EAST KENTUCKY POWER COOPERATIVE

A Touchstone Energy® Cooperative

December 23, 2020

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: First Amendment ("First Amendment") to the Industrial Power Agreement with Interruptible Service dated October 19, 2015 ("2015 IPA") between East Kentucky Power Cooperative, Inc., Nolin Rural Electric Cooperative Corporation, and AGC Automotive Americas

Dear Ms. Bridwell:

Please find enclosed for filing with the Commission, via the electronic tariff filing system, the above-referenced First Amendment to the current special contract between East Kentucky Power Cooperative, Inc. ("EKPC"), Nolin Rural Electric Cooperative Corporation ("Nolin"), and AGC Automotive Americas ("AGC").

AGC is a leading supplier of automotive glazing for the original equipment manufacturer and aftermarket industries and is part of the AGC Group, which is based in Japan and is the largest global glass supplier. The Elizabethtown facility, which opened in 1989, manufactures laminated, tempered, and subassembly automotive parts for Nissan, Chrysler, Ford, Honda, Mitsubishi, Toyota, and GM cars.

The First Amendment to the 2015 IPA seeks to correct a problem in the description of the minimum kWh and accommodate AGC's desire to adjust its Firm Load and the total maximum annual hours of interruption. Pursuant to the Commission's December 20, 2012 Order in Case No. 2012-00169, EKPC is filing this First Amendment to the 2015 IPA with the Commission and seeking the Commission's acceptance or approval. Nolin identified the problem in the description of the minimum kWh and after discussions with AGC and EKPC reached agreement on corrective language. Concerning interruptible service, AGC has determined it would be beneficial for it to increase its demand load under interruptible service and the maximum annual hours of interruption. Paragraph 3 of the 2015 IPA provides that AGC can seek changes in the firm and interruptible demands.

AGC is electing to lower its Firm Load so that all demand load above 7,000 kW now will be designated as interruptible demand. AGC is also contracting for interruptible service with a total annual interruption of up to 400 hours. Under the terms of EKPC's and Nolin's Interruptible Service tariffs, AGC will receive a demand credit of $5.60 per kW for its interruptible load.

All the rates and charges provided for in the 2015 IPA and First Amendment are tariffed rates and charges or special rates and charges previously approved by the Commission. The First Amendment to the 2015 IPA states that the First Amendment will become effective upon the approval of the

Commission. EKPC, Nolin, and AGC respectfully request the Commission to accept or approve the First Amendment to the 2015 IPA effective February 1, 2021.

On December 19, 2019, the FERC issued an Order addressing PJM's Minimum Offer Price Rule ("MOPR") in the capacity market. The December 19, 2019 Order expanded the application of the MOPR beyond new natural gas-fired generation resources to include all existing and new capacity supply resources that receive state subsidies, and deemed capacity supply resources owned by or under contract to electric cooperatives to be receiving a state subsidy. The December 19, 2019 Order provided a MOPR exemption for an electric cooperative's capacity supply resources, including Demand Resources, that cleared in a capacity auction prior to the Order. Any Demand Resource that had not previously cleared, however, would be subject to the MOPR.[1]

AGC has been receiving interruptible service since 2009 and EKPC has previously offered AGC's demand response capability into the PJM capacity market, and that capability has cleared. Generally speaking, Demand Resource of an electric cooperative cleared in a capacity auction prior to December 19, 2019, is exempt from the MOPR. Application of this exemption to Demand Response requires consideration of whether the end-use customer whose demand response capability is being offered into the market was a location previously registered with PJM. If so, any additional demand response capability at that site may be offered into the market and be exempt from the MOPR if that additional capability were not the result of a specific financial investment to enable the customer to provide the capability. To be clear, the rule is focused on investment in response capability, not investment that may result in increased customer load which then is able to reduce using existing technology at the customer site.

AGC has provided a statement that it did not make investments at the Elizabethtown plant for the sole purpose of increasing curtailment capability of that facility in the PJM capacity market. Given this statement, the changes in interruptible service contained in the First Amendment to the 2015 IPA should comply with the PJM rules and the MOPR should not be triggered.

Please contact me if you have any questions.

Very truly yours,

Patrick Woods
Director, Regulatory & Compliance

Enclosures

[1] On January 21, 2020 EKPC requested that FERC rehear and clarify the December 19, 2019 Order so that the MOPR would not apply to electric cooperatives or Demand Response. In its April 16, 2020 Order on Rehearing and Clarification FERC affirmed its December 19, 2019 Order on these issues. EKPC has appealed both Orders.