### COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

### In the Matter of:

ELECTRONIC TARIFF FILINGS OF	)	
LOUISVILLE GAS AND ELECTRIC COMPANY	)	
AND KENTUCKY UTILITIES COMPANY TO	)	
REVISE PURCHASE RATES FOR SMALL	)	Case No. 2023-00404
CAPACITY AND LARGE CAPACITY	)	
COGENERATION AND POWER	)	
PRODUCTION QUALIFYING FACILITIES AND	)	
NET METERING SERVICE-2 CREDIT RATES	)	

## MEMORANDUM BRIEF OF JOINT INTERVENORS KENTUCKY SOLAR ENERGY SOCIETY AND MOUNTAIN ASSOCIATION

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Dated: May 24, 2024

#### I. Introduction

Louisville Gas & Electric and Kentucky Utilities ("Companies") implement Standard Rate Rider SQF, Small Capacity Cogeneration and Small Power Production Qualifying Facilities ("Rider SQF"); Standard Rate Rider LQF, Large Capacity Cogeneration and Small Power Production Qualifying Facilities ("Rider LQF"); and Standard Rate Rider NMS-2, Net Metering Service-2 ("Rider NMS-2") pursuant conditions and rates set in orders of the Kentucky Public Service Commission ("Commission") in 2021. In October, 2023, Companies filed via the Commission's Electronic Tariff Filing System to update these tariff riders. Kentucky Solar Energy Society ("KYSES") and Mountain Association ("MA") moved for and were granted by the Commission full intervenor status in January, 2024.<sup>2</sup> Two rounds of requests for information were allowed for, Joint Intervenors filed testimony, and Companies filed rebuttal testimony pursuant to the Commission's scheduling order.<sup>3</sup> Also pursuant to the Commission's scheduling Order, all parties agreed that the case be

<sup>&</sup>lt;sup>1</sup> Case No. 2020-00349, Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit, and Case No. 2020-00350, Electronic Application Of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, A Certificate of Public Convenience And Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory And Accounting Treatments, And Establishment of a One-Year Surcredit (filed Nov. 25, 2020) ("2020 Rate Cases"), Order (entered Sept. 24, 2021) and Order (entered Nov. 04, 2021).

<sup>&</sup>lt;sup>2</sup> Joint Motion of Kentucky Solar Energy Society and Mountain Association for Full Intervention as Joint Intervenors (filed Jan. 04, 2024); Order (entered Jan. 11, 2024).

<sup>&</sup>lt;sup>3</sup> Order (entered Dec. 13, 2023) at Appendix.

submitted for decision based on the record, with Companies stating briefing was unnecessary,<sup>4</sup> the Joint Intervenors and Kentucky Solar Energy Industry Association ("KYSEIA") requesting the opportunity to brief issues raised in the proceeding,<sup>5</sup> and the Office of the Attorney General ("OAG") taking no position on briefing.<sup>6</sup> The Commission subsequently ordered the opportunity for briefing for all parties that choose to do so.<sup>7</sup>

II. Avoided Energy and Capacity Costs should be treated symmetrically with Companies' other planning processes, and account more fully for volatility of costs

As outlined more fully in the Memorandum Brief of KYSEIA,<sup>8</sup> Companies continue to fall short of the Commission's principles for establishing compensation to eligible customer-generators.<sup>9</sup> Specifically, the Commission has ordered that the following principles be adhered to:

<sup>&</sup>lt;sup>4</sup> Joint Motion of Kentucky Utilities Company and Louisville Gas and Electric Company to Submit Case for Decision on the Record (filed Apr. 11, 2024).

<sup>&</sup>lt;sup>5</sup> Notice of Kentucky Solar Energy Society and Mountain Association Regarding Hearing and Motion for Opportunity to Submit Brief (filed Apr. 11, 2024); Kentucky Solar Industries Association, Inc. Notice Regarding Hearing with Motion for Simultaneous Briefing Prior to the Submission of the Case for a Decision (filed Apr. 11, 2024).

<sup>&</sup>lt;sup>6</sup> Notice Regarding Hearing (filed Apr. 09, 2024).

<sup>&</sup>lt;sup>7</sup> Order (entered Apr. 30, 2024).

<sup>&</sup>lt;sup>8</sup> Memorandum Brief (filed May 24, 2024) ("KYSEIA Brief")

<sup>&</sup>lt;sup>9</sup> Case no. 2020-00174, Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; And (5) All Other Required Approvals and Relief (filed July 15, 2020), Order (May 14, 2021) ("KPCo Order") at 21-24.

