

Trends Facing Kentucky's Utility Sector

Kentucky Clean Energy Summit



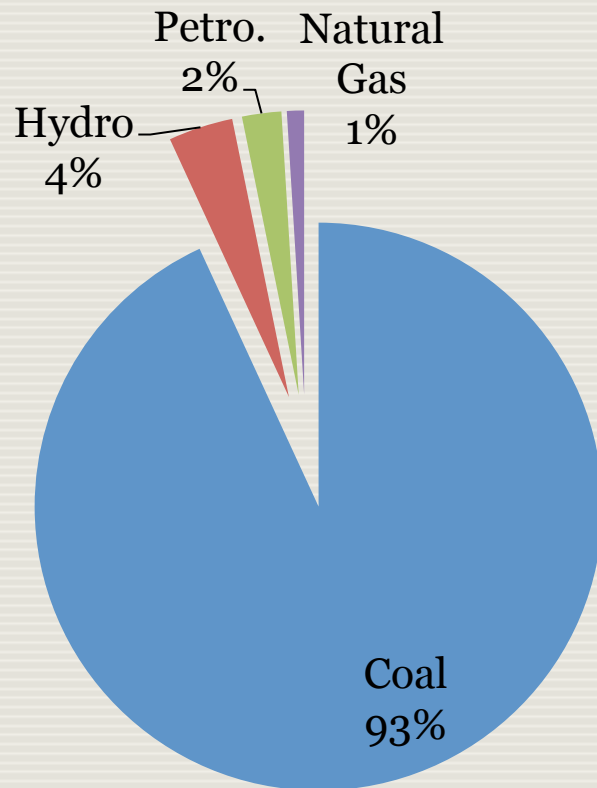
Mountain Association for Community Economic Development



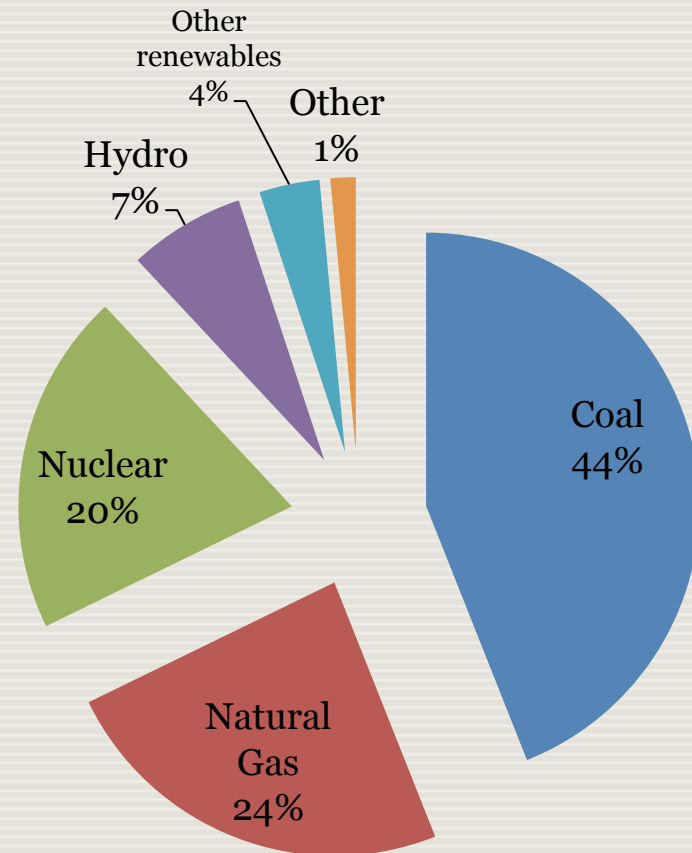
January 31, 2011

Where do we get electricity? (2009)

