

Kentucky: Use It or Lose It

The Potential to Accelerate Solar in **Kentucky** in 2026

Kentucky's solar capacity has grown significantly since 2019, reaching **1.7 GW**. Lower solar costs, IRA tax credits, & inflation-adjusted electricity price increases of up to **15%** since 2021 fueled this growth. With electricity demand surging and risks of more price hikes, brownouts, and outages, Kentucky must sustain the momentum behind solar power.

Rising Electricity Prices in Kentucky

- **23.2%** of households in KY are energy-burdened (spend > 6% of income on energy)
- Utilities **disconnected 268,885 customers** for failure to pay in 2025, **87% more** than 2024.
- 22% of Kentuckians report their household was unable to pay a partial or full energy bill between September 2023 and October 2024
- Kentuckians living in areas served by 17 of the 28 utility companies have **unaffordable electricity burdens** on average

The Inflation Reduction Act (IRA) extended base **Investment Tax Credits** of 30% for solar projects & boosted credits to **up to 70%** of project costs with bonuses. The IRA made schools, municipalities, & nonprofits eligible through "elective pay."

While the One Big Beautiful Bill Act (OBBBA) shortened deadlines, commercial and industrial projects can still qualify.

- Projects must be under construction by July 4, 2026 to get 4 years + to become operational or
- Become operational by December 31st 2027

What projects still have time to qualify?

- Projects "under construction" & in PJM & utility queues
- Small commercial projects with short interconnection/build timelines
- Residential solar owned by companies that lease the roof

How to maximize drawdown of IRA tax credits for solar in Kentucky

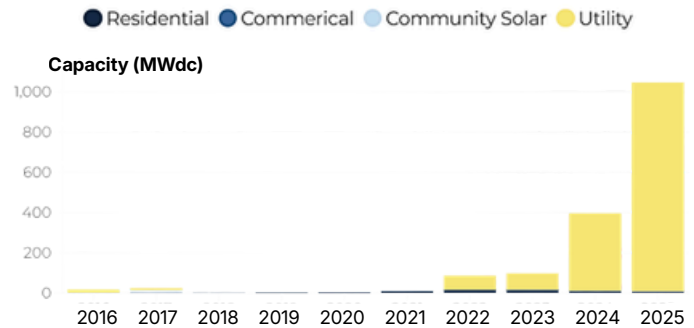
1. Give priority to projects in PJM-utility queues that can meet the deadlines
2. Require utilities to interconnect faster
3. Owners and developers move quickly on new projects & get expert help

(See Table 1 on the back side to find expert help)

Kentucky's Key Solar Facts

- **2.38%** of Kentucky's electricity is solar
- Kentucky **ranks 33rd** total solar capacity in the US
- Kentucky allows net metering for projects up to 45 kw.
- **Interconnect Grade: D**--not good enough!

Annual KY Solar Installations



Source: SEIA/Wood Mackenzie Power & Renewables U.S. Solar Market Insight 2025 Year in Review



[Find more info on federal tax credits and policy recommendations at this link.](#)



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If half of the capacity in the PJM queue in KY (which covers half the state) get a 40% tax credit, that brings in **\$1.2 billion** in tax credits, \$2.8 billion in total investment and **triples KY's solar capacity.**

Case Studies

Martin County School District

Facing electricity price increases, this school district in Eastern Kentucky decided to go solar. Alongside donations from Savion, a renewable energy developer, and the Mountain Association, the investment tax credit from the Inflation Reduction Act made this project feasible. This solar array is expected to save Martin County School District approximately \$15,000 a year in energy costs.

Housing Development Alliance

This nonprofit affordable housing developer in eastern Kentucky installed a 22.8 kw solar array after learning about the elective pay option introduced in the Inflation Reduction Act. The \$23,000 Housing Development Alliance received (around one third of the total project cost) made installing solar financially feasible. Now the Housing Development Alliance saves roughly \$400 a month on its electric bills and will pay back its investment in less than two years.

Technical Assistance Resources

Organization	Contact Info.	Website	Customer Focus	Assistance Available
Solar United Neighbors	"Solar Help Desk" 202-888-3601	https://solarunitedneighbors.org	Residential Solar Co-Ops	Solar United Neighbors is a resource for rooftop solar arrays, community solar and plug-in solar.
Appalachian Solar Finance Fund	Autumn Long, autumn.long@appvoices.org	Solar Finance Fund	Nonprofit organizations and public institutions, commercial anchor institutions in Appalachian counties	Technical assistance and financing including bridge loans and competitive grants for nonprofits and public institutions, technical assistance and credit enhancement for anchor institutions
Mountain Association	Carrie Ray, carrie@mtassociation.org (859)544-0023	Mountain Association	54 Appalachian KY counties	Energy efficiency & solar assessments, technical support, grant application assistance, and flexible financing for small businesses, non-profits, and local governments
Lawyers for Good Government (L4GG) Elective Pay Sprint Hub	Complete the intake form on the website	https://www.lawyersforgoodgovernment.org/elective-pay-sprint	Nonprofits and local governments	Help maximize IRA clean energy credits while available. For projects seeking tax credits funded by federal grants or loans, L4GG provides specialized legal guidance on compliance with Build America, Buy America (BABA) through the Elective Pay Assistance pipeline.
Laborers-Employers Cooperation & Educ. Trust (LECET)	Shena Link, slink@kylecet.com	https://kentuckykylecet.com/ https://www.liuna.org/why-work-with-liuna	Commercial and grid-scale solar projects performed by unionized contractors	Access to skilled workers; compliance w/prevailing wage & app. utilization required for 30% tax credits on projects 1 MW or above; assist w/local permits and accessing credits—e.g., registering the project with the IRS & filing for credits after the project is operational.
IBEW	Aaron Brown, aaron_brown@ibew.org	https://poweryourcommunity.org/	Large-scale renewable energy projects built by skilled union workers	Collaboration with developers & community leaders to ensure renewable projects are built safely & on time w/local skilled union labor; assistance w/local permits & accessing IRA credits