

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

**In the Matter of:**

<b>ELECTRONIC TARIFF FILING OF EAST</b>	)	
<b>KENTUCKY POWER COOPERATIVE, INC.</b>	)	
<b>AND ITS MEMBER DISTRIBUTION</b>	)	<b>CASE NO.</b>
<b>COOPERATIVES FOR APPROVAL OF</b>	)	<b>2021-00198</b>
<b>PROPOSED CHANGES TO THEIR QUALIFIED</b>	)	
<b>COGENERATION AND SMALL POWER</b>	)	
<b>PRODUCTION FACILITES TARIFFS</b>	)	

**RESPONSES TO COMMISSION STAFF'S SECOND REQUEST**  
**FOR INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.**  
**DATED JULY 12, 2021**



**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2021-00198**  
**SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF’S REQUEST FOR INFORMATION DATED 07/12/21**  
**REQUEST 1**

**RESPONSIBLE PERSON:**                 **Julia J. Tucker**

**COMPANY:**                                 **East Kentucky Power Cooperative, Inc.**

**Request 1.**                 Refer to EKPC’s response to Commission Staff’s First Request for Information (Staff’s First Request), Item 1. Provide the currently known PJM Interconnection LLC (PJM) Reliability Pricing Model (RPM) base and incremental auction prices and time periods to which they apply. Also provide any forecasted capacity prices, if available from ACES Power Marketing or other source.

**Response 1.**                 Clearing Prices for PJM RTO (\$/MW-Day)

Delivery Year	BRA	1 <sup>St</sup> IA	2 <sup>ND</sup> IA	3 <sup>rd</sup> IA
2020-2021	76.53	42.9	20.25	10
2021-2022	140.00	23.00	10.26	20.55
2022-2023	50.00			

Forward Prices – ACES as of 7/15/2021 (\$/MW-Day)

Delivery Year	Capacity Performance
2023-2024	115.947
2024-2025	124.811
2025-2026	136.550
2026-2027	153.241
2027-2028	163.637
2028-2029	173.375
2029-2030	193.736
2030-2031	204.769
2031-2032	211.550
2032-3033	239.045

Delivery Year begins on June 1 and ends on May 31 of the following year.

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**REQUEST 2**

**RESPONSIBLE PERSON:**           **Julia J. Tucker**

**COMPANY:**                       **East Kentucky Power Cooperative, Inc.**

**Request 2.**           Refer to EKPC's response to Staff's First Request, Item 4.b. Also, refer to the Executive Summary pages 3-4 of EKPC's Integrated Resource Plan (IRP).<sup>2</sup> In its IRP, EKPC states that it intends to utilize power purchase agreements to supply capacity in order to best match its load requirements in the short term. Assume EKPC loses generation capacity such as a coal unit and is unable to meet its native load on a longer term basis.

**Request 2a.**           Explain whether EKPC intends to depend on capacity purchases from the PJM RPM auction.

**Response 2a.**           Generally speaking, EKPC essentially has three options to satisfy its capacity needs. It can construct or purchase generation assets, as approved by the Commission, that it will own and operate. It can enter into bilateral agreements for capacity that will be owned by a third-party but attributed to EKPC within PJM. Or,

EKPC can rely on the PJM RPM auction for capacity. Each of these options has benefits depending on the situation.

There are a great number of variables that make it impossible to say with specificity how EKPC would react to the loss of a coal fired generation resource for a long-term basis. If, hypothetically speaking, EKPC were to lose a coal fired generation resource and anticipated experiencing a forced outage for several months as a result, EKPC would likely evaluate whether it would be better to enter into a bilateral agreement for replacement capacity and energy, or rely on the PJM RPM auction for capacity and energy. If the loss was for a more significant period of time or permanent in nature, EKPC's standard practice would be to prepare and issue a Request for Proposals ("RFP"), as described in Response 2b to evaluate the reasonable least cost replacement option.

**Request 2b.** Explain whether it intends to supply any capacity deficit through new construction and, if so, explain the type of generation EKPC would propose to construct. Provide an estimated minimum cost to construct the new generation in this hypothetical example. If the RTSim model is used to help address this question, include an explanation of the modeling results similar to what was provide in the IRP.

**Response 2b.** EKPC has not yet identified a specific need for new or replacement capacity. Once a need for capacity has been identified, EKPC will follow its established

procedure of issuing an RFP to seek all available alternatives for supplying the defined capacity need. If EKPC is considering construction of a new asset, it will be offered into the RFP to be compared against all other alternatives. All alternative options would be reviewed and studied to determine the best solution to serve the need, based on long-term operations and economics of the situation. The best alternative would also be compared against the PJM RPM auction for capacity prices and the PJM energy market for energy costs. The preferred solution would then be presented to the Commission for review and any required approvals under KRS 278.020. EKPC anticipates being able to address this question more fully in its next Integrated Resource Plan which is in early development and will be filed with the Commission in April 2022.

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**REQUEST 3**

**RESPONSIBLE PERSON:**           **Julia J. Tucker**

**COMPANY:**                       **East Kentucky Power Cooperative, Inc.**

**Request 3.**                   State the law, rule, or regulation that allows EKPC to treat non-dispatchable QFs differently from dispatchable QFs in regards to capacity payments.

**Response 3.**               807 KAR 5:054, Section 7 (5)(a) states:

Factors affecting rates for purchase for all qualifying facilities. In determining the final purchase rate, the following factors *shall* be taken into account: (a) Availability of capacity or energy from a qualifying facility during the system daily and seasonal peak. *The utility should consider for each qualifying facility the ability to dispatch*, reliability, terms of contract, duration of obligation, termination requirements, ability to coordinate scheduled outages, usefulness of energy and capacity during system emergencies, individual and aggregate value of energy and capacity, and shorter construction lead times associated with cogeneration and small power production (emphasis added).

Additionally, in the Order for Case No. 2017-00212, the Commission found that the “proposed QF Tariffs addressing non-dispatchable generation sources is reasonable and should be approved because these QF Tariffs will apply to all intermittent cogeneration resources such that all non-firm resources are treated on an equal basis.”