

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

In the Matter of:

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| ELECTRONIC 2023 INTEGRATED |) | |
| RESOURCE PLAN OF BIG RIVERS |) | CASE NO. 2023-00310 |
| ELECTRIC CORPORATION |) | |

**COMMENTS OF JOINT INTERVENORS
KENTUCKIANS FOR THE COMMONWEALTH AND KENTUCKY RESOURCES
COUNCIL ON COMMISSION STAFF REPORT**

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Dated: September 6, 2024

I. INTRODUCTION

Pursuant to the Public Service Commission’s (“Commission”) August 1, 2024 Order in this proceeding, Kentuckians for the Commonwealth and Kentucky Resources Council (“Joint Intervenors”) provide these Comments on the Commission Staff’s Report on the 2023 Integrated Resource Plan of Big Rivers Electric Corporation (“Staff Report”). Joint Intervenors sincerely appreciate Commission Staff’s thorough and thoughtful examination of the record in this Integrated Resource Plan (“IRP”) proceeding. Overall, Joint Intervenors strongly agree with Commission Staff’s conclusion that Big Rivers Electric Corporation’s (“Big Rivers” or “Company”) 2023 IRP is unreasonable and inconsistent with 807 KAR 5:058, in particular with respect to the resource acquisition plan.¹ If implemented by Big Rivers, Joint Intervenors expect that the Staff Report’s recommendations will greatly improve Big Rivers’ next IRP. Moreover, Joint Intervenors strongly support the Staff Report’s findings that given the unreasonableness of the 2023 IRP, and hearing testimony which “made it clear that the selected generation portfolio in no way reflected a plan that [Big Rivers] intends on following,”² the resource acquisition plan presented in this case cannot be relied on for future planning.

II. JOINT INTERVENORS AGREE THAT BIG RIVERS SHOULD ENSURE THAT ITS LOAD FORECASTS ARE BASED ON REALISTIC ASSUMPTIONS THAT REFLECT ITS INTENTIONS AND EVALUATE A RANGE OF SCENARIOS.

Joint Intervenors appreciate Commission Staff’s thorough and thoughtful examination of the IRP’s load forecast methodology. However, Joint Intervenors respectfully disagree that Big Rivers underestimated needed capacity by not forecasting non-member sales beyond the current

¹ Case No. 2023-00310, Ky. Pub. Serv. Comm'n, *Appendix to Order, Commission Staff’s Report on the 2023 Integrated Resource Plan of Big Rivers Electric Corporation August 2024*, at 39 (Aug. 20, 2024) (“Staff Report”).

² *Id.*

contract expiration dates.³ Although Big Rivers did not forecast non-member sales beyond the current contract expiration dates, the Company still appears to have unreasonably assumed that renewed non-member sales contracts will materialize after the current contracts are scheduled to end between 2026 and 2029.⁴ As a result of these unreasonable assumptions and the IRP selecting the option of replacing the Green Station with a new 635 MW NGCC, Big Rivers actually projected to have significantly more capacity than the IRP showed is needed.⁵ Furthermore, even if Big Rivers were to forecast renewal of 250 MW of non-member sales contracts,⁶ Big Rivers would still be projected to have at least 150 MW of excess capacity after constructing the new NGCC.⁷

As Joint Intervenors have noted throughout this proceeding, Big Rivers’ projected excess capacity is also the result of the Company relying on the unexplored assumption that Direct Serve customer sales will remain at their 2024 level of nearly half of native system load through 2042.⁸ According to Big Rivers, it has chosen to forecast that Direct Serve customer sales will remain steady during this timeframe “because it is difficult to accurately project growth for this customer class.”⁹ However, this unsubstantiated approach presents significant risks to Big Rivers’ members and has already proven to be inaccurate, as evidenced by the fact that the

³ Staff Report at 49.

⁴ Case No. 2023-00310, Joint Intervenors, *Comments of Joint Intervenors Kentuckians For The Commonwealth and Kentucky Resources Council*, at 34–40 (Mar. 8, 2024) (“JI Comments”). Joint Intervenors’ comments also highlight Big Rivers’ failure to evaluate whether the renewal of non-member sales contract will be both necessary and beneficial to its members.