Kentucky



United States

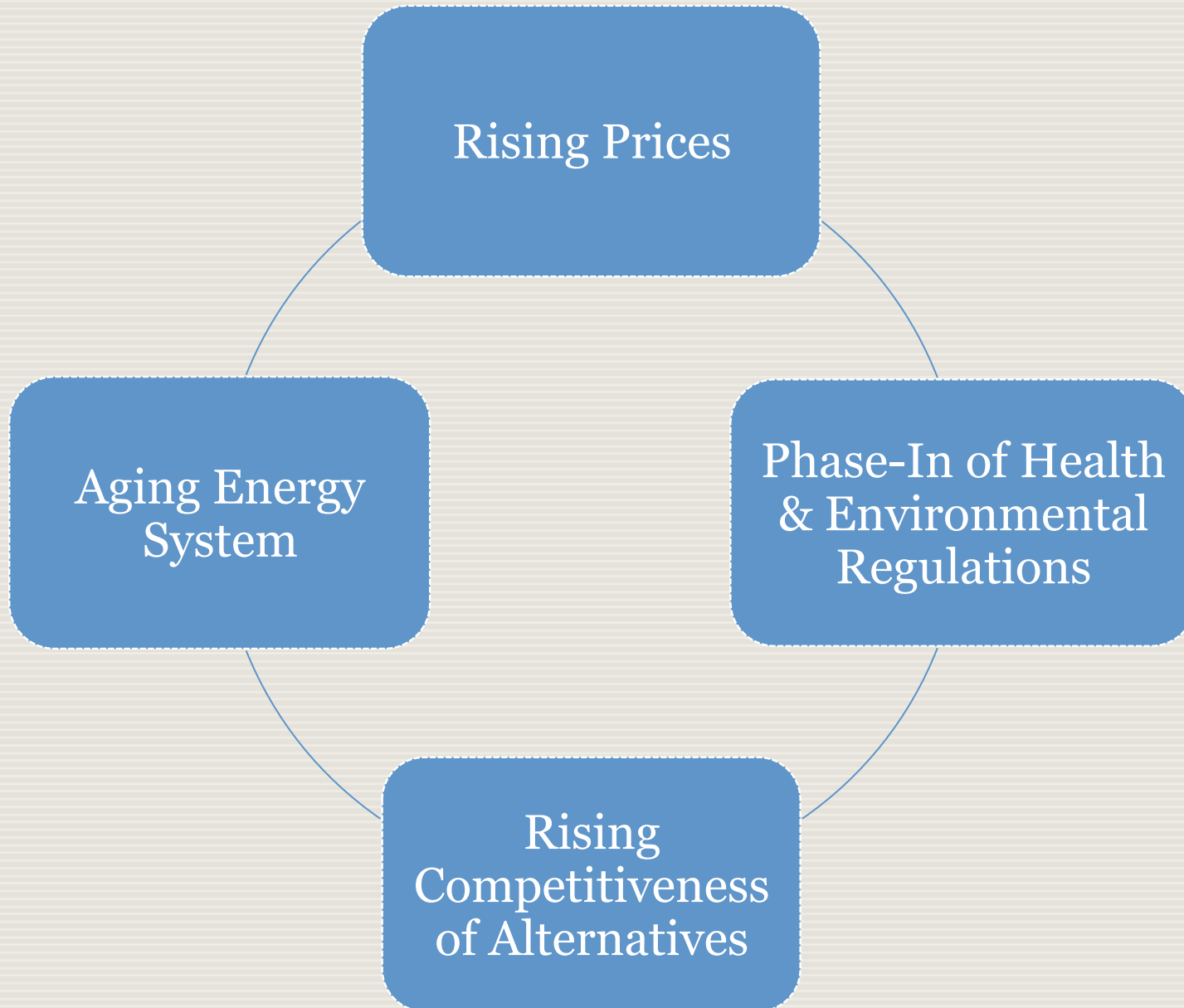


What Has Characterized Electricity in Kentucky?

