

HOUSE OF REPRESENTATIVES

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM
2018 REGULAR SESSION
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Amend printed copy of **HCR 115/HCS 1**

On page 1, by deleting lines 3 through 13, and inserting in lieu thereof:

"WHEREAS, the General Assembly intends to create new jobs, training, business, and investment opportunities in the Commonwealth's energy sector by encouraging greater energy efficiency, conservation, and the use of renewable resources; and

WHEREAS, the General Assembly intends to promote energy independence and security by diversifying the portfolio of energy sources for generating electricity and by stabilizing long-term energy prices; and

WHEREAS, adopting a renewable energy portfolio standard reduces economic risks to electric utility customers in Kentucky by making the necessary investments and upgrades in technologies that will reduce exposure to energy feedstocks that become less viable in the future due to variability in cost and in environmental harm to the public;" and

On page 1, by deleting lines 17 through 25 and inserting in lieu thereof:

"→Section 1. The Kentucky General Assembly calls upon the Energy and Environment Cabinet, in consultation with the Kentucky Department of Agriculture, the Environmental Quality Commission, the Governor's Office of Agricultural Policy, and the United States Forest Service to promulgate administrative regulations in accordance with KRS Chapter 13A by December 1, 2018, for determining what constitutes sustainable production and harvesting of biomass, and which criteria will be used by the commission or cabinet in evaluating whether a

Amendment No. _____

Rep. Rep. Mary Lou Marzian

Committee Amendment _____

Signed: _____

Floor Amendment _____

LRC Drafter: Monsanto, Tanya

Adopted: _____

Date: _____

Rejected: _____

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process utilizing biomass for generating electricity is eligible for inclusion as low-impact biomass meeting the REP requirements. At a minimum, the administrative regulations shall:

(1) Utilize a life-cycle analysis in assessing biomass production and harvesting sustainability;

(2) Include consideration of available reports from the United States Department of Energy's National Renewable Energy Laboratory, the United States Environmental Protection Agency, the United States Department of Agriculture, and the final report of the Governor's Biomass and Biofuels Task Force;

(3) Require that air emissions from a facility using biomass meet Best Available Control Technology requirements, and that water consumption requirements and wastewater discharges not interfere with water quality or existing water usage and withdrawal requirements; and

(4) Be developed following input from a wide range of stakeholders, including organizations representing public health and environmental concerns, agricultural and forestry organizations, businesses, and industries, as well as input from the general public in all parts of the Commonwealth.

➔Section 2. The Kentucky General Assembly urges retail electric suppliers under the jurisdiction of the Kentucky Public Service Commission to voluntarily increase their respective energy generation from renewable energy sources, as follows:

(1) In calendar year 2020, two and one-quarter percent (2.25%) of the average of Kentucky retail sales for 2018 and 2019 should be from renewable energy purchased or generated by that retail electric supplier, of which at least one-quarter of one percent (0.25%) should be from solar energy;

(2) In calendar year 2023, five and one-half percent (5.5%) of the average of 2021 and 2022 Kentucky retail sales should be from renewable energy purchased or generated by that retail electric supplier, of which at least one-half of one percent (0.5%) should be from solar energy;

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(3) In calendar year 2026, nine and one-quarter percent (9.25%) of the average of 2024 and 2025 Kentucky retail sales should be from renewable energy purchased or generated by that retail electric supplier, of which at least three-quarters of one percent (0.75%) should be from solar energy; and

(4) In calendar year 2028 and thereafter, twelve and one-half percent (12.5%) of the average of 2026 and 2027 Kentucky retail sales should be from renewable energy purchased or generated by that retail electric supplier, of which at least one percent (1%) should be from solar energy.

➔Section 3. Commencing on January 1, 2021, and on January 1 of each year thereafter, each Kentucky retail electric supplier under the jurisdiction of the Kentucky Public Service Commission is encouraged to submit to the Public Service Commission an annual report that provides information relating to the actions taken by the utility during the previous calendar year to comply with the renewable portfolio requirements. The Kentucky General Assembly urges the Public Service Commission to promulgate administrative regulations pursuant to KRS Chapter 13A regarding the form, submission, and information to be contained in each annual report. At a minimum, the annual report should include the following:

- (1) The total number of megawatt-hours sold to retail electric customers in Kentucky;
- (2) The total number of megawatt-hours of electricity sold to retail customers in Kentucky that qualifies as renewable energy;
- (3) The percentage of the electric utility's total Kentucky retail sales broken down by different renewable feedstocks; and
- (4) The total number of megawatt-hours of electricity sold to retail electric customers in Kentucky that qualifies as solar energy.

