

1 AN ACT relating to renewable energy.

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) The intent of Sections 1 to 5 of this Act is to:*

6 *(a) Increase Kentucky's use of renewable energy, especially solar energy; and*

7 *(b) Authorize electric utilities to lease space on commercial and industrial*
8 *buildings to locate solar panels and related appurtenances for the*
9 *transmission and distribution of solar energy.*

10 *(2) The General Assembly finds that increasing economic opportunities in the*
11 *renewable power sector and reducing conflicts between customer-generators of*
12 *solar power and the electric utilities that purchase the power from those*
13 *customers may:*

14 *(a) Aid in the expansion of renewable energy generation;*

15 *(b) Provide expanded job opportunities in renewable energy; and*

16 *(c) Reduce Kentucky's reliance on fossil fuels.*

17 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO
18 READ AS FOLLOWS:

19 *As used in Sections 1 to 5 of this Act:*

20 *(1) "Renewable energy" means electricity generated from a sustainable fuel source,*
21 *in whole or in part, including direct and indirect solar radiation, photovoltaic*
22 *processes, photosynthetic processes, organic waste decomposition, geothermal*
23 *processes, wind sources, hydroelectric sources, and landfill gas;*

24 *(2) "Renewable energy portfolio" or "REP" means a tiered schedule of renewable*
25 *energy requirements which may be disaggregated by specific renewable energy*
26 *fuel sources such as solar or wind;*

27 *(3) "Renewable energy requirement" means the percent of renewable energy*

1 represented by the electric power sold at retail in Kentucky during the two (2)
2 prior fiscal years;

3 (4) "Retail electric supplier" has the same meaning as in KRS 278.010; and

4 (5) "Solar energy target" means the percent of solar energy that makes up the
5 renewable energy requirement.

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

8 (1) By the end of each fiscal year specified in subsection (4) of this section, each
9 retail electric supplier shall achieve both the overall renewable energy
10 requirement for that fiscal year and the specific solar energy target. The
11 renewable energy requirement and the solar energy target may be achieved by
12 purchase power contracts, generating electric power from the renewable resource
13 itself, or both.

14 (2) Each retail electric supplier shall submit an integrated resource plan for approval
15 by the commission that delineates how the supplier will comply with the
16 renewable energy portfolio requirements by the dates in subsection (4) of this
17 section not later than July 1, 2023. The commission shall determine the time and
18 manner in which plans shall be updated and a schedule for approving or
19 disapproving plans.

20 (3) For good cause shown, the commission may grant a waiver or an extension to a
21 retail electric supplier that cannot reasonably achieve the target. The commission
22 may suspend use of the renewable energy portfolio requirements if the percentage
23 of intermittent power can reasonably be expected to impair the reliability of the
24 transmission or distribution system. The commission may set various reserve
25 requirements for electric generation to reduce risk to the transmission or
26 distribution system.

27 (4) The fiscal years and related renewable energy requirements and solar energy

1 targets are as follows:

2 (a) In fiscal year 2023-2024, an amount equal to at least two and one-quarter
3 percent (2.25%) of its average annual retail sales for fiscal years 2021-2022
4 and 2022-2023 shall be from renewable energy of which, at least, one-
5 quarter of one percent (0.25%) shall be from solar energy;

6 (b) In fiscal year 2025-2026, an amount equal to at least five and one-half
7 percent (5.5%) of its average annual retail sales for fiscal years 2023-2024
8 and 2024-2025 shall be from renewable energy of which, at least one-half of
9 one percent (0.5%) shall be from solar energy;

10 (c) In fiscal year 2028-2029, an amount equal to at least nine and one-quarter
11 percent (9.25%) of its annual retail sales for fiscal years 2026-2027 and
12 2027-2028 shall be from renewable energy of which, at least three-quarters
13 of one percent (0.75%) shall be from solar energy; and

14 (d) In fiscal year 2030-2031, and every fiscal year thereafter, an amount equal
15 to at least twelve and one-half percent (12.5%) of its annual retail sales for
16 fiscal years 2028-2029 and 2029-2
17 bn030 shall be from renewable energy of which, at least one percent (1%)
18 shall be from solar energy.

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

21 (1) A retail electric supplier shall recover the full cost of expenditures, stranded
22 costs, and unrealized revenues under commission-approved integrated resource
23 plans required under Section 3 of this Act. Rate recovery of expenditures and
24 revenues may be reviewed and approved by the commission as part of a
25 proceeding for a new rate schedule pursuant to KRS 278.190 or in a separate
26 proceeding under this chapter.

27 (2) By January 1, 2023, the commission shall develop requirements for a tariff to be

1 filed by each retail electric supplier establishing the interconnection procedures
2 and the compensation rate between itself and a wholesale supplier of renewable
3 energy. The commission shall determine, and adjust as appropriate, the rate to be
4 paid for each kilowatt-hour of renewable energy purchased under contract and
5 the term of the contract.

6 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO
7 READ AS FOLLOWS:

8 (1) By January 1, 2025, and on January 1 biennially thereafter, each retail electric
9 supplier shall file an implementation plan with the commission. The plan shall
10 describe the manner in which that supplier will comply with the renewable
11 energy portfolio requirements in Section 3 of this Act.

12 (2) The commission shall promulgate administrative regulations pursuant to KRS
13 Chapter 13A regarding the form, submission, and information to be contained in
14 each annual report required in this section.

15 ➔Section 6. The Kentucky Public Service Commission shall study and report to
16 the Legislative Research Commission on whether it is feasible and useful for retail
17 electric suppliers to lease building and roof space from commercial and industrial
18 property owners to locate solar panels for generating solar energy to meet their renewable
19 portfolio requirements. In the report, the commission shall identify any legal or other
20 impediments to retail electric suppliers locating solar panels on rooftops of private
21 property owners and shall submit their report to the Legislative Research Commission by
22 November 1, 2023.