

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Senate approves cut in ethanol subsidies

The Senate on Thursday approved an amendment that would end tax credits for ethanol that refiners blend into motor fuel in a vote closely watched as a sign of whether Congress can muster consensus on tax issues in the face of massive deficits. In a 73-to-27 vote, the Senate backed an amendment by Sens. Dianne Feinstein (D-Calif.) and Tom Coburn (R-Okla.) that would abruptly eliminate the tax credits, which cost the federal government about \$6 billion a year, on July 1. In addition to ending a 45-cent-a-gallon subsidy, the amendment would eliminate the 54-cent-a-gallon protective tariff that discourages imports. The victory could prove symbolic since the amendment is attached to the Economic Development and Revitalization Act, which has little chance of winning final approval in the Senate. (The Washington Post, June 16, 2011)

Duke Energy efficiency programs expanding

The state Public Service Commission this week approved an expansion of Duke Energy Kentucky's energy-efficiency programs. The commission approved Duke's plan to continue 11 existing programs as well as add a new one called Residential Smart Saver in cooperation with the Kentucky Housing Corp., according to a PSC news release. The program will offer incentives of as much as \$250 to cover part of the cost of items like air sealing, attic insulation, duct sealing, and tuneups for air conditioning and heat pumps. The incentives also will be available for the installation of high-efficiency heat pumps or air conditioners in homes. The program won't have income limits. Instead of the incentives, Duke will provide direct installation of energy efficiency options for low-income customers. (The Herald-Leader, June 10, 2011)

Could wind power be on the horizon?

Some people view them as environmentally-friendly alternative fuel resources which could help the nation reach energy independence. Still others view them as ugly structures which mar the landscape and contribute to noise pollution. No matter the view, industrial wind turbines could become a part of the local scene over the next several years. A spokesperson for NextEra Energy Resources, a Florida-based company, confirmed recently that a study is currently under way to see if wind turbines would be feasible in Mason County, Mary Wells of NextEra said the study is in the very early stages and could or could not lead to the placement of wind turbines in Mason County. At least two test meteorological towers have been placed locally to test wind resources, Wells said. She said she wasn't sure of the location of the test towers but did say it takes at least a year of testing before a decision is made on the viability of a site, based on the results. "It's very early in the process," Wells said. If the sites prove there are enough wind resources for the turbines, then it would take several years before the devices were placed and in operation, she said. (The Ledger Independent, June 12, 2011)

Dingell rallies 2 dozen Dems to ask for extension on power plant rules

A group of 27 House Democrats, led by former House Energy and Commerce Chairman John Dingell (D-Mich.), is asking U.S. EPA to give utilities and the public an extra two months to comment on a proposal that would order coal-fired power plants to spend billions of dollars per year to control their toxic emissions. Dingell, a 29-term congressman who was himself one of the architects of the Clean Air Act, said the plan to cut emissions of chemicals such as mercury, acid gases and heavy metals is "unparalleled in its size and scope" among the toxic pollution rules that have been crafted under the law. It would have "wide-reaching impacts on the way our country generates and consumes electricity," he wrote in a letter that was dated Friday and made public this morning. Along with his colleagues, Dingell is asking EPA to extend the comment period for the rule -- which was unveiled in mid-March and formally published in the Federal Register in early May -- from July 3 to Sept. 1. (E.E. News, June 14, 2011)

Kentucky will raise state gasoline tax by 1.9 cents a gallon on July 1

As gasoline prices fluctuate, the state is getting ready to charge motorists 1.9 cents more for a gallon of gas at the pumps. The tax increase, effective July 1, is the result of a 1980 law that ties the state's gas tax to the average wholesale price of gasoline. The law took effect 31 years ago amid concerns that skyrocketing gas prices would cause people to buy less, which would mean less money for the state's Road Fund, which pays for road projects. Greg Harkenrider, acting deputy executive director for the Governor's Office for Policy Research, said a survey in April showed an increase in the wholesale price of gasoline. Consequently, the state will raise its overall tax rate from 25.9 cents a gallon to 27.8 cents a gallon. He said Kentucky's total tax rate on gasoline has three components: variable rate, supplemental rate and an underground-storage tax. The variable rate is what will change July 1, from 19.5 cents to 21.4 cents a gallon. It often changes, but this is one of the bigger changes. State Transportation Cabinet spokesman Chuck Wolfe noted that it rose 0.3 cents in January. (The Herald-Leader, June 14, 2011)

Lextran unveils new 'green' buses

LexTran unveiled seven energy-efficient new buses Wednesday. Two operate on hybrid electric technology, and the five others run on diesel-powered engines that adhere to the 2010 Clean Air Act, featuring an additional air scrubber that produces cleaner exhaust emissions. Jill Barnett, spokeswoman for Lexington's public transportation agency, said the new buses were part of LexTran's efforts to "go green," coupled with the agency's need for new buses. There are more than 70 buses in the fleet. A bus lasts about 12 years, Barnett said. The money for the buses came from a \$2.94 million 2009 earmark from U.S. Sen. Mitch McConnell. Barnett said LexTran's goal is to eventually buy more hybrids. For now, buying some hybrid and some diesel-powered buses with the grant allowed LexTran to buy more buses at one time. (The Herald-Leader, June 16, 2011)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	6/17/2011	6/9/2011	6/2/2011	5/26/2011	Year Ago
Gasoline (State avg.)	3.59	3.701	3.718	3.745	2.675
Ashland	3.621	3.77	3.824	3.868	2.745
Covington	3.74	3.877	3.85	3.825	2.758
Lexington	3.535	3.677	3.733	3.727	2.696
Louisville	3.647	3.823	3.839	3.844	2.743
Owensboro	3.616	3.67	3.667	3.748	2.512
Diesel (State avg.)	3.899	3.904	3.92	3.942	2.916
Ashland	3.947	3.959	3.966	4.025	2.952
Covington	3.894	3.917	3.943	3.954	2.927
Lexington	3.863	3.899	3.94	3.959	2.94
Louisville	3.891	3.903	3.951	3.966	2.921
Owensboro	3.938	3.934	3.941	3.944	2.878

Note: The record high average price for gasoline in Kentucky is \$4.089, reported on July 10, 2008.
 Source: Gasoline (unleaded regular) & Diesel: National AAA,

Wholesale Fuel Prices

Spot Prices	6/17/2011	6/9/2011	6/2/2011	5/26/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	94.95	100.74	100.29	101.32	76.79
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	4.541	4.86	4.625	4.358	5.135

Source: Wall Street Journal

Futures		11-Jul	11-Aug	11-Sep
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	6/17/2011	94.95	101.82	95.77
	6/9/2011	101.93	102.45	102.91
	6/2/2011	100.29	100.86	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	6/17/2011	4.412	4.469	4.476
	6/9/2011	4.674	4.704	4.726
	6/2/2011	4.629	4.667	*
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	6/17/2011	1.534	1.489	1.547
	6/9/2011	1.566	1.57	1.575
	6/2/2011	1.517	1.521	*
Coal (Dollars per ton) <i>Central Appalachian</i>	6/17/2011	76.72	76.15	76.72
	6/9/2011	78.45	78.78	79.15
	6/2/2011	76.5	77.05	*

Source: CME Group

* - Information Not Available



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