

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 3rd Meeting of the 2024 Interim

August 23, 2024

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Natural Resources and Energy was held on August 23, 2024, at 1:00 PM in Room 154 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jim Gooch Jr. Co-Chair; Senators Robby Mills, Adrienne Southworth, Johnnie Turner, Robin L. Webb, Phillip Wheeler, and Gex Williams; Representatives Jared Bauman, John Blanton, Adam Bowling, Myron Dossett, Ryan Dotson, Patrick Flannery, Chris Fugate, Al Gentry, DJ Johnson, Suzanne Miles, Tom Smith, Bill Wesley, and Richard White.

Guest: Rodney Andrews, Director of the Center for Applied Energy Research, University of Kentucky.

LRC Staff: Stefan Kasacavage, Kayla Carroway, Tanya Monsanto, and Rachel Hartley.

Approval of minutes for the meeting of July 18, 2024

A motion to approve the July minutes was made by Senator Mills and seconded by Representative Johnson. The minutes were approved by voice vote.

Update on the establishment of the Kentucky Nuclear Energy Development Authority and the Energy Planning and Inventory Commission

Representative Gooch stated legislation passed during the 2024 Regular Session established the Kentucky Nuclear Energy Development Authority (KNEDA) and the Energy Planning and Inventory Commission (EPIC). Governor Beshear had a deadline of July 1, 2024, to appoint members.

Rodney Andrews stated Governor Beshear is in the process of making appointments. Without the appointments, there is still progress being made with KNEDA and EPIC. The first round of funding via a quasi-endowment will be dispersed October 1, 2024. The

General Assembly provided \$20 million each year of the biennial budget. There are several companies that have expressed a strong interest in building a nuclear facility in Paducah, Kentucky. KNEDA will provide support for this endeavor.

EPIC has begun to determine the driving factors that will affect future energy demands. One of the driving factors is artificial intelligence, which will require a large amount of energy for computational capacity and data storage. EPIC will also study demand growth in the industrial and residential sectors as well as the impact of electric vehicles on the electric grid.

In response to Representative Gooch, Mr. Andrews stated energy demand will increase significantly, which will pose a risk to the reliability of the electric grid. Sufficient energy is needed to attract economic development projects.

In response to Representative Smith, Mr. Andrews stated the impact of eliminating coal-based energy would vary by state. Coal-fired generation accounts for 70 percent of Kentucky's energy generation, and 20 percent nationwide. Large scale nuclear facilities take time to permit, so new nuclear generation may not be available for another 10 years.

Representative Gooch stated the committee had previously received testimony that compliance costs related to the new federal rule on greenhouse gas standards for fossil fuel-fired power plants could cause electric utility rate increases of approximately 67 to 96 percent. Only two coal-fired power plants will be able to operate beyond 2030 due to the rule.

In response to Senator Mills, Mr. Andrews stated Governor Beshear will make appointments to KNEDA and EPIC soon. KNEDA and EPIC have different roles and will likely require separate staff.

In response to Representative Johnson, Mr. Andrews stated it is too early to determine if any additional legislation is needed.

Senator Turner stated he sent a letter to the Energy and Environment Cabinet (EEC) inquiring about the cabinet's timely issuance of Clean Water Act permits relating to coal mining. Representative Gooch stated the EEC is drafting a response.

Adjournment

There being no further business, the meeting was adjourned.