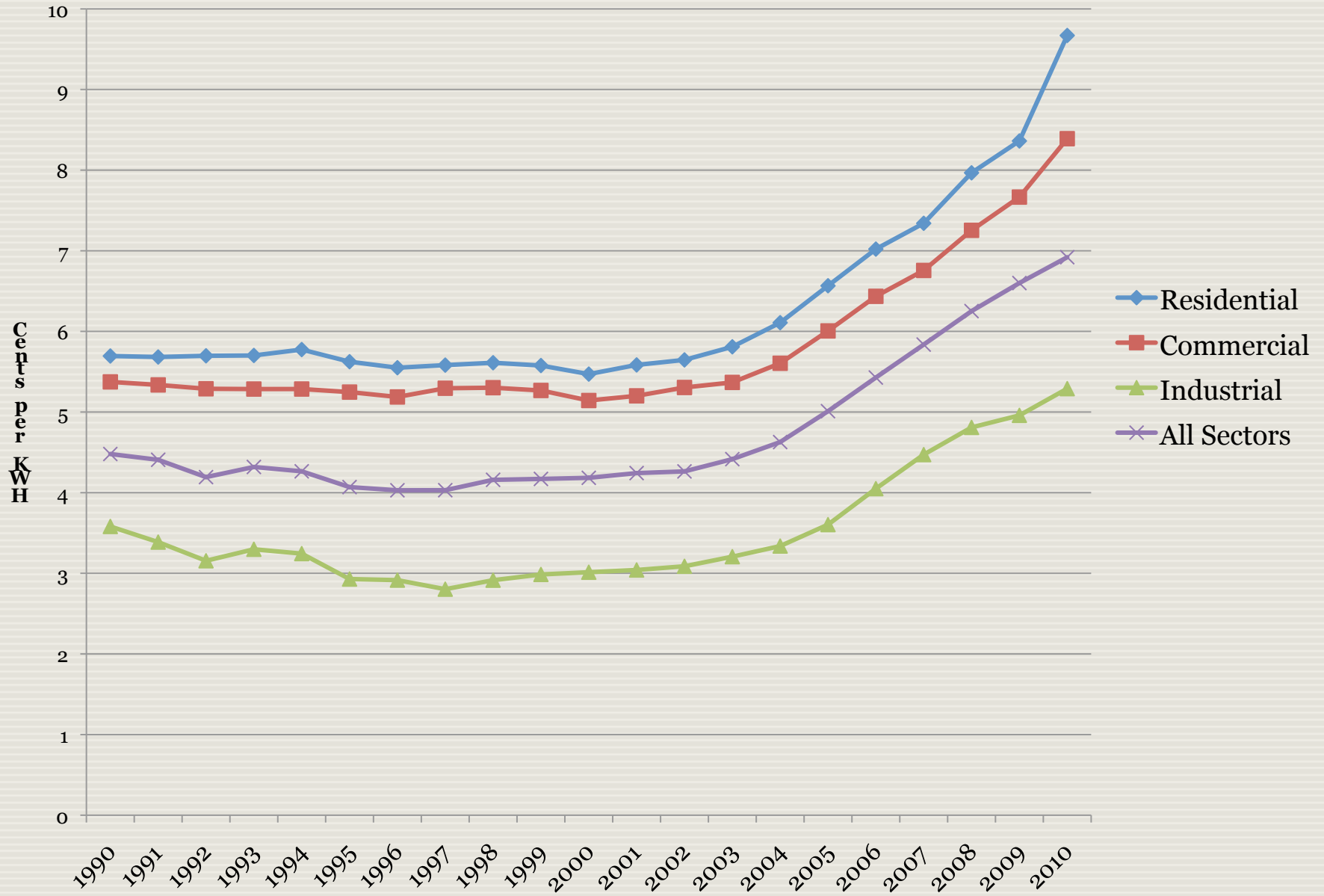


- Low electricity rates
 - 5th-lowest among states
- High usage
 - 15th-highest usage with 26th-largest population among states
- Heavy dependence on coal-fired power

What's Changing About that Landscape?

