

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

ELECTRONIC 2023 INTEGRATED)
RESOURCE PLANNING REPORT OF)
BIG RIVERS ELECTRIC CORPORATION)

Case No. 2023-00310

ATTORNEY GENERAL’S SUPPLEMENTAL POST-HEARING COMMENTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention [“OAG”], tenders the following Supplemental Post-Hearing Comments regarding Big Rivers Electric Corporation’s [“BREC,” or “the Company”] 2023 Integrated Resource Plan [“IRP”]. The OAG hereby reiterates and incorporates by reference its previous comments filed into this docket on March 8, 2024.

On September 29, 2023 BREC filed its “2023 Integrated Resource Plan”[“2023 IRP”] into this docket. Although the 2023 IRP’s nearly 500-page length clearly indicates that many months of work went into its preparation, nonetheless it appropriately states: “As intended, the Company’s 2023 IRP is best viewed as the continuation of a process, representing a snapshot in time of *ongoing* analyses.”¹ The BREC leadership team responsible for overseeing the production of the 2023 IRP included the Company’s then top-three executives: President and CEO Robert Berry, COO Nathan Berry, and Vice-President for Federal and RTO Regulatory Affairs Erin Murphy. Just eight months following the filing of the 2023 IRP, none of these three C-suite leaders was still working with the Company.²

During the May 22, 2024 evidentiary hearing held in this matter, virtually all Company witnesses made it abundantly clear that BREC was obviously undergoing a

¹ 2023 IRP, p. 9 [emphasis added].

² Robert Berry retired at the end of 2023, and by notice filed into the docket just a few days prior to the hearing, BREC notified the Commission and parties that both Nathan Berry and Erin Murphy were no longer employed by the company. *See* BREC Notice of Adoption filing, dated May 16, 2024.

leadership change, and thus it was not clear whether the Company's yet-to-be-determined new leadership would adopt the 2023 IRP's recommendations and action plan.

A. BREC Appropriately Continues to Prioritize Reliability

Throughout the course of this proceeding, including at the May 22nd hearing, all evidence continues to confirm that BREC's concerns about reliability in its service territory and within the MISO footprint are appropriately well-placed. Although the Wilson coal-fired unit incurred outages related to extreme weather in late December of last year, the Company was able to quickly restore the unit to active status. Despite the fact that fossil-fueled generation equipment can experience outages due to their moving parts, the historical record establishes conclusively that capacity factors and equivalent availability factors for fossil-fueled generation facilities far exceed those for renewable generation facilities located within Kentucky. BREC's reliability was, and appropriately remains founded upon fossil-fueled plants.

B. BREC's New Leadership Team Should Adopt the 2023 IRP Action Plan to Construct a Combined Cycle Plant

As indicated in the 2023 IRP, BREC anticipates the need to retire the Green units by 2029. The need for this retirement was illustrated during questioning of BREC witness Mr. Terry Wright, Vice President of Energy Services, from Chairman Chandler at the hearing. Mr. Wright confirmed that although the Green Units represent relatively low-cost capacity during most of the year for the Company, they nonetheless are rarely operated due to their high heat rates, which means higher costs for customers.³ This essentially means that the Green Units are not helpful in providing energy on a day-to-day basis, forcing the Company

³ Video Transcript of Evidence ["VTE"] at 7:43:00. The witness also stated that none of BREC's units have firm gas, and adding firm gas supply would not only not address the issue of the Green Units' high heat rates, but it would also prove significantly more expensive.

to instead procure market power, thus subjecting customers to price risk.⁴ Given the multiplicity of environmental regulations the Biden Administration is imposing on power generators, the cost of market power in MISO and throughout the nation is already skyrocketing,⁵ and likely will continue to do so by orders of magnitude.⁶ This only underscores the need for a highly-efficient combined cycle plant, which likely would prove highly cost-competitive and would hedge MISO price risks. Moreover, MISO is certain to dispatch such a unit very frequently, which would help the Company recover some of the costs that otherwise would be borne exclusively by ratepayers.⁷

Just as any other utility in the Commonwealth, BREC will not be able to meet its statutory requirement of meeting its customer load base without fossil-fuel fired, dispatchable generation. In approximately one year, BREC, via a purchased power agreement will be receiving all of the capacity, energy, ancillary services and environmental attributes from a 160 MW solar facility located in Henderson/Webster Counties owned by Unbridled Solar,

⁴ VTE at 7:37:50 – 7:43:40.

