

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

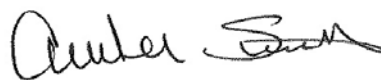
In the Matter of the General Investigation)
to Examine the Effect of Kansas Senate) Docket No. 16-GIME-258-GIE
Bill No. 91 Regarding Renewable Energy)
Standards.)

NOTICE OF FILING STAFF'S REPORT AND RECOMMENDATION

The Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) files its Report and Recommendation regarding the effect of Kansas Senate Bill No. 91 on the Commission's Rules and Regulations. Staff provides proposed amendments to K.A.R. 82-16-1 through 82-16-6 attached to its Report and Recommendation, and recommends the Commission direct Staff to summarize any comments received in response to the present Report and Recommendation, as well as provide a final recommendation for a course of action in response to Senate Bill No. 91, in an additional Report and Recommendation.

WHEREFORE, Staff submits its Report and Recommendation.

Respectfully submitted,



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For Commission Staff

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chairman Jay Scott Emler
Commissioner Shari Feist Albrecht
Commissioner Pat Apple

FROM: Josh Frantz, Research Economist
Lana Ellis, Economics and Rates Deputy Chief
Robert Glass, Economics and Rates Chief
Jeff McClanahan, Director of Utilities

DATE: February 11, 2016

SUBJECT: 16-GIME-258-GIE: *In the Matter of a General Investigation to Examine the Effect of Kansas Senate Bill No. 91 Regarding Renewable Energy Standards.*

EXECUTIVE SUMMARY:

The Renewable Energy Standards Act (RESA), part of Kansas House Bill 2369 which became law on May 22, 2009, established a *required* renewable energy standard for the state. In addition, RESA authorized and required the Kansas Corporation Commission (Commission) to formulate rules and regulations in regards to the established renewable energy standard. Kansas Senate Bill No. 91 (SB 91), which was signed into law May 28, 2015, repealed and amended sections of RESA which, in turn, affected the Commission's rules and regulations that were authorized and required by RESA. Notably, the renewable energy standard for the state is now a *voluntary* goal. The purpose of this Report and Recommendation is to advise the Commission on the impact of SB 91 upon the Commission's rules and regulations and provide a recommended course of action.

Commission Staff (Staff) has consulted with counsel and determined that, due to the effects of SB 91, K.A.R. Article 82-16, which contains the Commission's rules and regulations that relate to electric utility renewable energy standards, requires revision. Staff's proposed changes to K.A.R. Article 82-16 are summarized in the Analysis section of this Report and Recommendation and included as Attachment A. Per the Commission Order opening this Docket, Parties granted intervention may file comments in response to this Report and Recommendation until 15 days following its filing. Staff recommends that the Commission direct Staff, upon completion of the 15-day responsive comment

period, to file an additional Report and Recommendation summarizing the comments of the parties and the public and containing a final recommendation for a course of action in response to SB 91.

BACKGROUND:

RESA was part of Kansas House Bill 2369, which became law on May 22, 2009.¹ The Kansas legislature declared that promoting renewable energy development is in the public interest; thus, RESA established a required renewable energy standard for the state. RESA authorized and required the Commission to formulate rules and regulations in regards to the established renewable energy standard. In response to the implementation of RESA in 2009, the Commission promulgated K.A.R. 82-16-1 through 82-16-6.

On May 28, 2015, SB 91 was signed into law. Part of this bill repealed and amended portions of RESA. On January 5, 2016, the Commission ordered the opening of this general investigation docket and Staff was directed to file a Report and Recommendation advising on the impact of SB 91 upon the Commission's rules and regulations and recommending a course of action.

