

Energy efficiency in a low-cost environment

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Kentucky: inexpensive electricity

“all-in” prices as of March 2011
(cents per kwh)

	KY	US
All customers	6.81 (5)	9.66
Residential	9.15 (12)	11.64

Kentucky lags in energy efficiency

- Low electric costs are a barrier to energy efficiency programs
- Programs that are common in higher-cost states are not as well-established in Kentucky

Future of energy efficiency in Kentucky

- Financial incentives to consumers can help overcome lack of economic imperatives, but are not as persuasive as high energy costs
- Kentucky already has abundance of “low-hanging fruit”
- Attractiveness of energy efficiency will increase as electric costs rise

Kentucky's electric costs will increase

- More stringent Clean Air Act standards for SO_x, NO_x, particulates and mercury; new water quality regulations related to ash and scrubber wastes and cooling water
- Added controls on newer coal units; old units retired and replaced with natural gas; more emphasis on DSM

Kentucky's electric costs will increase

- Utilities expect total electric costs to rise 20-25%
- Additional increases if coal ash declared a hazardous waste
- Possible carbon constraints not yet factored in

Opportunities for increasing energy efficiency in Kentucky

- Residential sector has lagged behind commercial and industrial users
- High proportion of older and substandard housing – small investments in weatherization and other improvements can have big returns

Opportunities for increasing energy efficiency in Kentucky

- Recent base rate increases have increased interest in energy efficiency
- With expected rate impacts over next 5 years, demand for energy efficiency programs, especially at residential level, expected to increase

Cost-efficiency paradox

- Higher energy costs incentivize energy conservation and efficiency by increasing return on investment
- Higher energy costs put greater financial strain on low-income customers, especially those living in substandard housing
- Low-income customers benefit most from reductions in energy use

Cost-efficiency paradox

- As energy costs rise, low-income customers who are unable to reduce energy consumption will be increasingly unable to pay their energy bills
- But low-income customers are least able to invest in energy efficiency and conservation in order to reduce consumption

The challenge

In times of limited government budgets and rising electric costs, innovative approaches will be required in order to avoid disproportionate impacts on the most vulnerable portion of the population.

Питання?



Щиро дякую!

THANK YOU