



Fact Sheet #4: ACEEE Assessment of Utility Program Portfolios in Kentucky

(DRAFT REPORT)

Purpose: American Council for an Energy Efficient Economy (ACEEE) is in the process of analyzing the performance of a select set of Kentucky's existing utility-run energy efficiency programs, evaluated their effectiveness and compared them to other states' programs. The analysis includes a review of program savings and costs for EE programs offered by Kentucky's three investor-owned utilities and one public power utility for the 2008 - 2010 program years: Duke Energy Kentucky, Kentucky Power Company, and Kentucky Utilities Company/ Louisville Gas and Electric Company, and Tennessee Valley Authority. Performance data for municipal utilities and cooperatives was not included in analysis due to lack of available data.

Preliminary Findings:

- Kentucky's utility-run energy efficiency programs have performed reasonably well compared to other states, particularly given the lack of regulation requiring utilities to run energy efficiency programs. ACEEE's analysis also demonstrates that Kentucky's existing programs are cost-effective.
- There is a fundamental understanding from utilities that energy efficiency is a low-cost resource that helps meet growing demand for energy, helping to reduce strain on the Commonwealth's energy system and delaying, or even negating, the need for investments in supply-side resources, such as generation facilities and transmission infrastructure.
- Regulatory policy codified in KRS 278.285, and designed to encourage utility investment in energy efficiency, appears to be having some impact, though it is difficult to quantify the contribution due to lack of performance data.
- Recent utility DSM filings exhibit a continuing commitment to energy efficiency and utilities appear positioned for future investment in DSM programs.
- Some DSM programs have been in existence for years and have never undergone a formal tariff process. The PSC has recently put into place a process to address this issue.
- Currently there is no statutory requirement for utilities to file reports on the performance of their DSM programs. Documenting DSM portfolio performance through the annual filing of utility DSM status reports is a regulatory issue that requires discussion.
- Utilities have laid a solid foundation for future growth of their energy efficiency programs, but the state has more work to do in consistently documenting the performance of these programs.

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- Below are results from the analysis of efficiency programs in Kentucky and similar states showing percentage of energy saved and levelized cost of saved energy for the portfolio of programs.

Summary of Assessment of Kentucky and Non-Kentucky Efficiency Portfolios

Program Year	% Savings (of total sales)	Levelized CSE (\$/kWh)⁺
Non-Kentucky Portfolios*		
Year One	0.04% - 1.06%	\$0.005 - \$0.024
Year Two	0.16% - 1.48%	\$0.006 - \$0.018
Kentucky Portfolios**		
2009	0.05% - 0.67%	\$0.007 – \$0.039
2010	0.07% - 0.46%	\$0.01 – \$0.042

* Data from Assessment of Utility Program Portfolios, by ACEEE 2011 evaluation 18 utilities in seven states. Data available for utilities resulted in analysis over different years; thus, “Year One” for a given utility may be a different year than another utility, but still represent two successive years.

** Data from Assessment of Utility Program Portfolios in Kentucky, by ACEEE 2012 three investor-owned utilities, plus TVA.

⁺ CSE values assume a median average measure life of 13 years. These values were calculated by ACEEE using data from utility DSM status reports, when available, and DSM plans.