ANALYSIS:

Impact of Senate Bill 91

SB 91's amendments to KSA 66-1256 revised the policy of promoting renewable energy development in the state by establishing a voluntary goal that 20% of a utility's peak demand generation be generated from renewable energy resources by 2020. Although K.S.A. 66-1258, which established the required renewable energy standard, was repealed, K.S.A. 66-1259 was amended to maintain as effective all rules and regulations that relate to recovering costs incurred to meet the requirements of K.S.A. 66-1258 prior to its repeal. Additionally, K.S.A. 66-1259 states that the Commission shall allow affected utilities to recover reasonable costs incurred as a result of meeting the voluntary goal of K.S.A. 66-1256.

Staff has consulted with counsel and determined that, due to the effects of SB 91, K.A.R. Article 82-16 requires revision. Prior to its repeal, K.S.A. 66-1261 stated that the Commission shall establish rules and regulations for the administration of RESA, including reporting and enforcement mechanisms. Although K.S.A. 66-1261 was repealed, K.S.A. 66-1259, as amended, maintains that the Commission shall allow recovery of reasonable costs that were incurred to meet the prior renewable energy portfolio requirements as well as costs incurred to meet the current voluntary goal. Therefore, the Commission retains the ability to establish rules and regulations, including reporting mechanisms, for the state's renewable energy standard in order to support cost recovery evaluation.

¹ K.S.A. 2014 Supp. 66-1256, *et seq.*

Proposed Revisions to Rules and Regulations

Staff's proposed revisions to K.A.R. Article 82-16 are attached to this Report as Attachment A. Notable changes include:

- All references to the previous renewable energy portfolio requirement have been removed and, when applicable, reworded to instead refer to the voluntary 20% goal as prescribed by K.S.A. 2015 Supp. 66-1259. Because compliance is now voluntary and because K.S.A. 66-1261, which authorized the Commission to enforce the act, was repealed, references to administrative penalties for non-compliance have been removed;
- Due to the repeal of K.S.A. 66-1260, which included provisions regarding the calculation of the retail rate impact of renewable energy, the Commission will no longer submit a report of the annual statewide retail rate impact of renewable energy to the Kansas legislature. The revised reporting mechanism in Staff's proposed version of K.A.R. Article 82-16 does, however, retain the calculation of revenue requirement associated with renewable energy as this data is essential to cost recovery evaluation;
- The reporting schedule has been adjusted to better align with the utilities' and Southwest Power Pool's data collection processes; and
- There are alterations of language to reflect the intent of certain sections of K.A.R. Article 82-16. There are also changes of language in order to reflect differences in practice, as certain processes have evolved since the rules and regulations were approved in 2009.

Proposed Procedural Schedule

As outlined in the Order Opening Docket,² parties granted intervention may file comments in response to this Report and Recommendation until 15 days following the filing of this Report and Recommendation. Staff recommends that the Commission direct Staff, upon completion of the 15-day responsive comment period, to file a Report and Recommendation summarizing the comments of the parties and the public. Staff's Report and Recommendation should also contain a final recommendation for a course of action in response to SB 91.

Should the Commission proceed to authorize the proposed changes to its rules and regulations, the Docket shall remain open to serve as a repository for comments received pursuant to the Rules and Regulations Filing Act, as well as to keep the general public informed of the progress of proposed rules and regulations. Further, in accordance with the Rules and Regulations Filing Act, a 60-day public comment period shall commence following the publication of the proposed regulations in the Kansas Register, and a public hearing on the proposed changes shall be held following that 60-day public comment period.

² Order Opening Docket, p. 3, January 5, 2016, Docket No. 16-GIME-258-GIE.

RECOMMENDATION:

Staff has consulted with counsel and determined that, due to the effects of SB 91, K.A.R. Article 82-16 requires revision. Staff's proposed revisions to K.A.R. Article 82-16 are attached to this Report and Recommendation. Per the Order opening this Docket, Parties granted intervention may file comments in response to this Report and Recommendation until 15 days following the filing of this Report and Recommendation.

Staff recommends that the Commission direct Staff, upon completion of the 15-day responsive comment period, to file an additional Report and Recommendation summarizing the comments of the parties and the public and containing a final recommendation for a course of action in response to SB 91.

