

**The Wind Coalition & Wind on the Wires
With Input from Solar Industry Representatives**

December 13, 2010

Renewable Energy Standard Workshop, EW-2011-0031

We appreciate the efforts, particularly by Ameren, to provide data on short notice in support of our ongoing discussions. This information has been helpful, although we have not had sufficient time to fully review the data and have also not yet received the following information that was also requested (see copy of email request below):

- We have not received any written explanation of the new proposal, especially as it relates to the rebasing timing, the revenue requirement used to calculate the 1% cap, and the calculation of cost savings from renewable procurement. The model provided by Ameren provides some insights, but we are not sure if it fully reflects the position of the utilities on all issues.
- We have not received models from the utilities projecting renewable development and rate impacts for other proposals, particularly the latest joint Wind/Solar proposal.
- We have not received any estimates of renewable energy procurement that might be included in future IRPs for any utilities. For the purposes of our ongoing discussions, we will need to assume none will be included.

Based on what we have received and the limited time we have had to review the information, we offer the following observations and comments to help set expectations for our meeting on Monday. We have focused on the Ameren model, since that is what was provided, but based on the information we have, we believe that these results are indicative of KCPL also.

The results of the utility proposal using Ameren's model are as follows:

- No new non-solar renewables for the next 8 years (2/3 of the way through Prop C).
- Approximately 450MW of wind in 2018-2019 then nothing more.
- Approximately 3.5% of retail sales of new renewable energy, (approximately 7% when including existing resources and REC banking).
- A potential of 1,100MW wind energy not developed (and no commensurate economic development representing ~\$2 billion of investment in Missouri and hundreds of millions of dollars in local economic development).
- No expectation of any renewable generation added in an IRP.

It is clear that this proposal falls short of the objectives established by the Commission for encouraging the development of renewable energy in Missouri. We believe the proposal can be adjusted to find the appropriate balance we have been seeking between cost control and renewable energy development. We offer the following comments and suggestions:

1. We do not agree with the way the Prop C hydro definition has been changed from the original intent in the current Rules. Prop C was written to allow for new, small (10MW or less) run-of-the-river hydro facilities, not existing 100+MW rate-based facilities.

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Prop C says: "hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a nameplate rating of 10 megawatts or less"

DNR rules for Prop C say: "Hydropower, not including pumped storage, that does not require a new diversion or impoundment of water and that each generator has a nameplate rating of ten megawatts (10 MW) or less. If an improvement to an existing hydropower facility does not require a new diversion or impoundment of water and incrementally increases the nameplate rating of each generator, up to ten megawatts (10 MW) per generator of the incremental capacity, the improvement may qualify as an eligible renewable energy resource." [emphasis added]

Recommendation: A change to the DNR Rules to define hydro as it was intended by Prop C.

2. We do not agree with the interpretation of the Rules to allow for banking of RECs for three years prior to the commencement of the Prop C targets. Missouri "RECs" only exist once there is a need for compliance (i.e. in 2011). Renewable energy delivered prior to that period should not be counted as a REC under the Rules. We agree with the concept of providing flexibility to utilities to manage variability of renewable energy compliance year-by-year via a 3-year REC life, but we do not agree with allowing utilities to stockpile RECs for three years ahead of the first compliance requirements in order to defer new renewable energy additions.

Recommendation: Clarify the Rules regarding REC definitions and to allow REC banking commencing in 2011.

3. One rebasing period is clearly inadequate for renewable energy developed in Missouri.

Recommendation: Options could include allowing for rebasing each RES compliance increase, use the NPV approach of the recent Wind/Solar proposal, or go back to the averaging concept in the existing Statute language. Some of these alternatives do not have a significant impact on rates and should be acceptable.

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Information Request During Previous Meeting, Resent Via Email Dec 9, 2010:

A tentative proposal was beginning to be formed and debated as our day concluded Tuesday. The parties agreed to work toward understanding and responding to this concept in order to make Monday's meeting more productive.

The following summarizes the information that has been requested of the utility industry by the renewable energy groups in order for these groups to understand, model, and provide a response to the latest proposal. We have requested that this information be provided as soon as possible this week.

1. We requested a more detailed description of the proposal, addressing the following questions:

- What is the rate cap?
- When does it escalate?
- What does it escalate to, and how is this number calculated?
- How are the cost savings of any procured renewables to be modeled so that they lessen the rate impact (i.e. avoided cost, avoided capacity, environmental compliance savings etc.)?
- When would these cost savings be calculated?
- How does the proposal address the definition of renewable energy?

2. We requested that the utilities, particularly Ameren and preferably KCPL (Empire already exceeds the requirements), model the various proposals submitted, including their latest proposal (in particular, to evaluate how much renewable energy they would see developed and what the rate impacts would be).

3. We requested that they provide us with an estimate of their existing renewable energy that would comply with the statute so these could be appropriately modeled to offset future requirements. [We have received the spreadsheet from Ameren and an estimate from Empire].

4. We requested that the utilities provide information to show what renewables they anticipate adding based on their IRP plans during the 2011-2021 period. We recognized that there may be proprietary information and also uncertainties in these numbers, and so we requested as much detail as can be provided, and some sense of the possible range of outcomes under different planning scenarios.

We remain hopeful that we can reach a favorable conclusion to this process.

Geoff Coventry, on behalf of various Wind and Solar industry groups.