COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

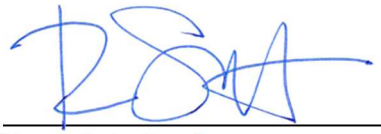
In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A GENERAL ADJUSTMENT OF ITS RATES FOR ELECTRIC SERVICE; (2) APPROVAL OF TARIFFS AND RIDERS; (3) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; (4) APPROVAL OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF	)	CASE NO. 2020-00174

KENTUCKY SOLAR INDUSTRIES ASSOCIATION, INC. RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

Comes now the Kentucky Solar Industries Association, Inc. (KYSEIA), by and through counsel, and submits its response to Commission Staff's First Request for Information.

Respectfully submitted,



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NOTICE AND CERTIFICATION FOR FILING

Undersigned counsel provides notice that the electronic version of the paper has been submitted to the Commission by uploading it using the Commission's E-Filing System on this 2nd day of November, 2020, and further certifies that the electronic version of the paper is a true and accurate copy of each paper filed in paper medium. Pursuant to the Commission's March 16, 2020, and March 24, 2020, Orders in Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus Covid-19*, the paper, in paper medium, will be filed at the Commission's offices within 30 days of the lifting of the state of emergency.

Randal A. Strobo

CERTIFICATE OF SERVICE

Undersigned counsel certifies that it has transmitted on this 2nd day of November 2020, via electronic mail messages, a notice of the electronic filing of the response and the accompanying Read1st file for the electronic filing to the parties of record at the electronic mail addresses listed below. The Commission has not excused any party from electronic filing procedures for this case.

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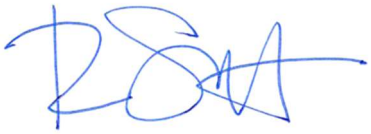

Randal A. Strobo

Kentucky Solar Industries Association, Inc.
KY PSC Case No. 2020-00174
Response to Commission Staff First Request for Information

Witness Responsible:
James N. Van Nostrand

Request No. 1

Refer to the Direct Testimony of James N. Van Nostrand, page 13, line 24, through page 14, line 14. Confirm that the references to FERC Order No. 742 should be to FERC Order No. 872 instead.

Response:

Yes. The reference should be to FERC Order No. 872.

Kentucky Solar Industries Association, Inc.
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Witnesses Responsible:
James N. Van Nostrand/Justin Barnes

Request No. 2

Refer to the Van Nostrand Testimony, page 10, lines 16–18, which states that it is necessary to implement a true cost and benefits study.

a. Explain whether Mr. Barnes conducted a cost-benefit analysis.

b. If not, explain why a cost-benefit analysis was not conducted.

c. Explain whether the data necessary to conduct a cost-benefit analysis is available.

d. Explain how a cost-benefit analysis would quantify reliability

Response:

a) No. Mr. Barnes did not conduct a cost-benefit analysis.

b) Conducting a comprehensive solar or DG cost-benefit analysis is a complex and time-consuming exercise that could not have been completed within the timeline of the instant proceeding or at cost that it would be reasonable for an intervenor to be expected to incur with its own resources. For instance, the Maryland Public Service Commission issued a Request for Proposals ("RFP") for a Value of Solar Study to inform electric cooperative ratesetting in June 2016. Responses to the RFP from five respondents ranged from roughly $76,000 to $277,000 and the bid was awarded in August 2016 to a consultant with a bid priced at roughly $134,500. Due to a legislative deadline, the final report was due by December 31, 2016, roughly 4.5 months after the award was issued. This timeline was itself fairly aggressive. The same consultant completed a study of a similar character for Maryland's investor-owned utilities over a period of roughly 18 months from the initial RFP. The RFP was issued in April 2017, a draft report was completed in April 2018, and the final report was issued in November 2018.

   For further information on the RFP and award see: https://www.psc.state.md.us/psc-04-25-16-energy-related-studies/

For further information on the IOU value of solar report see the Final Report at: https://webapp.psc.state.md.us/newIntranet/AdminDocket/NewIndex3_VOpenFile.cfm?FilePath=//Coldfusion/AdminDocket/PublicConferences/PC44/145/MDVoSReportFinal11-2-2018.pdf

Furthermore, the ability to conduct a complete analysis is highly dependent on full cooperation from utilities because they are the only ones that possess some of the information necessary to develop the necessary modeling. A contested proceeding like a rate case is not a forum that is conducive to such an exercise given the limitations imposed on discovery. While Kentucky Power did present certain information in its application and responses to discovery that would have been used in a solar cost-benefit analysis, it would have been virtually impossible to assemble the full amount of requisite information.

Finally, it would have been highly speculative for KYSEIA to sponsor the completion of a cost-benefit study without further guidance from the Commission with respect to the methodology and assumptions that should be employed.

c) As noted in response to subpart(b) of this request, some information presented by the Company in this proceeding would likely have played a role in a cost-benefit analysis. Some further information would likely be sourced from other publicly-available sources. However, it is not clear that the full amount of necessary information is available. For instance, it is not clear whether Kentucky Power has appropriate data on marginal distribution costs. In addition, some methodologies that might be used in such an analysis require data that is known to not be available, such as actual production profiles from existing net metered systems and interval load data from net metered customers.

d) It is not entirely clear to us what specifically is meant by the term “reliability” in the context of this question. From the standpoint of resource adequacy and the capacity value of intermittent resources, it is typical for solar cost-benefit analyses to undertake an evaluation of the typical coincidence of solar generation with peak hours. The level of coincidence is typically expressed as a percentage of nameplate value on a monthly, seasonal, or annual basis depending on the character of peak needs.

Reliability is also closely related to the concept of system *resiliency*, though there is some disagreement over the most appropriate definition of resiliency and its relationship to reliability. The National Association of Regulatory Utility Commissioners (“NARUC”) published a report on DERs and resiliency which discusses distinctions between reliability and resiliency and various methods that can be used to evaluate the value of resilience that can be provided by DERs. The increased resilience provided by DERs ideally would be included as part of the benefits in a cost-benefit analysis. As yet, however, there is no broadly accepted method for doing so.

https://pubs.naruc.org/pub/531AD059-9CC0-BAF6-127B-99BCB5F02198

In addition to the NARUC publication, Mr. Van Nostrand authored an article recently published in the Florida State University Journal of Land Use and Environmental Law, "Quantifying the Resilience Value of Distributed Energy Resources," 35 FLA. S. U. J. LAND USE & ENVTL. L. 15 (2019), a copy of which is included as Attachment 1 to this response.

From the standpoint of potential reliability costs associated with DERs, it is generally assumed that interconnection standards will adequately ensure distribution system reliability, meaning that there is no incremental cost at this level of the system (assuming that a DER customer is responsible for any grid upgrades required by the addition of a DER). At the bulk system level, at higher grid penetrations renewables in general may cause incremental integration costs, which may be reflected as a need for additional ancillary services. Integration costs are generally associated more with utility-scale generation than DERs because they only present themselves at scale.