Article 16.—ELECTRIC UTILITY RENEWABLE ENERGY STANDARDS

82-16-1. Definitions. As used in these regulations, the following definitions shall apply:

(a) “Act” means the renewable energy standards act, K.S.A. 66-1256, 66-1257 and 66-1259, ~~through 66-1262~~ and amendments thereto.

(b) “Auxiliary power” has the meaning assigned to “station power” in K.S.A. 66-1,170(i), and amendments thereto.

(c) “Capacity from generation” means the net capacity of renewable generation resources owned or leased by a utility. Net capacity is the gross capacity minus auxiliary power required to operate the resource as determined in a test conducted as soon as possible after commercial operation begins. This test shall reflect operation of the resource over a four-hour period under conditions that do not limit performance due to ambient conditions, equipment, or operating or regulatory restrictions. The determination for a multiunit resource, including a wind farm, may be made through tests for a representative sample of at least 10% of the units. If the tests specified in this subsection are not practicable, the nameplate capacity of the resource minus the associated auxiliary power may be used as the net capacity unless there are factors that would prevent the resource from achieving nameplate capacity, other than ambient conditions, equipment, or operating or regulatory restrictions.

(d) “Capacity from net metering systems” means the rated generating capacity of systems interconnected with a utility pursuant to the net metering and easy connection act, K.S.A. 66-1263 et seq., and amendments thereto.

(e) “Capacity from purchased energy” means the capacity associated with energy purchased by a utility from renewable energy resources. ~~If the purchase is pursuant to a long-term contract of 10 years or more,~~ The capacity from purchased energy shall be the nameplate capacity of the resource minus auxiliary power, adjusted as appropriate to reflect the utility’s share of the output of the resource. ~~Otherwise, the capacity from purchased energy shall be determined in the same manner as that used to calculate the capacity from RECs.~~

(f) “Capacity from RECs” means the capacity associated with ~~the purchase of~~ renewable energy credits. For each source of RECs, this capacity shall be determined ~~by applying to the REC purchases the actual capacity factor of a utility’s own renewable generation from the prior calendar year~~ according to the following formulas:

$$\text{Capacity (MWs)} = \frac{\text{Energy (MWhs) RECs}}{\text{Capacity Factor} \times 8760 \text{ hours}}$$

$$\text{Capacity Factor}_i = \frac{12}{n} \sum_{t=1}^n \frac{E_{i,t}}{8760 \times C_{i,t}}$$

where

i = the individual renewable generation facility (source of the RECs)

n = the number of months the facility has been in operation over the past 24 months, with n representing at least 12 months

E_{i,t} = the total energy output (MWh) by renewable generation facility i during compliance period t

C_{i,t} = the average total generator capacity (MW) by renewable generation facility i during compliance period t

The capacity factor shall be calculated for the source of the RECs, if possible. If the utility is unable to calculate the capacity factor for the source of the RECs, the actual capacity factor shall be the capacity factor of the utility's own renewable generation from the prior calendar year for that of the same or similar type of resource as the source of the RECs, if known. If the utility has multiple installations of the same or similar type of resource, the capacity factor shall be the average of the facilities. If the utility did not have this the same or similar type of resource as the source of the RECs or if the source is unknown, the overall capacity factor of its the utility's total renewable generation shall be used. In the absence of renewable resource generation, a default capacity factor of 34% shall be used.

(g) "Data year" means the calendar year that occurred prior to the due date of the utility's report to the commission detailed in K.A.R. 82-16-2.

~~(g)~~(h) "Electric distribution cooperative" means a cooperative as defined by K.S.A. 17-4603, and amendments thereto, that is engaged in the retail sale and distribution of electricity and does not own or operate any generation or wholesale transmission facilities within the state of Kansas.

~~(h)~~(i) "Electric utility" and "utility" mean any "affected utility," as defined by K.S.A. 66-1257 and amendments thereto.

