Department for Energy Development and Independence

Stimulating Energy Efficiency in Kentucky

Industrial Work Group Agenda
February 6, 2012, 1:30 – 2:30 p.m. (EST)

Participants were asked to:

- *Review a small set of reference materials and be prepared to discuss whether the concepts addressed may apply to Kentucky.*
- *Join in a telephone call to discuss these issues in more depth.*
- *Think about topics/issues you would like to see addressed in Meetings 2 and 3.*

I. Welcome, Introductions – 5 Minutes (1:30-1:35 p.m.)

1. Welcome, introductions
2. Review of Dec. 2 industrial discussions
3. Opportunities to provide feedback outside group forum, contact Scott and/or Samantha by email, phone
4. Designation of group leader/reporter

II. Initial Discussion – 10 Minutes (1:35-1:45 p.m)

1. Opportunity for roundtable comments re industrial EE
   ***Please limit individual comments to 2 minutes per person*
2. Group questions:
   - Industrials - From an EE standpoint, where could you use the most help?
   - Utilities – What is preventing you from assisting in industrial efficiency efforts?
   - Advocates – What areas do you think we should focus on in addressing industrial EE?

III. Reference Materials – 40 Minutes (1:45-2:25 p.m.)

1. ACEEE - *Follow The Leaders: Improving Large Customer Self-Direct Programs*
   - Participants were asked to consider best and worst programs described and develop prescriptive do's and don'ts for Kentucky
   - Overall goals of self-direct programs – pages 10-16
   - Elements of well-run self direct programs – page 12
   - KY's border States
     a. Tennessee - No opt-out or self-direct, industrial programs offered, built into rate structure
     b. Indiana – EE surcharge, no self direct, no opt out
     c. Ohio – Self direct and opt-out for large industrials

- Less structured option –

    a. *South Carolina (Duke Energy) –*
        i. Customer is allowed to opt out, does so by providing simple form letter stating that they have or plan to implement cost effective energy efficiency investments
        ii. No additional oversight
        iii. No proof beyond the letter is required

- Moderate structure – Generally, customer pays the surcharge up front, submits evidence of investments to earn back a rebate or credit on utility bill

    a. *Montana* – High participation rate
        i. 1MW or larger customers pay surcharge, which is put into individual escrow accounts
        ii. Can pull funds quarterly by verifying implemented EE project, have 2 years to use funds, or goes back into CRM pool
        iii. Little oversight (no EM&V, little paperwork required)

    b. *Ohio (AEP) –*
        i. Self-direct customers pay surcharge, then get reimbursement for EE projects, as well as previously implemented measures
        ii. Large industrials offered time-limited opt out, as long as they report they plan to meet certain energy savings on their own
        iii. 62% participation in self-direct, opt-out discouraged

- Highly structured – True resource acquisition, subject to EM&V requirement

    a. *Colorado (Xcel Energy) –*
        i. Customer pays surcharge, self-direct EE projects are then reimbursed through a rebate (up to 50% incremental project costs).
        ii. Requires industrial to conduct own evaluation, measurement and verification, must clear cost-effectiveness tests, oversight by utility administrator
        iii. Does not offer credit for previously administered projects

- Less structured option
    a. What if the "self-direct" option were to be entirely voluntary?
    b. How could we incent industry to provide simple and clear data on how much energy they are saving as a result of efficiency?
    c. Would there be a benefit to industry of working together to build an integrated efficiency reporting guideline?

IV. Next Steps – 5 Minutes (2:25-2:30 p.m.)

1. Other reference materials
    - *Kentucky's Existing Industrial Incentives*:
    - *Texas LoanSTAR Program-Revolving Loan Fund*
2. Topics to address in Meeting 2, March 22