

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

## Media Excerpts: A snapshot of state and national energy issues\*

### LEED for Existing Buildings Tech. Review Workshop

Louisville, KY – December 6, 2006

**Fletcher, legislature to look at fuel costs.** Heading into an open 2007 legislative session -- the first in five years that won't focus on passing a budget -- lawmakers and Gov. Ernie Fletcher say they plan to tackle ways to keep power costs cheap while encouraging cleaner energy production. Now is the time for Kentucky to step up its efforts, Fletcher told a group of 130 energy industry officials on November 28 at an energy efficiency summit in Lexington. "I think because of the low cost of energy we haven't focused on efficiency as we should," Fletcher said, emphasizing Kentucky's low electricity rates. Fletcher said afterward that his administration is in the early stages of crafting legislation that would provide incentives for businesses to conserve more power. "We also want to provide incentives for clean coal technology" for power plants, he said. "That will do two things. It will help jump-start our energy companies that would have to recoup that investment by raising rates, and allow them to get that new technology to reduce the emissions." Traditional coal-fired power plants -- even with the latest technologies -- still release greenhouse gases into the air. Kentucky is among the top 10 states for emissions of sulfur dioxide, nitrogen oxide and carbon dioxide, according to the federal Energy Information Administration. ("Fletcher, legislature to look at fuel costs," *Herald-Leader*, 11/29/06)

**Air quality, local economy to benefit from \$200 million project at power plant.** A \$200 million project just under way at Kentucky Utilities' E.W. Brown plant on Herrington Lake has as its goal to clean up the coal-fired emissions. It is expected to take three years to install equipment that will remove, or scrub, sulfur dioxide from emissions generated by the plant. And it's going to take lots of workers - 400 or more - to get the job done. Mercer County Judge-Executive John Trisler estimates that the county will take in more than \$120,000 in payroll taxes over the life of the project and that is just the beginning of the economic boost the project is expected to provide. The most obvious benefits will be to those who provide the most normal of human needs. All the workers will have to live somewhere and some may move here with their families, at least for the short-term. The demand for apartments and rental properties should be high. ("Air quality, local economy to benefit from \$200 million project at power plant," *Danville Advocate-Messenger*, 11/26/06)

**JCPS buses to use biodiesel.** Beginning December 1, 2006, all 1,056 school buses operating in the Jefferson County Public Schools (JCPS) bus fleet will utilize Biodiesel in their fuel tanks. On November 13, 2006, the Jefferson County Board of Education approved a new transportation fuel contract, which will see a two percent blend of the renewable fuel in every gallon. Biodiesel, a renewable fuel produced from vegetable oil or animal fat, is biodegradable and non-toxic. JCPS uses over 2.5 million gallons of fuel annually and transports the 19th largest student population in the nation. ("JCPS buses to use biodiesel," *JCPS Press Release*, 11/21/06)

**Ethanol fuels corn prices.** The ethanol industry's growing appetite for corn has pushed prices for the grain to their highest levels in a decade amid a surge that agricultural experts say could lead farmers next spring to plant their largest corn crop in 60 years. Farmers who plant more corn in 2007, however, will be betting that the nation's burgeoning ethanol industry won't go bust and oil prices stay high, keeping up demand for corn for ethanol, said Chris Hurt, a Purdue University agricultural economist. "It's a wonderful time for corn producers. They're extremely excited but they're also apprehensive because they've seen booms before and they don't last," he said. "That tends to be nature of agriculture." More than 150 U.S. ethanol plants are either under construction, planned or in operation and market forces are pushing up demand for corn. A bushel of corn yields about 2.5 gallons of ethanol. With a growing amount of corn being diverted from food products and livestock feed toward ethanol production, that's boosted per-bushel prices about \$1 since mid-September. ("Ethanol fuels corn prices," *Cincinnati Enquirer*, 11/29/06)

