**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

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| **ELECTRONIC INVESTIGATION OF AMENDMENTS TO THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978 AND DEMAND SIDE PRACTICES** | ) ) ) ) ) | **CASE NO. 2022-00370** |

**JOINT COMMENTS OF**
**KENTUCKY UTILITIES COMPANY AND**
**LOUISVILLE GAS AND ELECTRIC COMPANY**

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively, the "Companies"), pursuant to the Commission's November 7, 2022 Order in this proceeding, hereby submit their comments regarding amendment of Section 111(d) of the Public Utility Regulatory Policies Act of 1978 ("PURPA"). Pursuant to the Commission's request, the Companies' comments provide the following: (1) a report of existing measures used to promote the use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand; and (2) appropriate measures to promote greater use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

## I. Existing Measures to Promote Demand-Response and Demand Flexibility

### A. KRS 278.285

The amendment of Section 111(d) of PURPA adds language that "[e]ach State regulatory authority shall consider establishing rate mechanisms allowing an electric utility with respect to which the State regulatory authority has ratemaking authority to timely recover the costs of promoting demand-response and demand flexibility practices[.]" Kentucky already permits such rate mechanisms; KRS 278.285(1) and (2) provide utilities with a powerful tool to promote demand-response and demand flexibility by explicitly authorizing the Commission's review and approval of demand-side management mechanisms.

B. Companies' Current Programs

The Companies' current Residential and Small Nonresidential Demand Conservation Program and Large Nonresidential Demand Conservation Program promote demand-response and demand flexibility.[1] In the Residential and Small Nonresidential program, a demand conservation device is attached to the customer's home or business and connected to the central air conditioner or heat pump. These devices, if activated, allow the Companies to safely cycle central air conditioners and other equipment off and on for brief periods during critical peak summer days. Under the current incentive structure, customers receive a one-time $5 credit for each device if there is a need to call a "cycling" event for the season. Similarly, in the Large Nonresidential program, customers receive a customized curtailment plan to reduce energy usage while minimizing impacts on business operations. If there is a need to a call a "cycling" event, an enrolled participant will receive $15 per kilowatt based on their energy reductions.

C. Companies' Rate Design

Additionally, the Companies' current rate design promotes demand-response and demand flexibility. First, KU and LG&E offer four standard rates for large commercial and industrial customers: Time-of-Day Secondary Service ("TODS"), Time-of-Day Primary Service ("TODP"), Retail Transmission Service ("RTS"), and Fluctuating Load Service ("FLS"). All four of these rates have a rate structure consisting of a basic service charge, an energy charge, and a maximum load charge comprising of a peak demand charge, and intermediate charge, and a base demand

[1] Demand-Side Management Cost Recovery Mechanism, LG&E Tariff, P.S.C. Electric No. 13, Original Sheet No. 86; KU Tariff, P.S.C. No. 20, Original Sheet No. 86.

charge. With higher demand charges during the peak demand period of the summer and winter peak months, these rates incent the shift of energy usage out of the peak periods

Second, the Companies has curtailable service riders ("CSR") for certain existing customers to promote demand-response and demand flexibility. CSR provides credits to industrial or commercial customers who have agreed to interrupt a portion of their load when called upon by KU or LG&E. Curtailable customers receive a discount in the form of a credit to their demand charges in exchange for their willingness to receive curtailable service on a designated portion of their load.

Third, the Companies have explored dynamic pricing in several cases and will continue to do so. In Case No. 2007-00117, the Commission approved LG&E's proposed responsive pricing and smart metering pilot program. In Case No. 2007-00161, pursuant to the Commission's directive in Administrative Case No. 2006-00045, the Companies applied for and the Commission approved the implementation of a large commercial and industrial real-time pricing pilot program. The Commission approved KU and LG&E's requests to continue these real-time pricing riders on a permanent basis in Case No. 2012-00010. The Companies have since terminated the programs. Each of these programs was in accord with the Commission's encouragement for utilities to develop pilot programs for dynamic pricing and the Commission's objective to incent consumers to decrease usage, move usage to off-peak hours, and reduce energy bills as expressed in Case No. 2012-00428.

### D. Education to Customers

Over the history of the Companies' demand-side management and energy efficiency ("DSM-EE") customer offerings, the Companies have successfully executed a communications approach to building customers' awareness of and driving customer enrollment in the Companies' DSM-EE programs. This approach includes paid advertising to target and reach the right customer using a strategic mix of television (on broadcast and streaming services such as Hulu), digital, native/sponsored content, radio (broadcast, NPR, and streaming services such as Pandora and Spotify, podcasts), social media (Facebook, Instagram, Twitter, YouTube, Nextdoor), print (magazine and newspaper), direct mail, outdoor (billboards, bus shelters), and search engine marketing. The Companies also use their own channels (website, customer newsletters, bill inserts, and displays at walk-in offices), earned channels (media interviews and energy efficiency demonstrations with reporters), and experiential efforts (Kentucky State Fair interactive exhibits, weatherization efforts with non-profit organizations and community partners, and presentations at events across the Companies' service territory).