➔Section 4. The Kentucky General Assembly urges for each calendar year, beginning in 2020, all retail electric suppliers undertake energy efficiency measures and implement energy

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efficiency programs that achieve incremental and cumulative electricity savings. Cumulative electricity savings are the savings reflected in a particular year from measures installed during that year, in combination with measures installed in earlier years and still in use and are measured against a rolling baseline that is the average of the previous two (2) years' sales. Furthermore, the General Assembly prefers that a portion of the incremental electricity savings achieved from energy efficiency programs in any year be obtained through low-income residential energy efficiency programs. Electric retail suppliers should develop low-income residential energy programs in conjunction with programs provided by the Kentucky Housing Corporation and implemented by the utility through providers of low-income weatherization and housing programs within each utility service area.

→Section 5. The Kentucky General Assembly urges on January 1, 2019, and on January 1 biennially thereafter, each retail electric supplier under the jurisdiction of the Kentucky Public Service Commission to file with the Public Service Commission an energy efficiency plan which will:

(1) Propose a set of energy efficiency programs, including average and peak demand reduction programs, which include offerings for each customer class, including low-income residential customers within the residential class. The commission should allow suppliers flexibility to tailor the relative amount of effort devoted to each customer class based on the specific characteristics of their service territory;

(2) Specify necessary funding levels for proposed energy efficiency programs;

(3) Demonstrate that the proposed efficiency programs and the funding are sufficient to ensure the achievement of applicable energy efficiency performance standards;

(4) Demonstrate that the utility's proposed energy efficiency program will be cost-effective, providing savings in electricity usage within each class of customers greater than the cost of implementation of the program;

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(5) Provide for efficient and effective administration of the proposed efficiency programs;

(6) Include a process for measurement and verification of calendar year energy savings for each energy efficiency program. A report on calendar year energy savings from each efficiency program should be filed with the commission at the end of each calendar year commencing with January 1, 2021; and

(7) Allow for the coordination of energy efficiency measures and programs with the energy efficiency measures and programs of other utilities.

➔Section 6. (1) The Kentucky General Assembly requests that each retail electric supplier under the jurisdiction of the Kentucky Public Service Commission submit an annual report to the Public Service Commission on September 1, 2021, and on September 1 of each year thereafter. The annual report should include the following:

(a) The estimated total annual electricity savings achieved by the utility through energy efficiency programs provided during the reporting period for each class of ratepayers, and the estimated savings in each class;

(b) The estimated incremental peak reduction achieved through peak demand reduction programs during this reporting period;

(c) Total expenditures made on energy efficiency and peak demand reduction programs, and expenditures made on energy efficiency and peak demand reduction programs for each class of ratepayers; and

(d) The cost-effectiveness of the implemented programs for each class of ratepayers.

(2) Beginning September 1, 2026, and on September 1 of every fifth year thereafter, the commission shall produce, file, and present to a meeting of the Legislative Research Commission a report that includes:

(a) A summary of data collected from each retail electric supplier's annual reports

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regarding renewable energy purchases, including comparable cost, changes in rates, and changes in employment opportunities;

(b) A summary of data collected from each retail electric supplier's annual reports on energy savings from energy efficiency measures and programs and the efficacy of those measures and programs to reducing overall energy demand or changing rates for utility customers; and

(c) A description of the impact that the adoption of the renewable energy portfolio requirements has had on employment in Kentucky. The commission is encouraged to consult with other appropriate agencies, including the Cabinet for Economic Development, the Finance and Administration Cabinet, and the Labor Cabinet, in the development of this information.

(3) The commission should also include any recommendations it may have concerning amendments to this section.

➔Section 7. The Kentucky General Assembly urges the Kentucky Public Service Commission by January 1, 2019, to develop guidelines for a tariff to be filed by each retail electric supplier establishing the interconnection procedures and rate at which an eligible electric generating facility will be compensated for renewable electricity generated and fed into the distribution system or transmission grid of that retail electric supplier. The guidelines should develop a standard contract to be offered by each retail electric supplier for the purchase of electricity generated by the facility and require the retail electric supplier to enter into a contract, upon the request of an eligible electric generating facility, to purchase electricity from that facility at a rate per kilowatt-hour that is not less than the renewable energy rate during a term to be established by the commission. Rates and terms shall be established to allow for the retail electric supplier to recover costs and a reasonable rate of return on investment in the facility."