

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

SUPPLEMENTAL RESPONSES TO ATTORNEY GENERAL'S SECOND
INFORMATION REQUEST TO EAST KENTUCKY POWER COOPERATIVE, INC.

DATED DECEMBER 9, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

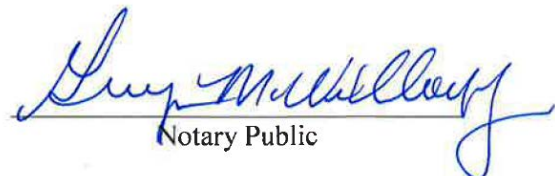
CERTIFICATE

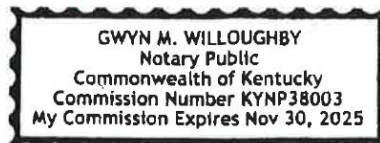
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Denise Foster Cronin, being duly sworn, states that she has supervised the preparation of the supplemental responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Second Request for Information in the above-referenced case dated August 30, 2022, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 9th day of December 2022.


Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2022-00098
SECOND REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S REQUEST DATED AUGUST 30, 2022

REQUEST 40

RESPONSIBLE PARTY: Denise Foster Cronin

Request 40. Refer to the Company's response to the Attorney General's First Request, Item 18(a). Provide updates to the specific FERC and PJM matters discussed in this response. Please consider this an ongoing request throughout the pendency of the case.

Response 40.

• **The FERC rulemaking at Docket AD21-10, Modernizing Electricity Market Design:**

PJM solicited stakeholder feedback to inform the report that FERC directed the RTOs to submit in October 2022. PJM posted the written feedback stakeholders submitted as well as posted and discussed at the September 7, 2022, PJM Market Implementation Committee meeting, its current thoughts about what it will include in its report.¹ The FERC has taken no additional action in this docket. The FERC is allowing public comment on the reports

¹ PJM's presentation: <https://www.pjm.com/-/media/committees-groups/committees/mic/2022/20220907/item-16a--pjm-draft-response-to-modernizing-electricity-market-design-ferc-docket.ashx>
LS Power's feedback: <https://www.pjm.com/-/media/committees-groups/committees/mic/2022/20220907/item-16b--ad21-10-stakeholder-feedback-ls-power.ashx>
ODEC's feedback: <https://www.pjm.com/-/media/committees-groups/committees/mic/2022/20220907/item-16c---ad21-10-stakeholder-feedback-odec.ashx>
Constellation's feedback: <https://www.pjm.com/-/media/committees-groups/committees/mic/2022/20220907/item-16d---ad21-10-stakeholder-feedback-constellation.ashx>

the RTOs submit. They are due within 60 days of the reports being submitted, which would be December 2022.

- **Various PJM Stakeholder Activities Focused on Market Design Changes That May be Needed Due to Changing PJM Generation Portfolio:**

- The PJM Resource Adequacy Senior Task Force is currently focused on potential changes to the capacity construct. The discussions are at a fairly early stage and are generally focused on Reliability Risks and Risk Drivers; Procurement Metric and Level; Performance Expectation; Qualification and Accreditation; and Obligations.
- The Clean Attributes Procurement Senior Task Force was created to consider potential market designs for a voluntary opportunity for clean attribute procurement. That group too is at an early stage in the discussion.
- The PJM Operating Committee undertook an effort to define reliability attributes of resources, assess whether there is a current requirement for them or a market to procure them, and determine whether a market product need be created, by which PJM stakeholder group, and by when. A table outlining the Operating Committee assessment may be found at: <https://www.pjm.com/-/media/committees-groups/committees/oc/2022/20220210/20220210-item-16-reliability-products-and-service-assessment-post-meeting.ashx>.

EKPC will provide an update on these matters prior to the currently scheduled hearing if it deems that there have been any material developments.

SUPPLEMENTAL RESPONSE DATED 12/09/2022

Supplemental Response 40. In responses to the Federal Energy Regulatory Commission’s Order in Docket No. AD21-10 (“Modernizing Wholesale Electricity Markets”) requiring RTOs to file reports addressing various market design questions, PJM submitted its report on October 18, 2022. Its report may be found on PJM’s website at: <https://www.pjm.com/-/media/documents/ferc/filings/2022/20221018-ad21-10-000.ashx>

FERC is allowing public comment on the submitted reports and recently extended the deadline for those submittals to January 18, 2023.

