States' Biofuels Statutes

STATE OF KENTUCKY

This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit States' Biofuels Statutory Citations. These statutes are placed in reverse chronological order using the date of the most recent amendment to the statute. Many biofuels laws were enacted as amendments to previously passed laws.

Current through the 2013 Legislative Session of the Kentucky General Assembly.

152.710 Legislative findings and determinations

The General Assembly finds and determines that:

(1) The United States currently imports almost sixty percent (60%) of its petroleum needs, and nearly half of these imports come from highly unstable regions and countries. It is projected that this percentage will grow to over seventy percent (70%) by 2025 unless the United States changes its policy on producing liquid fuels;

(2) Events in the Middle East, Africa, and South America, coupled with China's efforts to secure world oil reserves and production facilities, demonstrate that increasing reliance on foreign sources of petroleum threatens the homeland security of the United States. America's military is increasingly looking at the potential of alternate liquid fuels produced from fossil energy resources or agricultural materials as a reliable, secure source of fuel;

(3) Petroleum imports are the single largest cause of the nation's negative balance of trade with the rest of the world and are a major cause of inflation and economic slowdown;

(4) Experts project that world oil prices will remain very high because production is at or near its peak while world demand for oil is increasing rapidly. This increase in demand is due largely to economic growth in developing nations, especially China, where oil demand grew by twenty percent (20%) in 2004 and is expected to grow by a similar amount in 2005;

(5) The price of crude oil is the major factor driving up prices for gasoline, as well as for oil used for home heating in addition to commercial and industrial purposes. Natural gas for home heating and other purposes has been driven to record-high prices as a result of supply constriction and increased demand from the industrial sector;

(6) Technologies have long existed for producing transportation fuels from indigenous fossil and

biomass energy resources in the United States, and research has demonstrated that coal-based alternate fuel technologies are cost-effective when the world price of petroleum exceeds thirty-five dollars ($35) per barrel;

(7) The United States has trillions of tons of indigenous fossil energy resources and agricultural capacity that rival total worldwide conventional oil reserves. These domestic resources are capable of producing alternate transportation fuels sufficient to make the United States independent of foreign petroleum imports. Kentucky has hundreds of years of fossil energy resources, and the Commonwealth's agriculture produces substantial biomass materials for production of premium-quality liquid transportation fuels;

(8) The development of an alternate transportation fuels industry in the United States will create long-term reliable demand for Kentucky's energy and agricultural resources, stabilizing both the energy industries and the agriculture community;

(9) Coal-based alternate transportation fuel technologies are capable of producing environmentally superior transportation fuels from near-zero-emission plants with removal or capture of virtually all pollutants, including sulfur dioxide, nitrous oxides, mercury, and carbon dioxide, and from biomass-based technologies that are very environmentally positive. The United States can set an example for the world by implementing these technologies, and Kentucky is poised to lead the way;

(10) Coal-based technologies in the United States are capable of producing pipeline-quality natural gas and industrial-quality natural gas at prices which are below current annual market prices for natural gas;

(11) Kentucky's universities have for several decades been among the leading entities in the United States doing research on transportation fuels from coal and oil shale. The Kentucky Department of Agriculture has provided support relating to development of transportation fuels from Kentucky agricultural materials;

(12) Although developing an alternate fuels industry capable of reducing America's dependence on foreign sources of petroleum requires the large-scale financial and technical resources of the federal government and private industry, only government and industry in the states can ensure the most efficient and productive on-site joining of technologies, energy resources, and industrial and transportation infrastructure;

(13) The economic, national security, and environmental advantages of establishing thriving domestic alternative liquid fuels and synthetic natural gas industries vastly outweigh the development costs. In contrast, doing little or nothing subjects America to continued and repeated energy supply disruptions and to potentially severe economic consequences;

(14) Embarking on a national mission to achieve energy security and move toward liquid and synthetic fuels independence will not only reduce risk and lower oil prices, natural gas prices, and oil price volatility, it will also facilitate an industrial rebirth, create jobs, foster new technology, and enhance economic growth; and

(15) Kentucky, through its universities, has done the research and testing of these environmentally responsible alternative liquid fuel technologies. Kentucky has the natural resources to be the leader in achieving energy security and independence for the United States.

Credits: HISTORY: 2006 c 184, § 1, eff. 7-12-06

152.712 Department for Energy Development and Independence; duties; fees; funding; partnership and cooperative research initiatives

(1) The Department for Energy Development and Independence in the Energy and Environment Cabinet shall:

(a) Oversee the implementation of Kentucky's comprehensive energy strategy;

(b) Provide leadership to enhance the benefits of energy efficiency and alternative energy through supporting awareness, technology development, energy preparedness, partnerships, and resource development;

(c) Enhance the economic opportunities and benefits to Kentucky citizens and industry through expansion of current markets and the development of market opportunities for Kentucky coal, natural gas, petroleum, oil shale, tar sands, liquid and gaseous fuels from coal, and chemicals from coal;

(d) To the extent funding is available, administer grant programs to support energy-related research, development, and demonstration, including the support of multistate cooperative regional partnerships and research initiatives;