~~(i)~~(j) "Generation and transmission cooperative" means a cooperative as defined by K.S.A. 17-4603, and amendments thereto, that does not engage in the retail distribution and sale of electricity and operates generation facilities and transmission facilities solely for the wholesale distribution and sale of electricity.

~~(j)~~(k) “Nameplate capacity” means the maximum rated output of a generator under specific conditions designated by the manufacturer, generally indicated in units of kilovolt-amperes (kVA) and in kilowatts (kW) on a nameplate attached to the generator.

~~(k)~~(l) “REC” means "renewable energy credit," ~~as defined in K.S.A. 66-1257 and amendments thereto~~ which means a credit representing energy produced by renewable energy resources issued as part of a program that has been approved by the state corporation commission. For purposes of these regulations, this term is reflected on a certificate representing the attributes associated with one megawatt-hour (MWh) of energy generated by a renewable energy resource, ~~that is located in Kansas or serves ratepayers in the state.~~

~~(l)~~(m) “Renewable energy resources” has the meaning specified in K.S.A. 66-1257, and amendments thereto. For the purposes of K.S.A. ~~66-1257(f)(9)(A)~~ 66-1257(d)(9)(A) and (B) and amendments thereto, the following shall apply:

(1) “Existing hydropower” shall mean hydropower that existed on or before May 27, 2009.

(2) “New hydropower” shall mean hydropower that existed after May 27, 2009.

~~(m)~~(n) “Renewable energy ~~standards goal~~” means the ~~standards~~ voluntary 20 percent goal established by K.S.A. 66-1256 ~~through 66-1262~~, and amendments thereto, for energy and energy portfolios of each utility subject to the provisions of the act. (Authorized by K.S.A. 66-106 and K.S.A. 2015 Supp. 66-1259; ~~and implementing K.S.A. 2009 2015 Supp. 66-1261 66-1259~~; effective P-_____.)

82-16-2. Renewable energy ~~standards~~ goal and report. (a) Each utility ~~shall meet~~ may attain the ~~portfolio requirement~~ goal in K.S.A. ~~66-1258~~ 66-1256, and amendments thereto, by maintaining a portfolio of renewable capacity from generation, purchased energy, RECs, or net metering systems.

(b) Each utility making efforts to attain the goal in K.S.A. 2015 Supp. 66-1256 and seeking recovery of reasonable costs incurred as a result of attaining the voluntary 20 percent goal as prescribed by K.S.A. 2015 Supp. 66-1259 shall submit a report to the commission detailing that utility's ~~compliance~~ efforts to attain the voluntary goal ~~with the portfolio standards~~ established by the act. A generation and transmission cooperative may submit a collective report on behalf of the electric distribution cooperatives it represents. If this collective report is submitted, the electric distribution cooperatives shall not be required to file their own reports as required by this subsection. The report shall specify the renewable generation that has been put into service or the portion of the utility's portfolio of renewable generation resources served from purchased energy, RECs, or net metering systems on or before July 1 of each ~~data~~ calendar year. ~~The first report shall be due on or before August 1, 2011 for the year 2011.~~ An annual report shall be due on or before ~~August 1~~ March 31 of each ~~subsequent~~ year. Each report shall contain the following information:

(1) A description of each type of renewable energy resource that has been purchased or put into service on or before July 1 of ~~that year~~ the data year, ~~along with a narrative supporting the rationale for selecting the capacity resource;~~

(2) ~~a description of each renewable energy resource that was in operation the previous calendar year,~~ including type, location, owner, operator, date of commencement of

operations, nameplate capacity, and for the previous calendar year, the monthly capacity factor, monthly availability factor, and monthly and annual amounts of energy generated;

(2) a narrative supporting the rationale for selecting each capacity resource that has been purchased or put into service and each purchased power contract that has been executed between July 1 of the year prior to the data year and July 1 of the data year;

(3) a description of the utility's plans for ~~meeting~~ attaining the renewable energy ~~standard requirements~~ goal for the ~~next~~ current calendar year, including the utility's assessment of the expected impact to revenue requirements ~~and any limitations that the one per cent revenue requirement cap could impose on the utility's ability to comply with these regulations;~~