- Evaluate eligible generating facilities as a utility system or supply side resource.
- Treat benefits and costs symmetrically.
- Conduct forward-looking, long-term, and incremental analysis.
- Avoid double counting.
- Ensure transparency.<sup>10</sup>

The Joint Intervenors note generally that in several instances Companies are failing to uphold the principles, including by excluding off-system sales and therefore not treating eligible customer-generators as supply-side resources and not treating benefits and costs symmetrically; and by continuing to rely on opaque and non-transparent sources for avoided costs.

## III. The avoided carbon cost for distributed energy resources should be increased, and other costs should be reevaluated

The Companies, in filing to update their compensation rate under Rider NMS-2, have failed to fully follow the requirements laid out by the Commission for the development of export rates under KRS 278.465 and 466. Specifically, the Commission has ordered that the determination of the compensatory rate should include consideration of seven categories of avoided costs: avoided energy costs, avoided generation capacity costs, avoided transmission capacity costs, avoided

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<sup>&</sup>lt;sup>10</sup> *Id.* at 21-24.

ancillary services costs, avoided distribution capacity costs, avoided carbon cost, environmental compliance, and jobs benefits. <sup>11</sup> While Joint Intervenors only offer a suggested update to one of these costs, and a possible method for another, several of the other cost categories have almost certainly been affected by developments subsequent to the filing of this case, in particular the value provided in the form of avoided environmental compliance costs. The Companies should therefore be required to file updated compensation rates in the near future by a date certain.

# a. The Companies continue to under-account for the avoided carbon benefits of distributed energy resources

In their initial rate filing of the NMS-2 tariff at issue in this case, the Companies argued against including any avoided cost of carbon in their initial rate filing of the NM-2 tariff at issue in this case. 12 Only in response to request from the Commission did the Companies calculate an avoided carbon cost in compliance with the method previously ordered by the Commission. 13 That value used the Companies' "High Carbon" scenario from their 2018 Integrated Resource Plan (IRP),

<sup>&</sup>lt;sup>11</sup> KPCo Order at 25-38 (the Commission also noted that although benefits of avoiding having to serve customers participating in the wholesale market through aggregators pursuant to FERC Order 2222 were not included in that case, they may be at a future time); 2020 Rate Cases, Sept. 24, 2021 Order at 48-58.

<sup>&</sup>lt;sup>12</sup> 2020 Rate Cases, Supplemental Testimony of William Steven Seelye Managing Partner the Prime Group, LLC (filed July 13, 2021) at 28.

<sup>&</sup>lt;sup>13</sup> 2020 Rate Cases, Response to Commission Staff's Eighth Request for Information Dated August 3, 2021 (filed Aug. 13, 2021), Response to Question No. 21; 2020 Rate Cases, Order (Sept. 24, 2021) at 56.

which in turn relied on an outside report from 2016.<sup>14</sup> As demonstrated by Andrew McDonald in his testimony presented on behalf of the Joint Intervenors, the avoided cost of carbon has both gone up and become more certain.<sup>15</sup>

The Companies' 2018 IRP was conducted at a time when there were effectively no regulations for carbon emissions, but assumed a "High CO<sub>2</sub> price scenario." Since that time, as pointed out by Mr. McDonald, the U.S. Environmental Protection Agency proposed and finalized regulation of carbon emissions from electric generating units ("EGUs"). Truthermore, EPA has confirmed in several instances its use of an updated social cost of carbon in evaluating the cost-effectiveness of regulation of carbon emissions. Given that the Companies have proposed in this proceeding to retain a cost of carbon that is now

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<sup>&</sup>lt;sup>14</sup> Case No. 2018-00348, *Electronic 2018 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company* (filed Oct. 19, 2018), LG&E and KU 2018 IRP - Volume I at 5-24 n. 17.

<sup>&</sup>lt;sup>15</sup> Testimony of Andrew McDonald on Behalf of Joint Intervenors Kentucky Solar Energy Society and Mountain Association (filed Feb. 29, 2024) ("McDonald Direct Testimony").

<sup>&</sup>lt;sup>16</sup> *Id.* at 5-22. The IRP notes that the pricing was "not linked in any way to the proposed ACE Rule," which has since been repealed by US EPA. *New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule*, 89 Fed. Reg. 39,798 (May 09, 2024) ("EGU GHG Rule").

