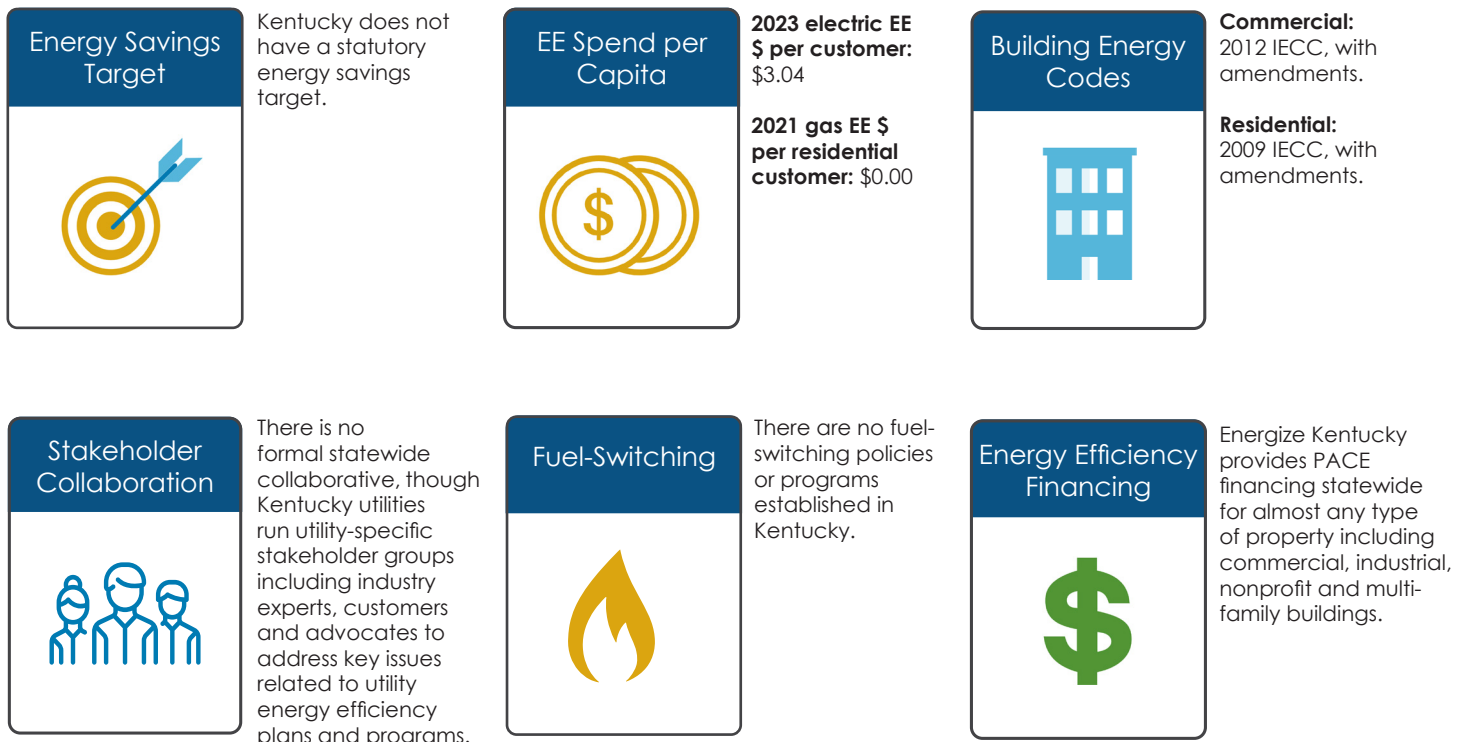




Energy efficiency has seen its share of ups and downs in Kentucky over the past two decades. In 2007, Kentucky's Energy Act recommended that utilities investigate energy efficiency and demand-side management, an effort that was further catalyzed with the release of Gov. Steve Beshear's 2008 State Energy Plan. This plan set a voluntary goal of reducing the state's projected 2025 energy consumption by 18%. In 2010, the passage of HB 240 gave the Kentucky Public Service Commission (PSC) authority to require regulated utilities to institute demand-side management programs. However, in 2018, energy efficiency expansion hit a major roadblock when the PSC issued an order eliminating all of Kentucky Power's DSM funding, with an exception for low-income programs. Since then, the state's other investor-owned utilities have scaled back energy efficiency programs significantly. Now, Kentucky sits in the bottom third of MEEA's 13 states for energy efficiency spend per capita. Recent state energy planning does not show signs of increasing energy conservation efforts.

