

# **INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY**

## **Minutes of the 5<sup>th</sup> Meeting of the 2024 Interim**

**October 17, 2024**

### **Call to Order and Roll Call**

The fifth meeting of the Interim Joint Committee on Natural Resources and Energy was held on October 17, 2024, at 1:00 PM in Room 154 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Representative Jim Gooch Jr., Co-Chair; Senators Cassie Chambers Armstrong, Robby Mills, Adrienne Southworth, Robin L. Webb, Phillip Wheeler, and Gex Williams; Representatives Jared Bauman, Adam Bowling, Lindsey Burke, Beverly Chester-Burton, Myron Dossett, Patrick Flannery, Chris Fugate, Al Gentry, DJ Johnson, Bobby McCool, Suzanne Miles, Tom Smith, Bill Wesley, Richard White, and Wade Williams.

Guests: Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Chase Crigler, Vice President of Government Affairs, Kentucky Electric Cooperatives; David Samford, General Counsel, East Kentucky Power Cooperative; and Tyson Kamuf, General Counsel and Vice President, Big Rivers Electric Cooperative.

LRC Staff: Stefan Kasacavage, Kayla Carroway, Hillary Abbott, and Rachel Hartley.

### **Approval of minutes for the meeting of September 19, 2024**

A motion to approve the September minutes was made by Senator Wheeler and seconded by Representative Bowling. The minutes were approved by voice vote.

### **Update from the Kentucky Infrastructure Authority on the Water and Wastewater Assistance for Troubled or Economically Restrained Systems program**

Sandy Williams, Executive Director, Kentucky Infrastructure Authority (KIA), stated the Water and Wastewater Assistance for Troubled or Economically Restrained Systems (WWATERS) program was established by House Bill 563 during the 2024 Regular Session and will be administered by KIA.

The WWATERS program accepted applications from July 2024 until August 2024, with \$700 million in funding requests. In December 2024, KIA will provide project applications and scores with funding recommendations to the General Assembly. During the 2025 Regular Session, the General Assembly will select the projects to receive funding. The General Assembly provided \$75 million each year of the biennium and approved applicants will receive funding in the form of a loan, forgivable loan, or a grant.

Ms. Williams provided an overview of the eligibility requirements and scoring criteria for funding and described the different eligible project types including capital and non-capital projects.

In response to Representative McCool, Ms. Williams stated the scoring criteria was provided to applicants.

In response to Representative Gooch, Ms. Williams stated KIA will provide project details and funding requests to the General Assembly for consideration during the 2025 Regular Session.

In response to Senator Southworth, Ms. Williams stated the WWATERS program was established as a revolving fund. The report to the General Assembly will be available December 1, 2024.

In response to Representative Gooch, Ms. Williams stated the funds are from the general fund.

### **Update from Kentucky Electric Cooperatives**

Chase Crigler, Vice President of Government Affairs, Kentucky Electric Cooperatives (KEC), stated KEC provided power and support in response to the hurricanes that devastated Florida this year. The KEC only provides support to out-of-state areas once power is restored in Kentucky.

There are 26 non-profit electric cooperatives in Kentucky. Any profits that the electric cooperatives make are reinvested or added as a credit to customers on their energy bill.

There are 24 customer-owned distribution cooperatives and two generation and transmission cooperatives serving 1.8 million Kentuckians. The two generation and transmission cooperatives are Big Rivers Electric and East Kentucky Power Cooperative. The KEC members also receive power from the Tennessee Valley Authority.

Mr. Crigler discussed legislative successes for KEC including: Senate Bill 91, Senate Bill 349, and House Bill 6, from the 2024 Regular Session. The Kentucky Rural Electric Cooperative Caucus is the largest legislative caucus in Kentucky with 96 members.

### **East Kentucky Power Cooperative**

David Samford, General Counsel, East Kentucky Power Cooperative (EKPC), stated EKPC is an electric generation and transmission cooperative providing power to 16 distribution cooperatives in 89 counties.

EKPC is part of the PJM energy market. PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 mid-atlantic states. Capacity pricing has been stagnant or declining over the past decade and resources in PJM are increasingly constrained. The existing electric generating sources are increasingly stressed due to the retirement of coal-fired generation plants, increasing energy demand from the technology sector including data centers, onshoring and economic development, and an increase in electric vehicle usage. The uncertainty in the industry is driven by multiple factors including fuel security, permitting/interconnection delays, the supply chain, interest rates, infrastructure protection, and environmental regulation.

EKPC has Certificate of Public Convenience and Necessity (CPCN) applications pending with the Public Service Commission for two major projects and will soon be filing a CPCN application for additional and modified resources. EKPC is working to finalize funding for carbon reducing resources through the federal Emergency Rental Assistance Program.

Mr. Samford stated the General Assembly protected reliability by enacting Senate Bill 4 in the 2023 Regular Session and Senate Bill 349 in the 2024 Regular Session. There were also appropriations enacted in Senate Bill 91 in the 2024 Regular Session to provide resources to the Attorney General to challenge federal rules regarding reliability.

In response to Senator Wheeler, Mr. Samford stated there is an environmental surcharge based on state and federal mandates in Kentucky, which can be a line-item on an energy bill or included in the base rate.

In response to Representative Williams, Mr. Samford stated PJM is regulated by the Federal Energy Regulatory Commission and does not prioritize environmental, social, or governance principles.

In response to Senator Mills, Mr. Samford said Kentucky must submit its state implementation plan for the new federal greenhouse gas rule to the United States Environmental Protection Agency (EPA) by 2026. Coal-fired generation plants must have carbon capture technology by 2039.

In response to Representative White, Mr. Samford stated energy policy at the federal level changes when a new administration is elected.

### **Big Rivers Electric Cooperative**

Tyson Kamuf, General Counsel and Vice President, Big Rivers Electric Cooperative (BREC), stated BREC is a non-profit electric generation and transmission cooperative providing power in 22 western Kentucky counties. BREC joined the Midcontinent Independent System Operator (MISO) in 2010, which allows it to take advantage of opportunities to buy and sell in the energy market to maximize the value of their electric generation assets. MISO is a regional transmission organization operating in portions of 15 midwestern states.

In 2023, the generation mix at BREC was 95 percent coal and five percent natural gas, which reflects the importance of coal to their baseload energy generation for system reliability and affordability. By 2025, BREC will generate and access power from a diverse portfolio including hydropower and solar power generation.

BREC expects to achieve a 74 percent reduction in carbon dioxide from 2010 to 2025, which exceeds the requirements in the federal Clean Power Plan. Mr. Kamuf stated the EPA's new federal greenhouse gas rule is untenable. It would require BREC to close coal-fired generation plans or install carbon capture technology, which is currently not viable at utility scale.

BREC encourages and supports economic development in western Kentucky by offering competitive energy rates and a diversified energy portfolio.

In response to Representative Johnson, Mr. Kamuf stated BREC generates approximately 1,200 megawatts of energy. The new federal greenhouse rule will impact 417 megawatts at Wilson Station. Mr. Samford stated EKPC will be investing in 2,000 megawatts of new energy generation.

In response to Representative Gooch, Mr. Samford stated EKPC did not have blackouts during winter storm Elliott.

In response to Representative Miles, Mr. Kamuf stated BREC is committed to challenging regulations that would affect reliability of the electric grid and affordability of energy.

In response to Senator Mills, Mr. Samford stated EKPC supports nuclear generation, but is not equipped to take on the risk of building nuclear generation on its own.

### **Adjournment**

There being no further business, the meeting was adjourned.