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Kentucky Public Service Commission
Frankfurt, KY

Commissioners,

Case # 2019-00256 – Implementation of the Net Metering Act

The changes proposed to the treatment of net metering consumers address a ‘problem’ – cross-subsidy between customer classes – of **no material significance** in a jurisdiction (Kentucky) in which less than a tenth of one percent (0.07%) of electricity requirements was provided by solar facilities in 2018 (EIA, 2019). Worse, the withdrawal of ‘retail rate’ credit at such an early stage in the state’s tentative efforts to reduce the carbon intensity of its electricity production footprint threatens to extinguish the emergence of more innovative solar and other distributed-generation solutions tailored to conditions where renewable resources are less favorable – and currently more expensive – than in places such as California and Arizona.

LG&E/KU’s Solar Share Program is an example of a typical utility response to the emergence of any competitive threat, ensuring that the utility preserves exclusive rights to investment in (and returns on) assets. The derisory participation rate to date – 0.03% of the customer base (300 out of 964,000 LG&E/KU electric customers) – belies the claim that the program seeks to promote research and development of alternative energy resources.

The emergence of intermittent generation resources and new storage technologies has raised legitimate issues of fairness in cost allocation in those states leading the transition to new and renewable energy. Appropriate regulatory adaptations must be balanced against policy objectives to recognize the full economic and social benefits of more sustainable energy pathways. However Kentucky is nowhere close to the point where renewable energy contributions create any material distortions within the tariff setting process, and in that context any changes to tariff design are premature and obstructive.

Thank you for your consideration of these comments.

Robert Thomson