## II. Further Measures to Promote Demand-Response and Demand Flexibility

### A. AMI

The deployment of advanced metering infrastructure ("AMI") will provide the Companies with the ability to offer different rate designs and DSM-EE programs. As AMI is deployed throughout the Companies' service territories, the Companies will collect voltage data for every customer. With the voltage data, the Companies will implement Conservation Voltage Reduction ("CVR"), which uses AMI data and voltage controls to incrementally reduce grid voltage such that energy requirements are lowered.

The Companies will be able to offer more time-of-day offerings once AMI is implemented. KU and LG&E currently offer time-of-day offerings to residential customers and have offered those since 2015), but the rate schedules are limited to 500 participants for each company. Customers with AMI meters may directly compare rates through MyMeter. The Companies also offer two optional General Time of Day Services ("GTOD-Energy" and "GTOD-Demand") for customers enrolled in the Advanced Metering Systems Customer Service Offering. The system-wide deployment of AMI will allow the Companies to offer customers more time-of-day offerings and provide customers with information to make an informed decision on whether a time-of-day rate will benefit them. KU and LG&E expect to evaluate current time-of-day rate schedules and further options once AMI is fully implemented.

B. Proposed DSM-EE Programs

The Companies recently proposed an expanded suite of DSM-EE programs in Case No. 2022-00402. These programs include three demand response programs: (1) Connected Solutions, (2) Peak Time Rebates, and (3) Demand Response Program. If approved, these programs will give customers in all sectors an opportunity to receive ongoing incentives when they reduce energy use during peak periods and provide the Companies with predictable, dispatchable load.

First, through Connected Solutions, the Companies will provide opportunities for residential and small business customers to reduce demand during summer and winter peak periods. This new umbrella program includes the program currently known as the Residential and Small Nonresidential Demand Conservation Program (Direct Load Control ("DLC")) and three new subcomponents: Bring-Your-Own Device ("BYOD"), Optimized Charging, and Online Transactional Marketplace. The Companies will continue DLC for current participants, though participation will decrease over time as switches fail. As switch failures occur, the Companies will direct customers to other demand response offerings.

The BYOD subcomponent is an event-based, load control resource that enables the Companies to directly manage summer and winter loads during hours of peak demand through smart thermostats and other devices without the need for switches. Participating customers are rewarded for each event they participate in and for each device enrolled in the program. The Optimized Charging subcomponent allows the Companies to issue signals to qualifying electric vehicles ("EV") and qualifying EV supply equipment to affect the timing and level of EV charging as a means of active, targeted load management. The participating customer receives an incentive each month. This subcomponent will be available to residential customers that are not on time-of-day rates and general service (Rate GS) where used in conjunction with a residential service to provide service to a detached garage for charging an EV. The Online Transactional Marketplace subcomponent offers customers discounted smart thermostats and smart plugs with a link to directly enroll into the BYOD program.

Second, Peak Time Rebates is a voluntary, event-based demand response resource that rewards customers who successfully reduce their electric consumption during periods of high demand throughout the year. The Companies will notify customers in advance of peak demand events and educate customers on ways to save and shift energy consumption during events. Peak Time Rebates requires the Companies' AMI data to enable the pay-for-performance incentive model and calculate customers' kWh savings during events. In the past, the Companies could not pursue Peak Time Rebates because they did not have AMI, but with the planned rollout completion of AMI during this portfolio period, Peak Time Rebates can be deployed to customers beginning in 2025.

Third, Nonresidential Demand Response is the new name for the expanded Large Nonresidential Demand Conservation Program. The Companies will continue to provide load monitoring devices to help business customers make changes to their operational procedures that reduce demand during peak times. The Companies proposed to modify the program to increase marketing activities to recruit more customers and increase the incentive from $15 to up to $75 per kilowatt curtailed.

## III. Conclusion

Kentucky Utilities Company and Louisville Gas and Electric Company respectfully submit these comments for the Commission's consideration.

Dated: December 16, 2022

Respectfully submitted,

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**CERTIFICATE OF COMPLIANCE**

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on December 16, 2022, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

*Counsel for Kentucky Utilities Company*
*and Louisville Gas and Electric Company*