the utility would need to assume a location of the avoided generation resource and develop a transmission and distribution plan and develop cost estimates for the engineering, construction, right of way acquisition, regulatory fees for its application for a certificate of public convenience and necessity and cost of materials. This would be an endeavor that multiplies the work needed to develop the compliance plan. Consequently, the analysis should be limited to generation costs.

Conclusion

WHEREFORE, Wind on the Wires respectfully requests the Staff adopt the proposed edits suggested herein.

Respectfully submitted,

_____/s_____

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