**Your utility may offer free or low-cost energy audits that can help you find ways of cutting your heating and cooling bills.** Kermit the Frog should love it. Everybody wants to be green. Now it's the real-estate industry, out to save energy, save the planet and save money for their clients. With only a little effort, you can find green brokers, green homes, green contractors, even green mortgages. Top that off with green tax credits and you, too, might acquire a tint. Commerce follows the Zeitgeist. Some greenies are moved by conscience, others by fears of rising energy costs. In numbers, they're still a niche market, but their influence is pushing into the mainstream. Here's where the green grass grows: ("Making Your Grass Greener," *MSNBC/Newsweek*, 12/4/06 issue)

**Energy use can be cut by efficiency, survey says.** The growth rate of worldwide energy consumption could be cut by more than half over the next 15 years through more aggressive energy-efficiency efforts by households and industry, according to a study by the McKinsey Global Institute. The energy savings, the report said, can be achieved with current technology and would save money for consumers and companies. The McKinsey report offers a long list of suggested steps, including the adoption of compact fluorescent light bulbs, improved insulation on new buildings, reduced standby power requirements, an accelerated push for appliance-efficiency standards and the use of solar water heaters. Those moves, among others, could reduce the yearly growth rate in worldwide energy demand through 2020 to six-tenths of a percent, from a forecast annual rate of 2.2 percent, the report concluded. To take advantage of the energy-saving opportunities, some product standards would have to be tightened and some policy incentives changed. Current regulations and fuel subsidies, for example, often favor consumption over efficiency. But many steps are not taken, the report said, because energy users lack information or do not value efficiency enough to change their buying habits. ("Energy Use Can Be Cut by Efficiency, Survey Says," *New York Times*, 11/29/06)

*These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.*

## Kentucky Retail Fuel Prices (Dollars per gallon)

Product	11/29/06	11/21/06	11/15/06	11/08/06	Year Ago
Propane	1.966	1.956	1.954	2.247	2.039
Heating Oil	2.260	2.262	2.272	1.946	2.227
Gasoline (State avg.)	2.204	2.187	2.169	2.142	2.007
Ashland	2.234	2.265	2.225	2.193	2.112
Covington	2.230	2.228	2.231	2.189	2.045
Lexington	2.225	2.210	2.164	2.148	1.976
Louisville	2.231	2.201	2.129	2.147	1.969
Owensboro	2.109	2.106	2.119	2.030	1.951
Diesel (State avg.)	2.543	2.541	2.540	2.505	2.515
Ashland	2.549	2.561	2.573	2.566	2.494
Covington	2.604	2.603	2.577	2.561	2.692
Lexington	2.603	2.592	2.595	2.528	2.561
Louisville	2.583	2.580	2.573	2.537	2.574
Owensboro	2.475	2.659	2.494	2.522	2.505

**Note:** The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

**Source:** Propane and Heating Oil: [KDRE3/EIA Survey](#)

Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

## Wholesale Fuel Prices

Spot Prices	11/29/06	11/21/06	11/15/06	11/08/06	Year Ago
Crude Oil (Dollars per barrel) West Texas Intermediate, fob	62.47	58.03	58.77	58.94	57.33
Natural Gas (Dollars per MMBtu) Henry-Hub	7.750	7.580	7.470	7.000	11.730

**Source:** [Oilenergy.com](http://Oilenergy.com)

Futures		Dec-06	Jan-07	Feb-07
Crude Oil (Dollars per barrel) Light Sweet Crude Oil	11/29/06	-	62.46	63.82
	11/21/06	-	60.17	61.54
	11/15/06	58.76	60.72	62.14
Natural Gas (Dollars per MMBtu) Henry-Hub	11/29/06	-	8.871	8.900
	11/21/06	7.988	8.437	8.492
	11/15/06	8.120	8.570	8.615
Propane (Cents per gallon)	11/29/06	100.40	100.90	100.25
	11/21/06	94.75	95.75	94.85
	11/15/06	96.50	97.00	96.60
Coal (Dollars per ton) Central Appalachian	11/24/06	41.00	-	-
	11/17/06	39.00	-	-
	11/10/06	41.50	-	-

**Source:** [NYMEX closing price](#) and [EIA Coal Futures](#)

## For more information, contact John Davies, Governor's Office of Energy Policy:

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