⁵ *Id.*

⁶ Staff Report at 42.

⁷ See JI Comments at 35 (explaining how Big Rivers is projecting nearly 400 MW of excess capacity in 2029).

⁸ *Id.* at 35–36.

⁹ Case No. 2023-00310, Big Rivers Elec. Corp., *Big River Electric Corporation’s Response to Intervenor Comments*, at 16 (Mar. 29, 2024) (“Big Rivers Response to Intervenor Comments”).

Direct Serve customer that was expected to be added in 2023 not only went online later than expected, but their load has also been lower than expected.¹⁰ As such, if Big Rivers actually evaluated a range of potential future loads and scenarios, it is likely that projected excess capacity would be even greater and more unnecessary.

Thus, Joint Intervenors do agree with Commission Staff's recommendation that Big Rivers should ensure that its load forecasts are based on realistic assumptions that reflect its intentions¹¹ and reiterate the need for the Company to evaluate a range of potential future loads, particularly as it pertains to non-members and Direct Serve customers.¹²

III. JOINT INTERVENORS STRONGLY AGREE THAT BIG RIVERS MUST FULLY UTILIZE THE DEMAND-SIDE MANAGEMENT STUDY AND DEVELOP A PLAN TO IMPLEMENT COST-EFFECTIVE DSM AND EE PROGRAMS

Joint Intervenors likewise appreciate the candid evaluation of Big Rivers' short-sighted approach to the potential of demand-side management ("DSM") and energy efficiency ("EE") within its territory. As noted by Commission Staff, even limiting DSM to a ten-year period, the full suite of programs selected for study showed more than a 3-to-1 benefit over costs.¹³ The DSM programs showed these overwhelming benefits notwithstanding the numerous flaws pointed out by Energy Futures Group,¹⁴ and further notwithstanding the unjustified \$1 million per year cap that Big Rivers imposed on DSM spending in its modeling.¹⁵ As noted above, Joint

¹⁰ May 22, 2024 HVT at 6:05 to 6:09 p.m.

¹¹ Staff Report at 42.

¹² Case No. 2023-00310, Joint Intervenors, *Post-Hearing Supplemental Comments of Joint Intervenors Kentuckians For The Commonwealth and Kentucky Resources Council*, at 17–23 (July 2, 2024) ("JI Post-Hearing Comments").

¹³ Staff Report at 43.

¹⁴ JI Comments at 11–12; *id.*, attached Ex.1, C. Hotaling and D. Mellinger, *Report on Big Rivers Electric 2023 Integrated Resource Plan*, at 26–41 (March 8, 2024) ("EFG Report"); JI Post-Hearing Comments at 7–8.

¹⁵ May 22, 2024 HVT at 7:51 p.m.; JI Post-Hearing Comments at 9; Staff Report at 48.

Intervenors support Commission Staff’s findings of Big Rivers’ disregard for process,¹⁶ and join in encouraging Big Rivers to “develop a plan to implement DSM and EE programs.”¹⁷

Joint Intervenors note that a serious evaluation of “[c]onservation and load management or other demand-side programs not already in place” is a requirement of integrated resource planning,¹⁸ and that Big Rivers has essentially repeated the approach of its 2020 IRP, continuing to evaluate programs that it has already shown offer savings in excess of their costs. Given Commission Staff’s finding that the IRP is unreasonable¹⁹ and their general concern that IRPs have been “treated more as a planning exercise than a means to develop an actual plan,”²⁰ Joint Intervenors would support the Commission in going beyond “caution[ing] [Big Rivers] to make sure that it is incurring costs that are beneficial and prudent for its customers.” This finding should inform consideration of any future applications for generation resources. Any proposed over-investment in capacity would be contrary to the requirement that Big Rivers demonstrate need for additional resources and absence of wasteful duplication.²¹ Failing to “fully realiz[e] and utiliz[e] the results of the study”²² could also be considered a potential violation of the requirement that Big Rivers provide “adequate, efficient and reasonable service,²³ at “fair, just

¹⁶ Staff Report at 39 (“Commission Staff concludes that BREC’s 2023 IRP is unreasonable and inconsistent with 807 KAR 5:058. The overall methodology behind BREC’s load forecast is reasonable and consistent with 807 KAR 5:058, Section 7, with the exception of how Non-Member sales were handled. However, the resource acquisition plan does not comply with 807 KAR 5:058, Section 8.”).

