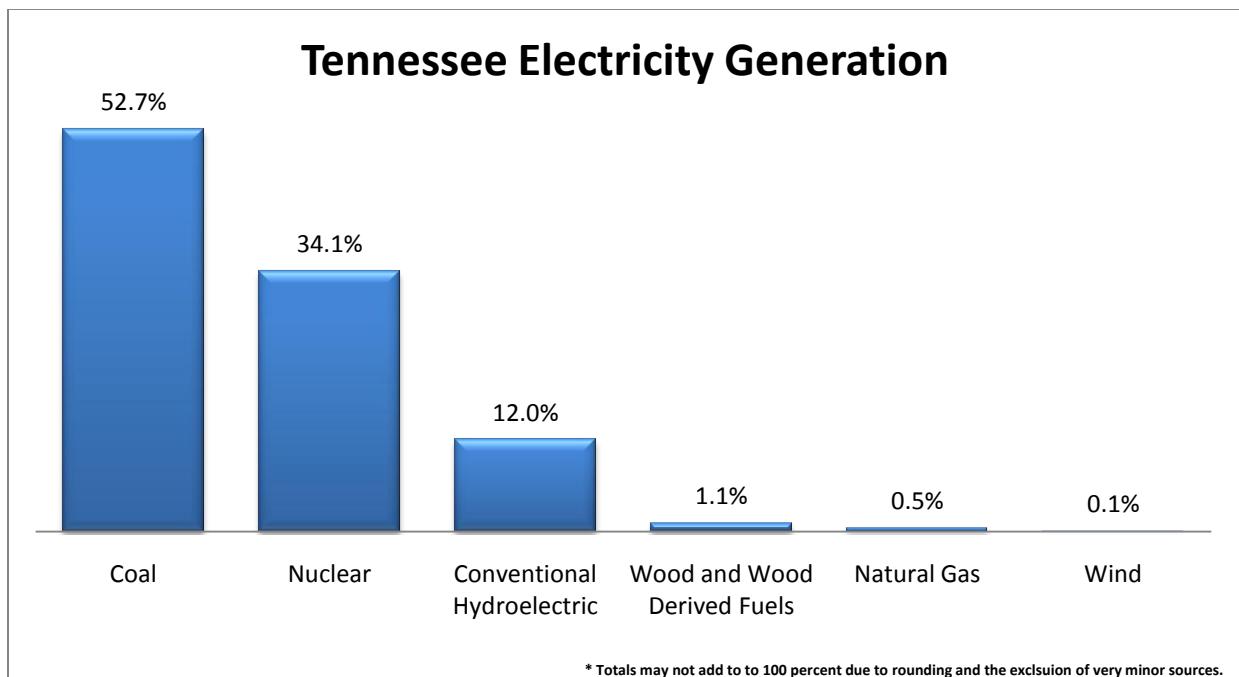




Tennessee Energy Facts

Tennessee – Select Economic and Energy Data [†]		State Rank
Real Gross Domestic Product, per capita	\$33,825	20th lowest
Unemployment	10.7%	13th highest
Gasoline Price, per gallon	\$2.68	6th lowest
Electricity Price, per kWh	8.66¢	24th lowest

Tennessee has below average electricity prices (12 percent below the national average). The majority of Tennessee’s electricity is produced by coal. Tennessee is one of the top hydroelectric-generating states east of the Rocky Mountains, producing 12 percent of its electricity from hydroelectric power. Tennessee generates over 30 percent of its electricity from nuclear power.



Tennessee does not have large energy reserves. It has minor coal reserves but primarily uses coal imported from Kentucky, Wyoming, West Virginia, Virginia, Illinois, and Colorado. The state is one of the leading nuclear power states in the country, with two nuclear power plants. The Watts Bar Nuclear Power Plant, which began commercial operation in 1996, is the newest nuclear reactor in the country. Non-hydroelectric renewables, primarily wood and wind, together contribute just over one percent of the state’s generation. Tennessee also produces ethanol and has the second highest production in the south behind Texas.

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

- **Tennessee does not cap** greenhouse gas emissions.
- **Tennessee is not a member** of a regional agreement to cap greenhouse gas emissions.
- **Tennessee does not require** utilities to generate from renewable sources a certain percentage of the electricity that they sell.
- **Tennessee does not require** gasoline to be mixed with renewable fuels.
- **Tennessee does not impose** automobile fuel economy standards similar to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Tennessee does not require** new residential and commercial buildings to meet energy efficiency standards.
- **Tennessee does not impose** state-based appliance efficiency standards. However, Senate Bill 2300, enacted in 2009, requires state agencies to purchase Energy Star-qualified office equipment, appliances, lighting, and heating and cooling products and systems in the future.¹
- **Tennessee 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 S.B. Bill 2300 (Tenn. 2009), <http://www.capitol.tn.gov/Bills/106/Chapter/PC0529.pdf>.