

LET'S SAVE ENERGY

School Energy Efficiency News

KSBA-SEMP ... Cultivating energy efficiency,
best practices in Kentucky school districts



August 2015

Federal Power Plant Rules: What's next for Kentucky?

**By: Dr. Len Peters, Secretary
Kentucky Energy and Environment Cabinet**

Energy issues continue to dominate our thinking in Kentucky. This is especially the case for school districts, which are always concerned about the impact of rising energy prices on their budgets. In the Energy and Environment Cabinet, we are often asked about how a particular federal policy, regulation, or court ruling will affect energy prices. We've benefited from affordable, reliable energy for decades, and we are all concerned about what the future holds as the energy picture changes.

Specifically for this newsletter, I was asked to write about the impact of the June 29, 2015, U.S. Supreme Court decision on an EPA regulation that limits mercury and air toxics emissions from power plants (often called the MATS rule). The Supreme Court decision did not strike down the rule—as some people erroneously contend. Rather, the decision sent the MATS regulation back to the D.C. Circuit to decide next steps. This means the MATS rule is still in effect.

The Supreme Court decision said that EPA should have considered costs in its MATS rule, earlier in the rulemaking process than they actually did. Again, it did not toss the rule out, and it did not say EPA does not have the authority to regulate mercury and air toxics from power plants. How the D.C. Circuit will proceed with the rule is not known. In the meantime, however, many people in Kentucky hailed the Supreme Court's decision because they perceived it to be a way to rein in rising electricity costs. We have even heard some people remark that the ruling will allow some coal-fired power plants in Kentucky to come back

online. The reality, however, is that utilities had an April 2015 deadline to comply with the rule (with extensions in some cases), and therefore, the impact on that particular regulation of the Supreme Court decision rule is minimal.

As I was working on this article, a significant event occurred—EPA released its final regulations limiting greenhouse gas emissions (carbon dioxide) from existing and new coal and natural gas power plants. It would be an understatement to say the EPA's greenhouse gas regulations are the most significant energy policies affecting the United States, ever. Yes, I used the word energy, and not environmental, because these regulations will reshape the nation's energy infrastructure.

Many of these changes in the nation's energy mix are already occurring as a result of several different factors—primarily, other regulations (such as the MATS rule); inexpensive natural gas; and decreasing costs of renewable energy technologies like solar and wind. The EPA's 2000-plus-page greenhouse gas regulations will accelerate these changes.

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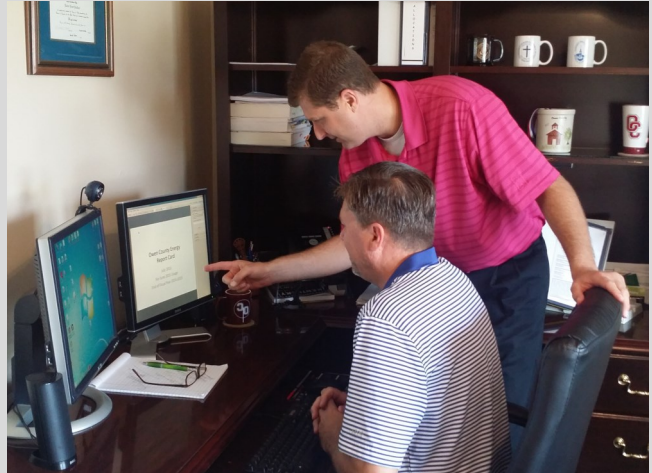


Savings, because of Competition!

Several school districts throughout the state are now using friendly competition to promote higher energy savings with their own version of energy contests. The payouts for these contests are funded through the energy savings.

In Hopkins County Schools, energy manager Bruce Sauer tracks the energy by month and compares against last year's usage. The school having the highest percentage of energy savings receives \$500 and all other schools showing a savings get at least \$100 in credit towards an appropriate school expenditure.

"In fiscal year 2015 we saw over a 12 percent reduction in energy consumption compared to fiscal year 2014. That equated to dollar savings of over \$130,000," said Sauer.



Owen County Superintendent Rob Stafford and energy manager Brian Linder review the June Monthly Energy Report in preparation for an opening day recognition of the schools that reduce the most energy for FY 2014-15.



Energy manager Bruce Sauer presents a certificate and check to Jesse Stuart Elementary Principal Phyllis Sugg for the Hopkins County Energy Reduction School Award.

Did you know that Kentucky Schools increased OVER 5 million square feet, but are using less energy than in 2010?

Opening day for both Owen County and Williamstown Independent districts also recognized individual schools for reducing energy and costs. Energy manager Brian Linder provides monthly energy reports to his boards of education, but uses opening day to recognize the school in each district that have reduced the most energy costs by presenting a check. Linder said, "It is important to show tangible results."

"For Opening Day 15, we will take just a moment to look at energy use and cost for last year. This usually spurs some friendly competition between schools," added Linder.