<sup>&</sup>lt;sup>17</sup> Id.

<sup>&</sup>lt;sup>18</sup> Id. at 40,007-09; US EPA, Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review, 89 Fed. Reg. 16,820, 17,019 (Mar. 08, 2024); both refer to US EPA, EPA Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances (Nov. 2023), available at <a href="https://www.epa.gov/system/files/documents/2023-12/epa\_scghg\_2023\_report\_final.pdf">https://www.epa.gov/system/files/documents/2023-12/epa\_scghg\_2023\_report\_final.pdf</a>.

eight years old,<sup>19</sup> and given further that the anticipated GHG regulations for electric generating units have become final, and that EPA has broadly used the social costs formula in determining the costs of compliance strategies, the Commission should substitute the avoided cost of carbon based on updated information proposed by Mr. McDonald.<sup>20</sup> Using the range proposed by Mr. McDonald with the Companies' methodology, projected emissions, discount rate, and load used previously by the Commission,<sup>21</sup> and assuming the cost of carbon starts next year, gives a value in the range of \$0.033205 to \$\$0.107631 per kWh, even without the inclusion of the annual escalation rate recommended by Mr. McDonald.<sup>22</sup>

### b. The Companies use cherry-picked data in refuting Joint Intervenor witness Andrew McDonald.

In rebuttal testimony, the Company asserts that the EPA's analysis in the proposed EGU GHG rule supports a cost of \$19 to \$44 per ton of CO<sub>2</sub> sequestered for CCS at a base load combustion turbine.<sup>23</sup> However, this number appears to be

<sup>&</sup>lt;sup>19</sup> LG&E and KU 2018 IRP - Volume I at 5-24 n. 17.

<sup>&</sup>lt;sup>20</sup> McDonald Direct Testimony at 17.

<sup>&</sup>lt;sup>21</sup> 2020 Rate Cases, 2020 PSC DR8 LGE Attach to Q21,

<sup>2020</sup> PSC DR8 KU LGE Attach to Q21 - Avoided CO2 Cost.xlsx., approved at Order at 56.

<sup>&</sup>lt;sup>22</sup> Testimony of Andrew McDonald at 17.

<sup>&</sup>lt;sup>23</sup> Rebuttal Testimony of Stuart A. Wilson Director, Energy Planning, Analysis and Forecasting Kentucky Utilities Company and Louisville Gas and Electric Company ("Wilson Rebuttal Testimony") at 5. It should be noted that Mr. Wilson appears to be mistaken about the asserted tax credits available to the Companies for CCS through Section 45Q. The credit is \$85/metric ton, or \$77/ton of sequestered CO<sub>2</sub>. *Compare Id.* at 5 ("These credits are non-trivial: \$85/ton of sequestered CO2.") and EGU GHG Rule at 39,934 ("The tax credit is available at \$85/metric ton (\$77/ton) and offsets a significant portion of the capture, transport, and sequestration costs noted above.").

at the very low end range of costs for compliance in the proposed rule, which includes minimum estimated costs for compliance at an existing coal unit starting at \$24/ton of CO<sub>2</sub>.<sup>24</sup> If the Company wishes to use the cost estimates from the final EGU GHG rule to propose an alternative avoided cost of carbon, it should at least utilize the costs which it believes it will actually face to comply withthe rule.

Considering the Companies' current mix of generation, the cost for CCS at a new combined cycle unit is certainly not the only cost they will avoid; rather the cost of compliance (or replacement) for all fossil-fuel units should be considered. Further, the Company should use the costs estimated in the now-final rule if it wishes to propose a more appropriate value: between \$46 and \$60/ton:

The EPA calculated two sets of CCS costs: the first assumes that the turbine continues to operate the capture system during the last 18 years, and the second assumes that the turbine does not operate the capture system during the last 18 years. Assuming continued operation of the capture equipment, the compliance costs are \$15/MWh and \$46/ton (\$51/metric ton) for a 6,100 MMBtu/h H-Class turbine, which has a net output of approximately 990 MW; and \$19/MWh and \$57/ton (\$63/metric ton) for a 4,600 MMBtu/h F-Class turbine, which has a net output of approximately 700 MW. If the capture system is not operated while the combustion turbine is subcategorized as an intermediate load combustion turbine, the compliance costs are reduced to \$8/MWh and \$43/ton (\$47/metric ton) for a 6,100

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<sup>&</sup>lt;sup>24</sup> US EPA, New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule, 88 Fed. Reg. 33,348.