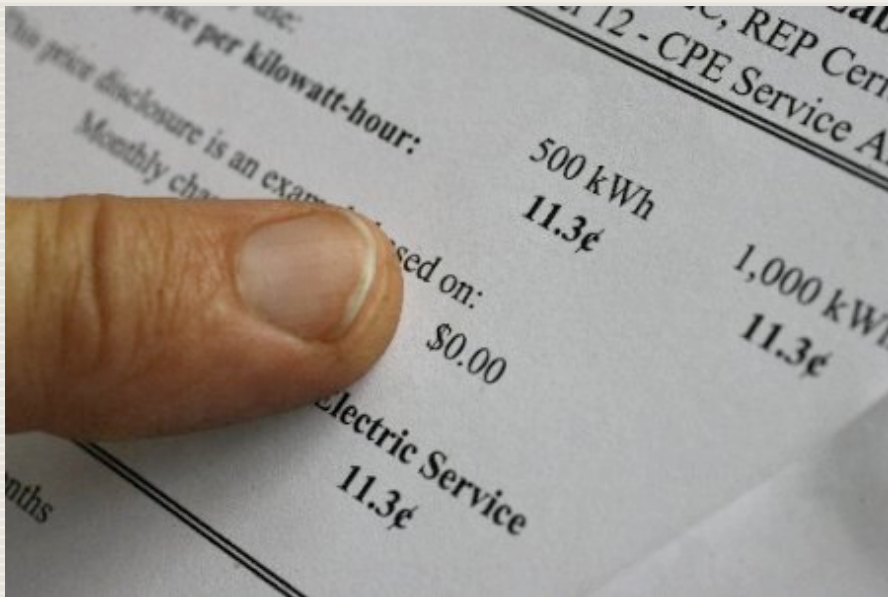


Kentucky Average Retail Electricity Price



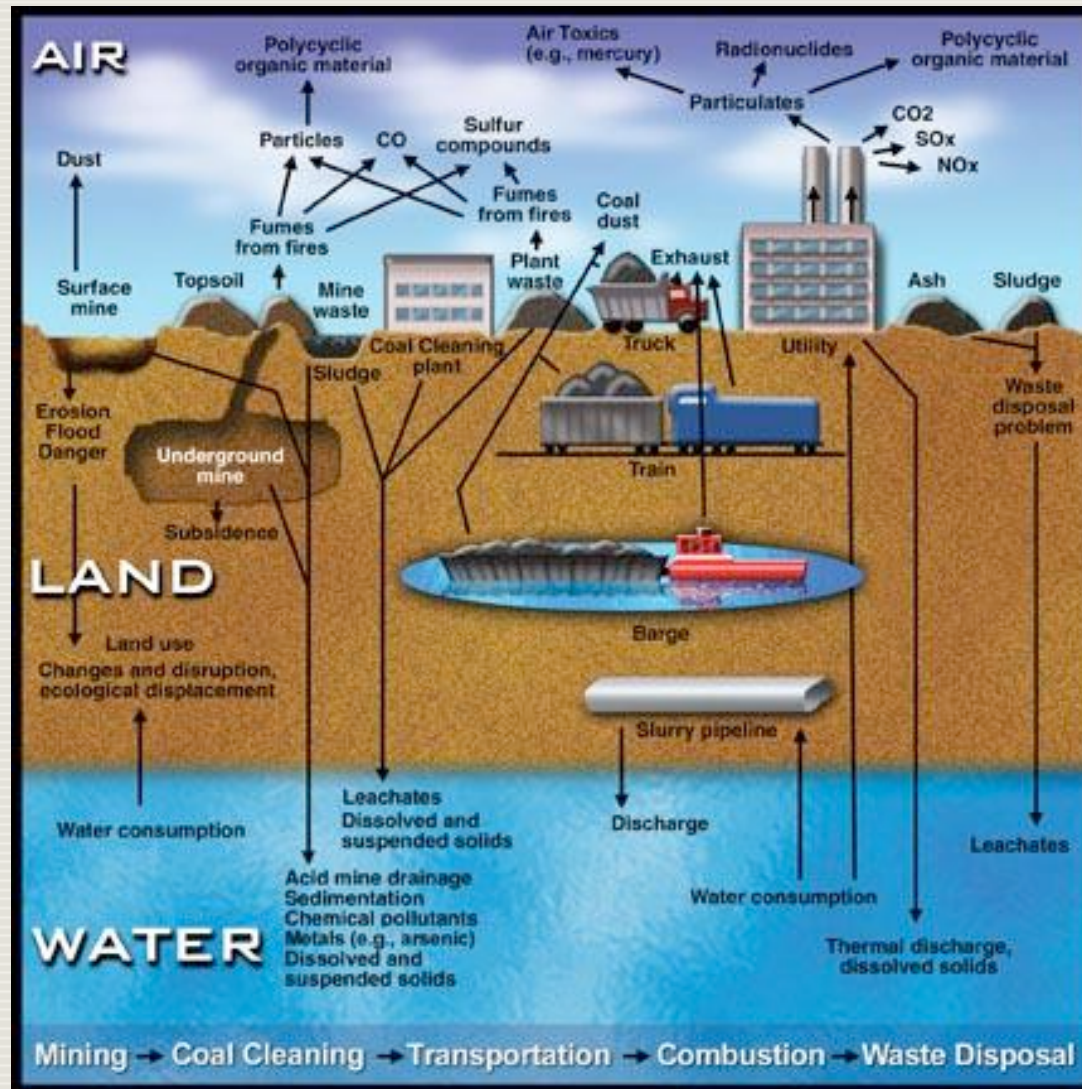
Source: Energy Information Administration

