

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

In the Matter of:

ELECTRONIC 2022 INTEGRATED RESOURCE	) CASE NO.
PLAN OF EAST KENTUCKY POWER	) 2022-00098
COOPERATIVE, INC.	)

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**COMMENTS OF EAST KENTUCKY POWER COOPERATIVE, INC.**

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Comes now East Kentucky Power Cooperative, Inc. (“EKPC”), by and through counsel, pursuant to the Commission’s December 16, 2022 Order, for its written comments regarding the public hearing for EKPC’s 2022 Integrated Resource Plan (“IRP”) held on December 13, 2022, respectfully states as follows:

**EKPC POST-HEARING COMMENTS**

During the December 13, 2022 proceeding, several EKPC expert witnesses provided testimony in response to Commission, Attorney General (“AG”), and Joint Intervenor cross-examination. Darrin Adams discussed the impacts of local generation and transmission facility outages in the Cooper Station area, noting joint transmission planning modeling processes between EKPC, Louisville Gas and Electric Company (“LG&E”), and Kentucky Utilities Company (“KU”), specifically the impact from the planned retirement of LG&E/KU E.W. Brown Unit #3 (“Brown #3”). Fernie Williams provided testimony regarding EKPC reserve requirement determination, how EKPC models solar installations based on varying attributes, and discussed how EKPC complies with the IRP regulations under 8(c).

### **A. BROWN #3 RETIREMENT**

The reliability and adequacy of the transmission system in the southern Kentucky region is heavily impacted by the availability of local generation resources. Transmission-system upgrades will be necessary to maintain an adequate and reliable transmission system if these generation resources are not available as assumed in the normal transmission planning processes utilized by EKPC and PJM. As EKPC has indicated in its response to Joint Intervenor comments filed on November 1, 2022, the EKPC planning process is not simulating transmission-system performance for retirement of Cooper Station. For the region surrounding Cooper Station, the worst-case generating unit outage if Cooper Station was unavailable would be an outage of the LG&E/KU Brown #3 due to its size and proximity to the area. EKPC's normal planning process does not consider an outage of both Cooper Station units and Brown #3, since this goes beyond EKPC's planning criteria. This will become the critical generating-unit outage scenario when either the Brown #3<sup>1</sup> or Cooper Station units are eventually retired. EKPC is in the process of studying this scenario in order to determine potential impacts and possible mitigating system upgrades. Mr. Adams indicated during the public hearing the analysis for this study is expected to take several months.

### **B. RESERVE REQUIREMENT DETERMINATION**

As filed in the IRP document, EKPC's reserve requirement is based on its pro-rata share of the PJM Summer reserve requirements – roughly 2.3% of projected summer peak. EKPC seeks to hedge its winter energy exposure for price stability, but has no winter capacity obligation to satisfy its PJM load-serving requirement. As such, EKPC analyzes its energy hedge position in advance of peak seasons to determine the need. EKPC evaluates several market hedge alternatives

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<sup>1</sup> EKPC had no prior information regarding the proposed retirement of LG&E/KU Brown #3 at the time of the hearing.

on a routine basis, including physical bilateral power purchases, call options on physical power purchases, and physical natural gas purchases.

### **C. SOLAR MODELING**

During the proceeding, the comparison between a self-built or owned solar resource versus a contracted purchased power agreement (“PPA”), and the attributes of those options, came into question. A self-built or owned solar resource inherently provides the owner with both capacity and energy attributes. These attributes are monetized whether the asset is connected behind the meter, by offsetting demand obligation and energy requirements, or in front of the meter, by selling those attributes into the PJM capacity and energy markets. A solar PPA may or may not work similarly to a self-built or owned resource, depending on the contract arrangements. There can be options to purchase either capacity and energy attributes together, or any single attribute separately. The cost of the PPA typically reflects the set of attributes agreed upon – i.e., contracting for both capacity and energy is typically more costly than contracting solely for the energy attribute. Through its resource planning department, EKPC determines which attributes are needed to satisfy its capacity and energy requirements and will then issue a request for proposals to meet those needs. Any bidder meeting those requirements are evaluated based on cost, performance, and relative value to the options available.

### **D. IRP REGULATIONS**

In its IRP filing, EKPC states that it does not meet the filing requirement of 807 KAR 5:058, Section 8(3), Section 8(3)(c), or Section 8(3)(d), quoted below, as the company operates solely in Kentucky.

807 KAR 5:058, Section 8(3). The following information regarding the utility's existing and planned resources shall be provided. A utility which operates as part of a multistate integrated system shall submit the following information for its operations within Kentucky

and for the multistate utility system of which it is a part. A utility which purchases fifty (50) percent or more of its energy needs from another company shall submit the following information for its operations within Kentucky and for the company from which it purchases its energy needs.

807 KAR 5:058, Section 8(3)(c). Description of purchases, sales, or exchanges of electricity during the base year or which the utility expects to enter during any of the fifteen (15) forecast years of the plan.

807 KAR 5:058 Section 8(3)(d). Description of existing and projected amounts of electric energy and generating capacity from cogeneration, self-generation, technologies relying on renewable resources, and other nonutility sources available for purchase by the utility during the base year or during any of the fifteen (15) forecast years of the plan.

The regulation, as originally written in 1990 and amended in 1995, did not contemplate membership in a regional transmission organization (“RTO”) such as the PJM Interconnection, LLC (“PJM”). EKPC has been a fully integrated member of PJM since June 1, 2013. PJM is a regional electric grid and market operator with operational control of over 180,000 MW of regional electric generation. PJM has functional control of all of EKPC’s transmission lines and substations that operate at 100 kV and above. Ownership of the generating and transmission assets of EKPC remains with EKPC. EKPC is a member of PJM, not an operating company of or in any way owned by PJM. The multistate utility system referenced in 807 KAR 5:058 relates to utilities in Kentucky that are part of multistate holding companies, like Duke Energy Kentucky and Duke Energy Corporation; Kentucky Power Company and American Electric Power Company, Inc.; or LG&E and KU and PPL Corporation.

Even so, assuming that EKPC would be subject to this requirement based on PJM membership, it does not plan to purchase 50% or more of its net energy needs from the PJM market. As discussed above, EKPC utilizes owned generation resources to hedge against market price volatility. As referenced in Tables 8-8 and 8-10 of the 2022 EKPC IRP filing, expected

energy from owned resource far exceeds expected energy purchased from the market through 2036.

This 3<sup>rd</sup> day of February, 2023.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

This is to certify that the foregoing electronic filing was transmitted to the Commission on February 3, 2023; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that pursuant to prior Commission Orders, no paper copies of this filing will be made.



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*Counsel for East Kentucky Power Cooperative, Inc.*