(e) Develop and implement programs for the development, conservation, and utilization of energy in a manner to meet essential human needs while maintaining the Kentucky economy at the highest feasible level. The programs shall include:

1. Central access for collection, maintenance, and analysis of data and information on all forms of energy supply, demand, conservation, and related subjects;

2. Formulation of a contingency plan to address any energy shortage which may occur from time to time. The contingency plan shall relate to the curtailment, allocation, planning, and management of all forms of energy;

3. Development and implementation of major energy conservation programs involving all sectors of the Kentucky economy, including energy audits of educational facilities and state-owned buildings; and

4. Provision for the application of appropriate technologies with regard to alternative energy development, including the development of solar and other renewable resources and small-scale hydroelectric plants, and promotion, when feasible, of the production of energy from other

resources such as solid waste and biomass;

(f) Provide technical assistance to the Finance and Administration Cabinet in implementing the Energy Efficiency in Government Buildings Program;

(g) Enter into agreements, administer grant programs, and serve as a liaison with the federal government and other states in matters relating to energy; and

(h) Participate in the review of applications and, upon request of the authority, assist the Kentucky Economic Development Finance Authority in monitoring tax incentive agreements as provided in Subchapter 27 of KRS Chapter 154.

(2) The department may establish reasonable application fees to offset costs associated with reviewing and processing applications, including costs associated with hiring outside consultants.

(3) The department is encouraged to use state funding available to it as a match for federal or private funding to increase the resources available to support energy research and development.

(4) The department is encouraged to explore and develop regional partnerships and cooperative research initiatives with other states and governmental entities to enhance resources available for energy research and development.

Credits: HISTORY: 2010 c 24, § 184, eff. 7-15-10; 2007 2nd ex s, c 1, § 37, eff. 8-30-07

152.713 Center for Renewable Energy Research and Environmental Stewardship; duties; membership and duties of board of directors

(1) For purposes of this section, "renewable energy" has the same meaning as in KRS 154.20-400.

(2) The Center for Renewable Energy Research and Environmental Stewardship is hereby created and attached to the Energy and Environment Cabinet for administrative purposes. The Energy and Environment Cabinet shall provide consultation, coordination services, technical assistance, and staff support to the board of directors created in subsection (4) of this section, on an as-needed basis, and perform other necessary administrative functions until the center is deemed fully operational. The secretary of the cabinet or his or her designee shall coordinate the development of the center and act as the chair of the board of directors created in subsection (4) of this section until the board is established and is operational.

(3) The Center for Renewable Energy Research and Environmental Stewardship shall:

(a) Provide leadership, research, support, and policy development in renewable energy;

(b) Advance the goal of renewable energy;

(c) Promote technologies, practices, and programs that increase efficiency in energy utilization in

homes, businesses, and public buildings;

(d) Emphasize energy policies that would result in cost-conscious, responsible development of Kentucky's energy resources and a commitment to environmental quality;

(e) Promote partnerships among the state's postsecondary education institutions, private industry, and nonprofit organizations to actively pursue federal research and development resources that are dedicated to renewable energy;

(f) Promote the continued development of public-private partnerships dedicated to promoting energy efficiency through education and outreach;

(g) Establish research priorities with approval of the board of directors created in subsection (4) of this section, relating to renewable energy, and develop procedures and processes for awarding research grants to eligible recipients as defined by the board and to the extent that funding is available;

(h) Collaborate with the Department for Energy Development and Independence to avoid duplication of efforts, provide appropriate data and information, and support the implementation of Kentucky's comprehensive energy strategy; and

(i) Carry out other activities to further the efficient and environmentally responsible use of renewable energy.

(4) (a) There is hereby created a governing board of directors to provide policy direction, establish a strategic research agenda and operating policies, and provide financial and operational oversight for the Center for Renewable Energy Research and Environmental Stewardship. The initial board shall be appointed within sixty (60) days following July 15, 2008.

(b) The board shall consist of thirteen (13) members:

1. One (1) member to represent the Department for Energy Development and Independence as designated by its commissioner;

2. Three (3) members representing postsecondary education interests who shall be appointed by the Governor;

3. One (1) member to be designated by the governing body of the Kentucky Science and Technology Corporation;

4. One (1) member from an energy conservation organization who shall be appointed by the Governor;

5. The secretary of the Economic Development Cabinet or the secretary's designee;

6. One (1) member who shall be a recognized consumer advocate to be appointed by the

Governor;

7. Three (3) members to represent companies that are focused on renewable energy who shall be appointed by the Governor;

8. One (1) member who shall represent environmental interests to be appointed by the Governor; and

9. One (1) member who shall be selected to represent local government interests to be appointed by the Governor.

(c) The members appointed by the Governor shall serve two (2) year terms and may be reappointed. The members representing specific agencies shall serve for as long as the respective agencies determine appropriate.

(5) The board shall:

(a) Adopt operating procedures, including a meeting schedule;

(b) Meet at least quarterly;

(c) Select a chair and co-chair annually who may be reelected, not to exceed three (3) consecutive terms;

(d) Establish working groups or subcommittees of the board as the board determines is needed;

(e) Establish qualifications and job descriptions, set the compensation and benefits, and employ staff as it determines necessary to carry out its responsibilities under this section; and

(f) Provide an annual program and financial report to the Legislative Research Commission within ninety (90) days of the close of each fiscal year.

