

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

ELECTRONIC APPLICATION OF LOUISVILLE GAS)	
AND ELECTRIC COMPANY AND KENTUCKY)	Case No.
UTILITIES COMPANY FOR THE 2021 JOINT)	2021-00393
INTEGRATED RESOURCE PLAN)	

**ATTORNEY GENERAL’S RESPONSE
TO COMMISSION STAFF’S REPORT**

The Attorney General provides the following Response to the Commission Staff’s Report (“Staff Report”) issued on September 16, 2022.

In that Staff Report, the Commission noted, “[t]he Attorney General disagreed with the suggestion of some commenters that the economics of resource selections and LG&E/KU’s recent requests for proposal should be reevaluated based on the passage of the Inflation Reduction Act.”¹

As a point of clarification, the Attorney General’s Response did not entirely reject the notion of reevaluation of resources based upon the passage of the Inflation Reduction Act (“IRA”). The Attorney General simply argued that, while the IRA impacts the pricing of resources, and pricing is very important in resource selection, pricing is not the only factor to consider.² “Even if renewable resources are the ‘lowest possible cost’ resource

¹ Staff Report at 37 (*see also* Staff Report at 66: “[t]he Attorney General opposed any recommendation to reevaluate resources based on changes arising from the Inflation Reduction Act[...].”

² Attorney General’s Response to Supplemental Post-Hearing Comments at 6-7. Nonetheless, while “the IRA has affected the economics of renewables,” and “likewise affected the economics of natural gas, through the imposition of a methane tax,” “in the context of an IRP, impacts of pricing of the supply-side resources only tell part of the story.”

in certain scenarios, renewable resources fail to provide the ‘reliable supply of electricity’ that ratepayers expect and deserve, and that the Commission requires.”³

The Attorney General suggested the Commission should require LG&E/KU to evaluate the reliability of renewable energy in its next IRP.

In consideration of this and future IRPs, the Commission should ensure that reliability is a critical element of the planning process. The Commission should require LG&E/KU, in their next IRP, to specify how they will ensure reliability while employing renewable energy, particularly during peak time demand.⁴

The Attorney General also suggested that investment in gas infrastructure is reasonable.⁵ “[W]ith regard to LG&E/KU’s potential decision to pursue NGCC generation in the current climate, not only is it reasonable for LG&E/KU to proceed with gas infrastructure investments, it is necessary.”⁶

Thus, while the Attorney General understands how the Commission’s conclusion was reached by implication, the Attorney General did not, and does not, oppose any reasonable reevaluation of resources based on the Inflation Reduction Act. Instead, he merely noted the intention behind the request to reevaluate the RFP responses, identified some of the reliability pitfalls associated with overreliance on renewable generation, and argued that potential natural gas infrastructure investments are reasonable and necessary.

³ *Id.* at 7.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

Respectfully submitted,

DANIEL CAMERON
ATTORNEY GENERAL



J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DR., STE. 200
FRANKFORT, KY 40601
(502) 696-5453
FAX: (502) 564-2698
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

Certificate of Service

Pursuant to the Commission's Orders in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the foregoing was served and filed by e-mail to the parties of record.

This 7th day of October, 2022.

A handwritten signature in blue ink, appearing to read "J. Michael New". The signature is written in a cursive style with a horizontal line extending to the right.

Assistant Attorney General