

**SUMMARY OF
DECLARATION OF JOHN E. CROCKETT III
PRESIDENT, LG&E/KU
CLEAN POWER PLAN 2.0 LITIGATION
U.S. COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA**

¶3. Compliance with the Rule will result in impacts including the following:

- a. Premature and accelerated retirement of approximately 4,750 megawatts (MW) nameplate capacity of the Company's coal-fired generation, comprising nearly 55% of its generating fleet, with a current net book value of \$5.2 billion;
- b. Accelerated construction of replacement generation by the Company on an unduly compressed schedule, which given current supply chain constraints cannot be met, ensuring capacity shortfalls and reduced system reliability which will harm the Company's customers and the state, generally;
- c. Costs of at least \$7 billion for replacement generation alone before considering electric or gas transmission infrastructure upgrades, uncertain cost escalation impacts due to the compressed compliance schedule, and other costs; and
- d. Significant rate increases which will impede economic development and job growth in the state and result in job losses at the Company and in industries sensitive to electricity costs.

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¶5. Based on the Company's initial assessment of the Rule, *the only compliance strategy available to the Company consists primarily of premature and accelerated retirement of the Company's coal-fired generating units* and accelerated deployment of replacement generation.

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¶8. Under the provisions of the Rule, *the Company is essentially prohibited from operating its coal-fired generation beyond year-end 2031*.... The units which must be retired have substantial remaining useful life and are a key part of the Company's generating fleet designed to provide reliable and affordable electricity to its customers.

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¶12. Due to the large amount of coal-fired generating capacity to be retired in both the LG&E

and KU systems and by other electricity suppliers, any renewable generation replacing the retired capacity would have to be on a scale significantly larger than all renewable facilities constructed to date....The limited experience of the Company and virtually every other electric utility in the nation indicates that ***operating renewables at such a scale would pose significant system reliability risks.***

¶13. Over the past 40 years, the Company has not pursued procurement and construction of even two major baseload generating units simultaneously. However, the rule will require LG&E and KU to complete seven to eight [combined-cycle natural gas] plants and major renewable generation over the span of less than five years.

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¶14. Deploying seven to eight similar NGCC units to comply with the Rule is expected to cost the Company ***a minimum of \$7 billion for construction of replacement generation alone.***

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¶18. The Kentucky Energy and Environment Cabinet must submit an implementation plan encompassing compliance with the rule within 24 months of the Rule's publication in the Federal Register. In order for the Cabinet to have sufficient time to prepare its plan, ***the Company must make retirement and replacement generation commitments to the agency almost immediately.*** The schedule necessary for submittal of commitments to the Cabinet is entirely inconsistent with the timeframe to obtain other state approvals required under state law.

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¶24. Multiple choke points in this complex and lengthy compliance implementation chain pose ***serious risks to continued grid reliability***, especially in the decade of the 2030's, if existing generation must retire before replacement generation can be built....Premature retirements of coal-fired generation which serve as the primary generation resource for the company and all other electric utilities in the state, coupled with foreseeable delays in replacement generation, pose a serious risk of ***blackouts, brownouts, curtailment of interruptible customers, and other service interruptions that will harm the safety, welfare, and prosperity of Kentucky residents.***

