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To: PSC Comments
Subject: 2021-00393 - Kentucky Utilities Company , Louisville Gas and Electric Company

On behalf of its members in the Commonwealth, AARP Kentucky submits these comments on the LG&E KU IRP. We limit our comments to suggestions that LG&E KU be forced to join a regional transmission organization (RTO).

BACKGROUND

The Commonwealth is no stranger to RTO issues. It was the PSC in 2002 that urged LG&E KU to exit MISO because of the lack of benefits to Kentucky consumers. The move proved to be a wise one as it allowed Kentucky ratepayers being forced to pay for expensive upgrades to other state's transmission systems (such as in Minnesota) to meet different energy policy objectives than those of the Commonwealth.

This has kept Kentucky's electricity rates more affordable.

Indeed, this summer MISO is warning of rolling blackouts due to a shortage of power. This is true in member states that have a surplus as MISO shares the pain of a power shortage in one state (Illinois) throughout its footprint.

By being out of MISO, Kentuckians do not have to worry about the power going out. As LG&E KU noted in its comments, it rarely needs to buy off the MISO market since costs there are HIGHER than with LG&E KU generation. In short, there is no need to re-visit forcing LG&E KU back into MISO.

However, Kentucky Power did join PJM as did the East Kentucky Power Cooperative. Unlike MISO, PJM has a 33% reserve margin this summer. However, many of the states in PJM are deregulated (a model which Kentucky has wisely chosen to avoid).

AARP'S POSITION

AARP's Policy on the RTO issue could not be clearer: "States should oppose efforts to bring deregulation to their state. This also includes opposing joining regional transmission organizations (RTOs)."

Key Points

- Arguments about placing LG&E KU back into an RTO should include a full assessment of all the costs and benefits. This includes more than the regional economic dispatch coordination, regional reliability monitor, and transmission planning coordination.

- Recent regional transmission organization (RTO) issues should be assessed. These include dissatisfaction by many states with the RTO dispatch process, the surprise announcement by MISO of a power shortage and the possibility of rolling black outs, the Texas black out in February 2021 and ERCOT's role, the California blackout in August 2020 and CAL ISO's role, and the controversy at PJM and threats by states to leave (since it does not reflect their energy policy goals). More recently, California just passed a law to spend \$5 billion to allow the state to acquire power supplies to deal with a

- A recognition that RTOs like MISO are voluntary and members threaten to leave to further their agendas. They are not independent.
- Full cost disclosure of the costs of RTOs including the cost of paying to upgrade your neighbor's grid and the impact on retail rates, the lack of consideration of local alternatives (conservation, local solar, local storage) which do not need costly new long distance transmission, and more. Every RTO solution is a billion-dollar transmission line when local alternatives would be quicker and more economical. Indeed, MISO just approved \$10 billion in new transmission spending but says \$30 billion would be needed. This could cause a \$6 per month increase in bills. Kentucky may want to avoid such unbridled RTO spending.
- Direct Public Service Commission control is more effective in preserving resource adequacy and keeping rates affordable. RTOs like MISO have around 200 meetings a year and the PSC would be just one among many stakeholders with competing agendas.
- A recognition that the Southeast and West have not had an RTO during their 25 years of existence without issue. The majority of Kentucky consumers are not in an RTO and it is unclear how they have suffered.
- The cost of ceding control to FERC which offers more generous returns than the Kentucky Public Service Commission raising electricity rates.

AARP Key Policies on an RTO include:

On regional transmission operators (which operate a competitive wholesale market as a precursor to competitive retail markets):

- Policymakers should refrain from approving utility requests to join an RTO if they have not already done so.
- Federal and state regulators should ensure that RTOs are cost-effective. They should be transparent and accountable in governance to a broad group of stakeholders. This includes residential consumer representatives.

AARP Kentucky believes:

- The Bluegrass State (or more specifically, LGE KU service areas) cannot afford to cede control if it adversely impacts rates or reliability. We do not want to become another Texas or California where no one is clearly in charge of keeping the lights on. Indeed, electricity rates have jumped 70% this summer in Texas alone.
- Kentucky requires a reliable power supply at affordable rates. Older adults and low-income rate payers cannot pay more than necessary for utility service. Individuals with special medical needs cannot afford to be without power for extended periods. All consumers now face inflationary challenges.

Respectfully,

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