⁵ See, “MISO Capacity Prices Triple for Next Summer, Spring, Partly on Power Plant Retirements,” *Utility Dive*, April 26, 2024 (Capacity prices for the upcoming summer and spring seasons in Zone 6 roughly tripled to \$30/MW-day and \$34.10/MW-day, respectively, across nearly all of MISO’s footprint — driven in part by retirements and declining surplus capacity, according to the results of its latest planning resource auction), accessible at: https://www.utilitydive.com/news/miso-capacity-pra-auction-missouri/714403/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202024-04-26%20Utility%20Dive%20Newsletter%20%5Bissue:61490%5D&utm_term=Utility%20Dive.

⁶ See, e.g., “Biden’s Green Energy Shock,” *Wall St. Journal* Editorial Board, April 11, 2024 (“[S]ince January 2021 electricity prices have soared 29.4%-about 50% more than overall inflation. By our calculation, electricity prices have increased 13 times faster under Mr. Biden than across the previous seven years.”), accessible at: <https://www.wsj.com/articles/electricity-prices-biden-green-energy-labor-department-2b4ea2cb>

⁷ See, e.g., “MISO Faces Possible Capacity Shortfall Next Summer in Northern, Central Regions,” Ethan Howland, *Utility Dive*, June 21, 2024, accessible at: https://www.utilitydive.com/news/miso-oms-midcontinent-capacity-survey-2024/719490/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202024-06-21%20Utility%20Dive%20Newsletter%20%5Bissue:63220%5D&utm_term=Utility%20Dive (this includes MISO Zone 6, which includes BREC’s service territory).

LLC.^{8, 9} But those solar capacity additions do not represent dispatchable resources, and will not by themselves allow the Company to meet its unique 24/7 load characteristics. Moreover, under the dictates of KRS 278.264, in the event BREC retires the Green units, it must first obtain permission from both the Commission and also the new Energy Planning and Inventory Commission created under Senate Bill 349 (2024 Regular Session).

BREC's most recent leadership team demonstrated a solid commitment to keeping its rates affordable. BREC always knew that the significant concentration of large industrial load in its territory was very sensitive to any rate increases, as many of these customers face intense competition, both domestically and internationally. Many of these competing entities have business operations in China and India, both of which countries are continuing to build vast fleets of coal-fired power generation plants.¹⁰ India's Power Minister, Raj Kumar Singh announced September 26, 2022 that India is preparing to add as much as 56 GW of coal-fired generation by 2030. "My bottom line is I will not compromise with my growth," Singh said. "Power needs to remain available."¹¹ Energy-intensive industries must locate in territories with energy that is both affordable and reliable.¹² Dispatchable fossil-fueled resources meet

⁸ Approved in Case Nos. 2020-00183 (Order dated Sept. 28, 2020); and as modified in Case No. 2022-00296 (Order dated June 13, 2023).

⁹ In addition, BREC's Optimal Plan states that subject to procuring federal financing under the Inflation Reduction Act's Powering Affordable Clean Energy Program ("PACE"), the Company anticipates self-building a 100-MW solar facility combined with a 50-MW battery energy storage system. 2023 IRP § 7.2.3 at 140.

¹⁰ See, e.g., "U.S. Coal Plant Closures Continue, While China Rapidly Builds More," by Darrell Proctor, *Power Magazine*, Nov. 8, 2022, accessible at: <https://www.powermag.com/u-s-coal-plant-closures-continue-while-china-rapidly-builds-more/>; See also, "China's Coal Power Boom," *Wall St. Journal* Editorial Board, Sept. 12, 2022 (China is planning or building 100 GW of coal-fired plants. "While the Biden Administration does all it can to restrict U.S. fossil fuels, no matter the economic harm, Beijing is charging ahead with coal imports, coal mining and coal power to become the world's leading economy. They must marvel at their good fortunate in having rivals who are so self-destructive."); accessible at: <https://www.wsj.com/articles/chinas-coal-power-boom-beijing-xi-jinping-climate-energy-biden-administration-11650480857>.

¹¹ "India Power Minister Says Country Will Add More Coal-Fired Plants," by Darrell Proctor, *Power Magazine*, September 26, 2022 https://www.powermag.com/india-power-minister-says-country-will-add-more-coal-fired-plants/?oly_enc_id=1672A4147245A3U.

¹² See, e.g. "Energy Crisis: Europe's Industry Shutting Down," by Ben Aris, *Energy Central*, Sept. 20, 2022. Electricity prices for energy-intensive industries in the European Union in 2023 were almost double those in

that bill. Given these facts and circumstances, a combined cycle plant would be BREC's best hope of maintaining affordable rates. Thus, both practical and legal constraints should direct BREC's new leadership toward choosing a combined cycle plant.

Respectfully submitted,

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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 forgoing was served and filed by e-mail to the parties of record.

This 2nd day of July, 2024



Assistant Attorney General

the United States and China; IEA Electricity 2024 Analysis and Forecast to 2026, at 22, accessible at: <https://www.iea.org/reports/electricity-2024>