(4) the Kansas retail one-hour peak demand for each of the previous three calendar years and the average for these three years, with supporting data and calculations if the demand differs from the information reported on the federal energy regulatory commission's FERC form 1. Each electric distribution cooperative that does not file FERC form 1 with the commission shall file a Kansas electric cooperative utility annual report with the commission;

(5) the amount of renewable energy capacity that will qualify as a portion of the year's peak demand as calculated pursuant to paragraph (b)(4), broken down by capacity from generation, purchased energy, RECs, and net metering systems;

(6) the renewable energy capacity identified in paragraph (b)(5) from a facility constructed in Kansas after January 1, 2000; and

(7) total retail energy sales (kWh) for Kansas. ~~if capacity from RECs is identified and necessary to meet the act's portfolio requirements in years other than 2011, 2016, and 2020, information on why the utility was unable to or did not acquire other renewable energy resources~~

to meet the requirements;

(8) ~~the calculated percentage increase in the utility's revenue requirements and retail utility rates that would be caused by compliance with the act's portfolio requirement for the year, as determined pursuant to K.A.R. 82-16-4. Supporting documentation for the determination shall be included with the report; and~~

(9) ~~if the utility does not meet the act's portfolio requirement of renewable energy resources for 2011 or 2012, evidence of good faith efforts to comply with the portfolio requirements for 2011 or 2012, evidence of mitigating circumstances, and information regarding the factors specified in subsection (b) of K.A.R. 82-16-3. (Authorized by and implementing K.S.A. 66-106 and K.S.A. 2009 2015 Supp. 66-1261 66-1259; implementing K.S.A. 2009 Supp. 66-1258 and 66-1261; effective P-_____.)~~

~~82-16-3. Administrative penalties.~~ ~~Administrative penalties for noncompliance with the portfolio requirements of the act shall be imposed at levels that promote compliance after the commission's consideration of good faith efforts to comply, mitigating circumstances, and any other factors, in accordance with the following provisions:~~

(a) ~~The standard minimum penalty shall be equal to two times the market value during the calendar year of sufficient RECs to have met the portfolio requirement.~~

(b) ~~The penalty may be set by the commission above or below the standard minimum based on consideration of the relevant facts including the following, in addition to evidence of good faith efforts to comply or mitigating circumstances:~~

(1) ~~The reasons for noncompliance;~~

- (2) ~~the degree of noncompliance;~~
- (3) ~~plans to achieve compliance;~~
- (4) ~~the impact of noncompliance on utility costs and revenues; and~~
- (5) ~~the impact of noncompliance on the environment.~~

(e) ~~Pursuant to K.S.A. 66-1261 and amendments thereto, a noncomplying utility shall be exempted from administrative penalties by the commission if the utility demonstrates that compliance causes a retail rate impact of one percent or more as calculated pursuant to K.A.R. 82-16-4. (Authorized by and implementing K.S.A. 2009 Supp. 66-1261; effective Nov. 19, 2010; revoked P-_____.)~~

82-16-4. Retail revenue requirement. The retail revenue requirement attributable to ~~compliance with~~ attainment of the renewable energy standards goal requirement shall be calculated as follows for each utility:

(a) In conjunction with the reports required by K.A.R. 82-16-2, each affected utility shall ~~file a separate~~ calculate the retail revenue requirement ~~calculation~~ for each ~~new~~ capacity resource, ~~whether renewable or nonrenewable, added during the year and also for renewable resources that were not added but were required used to meet~~ attain the renewable energy goal ~~portfolio requirement~~ of the act. A capacity resource may result from ~~new~~ generation resources, purchased energy, RECs, or net metering systems. ~~For purposes of complying with the act,~~ “~~retail rate impact~~” shall mean the retail revenue requirement resulting from the determination of the retail revenue requirement specified in this regulation.