As your district begins a new year, consider communicating your Energy Utilization Index and any plans to reduce energy consumption. This could help lead your district to saving a little GREEN for FY 2015-16! Even if you don't participate in a contest, the energy savings contribute to the health of your district

What's next for Kentucky?

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As many of you know, in Kentucky, our renewable potential is not as strong as it is in other states. Today, we're still reliant on coal for 93 percent of our state's electricity generation. The EPA regulation on existing power plants gives preference to renewable generation over coal, primarily, but also over natural gas. When a federal rule has a primary aim of taking coal out of the generation mix—over time, of course—there is reason for all of us to have concerns.

Did I mention the number of pages? I'm writing this on the day following the release of the greenhouse regulations, and therefore, there is still so much we need to understand. We were very disappointed in the final existing source regulation because coal states like Kentucky are going to have a difficult time meeting the standards. In our comments on the proposed rule, we argued EPA needed to consider potential rate impacts on coal-reliant states. As a major manufacturing state, we are very susceptible to major economic impacts from rate increases.

Of course, rate increases affect us all. The uncertainty alone can be daunting. In the Energy and Environment Cabinet, we will be examining the greenhouse regulations in more detail in the next few weeks and we will be communicating directly with utilities and other stakeholders to try to understand potential impacts on the state. We can all expect legal challenges, from across the country. But it's important to remember that legal challenges can take years to be resolved, and in the meantime, many utilities will continue to make decisions (as they did with the MATS regulations) to comply with the greenhouse gas regulations. We will be doing our best to keep people informed.

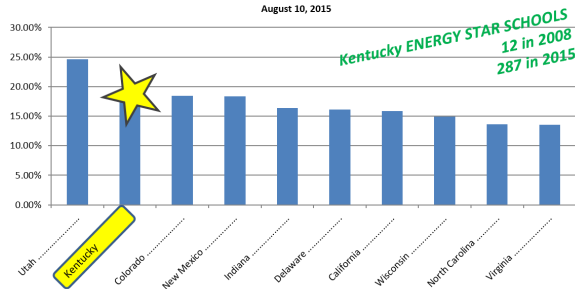
Did you know that over 22 percent of eligible schools in Kentucky are ENERGY STAR Labeled? That compares with approximately 8.5 percent nationally!



Related EPA Regulations

- ◆ ***Greenhouse Gas Rules:***
 - ◇ ***Carbon Pollution Standards for New, Modified, and Reconstructed Plants—often referred to as the New Source Rule and the 111 (b) rule (as a section of the Clean Air Act). Establishes emissions targets on new, modified and reconstructed coal or natural gas plants. For coal, the emissions standard is 1,400 lbs of carbon dioxide per megawatt hour of generation. Existing coal units average around 2100 lbs of carbon dioxide per megawatt hour. To meet this standard, a new coal unit would have to employ costly carbon and capture control technology or co-fire with natural gas.***
 - ◇ ***Existing Source Rule—called the Clean Power Plan; also often referred to as the 111(d) rule—establishes state-specific carbon dioxide emissions targets on existing coal and natural gas generating units. Kentucky's emissions target is a 30 percent reduction by 2030 relative to 2012 levels.***
- ◆ ***Mercury and Air Toxics (MATS) Regulations—Released in 2012. Legal challenges to the regulation argued EPA should have considered costs.***

Top Ten States: Kentucky Ranks Second for Percentage ENERGY STAR Schools of Total Schools
August 10, 2015



Because many School Boards have placed energy as a priority, Kentucky continues as 2nd in the nation in percentage of ENERGY STAR Labeled Schools!

Energy Management Report webinars scheduled

Energy Management Report Webinars scheduled: Now that the FY 2015 Energy Management Report Superintendent Packets have been delivered, webinars have been scheduled for August 20 and 25. The training will explain the collection and entering of district utility information in the EMR and also will serve to raise awareness among district administrators of the impact they can have in managing utilities costs. To register, go to www.ksba.org and find the webinars under "KSBA Events."

Special Subcommittee on Energy reviews school energy management status

The Special Subcommittee on Energy recently was briefed on the status of school energy management in Kentucky and heard reports from two districts that have worked and trained together. KSBA School Energy Managers Project Director Ron Willhite reported that while a number of districts have learned that energy is a resource that can be managed, there is still significant opportunity for school districts to implement strategies to save energy and money. "Since 2010, 114 districts have reduced their Energy Utilization Index (EUI) and should be praised for their efforts," Willhite said. "KSBA-SEMP will continue to identify funding partners to support all districts in energy management efforts, and will look to the Energy Cabinet to provide a portion of those funds."

Energy managers Jim McClanahan and Ralph Slone reported on their districts' successes and partnership in reducing their EUI. Keys factors they cited included:

- ◆ Support from school board and superintendent.
- ◆ Buy-in from all –principals, the building leaders.
- ◆ Buy-in from all faculty and staff.
- ◆ Educating students on saving energy.
- ◆ Providing weekly and monthly reports for competition.
- ◆ Identifying energy conservation measures (ECMs).
- ◆ Implementing ECMs.
- ◆ Recognizing achievements.