KENTUCKY EE QUICK FACTS

**Kentucky has potential to grow its energy efficiency industry.
Here's what's in the cards:**



JOBS AND ECONOMICS

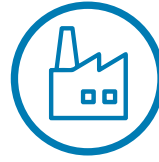
Strong EE policies lead to utility investment and job growth throughout the Kentucky economy. The Kentucky EE industry employs more state residents than any other energy sector; most employers are small businesses providing local jobs.



24,405 EE jobs, out of **69,073** total energy jobs or **30,984** clean energy jobs



Veterans comprise **9%** of the EE workforce



5,706 EE businesses

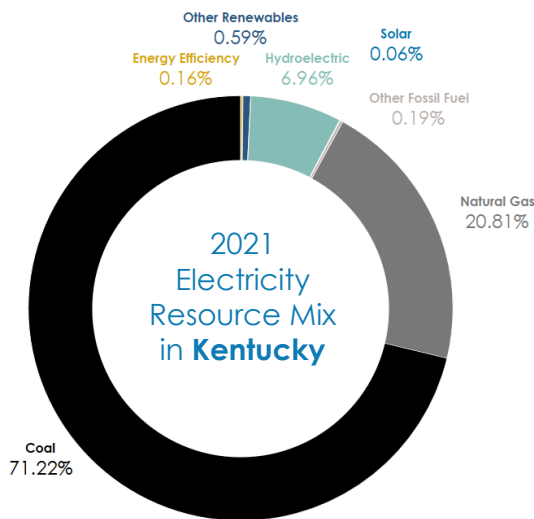


of those are **small** businesses (fewer than **100** employees)

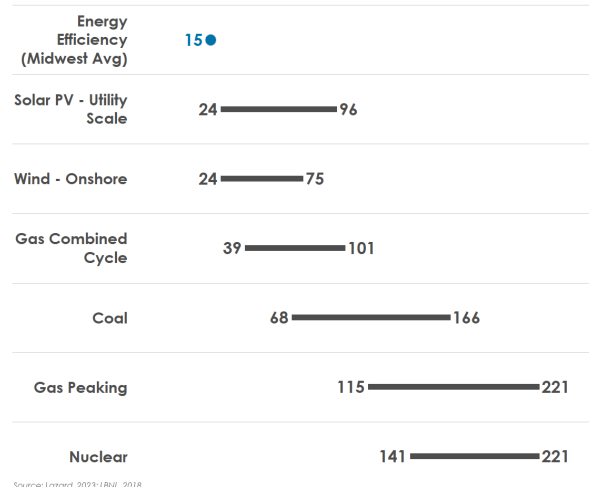
STATE ENERGY PLANNING

Governor Steve Beshear first set energy efficiency goals in his 2008 State Energy Plan: Intelligent Energy Choices for Kentucky's Future. This plan provided a framework for improving energy efficiency, with a goal of offsetting 18% of the state's total energy demand through efficiency by 2025. In 2021, Governor Andy Beshear developed a state energy strategy in collaboration with the Energy and Environment Cabinet titled KYE3: Designs for a Resilient Economy. KYE3 is not prescriptive and does not set definitive goals for energy use reduction, but the strategy does articulate overarching goals and objectives for the future of Kentucky's energy landscape including prioritizing energy efficiency and conservation.

All electric utilities regulated by the Kentucky PSC are required to file an integrated resource plan (IRP) every three years. IRPs are required to include considerations for conservation, load management and demand-side measures as part of their plan to meet future energy needs. In Kentucky, IRPs have a 15-year forecast timeframe.



Utility Cost Range of Electricity Resources
\$ per megawatt-hour, 2023



Source: Lazard, 2023; LBHL, 2018

INCLUSIVITY: INCREASING ACCESS TO EE

Whether in affordable housing or rural communities, under-resourced customers need comprehensive program options to reduce their energy burdens. Kentucky does not have statutes that require utilities to include low-income programs in their energy efficiency portfolios. However, low-income programs are exempt from benefit-cost tests for total program level screening. In 2010, state legislation set a new requirement for the Kentucky PSC to consider equity between different classes of customers when evaluating utility energy efficiency portfolios. As the PSC has cut utility demand-side management funding significantly in recent years, low-income programs have remained steadfast, although limited in overall scope.

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