(b) Each determination of the retail revenue requirement shall reflect the total revenues

required to allow the utility the opportunity to do the following:

- (1) Earn a return on rate base items;
- (2) earn a return on plant investments through depreciation;
- (3) recover taxes other than income taxes;
- (4) recover fuel and purchased power costs, including incremental fuel expense resulting

from the inefficient dispatch of power generation if this expense is known;

- (5) recover operating and maintenance costs;
- (6) recover administrative and general expenses; and
- (7) recover income taxes, including current deferred income taxes.

(c) In order to calculate a return on rate base items, each utility shall use the overall rate of return authorized by the commission from its last litigated rate case or specified in a stipulation and agreement authorized by the commission. If an overall rate of return was not specified in a utility's last rate case, then the average of the utility's proposed rate of return and the rate of return proposed by commission staff shall be used.

~~(d) The determination of the percentage increase to a utility's total retail revenue requirement shall consist of two separate calculations.~~

~~(1) The first calculation shall include the results from the addition of renewable capacity resources and shall be calculated as follows:~~

~~(A) The cumulative retail revenue requirement for all renewable capacity resources added during the year shall be the numerator.~~

~~(B) The cumulative retail revenue requirement for all nonrenewable capacity resources added during the year shall be added to the total retail revenues authorized by the commission in the utility's last rate case. The total retail revenues resulting from a utility's last rate case shall consist of all commission-authorized revenues used to determine base rates as well as all retail revenues recovered through any riders, surcharges, and other mechanisms. The cumulative amount of the retail revenues associated with nonrenewable capacity resources added during the year and the total retail revenues authorized by the commission in the utility's last rate case shall be the denominator.~~

~~(C) The numerator divided by the denominator shall result in the percentage increase to a utility's total retail revenue requirement resulting from the addition of renewable capacity resources.~~

~~(2) The second calculation shall include the results from the addition of renewable capacity resources added during the year and renewable energy resources that were not added but were required to meet the portfolio requirement of the act. The basis for the costs of resources not added shall be specified, including whether the costs come from responses to a request for proposal, negotiations, or any other process. The calculation shall be made as follows:~~

~~(A) The cumulative retail revenue requirement for all renewable capacity resources added during the year and renewable resources that were not added but were required to meet the portfolio requirement shall be the numerator.~~

~~(B) The cumulative retail revenue requirement for all nonrenewable capacity resources added during the year shall be added to the total retail revenues authorized by the commission in the utility's last rate case. The total retail revenues resulting from a utility's last rate case shall consist of all commission-authorized revenues used to determine base rates as well as all retail revenues recovered through any riders, surcharges, and other mechanisms. The cumulative amount of the retail revenues associated with nonrenewable capacity resources added during the year and the total retail revenues authorized by the commission in the utility's last rate case shall be the denominator.~~

~~(C) The numerator divided by the denominator shall result in the percentage increase to a utility's total retail revenue requirement resulting from the addition of renewable capacity resources. (Authorized by K.S.A. 66-106 and K.S.A. 2009 2015 Supp. 66-1261 66-1259; implementing K.S.A. 2009 2015 Supp. 66-1259 and 66-1260; effective P-_____.)~~

82-16-5. Certification of renewable energy resources. (a) If a utility seeks to classify as renewable any generation capacity from a source not listed in the act's definition of "renewable energy resources," the utility shall file an application with the commission for certification of a the renewable energy resource on or before January 1 of the calendar year in which the resource is proposed to be included for attainment of the voluntary goal prescribed in the portfolio required by the act. The application shall contain the following information:

(1) A detailed technical description of the resource, including fuel type, technology, and expected operating specifications;

(2) a detailed description of the environmental impact of the resource, including impact on air, water, and land use;

(3) information concerning any applications for approvals or permits or any reviews or investigations by governmental entities with regard to environmental impact; and

(4) documentation or other evidence of certification or verification that the resource is considered a renewable energy resource by an entity that is widely recognized as having an established program and standards for certification of renewable energy resources.

