



September 6, 2018

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Messrs. Randall and Looney:

This is to provide comments of the Sierra Club on Independence Power & Light's Master Plan process. It is impossible to fully comment on IPL's Master plan because the utility has not made the full document public. The most relevant public document pertaining to the Master Plan appears to be a slide deck dated August 27, 2018.

Utility long-range plans are important because they provide information for the utility, ratepayers and other stakeholders in planning the utility's future. The lack of a strong public engagement process, including not making the plan available to the public, seriously diminishes the value of IPL's Master Plan.

Examples of best practices in long-range plan development, including the importance of strong public input processes, are widely available. One example is the Regulatory Assistance Project's "Best Practices in Electric Utility Integrated Resource Planning" available here: <https://www.raonline.org/wp-content/uploads/2016/05/rapsynapse-wilsonbiewald-bestpracticesinirp-2013-jun-21.pdf>

Tallahassee, FL, which operates its own municipal utility much like IPL, considers strong public engagement as a foundation for its long-range planning (an Integrated Resource Plan, or IRP). See article here: <http://relaymagazine.org/integrated-resource-planning-charting-clean-low-cost-future-tallahassee/>) which includes this:

Municipal electric utilities are community owned and operated, providing a local benefit. “As a municipal electric system we have a unique opportunity in the IRP,” said Byrne. “We aim to align the interests of the electric system with the interests of our community.” In Tallahassee, part of the IRP process includes holding community meetings to hear what citizens think about the plans for developing the electric system. “We consider the concerns of various stakeholders in our community, our community members. It’s a community process.”

“You need leaders open to looking at the process open-mindedly to be able to translate it to a practical solution,” said Mims. “In Tallahassee, leaders did not go into the IRP with a bias and thinking they would keep doing what they’ve always done.”

“For the IRP process to be successful it has to be collaborative,” said Commissioner Maddox. “We now have a global economy of people who are better educated about what they want from their utility. We wanted to make sure that it’s understood that our customers are our utility. That’s why in the IRP process we reached out to our citizens first and found out what they wanted to see. We’re going to see more and more people demanding clean energy, and I’m proud that the City of Tallahassee has been a leader in that regard.”

IPL should embrace public involvement in its planning process. IPL should make the Master Plan available to the public, start a meaningful public engagement process and allow additional time for comment on the plan.

Given the lack of a publicly available plan, the following comments are based on the August 27, 2018 slide deck.

Information on Slide 16 is inaccurate. According to the North American Electric Reliability Corporation (NERC), wind energy in the Southwest Power Pool (SPP) is now receiving 12% capacity credit, and solar between 70-80% (this will decline over time, but remain high for awhile while solar penetration overall is very low in SPP). See NERC document page 28-29. https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_12132017_Final.pdf

We question the accuracy of IPL’s load forecast. Slide 17 shows that peak load was well below 300 MW in 2017, but Slide 16 shows the the 2018 forward forecast starting at 300 MW. Not having an econometric model for peak load and energy demand, which is typical in a long-range plan, available for review makes it difficult to review the accuracy of these projections.

Given the 70-80% capacity credit mentioned above with respect to solar, it is also critical that IPL make public its data used to evaluate solar and how IPL would calculate solar’s levelized cost of capacity. This is important to see how solar compares with other resource alternatives on Slide 45. We also question why the cost of latan 2 and Nebraska City 2 capacity aren’t listed on Slide 45.

IPL should move ahead with the plan to close the Blue Valley power plant. In order to make up for any capacity issues resulting from this closure, IPL should prioritize increasing its demand-side energy efficiency programs to reduce demand. The City of Independence should also adopt the 2018 International Energy Conservation Code which would make new homes significantly more energy efficient and reduce utility bills.

In addition to energy efficiency, IPL should explore clean energy opportunities in wind and solar, as well as the possibility of adding battery storage at its existing solar farms. Battery storage lowers costs by shaving peak demand. City Utilities of Springfield MO has developed the largest battery storage project in the region.

It should be noted that the recent controversy over IPL's community solar programs expose problems with management, not with solar energy itself. For example, Columbia Water & Light has community solar at significantly lower prices than IPL. The City of Independence should strengthen oversight of IPL to prevent future issues with its energy projects and protect the interests of ratepayers.

Both City Utilities of Springfield and Columbia Water & Light are municipally-owned utilities, like IPL. IPL should reach out to these and other utilities to learn more about their processes for long-range planning and pricing of clean energy projects.

A non-municipal utility example is Northern Indiana Public Service Company (NIPSCO), which, as part of its long-term planning process, recently issued a request for proposals for new energy resources. The utility received some very low prices for wind, solar and storage. See slide 19 here: <https://www.nipsco.com/docs/default-source/about-nipsco-docs/7-24-2018-nipsco-irp-public-advisory-presentation.pdf>. NIPSCO also held multiple public meetings to receive input on its long-range plan.

We may have additional comments and responses to provide once there is an opportunity to review the entire report which we hope will be soon as decisions on the master energy plan and significant bearing on the cost of service study which we understand is currently underway.

We support the idea of completing a master energy plan every three years, with annual updates, as the energy industry is undergoing rapid changes. This is the same schedule that Missouri investor-owned utilities follow.

If you have any questions concerning these comments, please contact me at andy.knott@sierraclub.org. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to be 'AK', written in a cursive style.

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