COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF	**)**	
INTERCONNECTION AND NET	**)**	**CASE NO. 2020-00302**
METERING GUIDELINES	**)**	

BRIEF OF KENTUCKY UTILITIES COMPANY AND LOUISVILLE GAS AND ELECTRIC COMPANY

Dated: April 19, 2021

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INTRODUCTION

Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies") respectfully submit this brief in response to the Kentucky Public Service Commission's ("Commission") Orders dated February 16, 2021, and March 4, 2021, requiring the parties to file written briefs discussing current and reasonably anticipated issues and concerns regarding net metering interconnection guidelines and current and reasonably anticipated concerns regarding Federal Regulatory Energy Commission ("FERC") Order No. 2222. The Companies appreciate the opportunity to brief pertinent issues in this important matter.

DISCUSSION

I. The Current Net Metering Guidelines Require Relatively Minor Updates, Not a Wholesale Rewriting

The current Net Metering Guidelines ("Guidelines") remain highly relevant and serviceable, which is a testament to the hard work done by the Commission and all parties to Administrative Case 2008-00169 over a decade ago. The Companies believe that with a few relatively minor revisions the current Guidelines can remain serviceable for a decade or more to come.

A. Giving Utilities the Right to Install Production Metering at their Own Cost Would Allow Utilities to Gain a Better Understanding of the Generation Connected to their Systems and Facilitate Distribution System Design and Planning, as Well as an Understanding of Net Metering Customers' Loads.

The Companies believe utilities should have an explicit right in the Guidelines to install production metering for any or all net metering customers. Such metering allows a utility to know a net metering customer's gross load and gross production. This information can help a utility better understand the characteristics of the generation attached to its system, as well as to help the utility understand the true load on its system and have adequate resources available to serve that load even if customer generation is not available. In addition, such information can allow a utility to better design and plan its distribution system, including any equipment that might be needed to help accommodate increasing amounts of customer generation while ensuring safe and reliable service to all customers.

The Companies recommend that any production metering a utility installs, including meter bases and installation labor, should be at its own expense, not that of net metering customers. Requiring utilities to bear the cost of production metering is consistent with Kentucky's Net Metering Statutes, which require utilities to install "a standard kilowatt-hour meter capable of registering the flow of electricity in two (2) directions."[1] The statutes further state that "[a]ny additional meter, meters, or distribution upgrades ***needed*** to monitor the flow in each direction shall be installed at the customer-generator's expense."[2] Production metering is not "needed to monitor the flow in each direction"; that can be done with a single standard meter that registers flows in both directions. Rather, production metering gives a utility additional insight to understand a customer's production and load. Therefore, it would be consistent with statutory requirements to have such metering installed solely at the utility's discretion and expense.

B. Allowing Utilities to Charge a Standardized Application Fee of Up to $100 for All Net Metering Applications Would Help Ensure Only Applicants with a Genuine Intent to Proceed Would Apply and Would Enable Utilities to Recover a Portion of Application Processing Costs.

The Guidelines currently allow utilities to require all Level 2 applicants to pay a non-refundable application, inspection, and processing fee of up to $100, but prohibit any application fees or other review, study, or inspection or witness test fees for Level 1 applications.[3] Although

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[1] KRS 278.466(2).
[2] *Id.* (emphasis added).
[3] *Development of Guidelines for Interconnection and Net Metering for Certain Generators with Capacity up to Thirty Kilowatts*, Admin. Case No. 2008-00169, Order Appx. A at 6 (Ky. PSC Jan. 8, 2009).

that fee structure might have been sensible at the time the Commission promulgated the Guidelines in 2009, the intervening 12 years have demonstrated that a relatively nominal application fee of up to $100 for Level 1 installations is both reasonable and necessary. The Companies' experience has been that nearly all of the net metering applications they receive are for Level 1 installations. The cost to process each application is well in excess of $100, and there are a number of applicants who do not complete the process, which inefficiently uses the Companies' time and resources.

Therefore, the Companies believe it would be reasonable to include in the Guidelines a right for utilities to require a non-refundable application fee of up to $100 for Level 1 and Level 2 applications. This could help ensure applicants have a definite intention to proceed while also helping to defray the cost of processing the numerous Level 1 applications the Companies receive every year. Also, a fee of up to $100 is unlikely to be a deterrent to any customer serious about installing distributed generation, which usually costs thousands, if not tens of thousands, of dollars to install.

C. Allowing Utilities to Have Application Forms and Technical Interconnection Requirements for both Level 1 and Level 2 Available Only Online or by Request Will Better Ensure Customers Have Access to Up-to-Date Forms and Requirements.

There is no doubt that the availability and use of online technology has exploded since the Commission issued the Guidelines in January 2009. Realistically, utility websites are where customers are finding net metering information, application forms, and interconnection requirements. The Companies recommend revising the Guidelines to reflect this reality by allowing utilities to have their application forms and technical interconnection requirements for both Level 1 and Level 2 installations available only on their websites and by customer request. That would allow utilities to keep their technical interconnection requirements current as applicable regulations and industry standards change, and it would allow utilities to improve and clarify their application forms as needed, all with complete transparency to the Commission and all interested parties.

This proposed expansion of online platform use is actually a modest change from the current Guidelines. Today, the Guidelines require utilities to post their Level 2 technical interconnection requirements online and to make them available upon request.[4] They further require utilities to provide net metering application forms and information regarding their net metering programs online, as well as to accept applications by mail, in person, and online.[5] The proposed revision would simply clarify that utilities do not have to maintain application forms or technical interconnection requirements in their tariffs, but rather can maintain those forms and requirements on their websites and make them available by request.

D. The Updated Guidelines Should Include Updated Safety Requirements, Including Updated References to Applicable Industry Standards.