Kentucky's electricity bills are not low



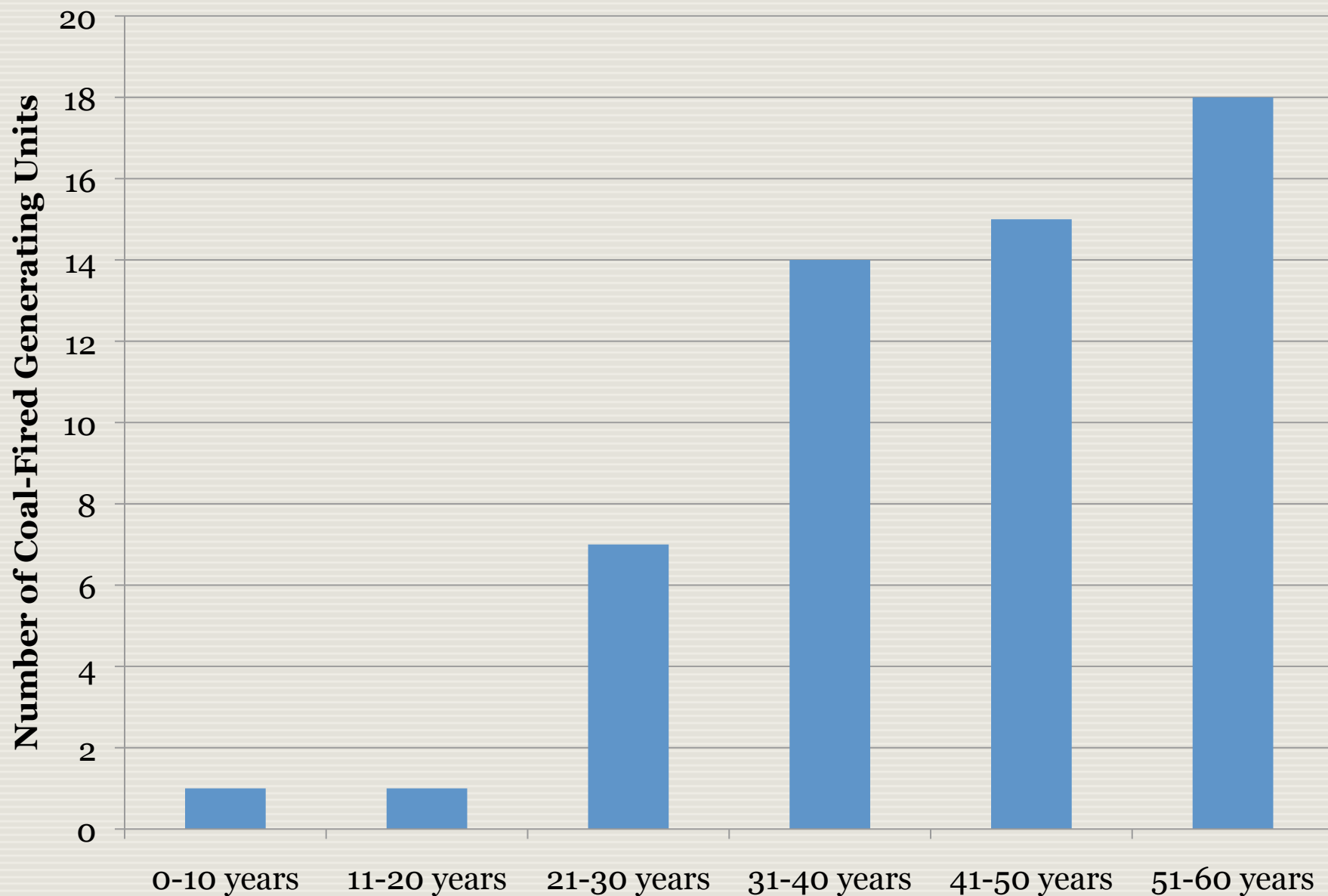
- Avg. monthly home electricity bills now higher than the US average for utilities serving 37 percent of Kentucky residents
- 5 electric coops and 1 municipal utility have average bills at least 20% higher than the US average (as high as 33% higher)

