

# Stimulating Energy Efficiency in Kentucky

The logo features the text "Stimulating Energy Efficiency in Kentucky" in blue. To the right of the text is a stylized graphic consisting of a blue swoosh that curves upwards and then downwards, with a central orange and yellow starburst or spark-like shape.

*Collaborative Stakeholder Meeting #3:  
Developing a Kentucky Action Plan for Energy Efficiency*

Convened by the Energy and Environment Cabinet's  
Department for Energy Development and Independence

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Action Items, Stakeholder Recommendations  
August 2012

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## I. ACTION ITEMS APPLICABLE TO ALL SECTORS

### *Overall Process Improvement*

- A. Create Utility Peer Exchange for electric utilities to share information and experiences, to include all regulated and non-regulated utilities in Kentucky
  - Develop parameters for Peer Exchange, guidelines, meeting schedule, and goal
  - Set up a common web-based forum that Peer Exchange participants can use as an interim communication tool, post or share information, references, best practices, etc.
  - *May require small allocation from efficiency program budget*
- B. Develop voluntary reporting mechanism to ensure transparency of utility-run energy efficiency program performance (**in process**)
- C. Provide additional opportunities for contact/communication between DEDI and energy consumers, in conjunction with funding opportunities and other energy efficiency information.
- D. Increase education and training programs for each consumer sector
  - *May require funding, allocation from efficiency program budget*
  - *Potential for Interim Working Groups, by sector*
  - *Residential* - Education/marketing programs for residential customers organized by income level, to maximize investment and energy savings
    - Focus on coordinated dissemination of information on energy efficiency, including basic principles and program offerings, run by collective of entities offering energy efficiency programs, or third party organization (e.g., state-level environmental education groups)

- Low Income Channels - Identify educational materials that clearly and effectively provide basic education on energy efficiency principles, leverage program offerings, disseminate through existing channels (community action agencies, churches, schools, food banks, etc.)
- General - Coordination within advocacy orgs, and between advocates and utilities, to better leverage residential energy efficiency programs and target high users

➤ *Commercial*

- General - Use existing channels to communicate commercial programs, rebates, incentives to community (e.g. collaboration with trade associations, trade publications, state and local business chambers, etc.)
- Small commercial consumers - Marketing campaign, aimed at reaching the actual change agent at each small business, provide info on programs available, gauge interest in energy efficiency, allow them to ask questions
- Large to medium commercial users - One-on-one engagement with local trade associations, business chambers, using accepted “experts” in the field
- Energy efficiency contractors, installers - Work to expand coordinated building operator training and certification through local community and technical colleges
- DEDI will implement the *Local Government Energy Retrofit Program* to assist local governments in reducing energy consumption in public facilities through energy retrofits funded via performance contracting. DEDI will carry out this program by:
  - Providing education and training for local governments on energy savings performance contracting (ESPC) and funding options (especially in partnership with KLC and KACo), to accelerate the adoption of energy efficient practices and drive program demand.
  - Developing standardized elements of procurement and contracting, along with technical and legal assistance for procurement and monitoring.

➤ *Industrial*

- Education/training programs for small to medium industrial customers (e.g. <5 MW)
- Expand existing mentoring programs for small to medium industrials with high intensity industrials (e.g., Kentucky Pollution Prevention Center programs)
- Improve targeted marketing of energy efficiency educational materials for small to medium industrial customers, via an industrial peer exchange (e.g., programs at KPPC).

### ***Utility Rate Design***

- E. Initiate discussion on options, pros and cons concerning utility rate structure.

### ***Municipal Utilities***

- F. DEDI to provide support in the development of municipal utility programs suite (e.g., “Quick Start” programs)
- G. Via Utility Peer Exchange, provide support to municipal utilities concerning best practices in energy efficiency program design and implementation, evaluation, measurement and verification, cost-effectiveness, customer outreach/education, etc.

