

**From:** [Bruner, Brandon S \(PSC\)](#) on behalf of [PSC Executive Director](#)  
**To:** [REDACTED]  
**Subject:** Edison Electric Institute's Comments on Case No. 2020-00174  
**Date:** Friday, April 30, 2021 11:01:00 AM  
**Attachments:** [image001.png](#)  
[FINAL EEI Comments Kentucky Power NEM Letter 04-22-21.pdf](#)

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Thank you for your comments on the application of Kentucky Power Company. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2020-00174, in any further correspondence. The documents in this case are available at [http://psc.ky.gov/PSC\\_WebNet/ViewCaseFilings.aspx?Case=2020-00174](http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2020-00174).

Thank you for your interest in this matter.

Best Regards,

Brandon Bruner  
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Kentucky Public Service Commission  
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**From:** PSC Public Information Officer <[PSC.Info@ky.gov](mailto:PSC.Info@ky.gov)>  
**Sent:** Monday, April 26, 2021 9:27 AM  
**To:** PSC Executive Director <[PSCED@ky.gov](mailto:PSCED@ky.gov)>  
**Subject:** FW: Edison Electric Institute's Comments on Case No. 2020-00174

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**From:** Zaccagnino, Michelle <[REDACTED]>  
**Sent:** Thursday, April 22, 2021 2:16 PM  
**To:** PSC Public Information Officer <[PSC.Info@ky.gov](mailto:PSC.Info@ky.gov)>  
**Subject:** Edison Electric Institute's Comments on Case No. 2020-00174

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Good Afternoon,

Attached please find EEI's comments on the subject proceeding.

Thank you,  
Michelle

Michelle Zaccagnino  
Manager, State Regulatory Policy  
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[www.eei.org](http://www.eei.org)





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April 22, 2021

**VIA EMAIL**

Michael J. Schmitt, Chairman  
Kent A Chandler, Vice Chairman  
Talina R. Mathews, Commissioner  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

**RE: 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; Case No. 2020 – 00174**

Dear Chairman Schmitt, Vice Chairman Chandler, and Commissioner Mathews:

The Edison Electric Institute (EEI) respectfully submits this letter to the Kentucky Public Service Commission (PSC or Commission) in continued support of Kentucky Power Company's (KPC or Company) proposal to modify its net energy metering (NEM) tariff, consistent with the statutory guidelines of recently enacted SB 100 in the above-referenced proceeding. EEI monitors various NEM proceedings across the country and appreciates the opportunity to provide the PSC with additional thoughts as the Commission continues to gather and evaluate a more robust record on NEM.

EEI is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 220 million Americans and operate in all 50 states and the District of Columbia. Our members are committed to getting the energy we provide as clean as we can, as fast as we can, but in a safe, reliable, and affordable manner.

Net metering policy was originally intended to incentivize early adopters; however, its unintended outcomes have created huge subsidies from one group of customers to another. As demonstrated in this proceeding, without changes, the economics of full retail net energy metering pays customer generators three times the market value for excess energy. Senate Bill 100 was enacted in March 2019 and provided a roadmap for the Commission to set a new rate to address this inequity.

Now that the cost of solar systems has come down significantly, there is no longer a need for these distorted subsidies. We applaud Kentucky for making legislative changes and giving the PSC the responsibility to reform net metering pricing while providing continued regulatory certainty for the marketplace. Kentucky is not alone in making these reforms. There is now a clear recognition of the need to protect non-generating customers from this policy and find a path that works for all customers, as well

as utilities, by following the dictates in SB 100 that allows utilities recovery of “all costs necessary” to serve customer-generators.

Kentucky is one of more than a dozen states that are either in the process of transitioning away from retail net metering or have already adopted alternative compensation mechanisms for customer-owned distributed generation. In this proceeding, various intervenors have suggested that any new tariff would undermine the distributed solar market in Kentucky and diminish customers’ options for generating their own power. There is no hard evidence that supports any of these claims; and in fact, some states that have transitioned away from retail NEM have continued to have active participation by customer-generators.<sup>1</sup> SB 100 provides a roadmap for reform, and addressing the inequities created by retail net metering now, rather than continuing to force non-generating customers to pick up the cost.

There are a number of ways to transition from retail net metering and we are seeing them implemented across the country. Compensating customers for a lower avoided cost as proposed by Kentucky Power, not at a retail rate, would immediately reduce the subsidy paid by other non-NEM customers while also compensating customer generators for the value they provide to the system. The gross impact of this cost shift may be small initially due to low penetration rates, but it is true and real—especially for customers that are low-income or economically impacted due to the ongoing pandemic.

Solar power is an important part of our energy future, and the electric grid is the essential infrastructure that helps to deliver solar energy to customers. It is important that policymakers and regulators, including the Kentucky PSC, consider approaches that best recover costs and eliminate subsidies when looking to reform outdated net metering policies to ensure a sustainable future for solar that benefits all electricity customers.

As the PSC continues to evaluate NEM rates and seeks to ensure compliance with SB 100, it should take this opportunity to eliminate, to the greatest extent possible, the subsidies that have been created to date through retail NEM. Correcting this inequity is not only better for customers, both generating and non-generating, but also embodies the intent and direction of SB 100. EEI thanks the Commission for the further opportunity to share these thoughts on Kentucky Power Company’s proposal, and remains a resource, if needed, on NEM policy across the country.

Respectfully submitted,



Shelby A. Linton-Keddie  
Sr. Director, State Energy and Regulatory Policy  
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<sup>1</sup> See The Nevada Independent, “Despite Incentives Ramping Down, Rooftop Solar Industry Continues to Thrive,” July 7, 2019, <https://thenevadaindependent.com/article/despite-incentives-ramping-down-rooftop-solar-industry-continues-to-thrive>. See Phoenix Business Journal, “Arizona Maintains Solar Strength, Q2 Data Shows,” September 13, 2018, <https://www.bizjournals.com/phoenix/news/2018/09/12/arizona-maintains-solar-strength-q2-data-shows.html>.

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