Rules Addressing Coal's Impacts



- SO₂
- NO_x
- Mercury/HAPs
- Particulates
- Water Discharge
- Ozone
- Coal Ash
- Mine Safety
- MTR
- CO₂

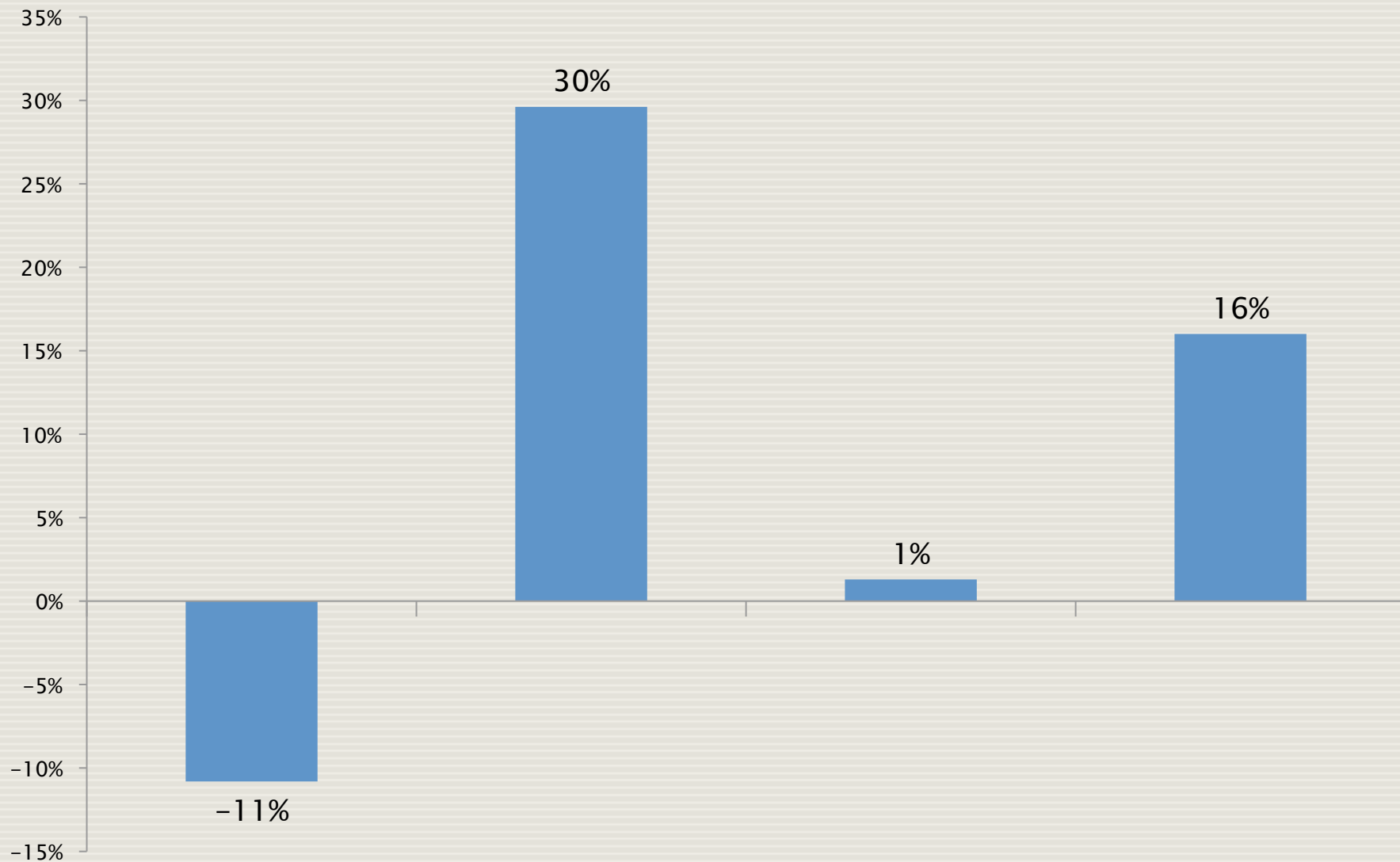
Number of Coal-Fired Generating Units in KY by Age