Credits: HISTORY: 2010 c 5, § 19, eff. 2-25-10; 2010 c 24, § 185, eff. 7-15-10

152.714 Funding for preliminary facility site assessments, inventories, and other activities

From a list of potential sites developed by the Department for Energy Development and Independence and suitable for development of alternative fuel facilities, gasification facilities, or renewable energy facilities as defined in KRS 154.27-010, the Department for Energy Development and Independence may expend state funds for preliminary environmental and baseline assessments, inventories, and other activities on or for the potential sites in furtherance of environmental or other permitting required for the development of an eligible project.

Credits: HISTORY: 2010 c 24, § 186, eff. 7-15-10; 2007 2nd ex s, c 1, § 41, eff. 8-30-07

152.715 Definitions for KRS 152.710 to 152.720

As used in KRS 152.710 to 152.720, unless the context requires otherwise:

(1) "Alternative transportation fuels" means:

(a) Before August 1, 2010, crude oil or transportation fuels produced by processes that:

1. Convert coal, waste coal, or biomass resources; or

2. Extract oil from oil shale or tar sands;

to produce crude oil or fuels for powering vehicles, aircraft, and machinery; and

(b) On or after August 1, 2010:

1. Crude oil or transportation fuels produced by processes that:

a. Convert coal, waste coal, or biomass resources; or

b. Extract oil from oil shale or tar sands;

to produce crude oil or fuels for powering vehicles, aircraft, and machinery;

2. Liquefied or compressed natural gas produced for use as a transportation fuel; or

3. Liquefied petroleum gas produced from natural gas, natural gas liquids, or petroleum for use as a transportation fuel.

"Alternative transportation fuels" may include but are not limited to natural gas, petroleum, jet fuel, gasoline, diesel fuel, hydrogen derived from coal, and diesel fuel and ethanol derived from biomass;

(2) "Synthetic natural gas" means pipeline quality or industrial quality natural gas produced from coal through gasification processes;

(3) "Fossil energy resources" means reserves of coal, oil shale, and natural gas; and

(4) "Biomass resources" means any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees; wood and wood residues; plants, aquatic plants, and plant oils; grasses; animal fats and animal by-products; animal manure; residue materials; and waste products.

Credits: HISTORY: 2013 c 116, § 3, eff. 6-25-13; 2010 c 139, § 1, c 24, § 187, eff. 7-15-10; 2009 1st ex s, c 1, § 100, eff. 6-26-09; 2007 2nd ex s, c 1, § 38, eff. 8-30-07; 2006 c 184, § 2, eff. 7-12-06

152.720 Strategy for production of transportation fuels and synthetic natural gas from fossil energy resources and biomass resources

To ensure that Kentucky will lead the states in securing the energy independence of the United States and will consequently benefit from economic growth and stabilization of the Commonwealth's coal industry and agriculture, the Department for Energy Development and Independence shall develop and implement a strategy for production of alternative transportation fuels and synthetic natural gas from fossil energy resources and biomass resources. The strategy shall address:

(1) Technologies available or in use for producing alternative transportation fuels and synthetic natural gas from fossil energy resources and biomass resources and the relative advantages of these in terms of process efficiencies, environmental performance, and marketable products, including chemicals, industrial feedstocks, and electricity;

(2) Research, demonstration, and commercial-scale construction and operation of one (1) or more technologies, and follow-up expansion;

(3) The essential nature of efficient cooperation, coordination, and synergy between the efforts of the Department for Energy Development and Independence and those of Kentucky's public and private colleges and universities in order to maximize Kentucky's opportunities to access federal funds and to receive research grants and awards from federal and other sources to fund the development of clean coal technology, coal-to-liquid-fuel conversion, synthetic natural gas, alternative transportation fuels, and biomass resources;

(4) The identification of federal funds available for research, development, construction, and operation of alternative transportation fuels or synthetic natural gas plants at laboratory, demonstration, and commercial scale;

(5) Establishment of a major federal energy research laboratory in Kentucky;

(6) Industry participation, both by single firms and by consortia, in research, development, construction, and operation of alternative transportation fuels or synthetic natural gas plants;

(7) Establishment or expansion of Kentucky state government incentives for development, construction, or operation of alternative transportation fuels and synthetic natural gas production facilities, including but not limited to financial incentives, tax incentives, mandating or providing incentives for use of alternative transportation fuels and synthetic natural gas by state government, school districts, or utilities, authority to issue bonds, and acquisition and preliminary environmental assessment of industrial sites; and

(8) Development of incentives to encourage energy conservation and renewable fuel and energy use and deployment of renewable energy, including solar power, wind power, hydropower, and other sources.

Credits: HISTORY: 2013 c 116, § 4, eff. 6-25-13; 2010 c 24, § 188, eff. 7-15-10; 2007 2nd ex s, c 1, § 39, eff. 8-30-07; 2006 c 184, § 3, eff. 7-12-06