(b) A determination shall be made by the commission regarding each application for classification of generation capacity filed pursuant to subsection (a), within 120 days after filing. (Authorized by K.S.A. 66-106 and K.S.A. 2009 2015 Supp. ~~66-1261~~ 66-1259; implementing K.S.A. 2009 2015 Supp. 66-1257 and ~~66-1262~~; effective P-_____.)

82-16-6. Renewable energy credit program. (a) Renewable energy credits ~~intended to be used to meet the portfolio requirements in K.S.A. 66-1258, and amendments thereto,~~ shall be issued and used as part of a REC program either established or approved by the commission. Each application for approval of any program not approved by the commission in any prior year shall be submitted on or before January 1 of the calendar year in which the RECs are proposed to be included in the portfolio.

(b) Any utility may purchase or sell RECs without commission approval. However, each renewable energy credit shall be counted only once. A REC or attributes associated with renewable energy generation sold or intended for any purpose other than attainment of the voluntary 20 percent goal prescribed by the act ~~by a utility~~ shall not be applied toward attainment of the renewable energy goal prescribed by the act. ~~included in the portfolio of the utility that sold the renewable energy credit. No utility shall include any REC in its portfolio that is included in the portfolio of any other utility, whether or not the utility is subject to the provisions of the act. Therefore, utilities and customer generators shall not create, register, or sell RECs from energy produced from generation, purchased energy, or net metering system capacity if the energy is used by a utility to comply with the portfolio requirements of the act. For capacity that is only partially used for compliance. RECs may be created, registered, and sold for the pro-rata portion of the energy produced by the unused portion of the resource.~~

(e) ~~For purposes of complying with the act, any REC may be used only once.~~ Unused RECs shall remain valid for up to two years from the date that the associated electricity is generated and shall be permanently retired at the end of two years or when used for ~~compliance~~ attainment of the voluntary 20 percent goal prescribed by the act, whichever is earlier. ~~A utility shall not sell RECs or the attributes associated with renewable energy generation or purchased energy used to comply with the requirements of the act to the utility's customers under a voluntary program established to let certain customers pay different rates to cover the cost of renewable energy, which is sometimes referred to as a "green pricing" program.~~ To the extent that RECs or attributes associated with renewable energy generation from the renewable energy resources are sold or used for any purpose other than attainment of the voluntary 20 percent goal prescribed by the act ~~to customers~~, the utilities shall reduce the capacity used ~~to comply with~~ for attainment of the voluntary 20 percent goal prescribed by the act according to formula specified in this subsection. ~~Each utility shall retire any RECs sold under such a program.~~

Total Renewable Capacity for Compliance = $TRC - C_{GOP}$

where

$$C_{GOP} = \frac{E_{GOP}}{CF \times 8760}$$

TRC = total renewable capacity

C_{GOP} = renewable capacity used for green pricing sold or used for any other purpose than attainment of the goal prescribed by the act

E_{GOP} = energy from RECs or renewable energy attributes sold or for green pricing used for any other purpose than attainment of the goal prescribed by the act

CF = capacity factor for source of the energy E_{OP} ~~sold as green energy~~

(c~~d~~) Each REC created ~~sold~~ or purchased by any Kansas utility shall be reported in an approved registry that documents and verifies attributes and other compliance conditions as well as tracks the creation, sale, retirement, and other transactions regarding the REC to prevent double counting and misuse, in accordance with these regulations and commission direction. (Authorized by ~~and implementing~~ K.S.A. 66-106 and K.S.A. 2009 2015 Supp. ~~66-1258~~ 66-1259; implementing K.S.A. 2015 Supp. 66-1259; effective P-_____.)

CERTIFICATE OF SERVICE

16-GIME-258-GIE

I, the undersigned, certify that a true and correct copy of the above and foregoing docket was served via electronic service this 15th day of February, 2016, to the following:

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CERTIFICATE OF SERVICE

16-GIME-258-GIE

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