

1 AN ACT relating to ensuring the reliability and resiliency of the electric grid.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) As used in this section:

6 (a) "Dispatchable power" means on-demand power or electricity from sources  
7 whose output is not weather-dependent and can be controlled to meet  
8 changes in demand;

9 (b) "Firming power" means electric systems that provide at least forty-eight  
10 (48) hours of back-up power to safeguard against possible power outages  
11 caused by intermittent power;

12 (c) "Intermittent power" means non-dispatchable power or electric generation  
13 that that varies minute-to-minute based on weather conditions;

14 (d) "Peak net load" means the estimated peak demand minus the minimum  
15 predicted level of intermittent power;

16 (e) "Reliable" means that load-shedding events that result in system-wide  
17 power shortages are not reasonably expected to occur more than three (3)  
18 hours once every ten (10) years;

19 (f) "Reserve margin" means the amount of dispatchable and firming power  
20 needed to meet peak net load; and

21 (g) "Resilient" means, in the case of a disruptive event, that power can be  
22 restored to the grid as quickly and efficiently as possible under the  
23 circumstances.

24 (2) The commission shall develop rules and procedures to ensure that the electric  
25 grid within the Commonwealth, or to which the Commonwealth's grid is  
26 interconnected, is reliable and resilient.

27 (3) An electric grid shall be considered to be reliable and resilient if:

- 1        (a) Electricity is provided with the lowest total cost, factoring in the true and  
2        total cost of competing power generation resources, including but not  
3        limited to the fiscal costs of direct and indirect subsidies and the costs of  
4        transmission, firming power, and other system costs necessary to integrate a  
5        given generation resource without sacrificing grid reliability or resilience;  
6        (b) It maintains a minimum reserve margin of fifteen percent (15%); and  
7        (c) Generation resources serving the grid meet continuous operating  
8        requirements for summer and winter peaks, including extreme weather  
9        events that necessitate on-site fuel storage, dual fuel capability, or fuel  
10       supply arrangements to ensure winter performance for several days.
- 11      (4) Intermittent power shall be required to provide firming power up to their average  
12      output level during periods of peak net load, and the cost of that firming power  
13      shall be attributed to or otherwise included in the rate structure consistent with  
14      cost-causation principles.
- 15      (5) The minimum reserve margin shall be a primary consideration of an electricity  
16      regulatory agency when retiring or adding electric generation.
- 17      (6) The commission shall coordinate with regional transmission organizations to  
18      ensure and develop policies consistent with this section that provide reliable,  
19      dispatchable power for the region in an effective and consistent manner.