

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

In the Matter of:

**ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ADJUSTMENT)
OF ITS ELECTRIC RATES, A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
DEPLOY ADVANCED METERING) **Case No. 2020-00349**
INFRASTRUCTURE, APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS AND ESTABLISHMENT OF)
A ONE YEAR SUR-CREDIT)**

AND

**ELECTRONIC APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND GAS)
RATES, A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO DEPLOY) **Case No. 2020-00350**
ADVANCED METERING INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY AND)
ACCOUNTING TREATMENTS AND)
ESTABLISHMENT OF A ONE YEAR SUR-CREDIT)**

JOINT INTERVENORS' PETITION FOR REHEARING

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KFTC, KYSES and Metropolitan Housing
Coalition in Case No. 2020-00350

October 14, 2021

Come the Joint Intervenors, Mountain Association, Kentuckians for the Commonwealth, Kentucky Solar Energy Society, and Metropolitan Housing Coalition (collectively, “Joint Intervenors”) by counsel, and pursuant to KRS 278.400, respectfully request for the reasons below that the Public Service Commission (“Commission”) rehear so much of the September 24, 2021 Order entered in these proceedings by the Commission (“Order”) as addressed the “avoided carbon cost” valuation.

In the September 24, 2021 Order, at p. 26, the Commission summarized the position of the Joint Intervenors concerning the avoided cost components, noting that:

Joint Intervenors support the avoided cost component calculations proposed by KYSEIA. In briefing, Joint Intervenors provided additional recommendations regarding the avoided cost components, but did not provide recommended amounts, again noting the lack of data provided by LG&E/KU.

Order, p. 26.

The Commission is correct that Joint Intervenors did not provide recommended amounts for many of the avoided cost component calculations, but instead provided the methodologies reflecting best practices nationally for those areas in which Louisville Gas & Electric Company and Kentucky Utilities (“The Companies”) failed to produce credible (or any) data. Joint Intervenors did provide a range of recommended numeric values for the Avoided Carbon Cost component of the avoided cost calculation. Joint Intervenors respectfully request that the Commission rehear the September 24, 2021 Order on this point in order to correct the record, and also to reconsider the setting of a numeric value that better reflects the current value of Avoided Carbon Costs than the 2018 Companies’ IRP.

Specifically, in the Supplemental Post-Hearing Brief of Joint Intervenors, at pages 33 through 35, Joint Intervenors provided a range of specific values for consideration by the

Commission, and in a September 17, 2021, errata filing, provided the worksheets underlying the analyses contained in pages 29–35 of Joint Intervenors’ supplemental post-hearing brief.¹

The Joint Intervenors’ specific valuation proposal with respect to Avoided Carbon Cost was as follows:

As to the carbon price that the Commission should use in setting the avoided carbon cost in the absence of any credible proposal by the Companies. Joint Intervenors suggest a range of pricing scenarios should be considered. At the low end, there is the carbon pricing used in the Companies’ 2018 Integrated Resource Plan. CO2 Price Scenarios from LG&E-KU 2018 IRP, Case No. 2018-00348, page 5-24. As the Companies discuss in their IRP, this pricing forecast was chosen after the Trump Administration repealed the Clean Power Plan and pulled the United States out of the Paris Climate Accords. The Federal government’s focus on climate change has changed dramatically since 2018, as has the nation and world’s understanding of the gravity of the climate crisis. The Biden Administration has identified addressing climate change as one of its highest priorities and one of its earliest steps was to update the federal government’s guidance on the social cost of carbon. This federal report provides a basis for medium and high carbon pricing scenarios. On his first day in office, President Biden issued an Executive Order re-establishing the Interagency Working Group (IWG) on Social Cost of Greenhouse Gases, an indication of the priority President Biden places on this issue. *Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under Executive Order 13990, Interagency Working Group on Social Cost of Greenhouse Gases, United States Government, February 2021, Appendix Table A-1 p.46.*

Joint Intervenors recommend that the Commission to adopt the medium or high carbon pricing scenario in determining the avoided cost of carbon. The Low Scenario, based on the Companies’ 2018 IRP, utilizes pricing which is significantly outdated and was derived at a time when the federal government was actively retreating from efforts to combat climate change. The Medium and High Scenarios present pricing which is far more consistent with the urgency of the climate crisis and which is more consistent with the federal government’s renewed commitment to aggressive action. Assigning no or minimal value to the carbon price as proposed by the Companies allows PPL to take the carbon benefits of their customer’s solar investments without providing fair compensation for the value.

