

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of:)
ELECTRONIC CONSIDERATION OF THE IMPLEMENTATION) Case No. 2019-00256
OF THE NET METERING ACT.)

**COMMENTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

Kentucky Industrial Utilities Customers, Inc. (“KIUC”) submits these Comments to assist the Kentucky Public Service Commission (“Commission”) in the implementation of Senate Bill 100, An Act Relating to Net Metering (“Net Metering Act”), which takes effect on January 1, 2020. As discussed in greater detail below, KIUC recommends that the Commission set the compensation rate that a retail electric supplier must pay eligible customer-generators under the Net Metering Act at the supplier’s energy cost.

Under KRS 278.466(3) as amended by the Net Metering Act, “[a] retail electric supplier serving an eligible customer-generator shall compensate that customer for all electricity produced by the customer’s eligible electric generating facility that flows to the retail electric supplier...[t]he rate to be used for such compensation shall be set by the commission....” When carrying out this legislative directive, the Commission should be wary of overcompensating customer-generators. For instance, crediting net metering customers at the electric supplier’s full retail rate would allow customer-generators to receive payments for capacity, transmission, and distribution services which they did not provide. Net metering customers merely provide additional energy to the grid when and if they wish to do so. Hence, providing customer-generators with a net metering credit equal to an electric supplier’s full retail rate (which includes capacity, transmission, and distribution costs) would result in other customers unduly subsidizing customer-generators.

Eligible customer-generators should receive only the value of the energy they provide to the grid. While the ideal compensation level would be set at the real-time energy price effective at the time of the energy delivery, this methodology is currently impractical in Kentucky given the relative lack of smart meters that could assess a net

metering customer's hourly load data. But there are several other methodological options available if the Commission is interested in providing an energy-only credit to eligible customer-generators. The Commission could require electric suppliers to compensate eligible customer-generators at the current energy rates set forth in the suppliers' tariffs. Alternatively, the Commission could examine each supplier's most recently filed cost-of-service study and use the energy costs set forth in the study as the basis for establishing that supplier's net metering credit. Or the Commission could require all retail electric suppliers to conduct a new cost-of-service study to determine more precisely the current level of their energy costs and use the findings of those studies to establish each supplier's net metering credit. Regardless of the method employed, however, the Commission should not allow net metering customers to receive credits at a level greater than the value of the service they provide to the system.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

513.421.2255 Fax: 513.421.2764

E: mail: mkurtz@BKLawfirm.com

kboehm@BKLawfirm.com

jkylercohn@BKLawfirm.com

**COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC. (KIUC)**

October 15, 2019