

Transition to Renewable Energy Accelerates While Kentucky Municipal Utilities Weigh New Fossil Fuel Investments

By Andy McDonald, August 21, 2020

The transformation of America's energy system is accelerating, with important implications for Kentucky. Renewable energy is competing with natural gas as the cheapest sources of electricity, while US coal power production fell by 30 percent in the first half of 2020. This followed a 16 percent decline in 2019. Earlier this year, renewables generated more electricity than coal for 40 consecutive days in the US.

In Kentucky, hundreds of megawatts of coal generation have been retired in the past two years by Owensboro Municipal Utilities and Henderson Municipal Power and Light (HMP&L). In July, HMP&L announced a contract for 50 megawatts of solar to be built in Henderson County, which will supply 20% of their electricity needs.

In Indiana, the Northern Indiana Public Service Co. (NIPSCO) is transitioning their power supply from 65% coal to eliminate it by 2028. The utility, which serves 466,000 customers, concluded that their least-cost energy mix would include solar, large-scale battery storage, wind, energy efficiency, and some market purchases. They expect to save their customers more than \$4 billion over 30 years.

The Kentucky Municipal Energy Agency (KYMEA) is presently planning for their future energy needs. They have a 100 megawatt coal contract due to expire in 2022 and are considering whether to enter into new coal or natural gas contracts to replace it. The KYMEA serves 11 municipal utilities in Kentucky and has contracts to supply all of the energy needs for Barbourville, Bardwell, Corbin, Falmouth, Frankfort, Madisonville, Paris, and Providence.

The possibility of the KYMEA entering into new contracts for coal or natural gas power is a significant financial risk for these communities. First, as the cost of wind, solar, and battery storage continues to fall, fossil fuel contracts threaten to become an over-priced burden for years to come.

Second, there is the question of whether the KYMEA needs any additional capacity to replace the expiring coal contract. Analysis has shown the KYMEA already has at least 40 – 60 megawatts of excess power capacity, which currently costs its members millions of dollars annually. The cheapest kilowatt-hour is the one you don't have to buy. The KYMEA's customers should ensure the agency carefully evaluates their future needs and only contracts for new power supplies when they are needed.

The KYMEA is hosting a public meeting on September 2nd via videoconference to discuss their planning process and receive public comments. I encourage concerned citizens to participate and submit comments urging them not to invest in additional coal or natural gas power contracts, to give full consideration to renewables, and to thoroughly evaluate their need for any new power supplies. Learn more at www.kymea.org/irp/.

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