Using the worksheet prepared by the Commission in the Kentucky Power Case to calculate the avoided carbon cost, Joint Intervenors have calculated LG&E-KU’s avoided carbon cost under three scenarios, using the Companies’ forecast customer load and

¹ The Commission’s Order of October 14, 2021 recognized that the information “contained in the errata sheet is the underlying support for the analysis contained in Joint Intervenors’ supplemental response and the exhibit is referenced by name on page 35 of the brief. October 14, 2021 Order at p. 2.

carbon emissions through 2045. Table 1 shows the range of avoided costs of carbon under three carbon pricing scenarios.

The Low Scenario (1) uses the carbon pricing from LG&E-KU’s 2018 IRP. The Mid and High Scenarios (2 and 3) use the carbon pricing from the IWG report on the social cost of carbon (February 2021). As James Owen discussed in his supplemental testimony (July 13, 2021), the IWG report advises using a discount rate of 3% or lower in matters involving long-term, intergenerational impacts. The IWG report offers annual carbon prices at multiple discount rates. Based on the IWG's guidance, scenarios using discount rates of 3% and 2.5% were used for this analysis.

Table 1 – Avoided Cost of Carbon in Three Carbon Pricing Scenarios

	Scenario 1- Low (LGE-KU IRP 2018)	Scenario 2 – Mid IWG SCC @ 3%	Scenario 3 – High IWG SCC @ 2.5%
Avoided Cost of Carbon	\$0.01265/kWh	\$0.04619/kWh	\$0.06711/kWh

Joint Intervenors Exhibit 1 provides the worksheets used for this analysis.

Supplemental Post-Hearing Brief Of Joint Intervenors, pp. 33-35.

Joint Intervenors respectfully request that the Commission rehear the Avoided Carbon Cost valuation in order to consider the data and recommended values provided by Joint Intervenors’ witnesses Owen and Rábago and referenced in the supplemental briefing, and assign a mid- or high-range of value consistent with the interim estimates recommended by the Interagency Working Group On Social Cost of Greenhouse Gases, *Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under Executive Order 13990, Interagency Working Group on Social Cost of Greenhouse Gases, United States*

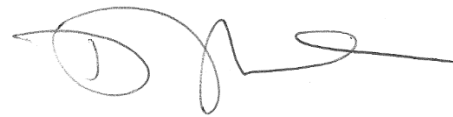
Government, February 2021, Appendix Table A-1 p.46. Those values better reflect the urgency of the climate crisis and the federal government’s renewed commitment to aggressive action to control greenhouse gases than did the 2018 Companies’ IRP, and are more fair, just, and reasonable in crediting the avoided carbon cost value being provided by rooftop solar customers to the utility and to other customers.

CONCLUSION AND PRAYER FOR RELIEF

For the reasons stated above, and based on the Post-Hearing Brief, Post-Hearing Reply Brief, testimony, supplemental testimony and rebuttal testimony, and responses to data requests filed by Joint Intervenors in these cases, Joint Intervenors respectfully request that this Commission:

1. Rehear so much of the September 24, 2021 Order as indicated that Joint Intervenors did not provide recommendations for valuing Avoided Carbon Costs, and
2. Assign a value to the Avoided Carbon Cost component that reflects the mid- or high scenarios proposed by Joint Intervenors; and
3. For any and all other relief to which Joint Intervenors may appear entitled.

Respectfully submitted,



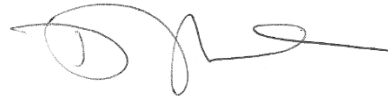
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No. 2020-00350

Certificate of Service

This is to certify that the electronic version of the foregoing *Joint Intervenors' Petition for Rehearing* has been transmitted to the Commission on October 14, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that in accordance with the July 22, 2021 Commission Order in Case No. 2020-00085, no hard copy of this filing will be transmitted.



Tom FitzGerald