Source: Energy Information Administration

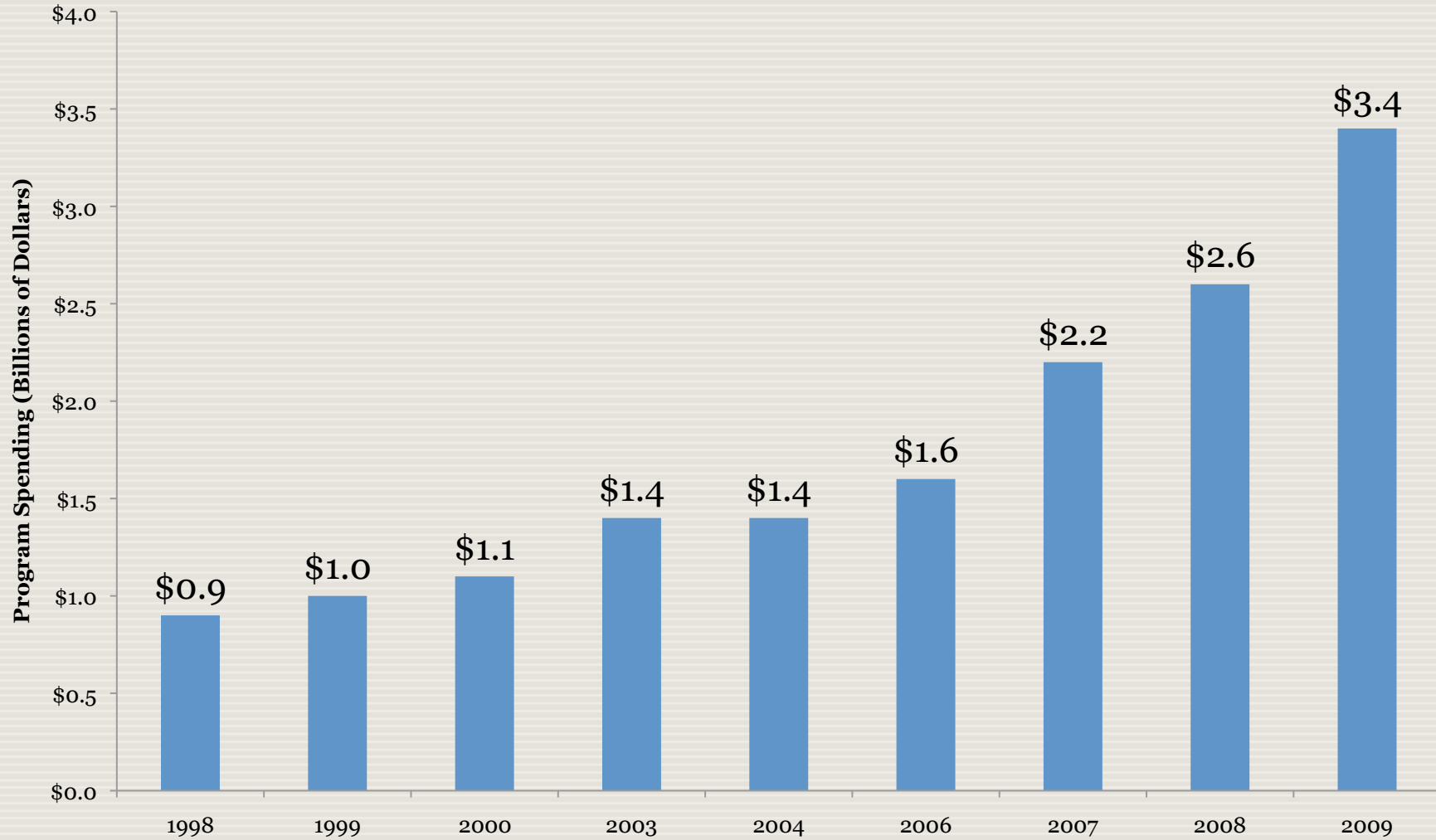
Percent Change in U. S. Net Generation (2004–2009)

