

CLOSING STATEMENT TO THE DSM/RE COLLABORATIVE

Kentuckians For The Commonwealth
Kentucky Environmental Foundation
Mountain Association for Community Economic Development
Sierra Club—Cumberland Chapter

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We, the public interest groups who have been involved in the EKPC DSM/RE Collaborative, want to take this opportunity to commend all Collaborative participants in what has been a very enriching, often challenging, but ultimately very productive and *truly collaborative* effort. Like the members of the co-ops, we as individuals and as representatives of our organizations want to make this region and this Commonwealth a better place for ourselves, our communities and for our children's and grandchildren's future.

As we complete the work we embarked on more than two years ago, we want to reflect on what we feel are the positive outcomes of the Collaborative, to express our enthusiasm for ongoing dialogue, and to speak about how goal-setting can help ensure successful implementation of energy efficiency (EE) and renewable energy (RE) programs.

Utilities in Kentucky, and all over the U.S., are experiencing accelerating changes in technology, trends and practices in energy generation and distribution. Given these changes, we in Kentucky have a tremendous opportunity to reinvigorate our rural electric cooperatives and provide leadership not just on energy practices, but also on the future of our Commonwealth's economic, social and physical health to which energy issues are connected. By investing boldly in energy efficiency and in renewable energy, the co-ops can:

- Create much-needed, good, local jobs right here in our communities,
- Protect those who are most vulnerable to rising rates and economic fluctuations,
- Protect the health of our families, our communities and our environment,
- Ensure the longevity of these important cooperatives and
- Jump-start a transition to a healthier economy.

Through the work of this Collaborative and beyond, EKPC and its member co-ops have taken significant steps toward increasing their member-owners' access to energy efficiency and renewable energy programs. We especially want to express our appreciation for the work and partnership that EKPC and all the other Collaborative members have brought to this process. From engaging in discussions that have educated all of us, to sharing information that has increased our understanding, to coming to decisions respectfully and together, the process has been productive and has cultivated new relationships.

We believe the recommendations and plans that have passed the Collaborative consensus process so far show progress on the part of EKPC and the co-ops to increase EE and RE. This includes the very exciting potential for a solar farm project, an expanded EnviroWatts program and new approaches to marketing DSM/EE and RE programs.

We believe that being vision-oriented, innovative, and goal-centered are the keys to ensuring the success of the program recommendations EKPC implements. Although the topic of setting specific target goals was discussed in several subgroup meetings, we were not able to reach consensus on specific goals.

We have come to understand that the modest goals set for DSM in EKPC's Integrated Resource Plan reflect a number of reasonable concerns and doubts about members' interest in the programs, about operating revenues, and about the possible consequences of failure to meet goals. We also understand the challenges inherent in 17 separate entities, each with its own board, coming to

agreements on goals. Nevertheless, we feel it is important for us to continue encouraging and assisting this group in reaching and exceeding these goals, and in setting more ambitious goals in the future.

There are several good examples of how other electric utilities have approached goal-setting:

- Efficiency Vermont, which has been a national leader in energy efficiency gains, has been meeting or exceeding annual target goals in excess of two percent per year of annual retail sales.
- The Tennessee Valley Authority (TVA) in 2011 committed to achieve 3.5 percent of sales in energy efficiency savings by 2015.
- South Carolina's Central Electric Power Cooperative (the South Carolina co-ops' equivalent to EKPC) in 2010 set a goal of 10 percent reduction in residential energy use within ten years and reduced wholesale power costs for the residential class.

The report, *Benchmarking Electric Utility Energy Efficiency Portfolios in the U.S.*¹, used data from 50 representative utilities ranging from small co-ops to large investor-owned utilities to begin a benchmarking process. This analysis could be helpful in overcoming barriers to setting and meeting goals.

With regard to goal-setting for renewables, the National Renewables Cooperative Organization highlighted for us several co-ops that have been moving ahead with renewable energy projects with goals for diversification of energy sources, even though their states did not have mandated renewable energy portfolio standards. It is encouraging that the Kentucky PSC has recently approved out-of-state wind purchasing and will be asked to support a large solar generation project.

¹ *Benchmarking Electric Utility Energy Efficiency Portfolios in the U.S.* M.J. Bradley & Associates. Published by Ceres. November 2011. <http://www.ceres.org/resources/reports/benchmarking-electric-utilities-2011>

This indicates a greater likelihood for EKPC to be supported in setting more aggressive goals for diversification with renewable energy generation.

These are some of the reasons why we are enthusiastic about the potential for continued partnerships between co-ops and public interest groups. We stand ready to work with you, from assisting with and augmenting co-op public relations efforts among members, community leaders and institutions; to helping find solutions for distribution co-ops to accrue revenues adequate to maintain reliable infrastructure and personnel; to assessing and defining cost-benefits in ways that express co-op values; and to displaying our support to the PSC for the co-ops' EE and RE efforts.

As the recommendations put forward by this collaborative effort are implemented, our members are already positioned to support the efforts of EKPC and member co-ops. The PSC's enthusiastic approval of permanent tariffs for How\$martKY™ on-bill financing opens the door for more extensive cooperative partnerships with MACED. We are eager to participate in "clean energy ambassador" programs in those co-ops that choose to use that approach to enhance member outreach efforts. And, we look forward to continued dialogue with EKPC and distribution co-op management and staff to push out innovation and a re-envisioning of the co-ops' places in their communities as we all face challenges that were unimaginable when electrification first came to our farms and rural towns.

Please again accept our sincere thanks and appreciation for our work so far. And we look forward to discussing with EKPC and distribution co-op leaders how we can harness the relationships we have built in order to continue solving problems together.