## II. RESIDENTIAL EFFICIENCY

### *Short Term Action Items*

- A. Expand and enhance Kentucky Home Performance Program
  - Work to coordinate KHP with existing utility programs and rebates
  - *May also require state budget appropriation*

### *Potential Legislative Items*

- B. Expand existing residential efficiency incentives in HB 2 (2008 Session) for home builders, landlords, and homeowners
  - Amend incentives language to broaden eligibility range of home builders
  - Amend language to provide tax holiday for energy efficiency investments
- C. Energy efficient manufactured homes requirement at vendor level
  - At a minimum, seek code requiring energy efficient heating systems and prohibiting electric resistance heat
- D. Pilot for pre-1976 manufactured housing replacement program
  - Identify funding and incentive sources, potentially through combination of funds allocated by General Assembly, and through HUD Community Development Block Grants and HOME grants
  - Coordinate with “deep dive” of post-1976 manufactured housing, creation of data set and evidence for energy efficiency success in manufactured housing
  - *May require state budget appropriation*

### *Actions Requiring Funding*

- E. Improve residential housing stock via energy efficiency programs
  - *Potential for Interim Working Group*
  - Increase all existing programs offering weatherization of homes
  - Special programs, incentives for rental units
- F. Improve residential housing stock via uniform housing code enforcement (beyond recent efforts for state-wide HVAC inspection)
  - Explore opportunities for energy savings through DSM-funded energy code activities.
    - Energy code activities might include:
      - Training of inspectors, builders, and consumers,
      - Equipment rental,
      - Incentivizing stretch codes, duct testing, or
      - Funding of additional inspectors
    - Will require cooperation from Dept. of Housing Buildings and Construction and PSC approval

- Will require development of protocol for attribution of energy savings from DSM-funded energy code activities

➤ Seek resources to provide on-going energy code training for inspectors, builders, and the design community

G. Evaluate resources for training and inspection of manufactured housing installation

H. Explore enhanced use of on-bill financing for all consumers, in all regions of Kentucky

➤ Current barriers include cost-effectiveness of financing model, ability to continue without state-level incentives, or limited reach of program to “extreme bill” customers only.

### III. COMMERCIAL EFFICIENCY ACTION ITEMS

#### *Potential Legislative Items*

- A. Amend existing tax incentive structure for commercial users, linked to energy efficiency upgrades and performance
- B. Extend HB 2 (2008 Session) efficiency bond mechanism to commercial entities.
- C. Create incentive mechanism for landlords of commercial rental property to provide energy efficiency services, invest in energy efficiency building upgrades (Green Lease model)
  - *May require funding and/or state budget appropriation*
  - *Potential for Interim Working Group*

#### *Actions Requiring Funding*

- D. DEDI and the Finance and Administration Cabinet are in discussions concerning ways to recapitalize and/or increase funding for the Green Bank.
  - *May require state budget appropriation*
- E. Establish revolving loan fund, with zero to low interest, linked to energy efficiency upgrades
  - *May require state budget appropriation*
  - *May require legislation*
- F. Energy efficiency leadership by State Government
  - State Government will improve the energy efficiency of state-supported facilities and the fleet fuel efficiency of state-owned vehicles and, at the same time, substantially cuts its costs.
  - State government will aggressively pursue achieving the requirements outlined in Sections 4-8, House Bill 2 and seek other opportunities that will reduce the energy consumed by all state-financed or state-owned buildings and vehicles.
  - EEC to have overall program responsibility, with assistance from Finance and Administration Cabinet and the Judicial Branch.
- G. Improve Kentucky's commercial building stock
  - Support implementation and uniform enforcement of updated commercial building codes
  - *Potential for Interim Working Group*

## IV. INDUSTRIAL EFFICIENCY ACTION ITEMS

### *Short Term Action Items*

- A. Establish voluntary reporting mechanism to collect data from industries on energy efficiency upgrades and successes, potentially housed at independent organization.
  - *May require funding*
  - *Potential for Interim Working Group*

### *Potential Legislative Items*

- B. Increase financial incentives for industrial energy users, i.e. amending existing tax incentive structure, linked to energy efficiency upgrades and performance

### *Actions Requiring Funding*

- C. Establish revolving loan fund with zero to low interest linked to energy efficiency upgrades
  - *May require state budget appropriation*
  - *May require legislation*
  
- D. Explore energy efficiency program financing for small to medium industrial customers (e.g. < 5 MW)
  - *May require legislation*
  - *Potential for Interim Working Group*

### *Long-Range Items*

- E. Convene advisory group to review options governing industrial customer opt-out from DSM program and make recommendations

**V. RECOMMENDATIONS AT THE FEDERAL LEVEL**

- A. Explore how FEMA funds provided for home rebuilding or replacement in the wake of natural disasters could require new structures to be built better than code (e.g. ENERGY STAR).
- B. Seek LIHEAP reform to give states more flexibility in how to direct a greater percentage of funds to weatherization; link future weatherization funding prioritization to highest energy usage and potential energy savings through energy efficiency investments