VIA ELECTRONIC TRANSMISSION AND REGULAR MAIL

3015 Brownsboro Rd., #11
Louisville, KY 40206
September 6, 2019

Public Service Commission
211 Sower Boulevard, Post Office Box 615
Frankfort, Kentucky 40602-0615

Re: Implementation of Net Metering Act, Case No. 2019-00256.

Dear Commissioners:

As you consider how to best implement the 2019 Net Metering Act, I urge you to consider the many benefits that distributed solar energy provides to individual Kentuckians, businesses, churches, farms, and schools and to our energy grid; public health, economic development, climate protection, and more.

Recent Studies show that wind and utility-scale solar now have the lowest levelized cost in a growing number of regions. In Indiana, solar and wind are proving to be more cost-effective energy options than keeping existing coal plants open. Northern Indiana Public Service Co. (NIPSCO's) 2018 Integrated Resource Plan (IRP) found that eliminating coal from its portfolio is the cheapest option, and a portfolio of solar, storage, wind and demand management, along with a small amount of market purchases from the Midcontinent ISO, is the most cost effective.

Net metering is an essential tool in enabling decentralized renewable energy production that gives greater control over customers' energy sources and costs. The Commission should protect customers' right and ability to make investments to produce their own power and control their energy costs. In addition, excess energy produced during peak production hours that is fed onto the grid reduces peak load and utility costs. This should be factored into the rate structure.

Studies in diverse states including MN, UT, TX, NJ, ME, and others have found that distributed solar energy delivers greater benefit to the grid than the reverse and that net metering should be preserved and expanded to ensure fair compensation to customers who install solar energy not the reverse. Rather than creating new barriers to solar and other renewable energy adoption, new tariff structures should incorporate the full benefits of solar energy to the grid. These include avoided fuel costs, reduced line losses, avoided investment in new capacity, reduced financial risks from volatile fuel sources, increased grid resiliency, environmental benefits, reduced public health threats, local job creation and economic development, and local energy self-sufficiency.

The utility argument that rooftop solar customers are not paying their fair share for upkeep to the energy grid is similarly flawed. Solar customers already pay to upkeep the grid through the fixed energy charge on their bills, and an analysis of Kentucky utility data

revealed that, *at most,* net metering costs the average ratepayer less than one penny per month (Kentucky Resources Council 2018). A study by the US Department of Energy concluded in 2017 that distributed solar would have a negligible impact on rates until solar reaches 10% or more of a utility's peak demand (Galen, Department of Energy, 2017). In Kentucky, we are far from that 10% mark–much less than 1% of Kentucky's energy mix currently comes from distributed solar. Furthermore, the existence of the 1% cap on growth of net metering is a significant limit to any potential rate impacts from net metering.

Also important to consider is that the utilities' business model is outdated, and does not comply with current realities and the relative benefits and low costs of renewable energy. The rate structure should not enable this outdated, shareholder-focused model that rewards utilities for over building. Utilities build too much and they want to sell as much power as they possibly can because this model allows them to keep asking for rate increases that fund new, often redundant infrastructure and funnel profits to shareholders. Then, they cry about not being able to sell that power. This is an unproductive business model that costs Kentucky consumers and especially harms the low income and those on fixed incomes.

While state and federal governments don't like to talk about it, we can see the huge and growing costs associated with flooding, drought, hurricanes, wildfires, etc. tied to climate change. It is no longer credible to argue that there is no need to find ways to shift swiftly away from fossil fuels and increase reliance on clean and renewable energy sources. Policies should support and comply with new these realities, and new tariff structures should avoid creating new barriers to solar or other renewable energy adoption.

Finally, the cost of implementing a more complex administrative process for administering net metering should be considered within the scope of this issue. Currently, administering net metering is simple and low-cost, for the utility and customer. The PSC should consider the cost of a new administrative system, including the cost of litigating the issue in recurring rate cases for all utilities, relative to the overall impact net metering is proven to have on ratepayers. The proposed solution is likely more costly than the problem.

Rate designs should not be used as tools to inhibit the use of net metering. An evidence-based, transparent process open to public review and analysis should be used and the full impacts to the utility and ratepayers including full benefits from distributed solar should be considered before any changes to net metering tariffs are implemented. A business model for utilities is needed that puts the needs of Kentucky ratepayers and communities above those of often out-of-state shareholders.

Thank you for your consideration.

Sincerely,

Nancy Givens