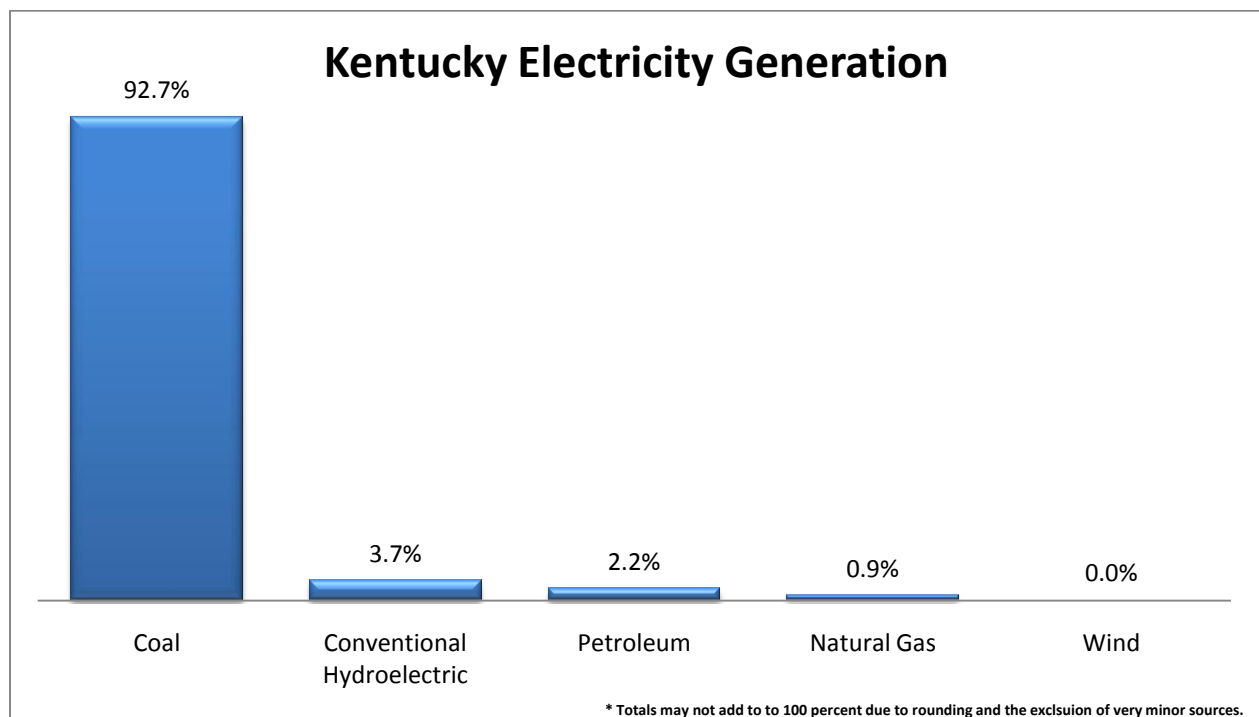




Kentucky Energy Facts

Kentucky – Select Economic and Energy Data [†]		State Rank
Real Gross Domestic Product, per capita	\$29,740	8th lowest
Unemployment	10.9%	11th highest
Gasoline Price, per gallon	\$2.72	16th lowest
Electricity Price, per kWh	6.5¢	3rd lowest

Kentucky enjoys some of the most affordable electricity in the nation. In large measure, the low price results from Kentucky's producing more than 90 percent of its electricity by coal.



Nearly one-third of all coal mines in the United States are found in Kentucky. The state accounts for about one-tenth of the country's coal production and is the third-largest producer of coal among the states. Kentucky delivers about three-fourths of the state's coal production to more than two dozen other states. Kentucky produces some natural gas, less than 1 percent of total U.S. production, but most of the natural gas in Kentucky arrives in pipelines from the Gulf Coast.

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 Kentucky's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Kentucky has thus far avoided many of the costly energy policies other states are implementing.

- **Kentucky does not cap** greenhouse gas emissions.
- **Kentucky is not a member** of a regional agreement to cap greenhouse gas emissions.
- **Kentucky does not require** utilities to sell a certain percentage of electricity from renewable sources.
- **Kentucky does not require** gasoline to be mixed with renewable fuels. However, reformulated motor gasoline blended with ethanol is required in the Louisville metropolitan area and the Cincinnati metropolitan area.¹
- **Kentucky does not impose** automobile fuel economy standards similar to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Kentucky requires** new residential and commercial buildings to meet energy efficiency standards. The Kentucky Residential Code is based on the 2006 International Energy Conservation Code (IECC) and 2006 International Residential Code (IRC). The Kentucky Building Code, for commercial buildings, is based on the 2006 IECC and 2006 International Building Code (IBC).² The IECC, IRC, and IBC, all developed by the International Code Council, are model codes that mandate certain energy efficiency standards. House Bill 2, enacted in 2008, requires all public buildings for which at least 50 percent of the total capital cost is paid by the state to be renovated or designed to meet energy efficiency standards. New buildings must achieve certification from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) standards. Larger and more expensive projects are generally held to a higher LEED standard.³
- **Kentucky does not impose** state-based appliance efficiency standards. New products purchased for state buildings must meet Energy Star standards.
- **Kentucky 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.

[†] 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; 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; Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls.

¹ Energy Information Administration, *Kentucky*, Apr. 8, 2010, http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=KY.

² Database of State Incentives for Renewables and Efficiency, Kentucky Building Energy Codes, http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=KY09R&re=1&ee=1.

³ Database of State Incentives for Renewables and Efficiency, Kentucky Energy Efficiency Program for State Government Buildings, http://dsireusa.org/incentives/incentive.cfm?Incentive_Code=KY11R&re=0&ee=1.