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Date: 21 February 2014

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

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

**COMMENTS OF KARL R. RÁBAGO REGARDING COMMENTS SUBMITTED BY PARTIES  
ON SECTION (5)(B) OF THE PROPOSED RES RULE**

**SUMMARY OF MOSEIA POSITION**

As reflected in MOSEIA Comments submitted on 14 February 2014, MOSEIA proposes that section (5)(B) of the RES Rule should be modified to reflect the intent and language of HB 142.

HB 142 is explicit in how the maximum retail rate impact should be calculated and provides:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;



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MOSEIA's proposed edits were intended to effectuate the purpose and reflect the language of the statute:

- The statute addresses the maximum average retail rate impact. In light of the language of in MRS 393.1045, which addresses the maximum rate increase in terms of the average rate increase in any one year, the RES Rule should also reflect any increase in a single year. The term “average” applies to the average rate increase across all rate classes in any one year that is charged to customers.
- The statute requires the calculation of total direct RES compliance cost net over an entirely non-renewable portfolio. This calculation requires identification of incremental, direct, least-cost RES compliance costs, including rebates, program administration, and solar-related utility investments. This calculation also requires calculation of the full cost of a non-renewable portfolio sized to meet the need for electric service, including capital, operating, and other expenses. These calculations expose the full avoided cost value of the RES compliance portfolio. This calculation is required in order to determine the maximum average retail rate increase in any one year.
- The statute also requires calculation of the RES compliance cost net of utility investments. This calculation is required to determine the level of additional rebates that must be paid by the utility in any one year. This calculation also supports the determination of the amount in excess of one percent that may be recovered by the utility due to payment of additional rebates.
- The statute requires the determination and inclusion of only least-cost renewable generation in the calculation of RES compliance costs.
- The entirely non-renewable portfolio standard must take into account environmental regulatory risk.

### **Comments of Other Parties**

MOSEIA has reviewed the comments and proposed edits of other parties on section (5) (B). MOSEIA offers additional comments on those filings as follows.

#### **RENEW MISSOURI**

RENEW Missouri offers edits that replace “electricity” with “resource,” reinstate the concept of evaluation of the incremental costs of the comparative RES compliance and non-renewable portfolios, and clarify the full costs that must be evaluated in that comparison.

MOSEIA concurs in the edits offered by RENEW Missouri as being consistent and supportive of MOSEIA's position.

#### **Wind on the Wires**



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Wind on the Wires identifies problems with the staff's proposal to calculate the retail rate increase using a 10-year average of costs. WOW also reinstates the concept of evaluation of incremental portfolio costs.

MOSEIA agrees with Wind on the Wires that the staff proposal for a 10-year average should not be adopted, and that the concept of incremental portfolio cost should be reinstated in the rule.

### **Ameren**

Ameren proposes a carry forward provision for excess compliance costs incurred in any one year, proposes the inclusion of pre- and non-RES renewables costs in the RES compliance and non-renewable portfolios, and proposes a very narrow view of avoided costs that is limited to energy and fuel.

MOSEIA does not support Ameren's positions on section (5)(B). The proposals are unsupported by the plain language or any reasonable interpretation of the statute.

### **KCP&L & GMO**

KCP&L & GMO joins with Ameren in proposing a carry forward provision for excess compliance costs in any one year, joins with Ameren in proposing the inclusion of pre- and non-RES renewables costs in the RES compliance and non-renewable portfolios, and takes issue with a full avoided cost evaluation of the renewable energy resources in the RES compliance portfolio.

MOSEIA does not support KCP&L & GMO's positions on section (5)(B).