

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



## **Early-bird registration for Governor's Conference on Energy and the Environment ends friday**

Environment and energy experts from Kentucky and the nation will convene in Lexington later this month to discuss the latest developments in environmental protection and energy. The 35th Governor's Conference on Energy and the Environment takes place Sept. 26-27, 2011, at the Lexington Convention Center, 430 W. Vine Street. "This year's conference showcases a broad array of perspectives and expertise in environmental protection, energy development and conservation with representatives from academia, government, nonprofit, and business," said Energy and Environment Cabinet Secretary Len Peters. "Conference attendees will learn about significant developments in technologies, policies and programs that have an impact on all the citizens of Kentucky." (Press Release, Sept. 13, 2011)

## **LG&E to convert Cane Run power plant**

Louisville Gas & Electric Co. intends to replace its 57-year-old coal-fired Cane Run Station in Louisville with a new plant next door powered with cleaner-burning natural gas by 2016. The 640-megawatt natural gas unit would be built on the power plant site along the Ohio River in southwest Jefferson County, where the company also has a large coal waste landfill and ash pond, company officials announced on Thursday. LG&E and its sister company, Kentucky Utilities, also announced that they are asking the Kentucky Public Service Commission to approve their purchase of the Bluegrass Generation Co.'s plant in Oldham County with its three natural gas turbines. That plant in Buckner began electricity production in 2002. (Courier Journal, Sept. 15, 2011)

## **UK design students help economy, environment**

Design graduate students get to be on the forefront of affordable, energy-efficient housing development while helping the Kentucky economy. The UK College of Design has been working with the Kentucky Highlands Community Development Corporation since 2009, researching and building prototypes for energy-efficient houses. An energy-efficient, low-cost home, which was designed by UK students, was constructed and put into place in late August by the company Stardust Cruisers. (Kentucky Kernel, Sept. 13, 2011)

## **UK: Power and Energy Institute receives \$1.5 million for education in industrial energy efficiency**

The Power and Energy Institute of Kentucky (PEIK) at the University of Kentucky has received \$1.5 million from the U.S. Department of Energy to train undergraduate and graduate level engineering students in manufacturing efficiency to help them become the nation's next generation of industrial energy efficiency experts. UK is one of 24 universities in 23 states to receive a portion of the \$30 million that was issued. UK will receive the grant over the course of five years. (The Lane Report, Sept. 14, 2011)

## **State tells KU, LG&E to improve customer service**

The state Public Service Commission on Wednesday unveiled the findings of a nearly yearlong audit that takes Kentucky Utilities and affiliated company Louisville Gas & Electric to task for worsening customer service that has led to more complaints in recent years. The audit, by The Liberty Consulting Group of Quentín, Pa., makes more than 50 recommendations for KU and LG&E, the state's two largest utilities, to implement. The audit attributed the decline in customer service to issues including switching software, understaffed call centers and "an overriding corporate focus on the bottom line." (Herald Leader, Sept. 15, 2011)

## **Little climate difference between coal and natural gas**

The study by Tom Wigley, who is a senior research associate at the National Center for Atmospheric Research (NCAR), underscores the complex and sometimes conflicting ways in which fossil fuel burning affects Earth's climate. While coal use causes warming through emission of heat-trapping carbon dioxide, it also releases comparatively large amounts of sulfates and other particles that, although detrimental to the environment, cool the planet by blocking incoming sunlight. The situation is further complicated by uncertainty over the amount of methane that leaks from natural gas operations. Methane is an especially potent greenhouse gas. Wigley's computer simulations indicate that a worldwide, partial shift from coal to natural gas would slightly accelerate climate change through at least 2050, even if no methane leaked from natural gas operations, and through as late as 2140 if there were substantial leaks. After that, the greater reliance on natural gas would begin to slow down the increase in global average temperature, but only by a few tenths of a degree. (UCAR, Sept. 9, 2011)

## **US Natural Gas Corp to increase productivity by placing four additional wells into production**

US Natural Gas Corp (otcqb:UNGS - News), an energy exploration company with operations in the Appalachian Basin is pleased to announce that in an effort to increase productivity it has or is in the process of placing four additional wells into production. Through the Company's KY subsidiary, work has been initiated to place two wells capable of producing crude into production. The first well to be placed into production will be the Antle No. 1 well located in Russell County, Kentucky. The Antle No. 1 was drilled and completed in 2009 to a total depth of 1030 ft. with a show of oil from the Stones River formation. Prior to knocking down an electric plug, the Company completed a down-hole camera study which confirmed oil production with a gas drive from the same formation. The Company has mobilized its workover rig to the lease in preparation of inserting all down-hole components and placing the well on pump. (The Wall Street Journal, Sept. 12, 2011)

### Kentucky Retail Fuel Prices (Dollars per gallon)

Product	9/16/2011	9/9/2011	9/2/2011	8/26/2011	Year Ago
Gasoline (State avg.)	3.55	3.628	3.628	3.561	2.773
Ashland	3.615	3.677	3.68	3.687	2.909
Covington	3.617	3.692	3.682	3.609	2.867
Lexington	3.543	3.629	3.64	3.607	2.81
Louisville	3.494	3.596	3.64	3.512	2.852
Owensboro	3.45	3.576	3.571	3.514	2.663
Diesel (State avg.)	3.847	3.87	3.855	3.818	2.917
Ashland	3.872	3.89	3.896	3.816	2.933
Covington	3.817	3.822	3.773	3.778	2.94
Lexington	3.838	3.871	3.84	3.791	2.904
Louisville	3.836	3.85	3.812	3.779	2.902
Owensboro	3.84	3.862	3.85	3.836	2.927

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	9/16/2011	9/9/2011	9/2/2011	8/26/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	89.4	89.05	88.93	85.3	74.57
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.91	3.985	4.175	3.993	4.055

Source: The Wall Street Journal

Futures		11-Oct	11-Nov	11-Dec
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	9/16/2011	89.40	89.59	89.81
	9/9/2011	89.05	89.23	89.49
	9/2/2011	88.93	89.24	89.62
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	9/16/2011	3.878	3.981	4.195
	9/9/2011	3.98	4.068	4.265
	9/2/2011	4.05	4.166	4.381
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	9/16/2011	1.625	1.628	1.631
	9/9/2011	1.597	1.6	1.605
	9/2/2011	1.583	1.589	1.595
Coal (Dollars per ton) <i>Central Appalachian</i>	9/16/2011	74.92	75.03	75.12
	9/9/2011	75.22	75.39	75.59
	9/2/2011	76.53	76.78	77.03

Source: CME Group



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