MMBtu/h H-Class combustion turbine, and \$12/MWh and \$60/ton (\$66/metric ton) for a 4,600 MMBtu/h F-Class combustion turbine. All of these costs are comparable to the cost metrics that, based on prior rules, the EPA finds to be reasonable in this rulemaking. For a more detailed discussion of costs, see the TSD— *GHG Mitigation Measures—Carbon Capture and Storage for Combustion Turbines*, section 2.3, Figure 12a.<sup>25</sup>

Further, while the Companies also argue in rebuttal testimony that there are a variety of compliance options in the EGU GHG Rule Proposal, and therefore relying on CCS is a flawed methodology, they offer no indication of how they in fact *do* plan to comply with the rule.<sup>26</sup> In fact, in recent testimony in another case, the Companies admit they are at this time completely uncertain how they intend to comply with the final rule; that the actual costs of CCS are completely unknown and unknowable at this time; and therefore compliance will likely be much *more* costly than estimated.<sup>27</sup> Further, given the timing of implementation of the rule, it seems reasonable to assume the Companies should begin planning for compliance immediately, if they are to meet the requirements applicable between 2032-2038.<sup>28</sup>

 $<sup>^{25}</sup>$  *Id.* at 39,934-35. The table cited here appears to show an even greater range of \$15 to \$84/ton, but a with a similar midpoint.

<sup>&</sup>lt;sup>26</sup> Wilson Rebuttal Testimony at 4-5.

<sup>&</sup>lt;sup>27</sup> While the record or video is not yet available, extensive testimony on this matter was taken yesterday in Case No. 2023-00422, *Electronic Investigation of Louisville Gas and Electric Company and Kentucky Utilities Company Service Related to Winter Storm Elliott*.

<sup>&</sup>lt;sup>28</sup> EGU GHG Rule, throughout. For a concise summary of the requirements and timelines *see* US EPA, BSER At-A-Glance, *available at* <a href="https://www.epa.gov/system/files/documents/2024-04/cps-table-of-all-bser-final-rule-4-24-2024.pdf">https://www.epa.gov/system/files/documents/2024-04/cps-table-of-all-bser-final-rule-4-24-2024.pdf</a>.

Indeed, the Company just received an air pollution construction permit authorizing construction of a new natural gas combined cycle unit that will have to be in compliance with parts of the rule at least upon startup.<sup>29</sup> Therefore, costs are avoided immediately, and should be accounted for as such using less generic and more realistic assumptions.

c. The dollar-denominated export rate should continue to be set through the avoided cost methodology previously established by the Commission

The cost methodology laid out above is well-recognized by the Commission over several years at this time, and should be applied here.<sup>30</sup> In contrast, the Companies argue in rebuttal that the compensation rates paid to net metering customers should be set based on comparison to the costs of utility-scale solar.<sup>31</sup>

<sup>&</sup>lt;sup>29</sup> Louisville Metro Air Pollution Control District Title V Construction Permit no. C-0127-22-0046-V (May 02, 2024), *available at* <a href="https://louisvilleky.gov/air-pollution-control-district/document/apcd-title-v-construction-permit-c-0127-22-0046-v-lge-mill">https://louisvilleky.gov/air-pollution-control-district/document/apcd-title-v-construction-permit-c-0127-22-0046-v-lge-mill</a>.

<sup>&</sup>lt;sup>30</sup> KPCo Order and 2020 Rate Cases Order. It should be noted that these two Orders from the Commission establish a set of principles and avoided costs that have been the basis for compensation of customers for exported generation for over three years now. Further, while the two Orders agree that under KRS 278.465(4) utilities should "net the total energy consumed and the total energy exported by eligible customer-generators over the billing period in NMS 2 consistent with the billing period netting period establishes in NMS 1." 2020 Rate Cases Sept. 24, 2021 Order at 48. On rehearing, the Commission amended this sentence to read "Consistent with our finding in Case No. 2020-00174 and KRS 278.465(4), the Commission finds that LG&E/KU should continue to net the dollar value of the total energy consumed and the dollar value of the total energy exported by eligible customer generators over the billing period in NMS 2 consistent with the billing period netting period established in NMS 1." 2020 Rate Cases, Order (entered Nov. 4, 2021) at 11-12. Joint Intervenors maintain that under both orders the proper netting period is the monthly billing period, and that Companies continue to not be in compliance with the requirements of KRS 278.465 by implementing "instantaneous netting."

