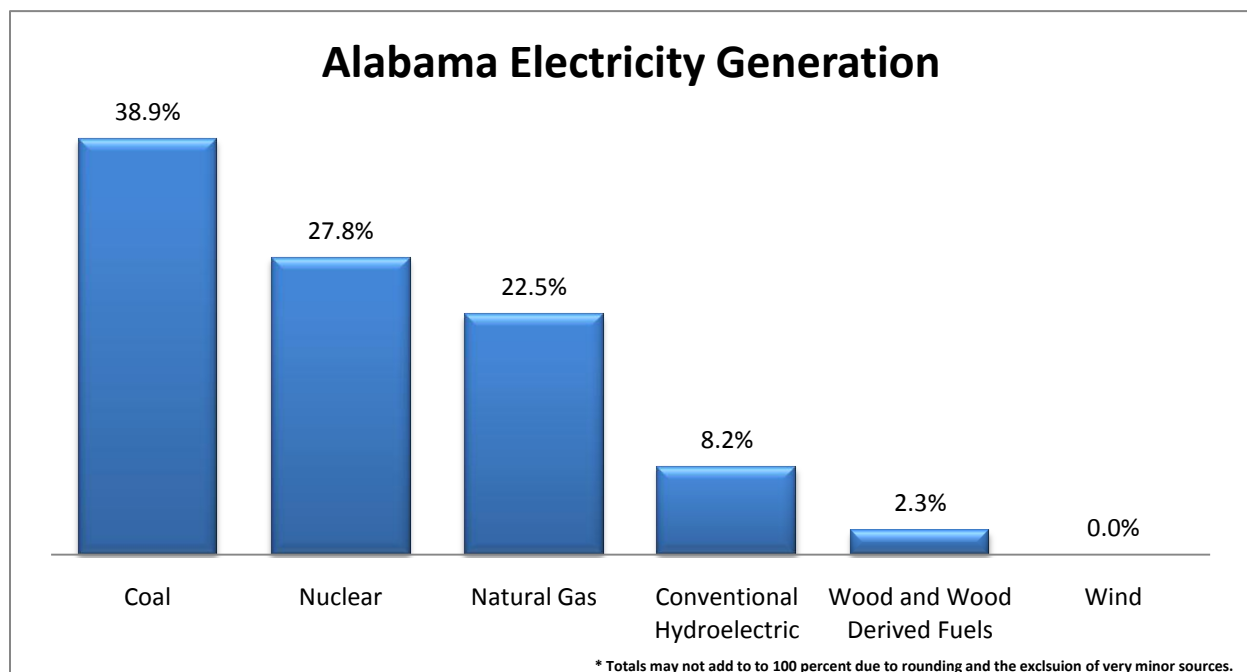


# Alabama Energy Facts

Alabama – Select Economic and Energy Data <sup>†</sup>		State Rank
Real Gross Domestic Product, per capita	\$29,411	7th lowest
Unemployment	11.1%	10th highest
Gasoline Price, per gallon	\$2.71	13th lowest
Electricity Price, per kWh	8.81¢	25th highest

Alabama enjoys some of the most affordable gasoline prices in the country and has lower than average electricity prices. The state's gasoline prices are due in large measure to the state's many oil refineries and its proximity to the major oil producing and refining operations in the Gulf of Mexico. Almost forty percent of Alabama's electricity is generated from coal, most of which is shipped from Wyoming, Kentucky, and West Virginia. Alabama's two nuclear power plants provide more than a quarter of the state's electricity.



Alabama has substantial natural gas reserves as well as large coal deposits. The state also has significant hydroelectric potential and is one of the top hydroelectric-generating states east of the Rocky Mountains.

## Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Alabama's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Fortunately for the citizens of Alabama, the state has not imposed many of the regulations that other states have.

- **Alabama does not cap** greenhouse gas emissions.
- **Alabama is not a member** of a regional agreement to cap greenhouse gas emissions.
- **Alabama does not require** utilities to sell a certain percentage of electricity from renewable sources.
- **Alabama does not require** gasoline to be mixed with renewable fuels.
- **Alabama does not impose** automobile fuel economy standards similar to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Alabama does not require** new residential and commercial buildings to meet energy efficiency standards. New state government buildings, however, must meet the 2006 International Energy Conservation Code (IECC).<sup>1</sup> The IECC, developed by the International Code Council, is a model code that mandates certain energy efficiency standards.
- **Alabama does not impose** state-based appliance efficiency standards. However, all new or replacement equipment purchased by state agencies must be Energy Star certified, when cost effective.<sup>2</sup>
- **Alabama does not allow** utilities to "decouple" revenue from the sale of electricity and natural gas. Some states decouple revenue from actual sales, allowing utilities to increase their revenue by selling less electricity and natural gas.

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<sup>†</sup>Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), [http://www.bea.gov/newsreleases/regional/gdp\\_state/gsp\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm); Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), [http://www.eia.doe.gov/cneaf/electricity/epm/table5\\_6\\_b.html](http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html); Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, [http://www.eia.doe.gov/cneaf/electricity/epa/generation\\_state\\_mon.xls](http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls).

<sup>1</sup> Database of State Incentives for Renewables and Efficiency, Alabama State Energy Code for Buildings, [http://www.dsireusa.org/incentives/incentive.cfm?Incentive\\_Code=AL03R&re=0&ee=1](http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=AL03R&re=0&ee=1).

<sup>2</sup> Ala. Exec. Order No. 33 (May 10, 2006), <http://www.governorpress.alabama.gov/pr/ex-33-2006-05-10.asp>.