House Bill 339 and Senate Bill 190

Clean Energy Opportunity Act

Investments That Work for Kentuckians

Kentucky Sustainable Energy Alliance

"By improving home energy efficiency and tapping renewable energy sources, we create local jobs and provide households with utility bills that will continue to be affordable. In essence, everyone benefits."

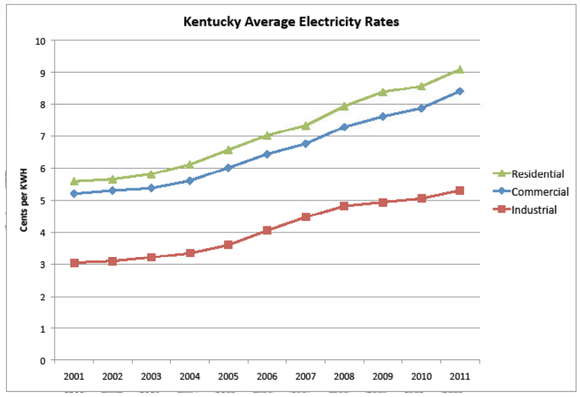
-Dave Kreher
Executive Director of People's Self Help Housing, Lewis County

"Energy is a farming family's largest input cost. Energy efficiency and renewable energy turn a farm liability into a profitable asset!"

-Adam Barr
Barr Farms, Meade County

By passing this bill, we have an opportunity to:

Curb energy costs for our families, farms and businesses



Kentucky's electricity rates increased 68% from 2001 to 2011. That upward trend is expected to continue, with or without this legislation. However, this bill is projected to lower average utility bills over the next decade, compared to the "do nothing" scenario.

Use our resources and know-how to put people to work and get our economy back on track

Clean energy is one of Kentucky's fastest growing job markets, employing thousands of people right now across the state. Workers are making Kentucky's homes more efficient and over 100 schools have received clean energy upgrades (i.e. Bowling Green's Richardsville Elementary, left). Many clean energy businesses have also located in Kentucky, including a solar panel manufacturing plant. The CEOA will capitalize on our economic potential and create 28,000 homegrown clean energy jobs.

Improve our health and well-being

Local electric co-ops in Eastern Kentucky are improving Kentuckians' homes to help them save energy, money and enjoy a better quality of life through a program called How$mart. The costs associated with the upgrades are paid back from a portion of the monthly energy savings. Joyce Mullins, a retiree living on a fixed income in McKee, is putting money in her pocket every month as a result. She says, "My house is now a comfortable place to live." This bill will bring these win-win programs to utility customers all across the state!

This legislation doesn't cost the state <u>any</u> tax revenue!

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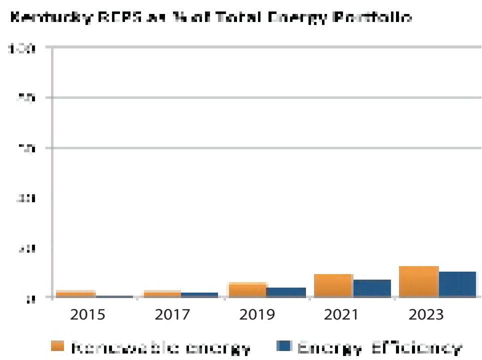
Clean Energy Opportunity Act Components

A renewable and efficiency portfolio standard (REPS) requires electric utilities to meet specified energy savings and renewable energy goals



2026 Energy Savings Goal:
10.25% of annual cumulative retail sales will be achieved through consumer demand reduction programs, with a portion of savings achieved directly from efficiency improvements in low-income households.

2026 Renewable Energy Goal:
12.5% of retail sales will be provided from renewable sources – solar, geothermal, wind, low-impact biomass, hydropower, landfill gas, anaerobicdigestion and the renewable portion of cogeneration – with a specified portion achieved by solar energy only.

Feed-in tariffs (FITs) establish payment rates that utilities pay in-state renewable energy producers. FITs will rapidly accelerate the development of large and small-scale renewable energy projects.

With FITs in place, Kentucky's renewable energy project developers are assured in advance that utility companies will purchase their power at set rates and for a set amount of time. They help utilities meet their renewable energy production goals and create more stability in the energy supply.

The Kentucky Public Service Commission will establish FITs rates at amounts equal to the cost of renewable electricity production plus a reasonable rate of return.

As energy production costs decrease, these rates will similarly decline. Under this bill, participating utilities include investor-owned utilities, electric cooperatives and some municipal utilities. Implementation costs of all bill measures are fully recoverable by participating utilities.

"I was eager to come back to Kentucky and start a renewable energy company. However in order for renewables to be scalable here, we need sound energy policies that enable industries to really take off. If Kentucky continues to lag behind in production of renewables, we are the ones that are going to pay for it."

– Matt Partymiller,
Operating Manager
Solar Energy Solutions
Scott County

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www.kysea.org/citations