<sup>&</sup>lt;sup>31</sup> Wilson Rebuttal Testimony at 6-10.

This is unsupported by the Commission's previous orders, which laid out clear methodologies for each cost component.<sup>32</sup> Indeed, the same argument has been previously rejected by the Commission as "unreasonable,"<sup>33</sup> and should continue to be rejected. In its previous *Order* setting compensation rates for net metering customers, the Commission found that such an approach was unsuitable as Companies do not participate in an organized market, and the citation to the costs of a limited number of recent purchases is not an adequate substitute. Changing here to the cost for two new solar facilities recently granted CPCNs<sup>34</sup> is no better than the previous estimates relying on a limited number of PPAs.<sup>35</sup> Further, "failure to recognize the true avoided cost of intermittent renewable assets could spur investment in much costlier, and riskier, thermal resources."<sup>36</sup>

For the reasons above the Commission should find that it is reasonable to determine an avoided carbon cost as recommended by Mr. McDonald, in the range discussed above of \$0.033205 to \$0.107631 per kWh as part of the updated dollar-denominated bill credit in this case. Even using the midrange of the lower estimates

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<sup>&</sup>lt;sup>32</sup> 2020 Rate Cases, Sept. 24, 2021 Order at 48-58.

<sup>&</sup>lt;sup>33</sup> *Id.* at 32 (rejecting the "current market price method to estimate the avoided generation capacity cost" as "unreasonable" as applied to qualifying facilities, which (as with this filing) is used to determine certain cost components for NMS-2 customers).

<sup>&</sup>lt;sup>34</sup> Wilson Rebuttal Testimony at 8-9.

<sup>&</sup>lt;sup>35</sup> 2020 Rate Cases, Sept. 24, 2021 Order at 32-37.

<sup>&</sup>lt;sup>36</sup> *Id.* at 33.

from the final EGU GHG rule,<sup>37</sup> which the Company itself has admitted are infeasible, results in a rate of compensation of \$0.022130 per kWh, significantly higher than currently included in the credit.

# d. The Commission should require the Companies to account for the jobs benefits and other increased costs by a date certain

As discussed above, in the current proceedings the Companies have proposed to update the NMS-2 Bill Credit by updating the avoided energy and generation capacity portions, and therefore the overall "NMS-2 Bill Credit for Excess Gen," but have not computed a jobs benefit or updated the other components of the cost calculation.<sup>38</sup> This is in contravention of the Commission's previous order, and also deficient due to numerous changes in circumstances.

Specifically, the 2021 Commission *Order* "direct[ed] LG&E/KU to evaluate job benefits and economic development as an export rate component for LG&E/KU's next rate case filing."<sup>39</sup> Further, and more generally, the Commission found that the previous methodology, *including avoided costs for all eight components* "reflect best practices in developing successor net metering rates, and are fair, just and reasonable."<sup>40</sup>

<sup>&</sup>lt;sup>37</sup> 39935

 $<sup>^{38}</sup>$  2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit: Generation Planning & Analysis (Oct. 2023) at 17.

<sup>&</sup>lt;sup>39</sup> 2020 Rate Cases, Sept. 24, 2021 Order at 58.

<sup>&</sup>lt;sup>40</sup> *Id.* at 48.

Mr. McDonald, in his testimony, proposes a reasonable method for calculating the jobs benefits of distributed energy resources, 41 which Companies have not to date disputed. 42 Instead Companies argue that they are instead prevented from calculating a jobs benefit by the "stay-out" provision of a Stipulation in the previous rate case.<sup>43</sup> However, as made clear in the Commission's *Order* accepting the referenced Stipulation, LG&E-KU committed to a base-rate stay out until July 1, 2025, "such that any changes from base rates approved in the instant matter shall not take effect before that date."44 The NMS-2 rates at issue here were not a part of that Stipulation, but rather were set by the Commission's Order entered after a supplemental hearing apart from the stipulation and stay-out provision. Were it otherwise, the Companies would not have been able file to update rates in this case, or to have begun to implement Rider NMS-2 at all, as it was itself not approved nor the rates set until after the stipulation had been entered on the partial settlement, and the stay-out on the rates proposed and approved in that stipulation had taken effect.<sup>45</sup>

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<sup>&</sup>lt;sup>41</sup> McDonald Direct Testimony at 18.

