

Stimulating Energy Efficiency

in Kentucky

What is Energy Efficiency?

Energy efficiency is simply using less energy to do the same or better job than with conventional products or systems. Energy efficiency is different than energy conservation, which is reducing or going without the energy service needed. For example, turning off a motor is energy conservation. Replacing a standard motor with a high efficiency variable speed drive motor (which uses less energy to produce the necessary amount of work) is energy efficiency.



Energy Efficiency Reduces Electric and Gas Bills

Energy efficiency is a smart choice for Kentuckians as it reduces the amount of energy used, helping to lower your energy bill. Although Kentucky enjoys some of the lowest electricity rates in the country, our energy bills are much higher than they could be with increased energy efficiency. Energy efficiency gives Kentuckians greater control over their total energy costs. It's a low-cost alternative to lower energy bills and improved profitability.



Our Energy Future

The amount of electricity and gas used in Kentucky is estimated to increase 20 to 40 percent over the next 25 years, some national predictions show an increase of nearly 50 percent. Higher demand will stress our current energy infrastructure and serve to drive up energy costs. Today, most Kentuckians are already paying more for their energy than they did four years ago. In recent years, the cost of energy has risen more quickly than inflation, which means energy costs are having a far greater impact on the profit and loss statement. Since 2000, Kentucky's retail industrial electric rate has increased by over 60 percent, or by about six percent each year.



Energy Efficiency Benefits Customers and Utilities

Energy efficiency offers an alternative to higher bills. Through energy efficiency, utilities can better balance their supply and demand requirements. Often this can be done at a lower cost than simply buying or building new capacity. Given the current regulatory environment many utilities view energy efficiency as the best alternative to keep rates stable and help customers manage their energy bills. Regulatory actions now being implemented by the Environmental Protection Agency may place upward pressure on the price of electricity generated from coal power plants. Given that over 93 percent of Kentucky's electricity is generated from coal, Kentucky may face greater economic exposure than other states.



What is Kentucky Doing About Energy Efficiency?

Through a cooperative agreement with the U.S. Department of Energy, Kentucky's Department for Energy Development and Independence (DEDI), along with the Midwest Energy Efficiency Alliance (MEEA), is undertaking an initiative that supports Governor Steve Beshear's 7-point strategic energy action plan, *Intelligent Energy Choices for Kentucky's Future*, that aims to improve the energy efficiency of Kentucky's homes, buildings, industries, and transportation fleet, by at least 18 percent of Kentucky's projected 2025 energy demand. DEDI's new Stimulating Energy Efficiency in Kentucky initiative is designed to help integrate energy efficiency into Kentucky's economy to achieve an eventual one percent annual energy savings goal.



How Will We Reach Our Goals?

Stimulating Energy Efficiency in Kentucky combines rigorous data analysis and an inclusive stakeholder process focused on discussing what is and is not working in Kentucky to deliver the benefits of energy efficiency to Kentuckians. This information then will be used to help further implement the Governor's energy action plan.

Research of Kentucky's existing energy efficiency programs and policies is being conducted by the American Council for an Energy-Efficient Economy (ACEEE). This research will assess the cost effectiveness of a variety of programs in Kentucky and will be used as the basis for discussions with stakeholders. Additionally, a comparison of Kentucky's policies and programs with that of similarly-situated states will produce a catalogue of best practices that can provide valuable options for the Commonwealth.

A critical component of Stimulating Energy Efficiency in Kentucky is an inclusive stakeholder process. This process will allow Kentucky's energy experts to share ideas about how the benefits of energy efficiency can be realized by Kentuckians and to develop an actionable strategy for reaching the one percent annual energy savings goal across the Commonwealth.

For more information contact,

Susan Blankenship, Program Manager

Department for Energy Development and Independence

Energy and Environment Cabinet

500 Mero St.

Frankfort, KY 40601

(502) 564-7192

susan.blankenship@ky.gov

For more information about DEDI go to: energy.ky.gov

References:

- **Energy Efficiency: Reduce Energy Bills, Protect the Environment**
www.epa.gov/cleanrgy/documents/suca/consumer_fact_sheet.pdf
- **Intelligent Energy Choices for Kentucky's Future: Governor Steve Beshear's Energy Plan**
<http://energy.ky.gov/resources/Pages/EnergyPlan.aspx>
- **Kentucky Energy Profile, 2010**
<http://energy.ky.gov/Documents/Kentucky%20Energy%20Profile,%202010.pdf>
- **Midwest Energy Efficiency Alliance (MEEA)**
<http://www.mwalliance.org/>
- **American Council for an Energy-Efficient Economy (ACEEE)**
<http://www.aceee.org/>