Coal Natural Gas Nuclear Renewables



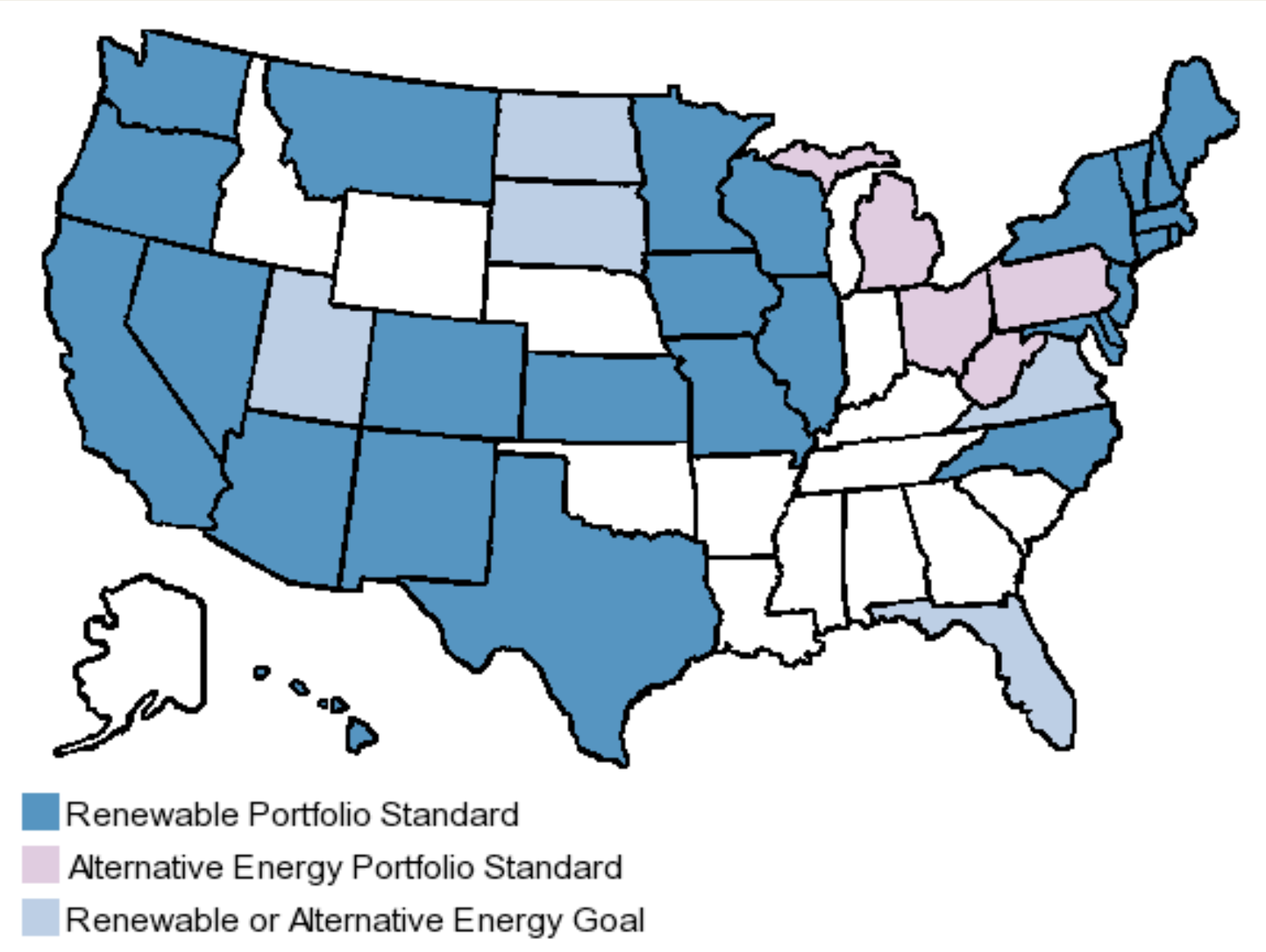
Source: Energy Information Administration

Annual U. S. Energy Efficiency Program Spending (by Utilities and Public Benefits Funds)



Source: American Council for an Energy Efficient Economy, "The 2010 State Energy Efficiency Scorecard"

Policy is Driving Change





Scenarios

- Nov. 2010 Deutsche Bank US electricity scenario:

	Now	2030
Coal	44%	22%
Natural Gas	23%	35%
Nuclear	20%	23%
Wind + Solar	2%	14%

- Possible US coal plant retirements
 - 3 recent reports suggest 10-20% capacity will be retired over next two decades



What Do These Trends Mean for KY's Future?

- Traditional utility model is being challenged by policy, economics, technology
- Energy diversity and energy efficiency are becoming more appealing
- Actions now determine our path long into the future