

Governor Beshear unveils first-ever comprehensive energy plan

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Plan strives for 20 percent cut in greenhouse gas emissions; increased coal research; and creation of 40,000 jobs in the energy sector

FRANKFORT, Ky. – Proclaiming Kentucky’s place as a national leader, Gov. Steve Beshear was joined today by Energy and Environment Cabinet Sec. Len Peters as he unveiled the state’s first-ever comprehensive energy plan, which calls for significant reductions in greenhouse gas emissions while creating some 40,000 jobs tied to energy production and conservation between now and 2025.

“Kentucky can be a national leader in energy technology and production,” Gov. Beshear said in unveiling his nearly 150-page plan, titled “Intelligent Energy Choices for Kentucky’s Future.” “We can help the country move toward greater energy self-reliance. I intend to put us on such a path.”

Toward that end, Gov. Beshear said the new energy plan builds on the efforts of state legislators – such as Rep. Rocky Adkins and Sen. Robert Stivers – who in recent years have crafted legislation designed to invest more in technology, research and energy production. Beshear said the plan, which he charged Sec. Peters to develop when he established the Energy and Environment Cabinet and appointed him secretary, is a framework for future initiatives as well as more discussion. The plan centers on seven primary strategies:

1. Improve the energy efficiency of Kentucky’s homes, buildings, industries and transportation fleet;
 2. Increase Kentucky’s use of renewable energy;
 3. Sustainably grow Kentucky’s production of biofuels;
 4. Develop a coal-to-liquids industry in Kentucky to replace petroleum-based liquids;
 5. Implement a major and comprehensive effort to increase gas, including coal-to-gas in Kentucky;
 6. Initiate aggressive carbon capture/sequestration projects for coal-generated electricity in Kentucky;
- and
7. Examine the use of nuclear power for electricity generation in Kentucky.

Specifically, the plan calls for a 20 percent reduction from 1990 levels in greenhouse gas emissions by 2025. Moreover, that is a 50 percent reduction from emission levels if Kentucky continues on its current pace of electricity and energy production, a pace that would require a dramatic increase in both production and demand.

While coal and other fossil fuels must and will remain central to the state’s energy production needs, the plan calls for diversification, conservation and efficiency to reduce demand, and an increasing reliance on renewable and alternative sources. Beshear said these are critically important steps that must be undertaken for Kentucky’s economic, energy and environmental success and security.

An element of that diversification effort is to explore the potential of nuclear power, already utilized in a majority of states, including some bordering Kentucky.

Significantly, the plan proposes the creation of Kentucky's first Renewable and Efficiency Portfolio Standard (REPS) to promote greater energy efficiency, conservation and use of renewable resources. In addition, the plan calls for the creation of an Alternative Transportation Fuel Standard (ATFS) that will help Kentucky transition away from dependence on foreign petroleum.

By 2025, the plan for the REPS contemplates that 25 percent of Kentucky's energy needs should be provided by greater efficiency, conservation and use of renewable and alternative energy sources, such as wind and solar power and biofuels.

Those percentages are largely in line with the energy plan being proposed by President-elect Barack Obama, who has pledged to make energy a centerpiece of his administration.

"The choice we face is to take no action and see large price increases in energy with limited economic security," Gov. Beshear said, "or to take prudent actions now for a better chance at smaller price increases, as well as increased economic security."

Another pillar of the plan is greatly expanded research into carbon capture and sequestration, as well as the development of a large coal-to-liquids industry. The plan proposes a goal of 50 million tons of coal used per year to produce 4 billion gallons of liquid fuel per year by 2025.

In addition, by 2025, the plan proposes that Kentucky evaluate and deploy technologies for carbon management for use in 50 percent of coal-based energy applications.

Taken together, these initiatives – among others – can lead to the creation of 30,000 to 40,000 new Kentucky jobs "as a result of a booming diversified energy sector," Gov. Beshear said.

As the economy for both the state and nation faces huge challenges, Beshear said Kentucky's emergence as a leader in energy is a critically important economic strategy.

The state faces a projected shortfall in this budget year of some \$300 million, according to internal estimates. The Consensus Forecasting Group, a team of outside, independent economists expected to issue a formal report on Nov. 21, has said that shortfall could be even worse.

Gov. Beshear said that in both the short-and-long-term, energy can and must play an important role in helping the economy recover at both the state and national levels.

"For Kentucky to be a national leader, we must fully integrate the development of our energy resources with our mission to protect the environment," he said. "The seven strategies, when implemented, will restructure our energy portfolio so that we can use energy in its broadest sense – as a tool for economic development and preserving our environment – which Kentucky desperately needs."