

1 AN ACT relating to electric generating units.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER
4 224 IS CREATED TO READ AS FOLLOWS:

5 *(1) If the United States Environmental Protection Agency develops carbon emission*
6 *standards and grants emission allowances to the Commonwealth of Kentucky*
7 *under 42 U.S.C. sec. 7411, the cabinet shall allocate ten percent (10%) of the*
8 *allowances to counties in which coal-fired electric generating units were retired*
9 *as a result of 42 U.S.C. sec. 7411. The cabinet shall determine whether 42 U.S.C.*
10 *sec. 7411 was a significant factor in the decision to retire the unit. In making the*
11 *determination, the cabinet shall consider:*

12 *(a) The remaining useful life of the electric generating unit;*

13 *(b) The future cost of generating electricity at the unit compared with the cost*
14 *of purchasing electricity or generating electricity from a new unit;*

15 *(c) Projected changes in the unit's electricity demand and customer base;*

16 *(d) Other factors affecting the financial condition of the utility that owns the*
17 *retired electric generating unit; and*

18 *(e) Any other factor the cabinet deems relevant.*

19 *(2) The emission allowances granted to each county as provided in subsection (1) of*
20 *this section shall be equal to the retired unit's contribution to the*
21 *Commonwealth's total carbon dioxide emissions from coal-fired plants in the*
22 *calendar year immediately preceding the year in which the unit is retired.*

23 *(3) This section applies to any coal-fired electric generating unit located in the*
24 *Commonwealth of Kentucky that is retired from service after 2010 and before*
25 *2026.*

26 *(4) Any utility as defined in KRS 278.010 receiving emission allowances pursuant to*
27 *the 42 U.S.C. sec. 7411 shall return fifty percent (50%) of its emission allowances*

1 to the ratepayers if the allowances equal its emissions. If a utility sells any of its
2 allowances, it shall return the proceeds of the sale to its ratepayers.