<sup>&</sup>lt;sup>42</sup> See Wilson Rebuttal Testimony and Rebuttal Testimony of Michael E. Hornung Manager of Pricing & Tariffs Kentucky Utilities Company and Louisville Gas and Electric Company (filed Apr. 04, 2024) ("Hornung Rebuttal Testimony").

<sup>&</sup>lt;sup>43</sup> Hornung Rebuttal Testimony at 2.

<sup>&</sup>lt;sup>44</sup> 2020 Rate Cases, Order (Jun. 30, 2021) ("Jun. 30, 2021 Order") at 7 (emphasis added).

<sup>&</sup>lt;sup>45</sup> Further, the Stipulation and Recommendation itself arguably does not apply at all, as it states "The provisions of Section 1.1 shall not apply, directly or indirectly, to the operation of any of the Utilities' cost-recovery surcharge mechanisms *and riders* at any time during the term of Section

Mr. McDonald does not recommend a specific value for the jobs benefit in his testimony, but instead a methodology the Companies could use.<sup>46</sup> However, it is well-established that

Finally, significant developments have occurred since the Commission originally set the billing credit amount for Companies, particularly with regard to environmental compliance costs. In the past month alone US EPA has adopted four significant rules applicable to EGUs.<sup>47</sup> Earlier this year it set a new National Ambient Air Quality Standard (NAAQS) for fine particulate matter.<sup>48</sup> Prior to that it adopted an updated Good Neighbor Plan for the 2015 ozone NAAQS,<sup>49</sup> which despite ongoing litigation even the Companies acknowledge requires their immediate planning, as its requirements are more or less unavoidable given the realities of downwind air quality impacts from Kentucky.<sup>50</sup>

<sup>1.1,</sup> including any base-rate roll-ins, which are part of the normal operation of such mechanisms." 2020 Rate Cases, Stipulation Testimony Exhibit KWB-1 (filed Apr. 19, 2021) ("Stipulation and Recommendation") at 4.

<sup>&</sup>lt;sup>46</sup> McDonald Direct Testimony at 18.

<sup>&</sup>lt;sup>47</sup> National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review, 89 Fed. Reg. 38,508 (May 07, 2024); Hazardous and Solid Waste Management System: Disposal of Coal Combustion Residuals From Electric Utilities; Legacy CCR Surface Impoundments, 89 Fed. reg. 38,950 (May 08, 2024); Supplemental Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category, 89 Fed. Reg. 40,198 (July 08, 2024); EGU GHG Rule.

<sup>&</sup>lt;sup>48</sup> Reconsideration of the National Ambient Air Quality Standards for Particulate Matter, 89 Fed. Reg. 16,202 (Mar. 06, 2024).

<sup>&</sup>lt;sup>49</sup> Federal "Good Neighbor Plan" for the 2015 Ozone National Ambient Air Quality Standards, 88 Fed. Reg. 36,654 (Jun. 05, 2023).

<sup>&</sup>lt;sup>50</sup> Case No. 2022-00402, Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility

For these reasons, the Commission should require Companies file an updated filing in this proceeding within a reasonable time that updates the full avoided cost components of Rider NMS-2.

#### IV. Conclusion

The Companies continue to fall short of the principles and methodologies laid out by the Commission in previous orders. In particular, they continue to fail to treat eligible customer-generators as supply-side resources symmetrically with other sources of generation, and continue to fail to present transparent sources and methods for calculating the avoided costs used to credit customers. Further, the credit amount proposed for net metering customer-generators in the current case fail to adequately compensate customer-generators in a number of respects, particularly with regard to avoided carbon costs, avoided environmental compliance costs, and job benefits.

Joint Intervenors therefore respectfully request that the Commission modify the proposed bill credit for NMS-2 customers to reflect the updated avoided carbon cost suggested, and require the Companies to file updated proposed rates for the remaining avoided cost components by a date certain in the near future.

Certificates and Approval of a Demand Side Management Plan and Approval of Fossil Fuel-Fired Generating Unit Retirements, Rebuttal Testimony of Philip A. Imber Director, Environmental and

Federal Regulatory Compliance Kentucky Utilities Company and Louisville Gas and Electric Company (filed Aug. 09, 2023) at 7-16.

Respectfully Submitted,

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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 May 24, 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. Gar