

1 AN ACT relating to energy.

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

3 ➔Section 1. KRS 353.804 is amended to read as follows:

- 4 (1) The division is authorized to seek primary jurisdiction and authority over matters  
5 relating to the geologic storage of carbon dioxide in the Commonwealth once these  
6 programs have been developed at the federal level.
- 7 (2) The cabinet shall seek one (1) to five (5) demonstration projects for location in the  
8 Commonwealth. Projects shall be approved by the secretary or a designee. To be  
9 approved, a project shall inject carbon dioxide into pore space that contains no  
10 economically recoverable minerals at the time of the injection and shall:
- 11 (a) Incorporate carbon storage or integrate carbon capture and storage  
12 technology; or
- 13 (b) Be a carbon capture and storage project that is associated with a project that  
14 has otherwise qualified and been approved for incentives under KRS 154.27-  
15 010 to 154.27-090, the Incentives for Energy-related Business Act.
- 16 (3) Within eighteen (18) months of obtaining approval of a demonstration project from  
17 the cabinet, the applicant shall file the necessary application for a Class V well with  
18 Region 4, United States Environmental Protection Agency (USEPA), The applicant  
19 must begin work on the demonstration project within eighteen (18) months of the  
20 date the Class V well permit is granted by the USEPA. The applicant may request  
21 an extension of time from the cabinet. If the requirements of this subsection have  
22 not been met within the time allowed and the cabinet has not granted an extension  
23 of time, the cabinet may revoke its approval of the demonstration project.
- 24 (4) The cabinet shall provide testimony on the program's development annually~~;~~  
25 ~~beginning in 2012,~~ at meetings of the Interim Joint Committee on Natural  
26 Resources and ~~Environment and the Special Subcommittee on~~ Energy unless the  
27 co-chairs of the committee~~committees~~ direct otherwise. The testimony shall

1 include specific recommendations for legislative action, including necessary  
2 appropriations.

3 ➔Section 2. KRS 353.812 is amended to read as follows:

- 4 (1) The secretary of the cabinet shall take affirmative steps to initiate discussions with  
5 surrounding states to develop a coordinated and unified approach to subsurface  
6 migration of stored carbon dioxide and may enter into reciprocal agreements with  
7 states that share a border with Kentucky that:
- 8 (a) Affirm that accidental or unforeseen migration of subsurface stored carbon  
9 dioxide across state lines shall not be treated by the states as trespass;
  - 10 (b) Provide a mechanism for resolution and compensation for unforeseen  
11 migration incidents, including necessary monitoring arrangements to track or  
12 arrest future migration; or
  - 13 (c) Establish a process whereby reservoirs that cross state lines can be created  
14 where it is geologically and mutually advantageous to do so.
- 15 (2) The cabinet shall report to the Governor and the Legislative Research Commission  
16 on the progress of discussions held under this section. The report shall be presented  
17 in writing and through testimony to the ~~{Special Subcommittee on Energy and the~~  
18 ~~{Interim Joint Committee on Natural Resources and *Energy*{Environment}}~~ annually  
19 unless the *co*-chairs of *the committee*~~{these committees}~~ direct otherwise. Reporting  
20 shall begin in 2012 and continue until the cabinet is satisfied that all necessary  
21 agreements have been reached and has reported that conclusion.