

Mountain Association Applauds PSC Ruling on KY Power Net Metering Case

On May 14, the Public Service Commission (PSC) released a ruling adopting changes to net metering for Kentucky Power's customers in a precedent-setting ruling that bodes well for rooftop solar across the state.

The new compensation credit for excess generation during a billing period is now \$0.09/kWh, which is much higher than the \$0.03/kWh that Kentucky Power proposed. This means rooftop solar, and other customer installed renewable energy resources, will remain financially rewarding for many homeowners, businesses, local governments and non-profits that want to install it.

The Mountain Association participated in this case as Joint Intervenors with our allies Kentuckians for the Commonwealth and Kentucky Solar Energy Society. We were represented by Tom FitzGerald of the Kentucky Resources Council.

Prior to this ruling, all customers installing rooftop solar were credited for each kWh of solar they didn't use that was sent back out into the grid. Kentucky Power then sold that excess energy to their neighbors at the full retail rate of around \$0.11/kWh. When Kentucky Power proposed their latest rate increase, they attempted to cut that rate of compensation by nearly two-thirds, as well as adding in several other restrictions and complications that would have made installing rooftop solar nearly impossible for the average person or business. This would not only have greatly restricted customers' options for controlling their spiraling electricity bills, but also would have decimated the small but rapidly growing solar industry in the state.

In their ruling, the PSC stated that the new rate must consider the many benefits rooftop solar brings to the grid – benefits that Kentucky Power ignored when proposing their draconian new compensation. Notably, the PSC highlighted the job opportunities that solar can provide “given the unique economic circumstances in Kentucky Power's service territory.” When we and our allies at KFTC and KYSES intervened in this case, this was one of the key points made in opposing Kentucky Power's new proposed rate.

The PSC also pointed out that the “subsidy” Kentucky Power alleged was being paid by non-solar customers was, by Kentucky Power's own calculations, about \$40,000 – or just \$0.24 per customer, per year.

“The purported net metering subsidy is less than the \$49,822 in educational assistance payments made to Kentucky Power employees that is recovered in rates, or \$51,117 in witness coaching in communication strategy and video recording services that Kentucky Power sought to recover in rates, but was denied,” the order reads.

The PSC also stated that this ruling is an opportunity to begin processes that will comprehensively integrate solar PV and other renewable energy generation sources into the power system in ways that will provide significant benefits to all ratepayers – those that are solar customers and those who don't have solar.

The ruling also did the following:

- Kept the existing “netting period” as the billing cycle, rather than the multiple, complicated time-of-day periods that Kentucky Power proposed. This makes determining the savings from a solar array much simpler, and makes a system more financially viable.
- Approved “best practices” that the Joint Interveners proposed for determining a new net metering rate, including treating costs and benefits of rooftop solar equally.
- Rejected Kentucky Power’s “cost of service study,” which used customer data from a different utility.
- Included carbon costs in determining the compensation rate.
- States that any legacy net-metered systems already installed and operating under the one-to-one rate that substantially add to their capacity in the future will get moved to the new compensation rate. However, adding battery or other energy storage devices or incidental increase due to ordinary course of operations will not trigger a loss of 25-year legacy.

We applaud the Public Service Commission for this fair and forward-looking ruling that recognizes that customer-owned solar is a benefit to utilities, the electric grid, and the state as a whole. Given this decision, we hope to see a similar ruling on the LG&E-KU net metering case that is before the Commission now.

Those wishing to make public comment in the LG&E-KU net metering case, can do so by contacting the PSC Public Information Officer at psc.info@ky.gov. Include the case number (2020-00350 for LG&E, and 2020-00349 for KU) in the subject line of your email, and include your full name and place of residence in the body of your email.

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