Any revisions to the Guidelines should include updated references to applicable safety requirements and industry standards. For example, the Guidelines should include general references to anti-islanding requirements and possible exceptions to the current requirements for external disconnect switches, as well as National Fire Protection Association 70 (National Electric Code), Institute of Electrical and Electronics Engineers (IEEE) 1547, and Underwriters Laboratory (UL) 1741. But the Guidelines should also include an explicit reference to the additional technical interconnection requirements utilities should be allowed to maintain online and make available by request, where additional and more up-to-date standards and requirements can be maintained to help ensure safety and reliability for all customers and the utilities' personnel.

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[4] *Id.* at 5 ("The Utility shall make its technical interconnection requirements available online and upon request.").
[5] *Id.* at 2-3.

E. Giving Utilities the Right to Communicate with Customers' Distributed Generation Equipment Can Enhance Utility Planning, Coordination, Reliability, and Power Quality.

The revised Guidelines should include a provision allowing utilities to require that net metering customers make their equipment available to communicate with utilities' equipment and networks. Given the importance of visibility and monitoring, this open line of communication can help ensure safe and reliable system operations, as well as enhance system planning and power quality. The Companies do not propose that net metering customers pay any required communications cost associated with this requirement. Utilities would provide and pay for any communication portal hardware, such as a cellular modem, to communicate with the distributed generator.

F. The Updated Guidelines Should Recognize the Impact that Significant Customer Generation Can Have If It Ceases to Function.

If a large customer begins taking service from a utility with a certain set of electrical requirements and subsequently installs significant self-generating capacity while also growing its load—load about which the customer does not inform the utility—and then the customer's self-generating assets fail, the utility might not be able to serve all of the customer's load with previously installed facilities. The need to install additional facilities or the increase in demand charges such a customer might incur as a result of the failure of the customer's self-generation (or both) could cause increased costs to the affected customer. Therefore, the Companies propose that the Guidelines include a provision putting large customers with significant self-generation on notice concerning that potential outcome.

G. The Updated Guidelines Should Include Provisions to Require Customers to Apprise Utilities Concerning the Details of Customers' Generating Systems after Being Interconnected and to Grant Utilities a Right to Deny Interconnection after Initial Approval If a Customer's System Changes Create Safety or Reliability Concerns.

The Companies recommend adding to the Guidelines a requirement that, following a utility's approval of an application, any deviations in the installation from the submitted plan must be resubmitted to the utility for approval. The resubmission should include, without limitation, modifications or augmentation of generation capacity, equipment selection, installation methods, and installation of additional equipment such as energy storage, backup generation, and associated transfer or isolation devices. Adding this requirement to the Guidelines will help ensure that utilities know what kinds of equipment are being added to their systems—and can disallow any additions that would be harmful to their systems—all to help ensure utilities' continuing ability to provide safe and reliable service while reasonably accommodating distributed generation.

II. The Companies Do Not Have Current or Anticipated Significant Issues Regarding FERC Order No. 2222.

Under FERC Order No. 2222, RTOs and ISOs are required to revise their tariffs to include provisions that enable DERs to participate in the regional organized wholesale markets through aggregations. The Companies, not being an RTO or ISO or even members of one, have no direct compliance obligations under Order No. 2222. Moreover, until RTOs submit specific tariff changes to comply with Order No. 2222, it is difficult to state precisely which topics, if any, the Commission should address in this proceeding because those specific tariff requirements will drive any issues the Commission and the parties need to address. RTO and ISO compliance filings are due July 19, 2021, but several RTOs have already sought extensions of time into 2022 to make their filings.

Nonetheless and subject to further developments, a few topics may be worth considering in this proceeding. The first topic that merits consideration is how utilities and the Commission will help ensure that distributed generators participating in RTO markets through aggregation are not being double-compensated by simultaneously participating in retail net metering programs or receiving QF compensation. For example, there has been discussion surrounding DER aggregation concerning universal unique identifiers for DERs to help ensure they are properly compensated but not double-compensated. A related topic is what production metering and communications capabilities will be needed to facilitate RTO market participation for aggregated distributed generators. Metering and communications must be sufficient to ensure visibility, monitoring, and potentially control, so that reliability of the distribution and transmission grid can be safeguarded.

Additionally, Kentucky's interconnection guidelines should be further reviewed to take into account the appropriate technical reviews of DER installations participating in wholesale aggregations, perhaps through a second review by utilities of such resources. This would allow distribution planners to evaluate localized effects on power quality and reliability if a DER were to participate in an aggregation, which may not be considered during initial approval and application reviews. These are examples of the types of planning, operational, and data sharing issues that may need to be addressed if or when there is significant DER aggregation activity and depending on the specifics of RTO proposals.

CONCLUSION

The Companies appreciate the opportunity to provide their perspective on current and reasonably anticipated issues and concerns regarding net metering interconnection guidelines and current and reasonably anticipated concerns regarding FERC Order No. 2222. Regarding the Guidelines, the good news is that the parties to this proceeding do not have to reinvent the wheel;

the hard work done 12 years ago by many of the same parties continues to stand the test of time and provide a solid foundation for updated Guidelines. The Companies look forward to working with the Commission and the other parties in the same spirit of constructive collaboration that was present in the discussions that resulted in original Guidelines.

Dated: April 19, 2021

Respectfully submitted,

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<u>CERTIFICATE OF COMPLIANCE</u>

In accordance with 807 KAR 5:001 Section 8(7), this is to certify that Louisville Gas and Electric Company and Kentucky Utilities Company's April 19, 2021 electronic filing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing has been transmitted to the Commission on April 19, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a true and correct copy in paper medium will be delivered to the Commission within 30 days of the lifting of the State of Emergency.

Counsel for Louisville Gas and Electric Company and Kentucky Utilities Company