

**A side-by-side comparison of HB 408 & HB 3, two bills that seek to increase the share of Kentucky’s electricity that comes from energy efficiency and renewable energy.**

HB 408	HB 3
<p><b>ENERGY EFFICIENCY</b></p> <p>Would reduce electricity use by at least <b>10.25%</b> of retail sales by 2020.</p> <p>Achieves this goal through efficiency programs that directly benefit families and businesses.</p> <p>Makes energy efficiency a priority by setting a goal for annual and cumulative energy savings over time.</p>	<p><b>ENERGY EFFICIENCY</b></p> <p>Would reduce electricity use by at least <b>6%</b> of retail sales by 2017. Beyond that time, the goal for efficiency is not required to grow through 2034.*</p> <p>Expands the definition of what counts towards this efficiency goal. Utilities could count improvements in their own infrastructure and “load-shifting” strategies. As a result, it is possible the goal could be met without strong efficiency programs that directly benefit homes and businesses.</p> <p><b>HB 3 masks the importance of energy efficiency by placing that goal under a broader heading that includes “low-carbon” generation.</b> That arrangement gives utilities greater flexibility to meet a single standard through either efficiency or low-carbon generation strategies. That flexibility is not in the best interest of ratepayers, however, since efficiency is far cheaper than any approach to new generation.</p>
<p><b>ENERGY EFFICIENCY FOR LOWER INCOME HOUSEHOLDS</b></p> <p>Requires utilities to develop comprehensive weatherization programs to help lower income residents save energy and money.</p>	<p><b>ENERGY EFFICIENCY FOR LOWER INCOME HOUSEHOLDS</b></p> <p><u>No</u> requirement for any program or effort to help lower income Kentuckians with energy efficiency.</p>
<p><b>RENEWABLE ENERGY</b></p> <p>Would require <b>12.5%</b> of KY’s electricity use to come from renewables by 2020.</p> <p>Requires at least <b>2%</b> of KY’s electricity use would come from solar by 2020.</p> <p>Requires sustainability guidelines for biomass that can count as renewable.</p> <p>Drives the development of distributed renewable energy generation without using any taxpayer funds through a production-based incentive called a “feed-in tariff.”</p>	<p><b>RENEWABLE ENERGY</b></p> <p>Would require about <b>5%</b> of KY’s electricity use to come from renewables by 2022.</p> <p><u>No</u> specific goal for expanding solar energy.</p> <p><u>No</u> requirement for the development of sustainability guidelines for biomass.</p> <p><u>No</u> feed-in tariff or other incentives to drive distributed renewable generation in Kentucky.</p>

<p><b>LOW CARBON ENERGY STANDARD</b></p> <p><b>Does not encourage utilities to invest in the most expensive generation strategies such as nuclear power or coal burning with carbon capture and storage.</b></p>	<p><b>LOW CARBON ENERGY STANDARD</b></p> <p><b>Asks utilities to increase the share of their electricity that comes from low-carbon sources.</b> Sources that might qualify include: Nuclear; coal or synthetic gas facilities that capture and sequester carbon dioxide pollution; additional solar, wind or hydro (above and beyond what is required in the renewable goal); and possibly some biomass.**</p> <p><b>The bill asks utilities to generate as much as 4% of their retail sales from “low carbon sources” by 2022 and as much as 16% by 2034.*</b> (Or they could substitute additional efficiency savings to achieve any portion of the low-carbon goal.)</p> <p><b>** Low carbon resources are defined as KY generators that release less than 600 pounds of carbon dioxide per MWh of electricity; or a natural gas combined cycle facility fueled with synthetic gas (produced from coal) from a facility captures at least 75% of carbon dioxide emissions.</b></p>
<p><b>ACCOUNTABILITY</b></p> <p><b>HB 408 requires a utility to be in compliance with the goals before it can receive permission to build new non-renewable generating facilities.</b></p>	<p><b>ACCOUNTABILITY</b></p> <p><b>Creates several ways for utilities to avoid compliance with the efficiency, renewable, and low-carbon goals.</b></p> <p><b>No requirement that utilities comply with the goals before receiving permission to add non-renewable generation facilities.</b></p>
<p><b>COST TO TAX-PAYERS AND STATE BUDGET</b></p> <p><b>HB 408 does not contain tax incentives or subsidies.</b></p>	<p><b>COST TO TAX-PAYERS AND STATE BUDGET</b></p> <p><b>HB 3 expands various energy-related tax incentive programs.</b> It creates several new incentives for alternative fuels from natural gas and provides new incentives for companies that manufacture of energy storage systems and component parts for renewable energy and alternative fuels.</p> <p><u>No</u> analysis yet of the impact of these provisions on state revenues.</p>

\* HB 3 uses a 12% efficiency goal and a 10% renewable goal, but it exempts electricity sold to industrial customers from those baselines. That exclusion of industrial sales cuts the efficiency and renewable goals of HB 3 in half, compared to the goals in HB 408.