

1 AN ACT relating to the retirement of fossil fuel-fired electric generating units and
2 declaring an emergency.

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

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

6 *As used in this section and Section 2 of this Act:*

- 7 *(1) "Electric generating unit" means one (1) or more fossil fuel-fired combustion or*
8 *steam generating sources used for generating electricity that deliver all or part of*
9 *their power to the electric power distribution grid for commercial sale;*
- 10 *(2) "Independent system operator" or "ISO" means a federally regulated,*
11 *independent entity that performs the same functions as an RTO but within a*
12 *smaller geographically defined area;*
- 13 *(3) "Regional transmission organization" or "RTO" means a federally regulated,*
14 *independent entity that, on a regional basis, is responsible for:*
- 15 *(a) Managing, providing nondiscriminatory access to, and monitoring*
16 *transmission facilities under its control;*
- 17 *(b) Maintaining electric grid stability and reliability;*
- 18 *(c) Matching electricity demand to supply; and*
- 19 *(d) Facilitating competition among wholesale electric suppliers;*
- 20 *(4) "Reliability" means the ability of the electric power grid to deliver electric energy*
21 *in the quantity, with the quality, and at a time that the utility customers demand;*
- 22 *(5) "Resilience" means the ability of the grid and all associated resources to*
23 *effectively respond to and recover from events that compromise grid reliability;*
- 24 *(6) "Retirement" or "retired" means the closure or the complete and permanent*
25 *cessation of operations at an electric generating unit; and*
- 26 *(7) "Utility" has the same meaning as in KRS 278.010(3)(a).*

27 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 278 IS CREATED TO

1 READ AS FOLLOWS:

- 2 (1) There shall be a rebuttable presumption against the retirement of a fossil fuel-
3 fired electric generating unit. The commission shall not approve the retirement of
4 an electric generating facility in the utility's integrated resource plan, authorize a
5 surcharge for the decommissioning of the unit, or take any other action which
6 authorizes or allows for the recovery of costs for the retirement of an electric
7 generating unit unless the presumption created by this section is rebutted by
8 evidence sufficient for the commission to find that:
- 9 (a) The reliability and resilience of the electric grid serving Kentucky
10 customers, including during peak demand, will not be compromised;
- 11 (b) The ISO or RTO responsible for the function and operation of the
12 transmission system that serves the electric generating unit states that the
13 ISO's or RTO's operations will not be negatively affected by the retirement
14 of the electric generating unit, and the retirement will not increase the risk
15 of forced curtailments to retail customers during periods of peak demand;
- 16 (c) The retirement will not adversely impact the dispatchability or reliability of
17 electric service to utility customers; and
- 18 (d) The retirement will not result in the need for short-term capacity additions
19 that will increase the customer's electric rate above what the customer
20 would have paid if the electric generating facility were not retired.
- 21 (2) If the commission authorizes a retirement in accordance with this section, the
22 commission may impose any other conditions in an order as may be deemed
23 necessary to promote or maintain a reliable and resilient utility service to the
24 utility's customers.
- 25 (3) The utility shall provide the commission with evidence of all direct and indirect
26 costs of retiring the electric generating unit and demonstrate that cost savings
27 will result to customers as a result of the retirement of the electric generating

1 unit.

2 (4) The commission shall prepare and submit an annual report to the Legislative
3 Research Commission by December 1 of each year detailing:

4 (a) The number of requests by utilities to retire electric generating units in the
5 Commonwealth, the remaining useful life of those units, and whether the
6 request was approved or denied by the commission;

7 (b) The impact of any commission-approved retirement of an electric
8 generating facility on the:

9 1. Commonwealth's generation fuel mix;

10 2. Required capacity reserve margins for the utility;

11 3. Need for capacity additions or expansions at existing facilities; and

12 4. Need for additional purchase power arrangements; and

13 (c) Whether the retirement resulted in stranded costs for the utility that will be
14 recovered by the ratepayer through a surcharge or some other separate
15 charge on the customer bill.

16 ➔Section 3. Whereas the United States is retiring coal-fired electric generating
17 units at an unprecedented rate, with retirements potentially affecting employment rates,
18 tax revenues, and utility rates, and compromising the reliability of electric power service
19 and resilience of the electric grid, an emergency is declared to exist, and this Act takes
20 effect upon its passage and approval by the Governor or upon its otherwise becoming a
21 law.