PJM's report describes: (1) current system needs given changing resource mixes and load profiles; (2) how PJM expects its system needs to change over the next five years and over the next ten years; (3) how PJM plans to reform its Energy and Ancillary Services markets to meet expected system needs over the next five years and over the next ten years; and (4) other potential market reforms as the system needs evolves.

PJM provides an overview of the reasons it believes the PJM markets will need to undergo reforms into the future. PJM states on page 2 of its report, “The shifting electricity system resource mix and the growing quantity of distributed energy resources are causing a rise in uncertainty and volatility in PJM markets and operations. This is compounded by the growing concern over the amount of thermal generation retirements that are anticipated, particularly given that Intermittent Resources that are replacing thermal resources are not comparable in terms of flexibility and dispatchability.”

PJM noted that the impending changing to the resource portfolio will pose challenges to energy and fuel security and will drive the need for enhancements to forecasting in addition to market reforms that will properly incentivize, schedule and compensate for the operational characteristics the grid will need to ensure reliability.

PJM informed the FERC that it is proactively addressing these concerns by performing analysis to quantify the impacts of the projected retirements. Informally, PJM representatives have informed stakeholders that preliminary results from its analysis of “at risk” generation may be shared with stakeholders in December 2022, and then final analysis, incorporating the results of the capacity market Base Residual Auction currently being conducted for Delivery Year 2024/2025, will be released in early 2023 to inform the continuing work of various PJM stakeholder groups considering potential reforms to the PJM markets. Pages 16-17 of PJM’s report to FERC details the various market and planning reform efforts being undertaken by various PJM stakeholder groups. They include changes to address the changing resource mix, changes to ancillary services markets, market signals and incentives, resource adequacy and forward markets, and planning reforms.

Around the same time it submitted its report to the FERC, PJM’s CEO Manu Asthana addressed the PJM membership at its Annual Meeting. He recounted the changing dynamics and ended with the cautionary statement, “Today we are in good shape, he said, but ‘we cannot take the reliability that we enjoy in our region for granted through this energy transition; we have to take concrete steps to ensure that it will continue.’ ‘We have time, but we don’t have time to waste,’ he said. ‘We need to take action to ensure we retain an adequate supply of dispatchable generation through

the transition.” See PJM’s Inside Lines article on Mr. Asthana’s remarks at <https://insidelines.pjm.com/pjm-ceo-asthana-opens-2022-annual-meeting/>

Additionally, EKPC is a member of America’s Power, an association representing various companies involved in the generation of electricity from coal fuel – generators, coal producers, transportation companies, and equipment manufacturers. America’s Power submitted comments in FERC Docket No. 21-10 highlighting concerns about the pace of coal generation retirements and the potential impact to grid reliability. They attached their August 16, 2022, letter to the North American Electric Reliability Corporation detailing their analysis of the anticipated future coal generation retirements. Their comments may be found on their website at: <https://americaspower.org/issue/americas-power-letter-to-glick-on-modernizing-wholesale-electricity-market-design/>

More recently, the CEO of America’s Power testified at the November 10, 2022 FERC Reliability Technical Conference (Docket No. 22-10) emphasizing reliability concerns with the anticipated pace of policy-driven coal generation retirements. Notably, America’s Power urged the FERC to recognize that the retirement of generation with high capacity value may be occurring at a pace faster than replacement generation with lower capacity value is coming online. One pages 2-3 of their comments, they point to PJM’s announced coal generation retirements totaling 22,600 MW (close to half the current coal generation fleet in PJM), and expressed concern that six pending EPA rules may spur additional retirements in the next five years. On page 2 of their comments they highlight that the coal fleet is essential for a reliable grid because (1) its high capacity value contributes to resource adequacy, and (2) it provides fuel scarcity and essential reliability services

(frequency support, voltage control, and ramping/balancing). The written testimony provided by America's Power may be found on its website at: <https://americaspower.org/issue/ferc-reliability-conference-testimony/>