

House Bill 408 would:

Establish a renewable and efficiency portfolio standard

Implement feed-in tariffs for renewable energy production

House Bill 408 is sponsored by Representative Harry Moberly (D).

It is time for Kentucky to transition to clean, affordable and sustainable energy solutions.

House Bill 408 will lead the way by creating more high quality clean energy jobs, stabilizing long-term energy costs and helping Kentucky families and businesses save energy and money.

A **renewable and efficiency portfolio standard** (REPS) requires electric utilities to meet specified efficiency and renewable energy standards. In Kentucky, investor owned utilities, some municipal utilities, and electric cooperatives would be required to participate.



Energy Efficiency Standard

HB 408 would require utilities to achieve a cumulative energy efficiency savings equal to **10.25% of retail sales by 2020.**

Eligible Activities - Each utility would meet its goals by implementing the most cost effective combination of programs that help industrial, commercial and residential customers reduce their electricity demand. Programs could include financial incentives for energy efficiency improvements, education, demand-side management, low-cost financing, and more.

Residential Requirement - At least 10% of incremental energy savings achieved must be achieved through programs that assist low-income households.



Renewable Energy Standard

HB 408 would require utilities to achieve a minimum of **12.5% of retail sales by 2020** from renewable sources.

Eligible Sources - Solar energy, geothermal energy, wind energy, low-impact biomass, hydro-power, landfill gas, anaerobic digestion and the renewable portion of co-generation

Solar Requirement - At least 2% of the REPS must be met through solar energy purchases.

Efficiency Offset - A utility that falls short of its annual goal may meet the requirement through energy efficiency savings of 1.25 times the amount of the shortfall.

**The KY PSC would review utility plans. A third party would verify results. Failure of a utility to meet standards would result in no authorization for new or expanded generation capacity, except as necessary to facilitate compliance.*

**28 states have a REPS including Ohio, West Virginia, Missouri and Illinois.
REPS have proven to be a powerful tool for driving investment in clean energy.**



Prepared by Kentucky Sustainable Energy Alliance
www.kysea.org

House Bill 408 would:

Establish a renewable and efficiency portfolio standard

Implement feed-in tariffs for renewable energy production

House Bill 408 is sponsored by Representative Harry Moberly (D).

Feed-in tariffs for renewable energy production, a “production-based incentive,” are guaranteed rates for specific types of renewable energy produced in-state.



HB 408 would require the Public Service Commission to establish rates and rules governing feed-in tariffs. Initial rate guarantees would be based on cost of electricity production plus a reasonable return for investors. As production costs decrease over time, rates would similarly decline. Utility rates will be adjusted to account for the production cost increase. Utilities could count all renewable energy purchases towards their REPS goal.

Feed-in tariffs encourage private investment in renewable energy technologies because payback is assured. They are already successfully used in several nearby states and in 20 countries. The Tennessee Valley Authority pays customers a guaranteed rate for energy produced from solar panels. A feed-in tariff bill is currently pending in the Indiana legislature. In Kentucky, HB 408 would enable communities and households to produce small-scale, locally-based renewable energy with less financial risk and less up-front money and to create dynamic local jobs.

Feed-in tariffs lead to major economic growth and job creation. They enabled Germany to become the global leader in solar energy and employ hundreds of thousands of workers in the field.

Other bill items...

- Utilities will be allowed to install “load interrupters” as a term of service for all residential customers.
- “Energy intensive industries” would be enabled to recover electricity costs attributed to the requirements of this bill through income tax credits.



“Encouraging more sustainable energy use in Kentucky is an excellent way to care for God’s creation.” -*Tim Darst*

*Kentucky Interfaith Power and Light
KySEA member*



Prepared by **Kentucky Sustainable Energy Alliance**
www.kysea.org