¹⁷ *Id.* at 43.

¹⁸ 807 KAR 5:058, Section 8(2)(b).

¹⁹ Staff Report at 39.

²⁰ Case No. 2021-00393, *Electronic 2021 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Ky. Pub. Serv. Comm’n, *Appendix to Order*, at 65 (Sept. 16, 2022).

²¹ *Ky. Utils. Co. v. Pub. Serv. Comm'n.*, 252 S.W.2d 885 (Ky. 1952).

²² Staff Report at 43.

²³ KRS 278.030(2).

and reasonable rates,”²⁴ given the apparent disregard for a potential 3-to-1 return on investment for its member co-ops, and their member-ratepayers.

IV. JOINT INTERVENORS STRONGLY AGREE THAT BIG RIVERS SHOULD HAVE MODELED ECONOMIC RETIREMENT DATES FOR ITS FOSSIL FUEL GENERATING UNITS.

Joint Intervenors also strongly support Commission Staff’s recommendations concerning Big Rivers’ modeling of potential economic retirement dates for the Wilson Station and Green Units 1 and 2.²⁵ As the Staff Report noted,

economic retirement of Wilson Station . . . could conceivably be selected under high regulatory cost scenarios. The possibility of the model selecting Wilson for retirement should have been included for maximum transparency. . . . The model will determine cost-effectiveness. . . . For the Green units 1 and 2, the EnCompass model only had two choices, retire in 2029 or run until 2040. To get a better picture of when the most cost-effective time to retire the units would be, the model should have been allowed to dynamically decide when or if retirement was the best option.²⁶

Energy Futures Group provided further detail as to how evaluation of the economics of different possible dates for unit retirement is technically feasible, either by letting the model select the economically optimal retirement year or by testing different potential retirement dates as inputs into the model.²⁷ Joint Intervenors strongly agree with Commission Staff that Big Rivers should have modeled economic retirement dates, for both Wilson Station and Green Units 1 and 2, to ensure that the resource decisions in the IRP were adequately, fairly, and transparently evaluated.

²⁴ KRS 278.030(1).

²⁵ Staff Report at 45.

²⁶ *Id.*

²⁷ EFG Report at 16–18.

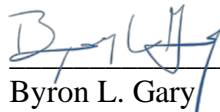
V. BIG RIVERS SHOULD PROVIDE A COMPREHENSIVE REVIEW OF ALL POTENTIALLY APPLICABLE ENVIRONMENTAL REQUIREMENTS IN ITS NEXT IRP.

Similarly, Joint Intervenors support Commission Staff’s recommendation that Big Rivers “should include more information on how environmental compliance informed its decision-making at the portfolio selection stage,”²⁸ but Joint Intervenors would respectfully urge that this recommendation be taken a step further. As Joint Intervenors discussed in their post-hearing comments, Big Rivers should provide a comprehensive review of all potentially applicable environmental requirements in its next IRP, including requirements that are known to be likely, even if the compliance costs are not yet certain.²⁹

VI. CONCLUSION

Joint Intervenors appreciate this opportunity to provide supplemental comments and recommendations related to Big Rivers’ 2023 IRP and look forward to future opportunities for constructive dialogue concerning Big Rivers’ planning efforts.

Respectfully submitted,



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²⁸ Staff Report at 49.

²⁹ JI Post-Hearing Comments at 12–17.

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CERTIFICATE OF SERVICE

In accordance with the Commission's July 22, 2021 Order in Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, this is to certify that the electronic filing was submitted to the Commission on September 6, 2024; that the documents in this electronic filing are a true representations of the materials prepared for the filing; and that the Commission has not excused any party from electronic filing procedures for this case at this time.


Byron L. Gary