

EW-2011-0031: Renew Missouri's retail rate impact proposal

4 CSR 240-20.100(5) Retail Rate Impact.

(A) The retail rate impact, as calculated in subsection (5)(B), may not exceed one percent (1%) for prudent costs of renewable energy resources directly attributable to RES compliance. The retail rate impact shall be ~~calculated on an incremental basis for each planning year that includes the addition of renewable generation directly attributable to RES compliance through procurement or development of renewable energy resources,~~ averaged over the ~~succeeding ten~~ (10) twenty (20)- year period beginning with 2011, and shall exclude renewable energy resources owned or under contract prior to 2011~~the effective date of this rule.~~

(B) The RES retail rate impact shall be determined by subtracting the total retail revenue requirement incorporating an incremental nonrenewable generation and purchased power portfolio from the total retail revenue requirement including an incremental RES-compliant generation and purchased power portfolio. The non-renewable generation and purchased power portfolio shall be determined by adding to the utility's existing generation and purchased power resource portfolio ~~additional non-renewable resources sufficient to meet the utility's needs on a least cost basis for the next ten (10) years~~ at least one nonrenewable portfolio assembled from nonrenewable supply-side candidate resource options analyzed through 4 CSR 240-22.040 with probable environmental costs including the cost of greenhouse gas regulation. The RES-compliant portfolio shall be determined by adding to the utility's existing generation and purchased power resource portfolio ~~an amount of renewable resources sufficient to achieve the standard set forth in section (2) of this rule and an amount of least cost nonrenewable resources, the combination of which is sufficient to meet the utility's needs for the next ten (10) years~~ each of the renewable energy portfolios from 4 CSR 240-22.060(3)(A)1 and 5, including solar

resources sufficient to meet the RES standard. These nonrenewable and renewable energy resource additions will each be analyzed for the present worth of utility revenue requirements pursuant to 4 CSR 240-22.060(2)(A)1 and (B). The retail rate impact determination shall compare the nonrenewable portfolio with the lowest PVRR to the renewable portfolio with the lowest PVRR.utilize the most recent electric utility resource planning analysis. These comparisons will be conducted utilizing projections of the incremental revenue requirement for new renewable energy resources, less the avoided cost of fuel not purchased for non-renewable energy resources due to the addition of renewable energy resources. In addition, the projected impact on revenue requirements by non-renewable energy resources shall be increased by the expected value of greenhouse gas emissions compliance costs, assuming that such costs are made at the expected value of the cost per ton of greenhouse gas emissions allowances, cost per ton of a greenhouse gas emissions tax (e.g., a carbon tax), or the cost per ton of greenhouse gas emissions reductions for any greenhouse gas emission reduction technology that is applicable to the utility's generation portfolio, whichever is lower. Calculations of the expected value of costs associated with greenhouse gas emissions shall be derived by applying the probability of the occurrence of future greenhouse gas regulations to expected level(s) of costs per ton associated with those regulations over the next ten (10) years. Any variables utilized in the modeling shall be consistent with values established in prior rate proceedings, electric utility resource planning filings, or RES compliance plans, unless specific justification is provided for deviations. The comparison of the rate impact of renewable and nonrenewable energy resources shall be conducted only when the electric utility proposes to add incremental renewable energy resource generation directly attributable to RES compliance through the procurement or development of renewable energy resources.

(~~D~~C) For purposes of the determination in accordance with subsection (B) of this section, if the revenue requirement including the RES compliant resource mix, averaged over the succeeding ~~ten~~twenty(~~10~~20)-year period, exceeds the revenue requirement that includes the non-renewable resource mix by more than one percent (1%), the utility shall adjust downward the proportion of renewable resources so that the average annual revenue requirement differential does not exceed one percent (1%). In making this adjustment, the solar requirement shall be in accordance with subsection (2)(F) of this rule. Prudently incurred costs to comply with the RES standard, and passing this rate impact test, may be recovered in accordance with section (6) of this rule or through a rate proceeding outside or in a general rate case.

(~~E~~D) Costs or benefits attributed to compliance with a federal renewable energy standard or portfolio requirement shall be considered as part of compliance with the Missouri RES if they would otherwise qualify under the Missouri RES without regard to the federal requirements.