

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

## ***AEP Kentucky Power discusses energy efficiency***

AEP Kentucky Power held an issues luncheon for community leaders, politicians, and chamber of commerce members in Perry County. The big question today was when can we expect a rate increase and why? Energy efficiency was discussed as a way to cope with increased electric costs. Low electric prices have graced Eastern Kentucky for years, but a rate increase has some people concerned. “The uncertainty that’s occurring in the electric industry is going to impact all of us,” said Greg Pauley, the President and COO of Kentucky Power. AEP Kentucky Power has to follow EPA guidelines in order to be in compliance. Several people wanted to know when they could expect a rate increase and what they could do better to save energy. (WKYT, Sept. 19, 2011)

## ***Renewable energy expected to surge, DOE says***

Renewable energy is projected to be the fastest growing source of energy worldwide over the next quarter-century, according to the U.S. Department of Energy’s annual international outlook report released Monday. Global renewable energy consumption is expected to increase by 2.8 percent per year and the renewable share of total energy use to increase from 10 percent in 2008 to 15 percent in 2035, according to DOE’s Energy Information Administration. Fossil fuels would continue to supply much of the energy used worldwide throughout the period projected, and still account for 78 percent of world energy use in 2035, the report said. The DOE study is based on current laws and regulations, and assumes no action by governments to require the reduction of greenhouse gas emissions. The projections could “change significantly if laws and policies aimed at reducing greenhouse gas emissions are changed or new ones introduced,” the report said. (The Charleston Gazette, Sept. 19, 2011)

## ***Crude-oil futures fall below \$80 in choppy session***

Prices came off their lows, however, as U.S. stocks regained some of their footing and veered between mild gains and losses. “There’s still not enough optimism around to inspire any kind of bounce back here,” said Matt Smith, an oil analyst with Summit Energy in Kentucky. “The market in general is very tentative.” Crude oil for November delivery /quotes/zigman/2075833 CL1X -0.82% fell 63 cents, or 0.8%, to \$80.12 a barrel on the New York Mercantile Exchange. It earlier traded as low as \$77.55 a barrel. On the week, oil has lost 8.9%. The contract retreated 6.3% on Thursday to close at its lowest level since Aug. 9, and it looks poised for its fourth settlement lower this week. “Traders looking to cover need see no reason to rush into the market given its tendency to trade lower into mid-winter,” said Darin Newsom, an analyst with Telvent DTN in Omaha. Oil’s decline came as stock markets in Europe and Asia suffered further losses. (The Wall Street Journal - Market Watch, Sept. 23, 2011)

## ***LG&E, KU Plan to Switch Units From Coal to Gas Part of a Nationwide Trend***

Last week, Louisville Gas & Electric and Kentucky Utilities announced a plan to retire three coal-fired power plants over the next four years. The plants will be replaced by facilities that burn natural gas—which is cleaner than coal. The utilities are part of a growing trend across the nation to retire older coal plants. To most people, a gas turbine doesn’t sound any different than a jet engine, or than the sounds you’d expect to hear in a coal-fired power plant. But in terms of what this sound means for the region’s energy mix, it’s a big deal. (WFPL News, Sept. 22, 2011)

## ***W.H. aims at Solyndra critics’ flip-flops***

The White House is playing the hypocrisy card to counter Republicans’ Solyndra-fueled attacks on the administration’s green agenda. On the defensive against charges it sped up a \$535 million loan guarantee to the failed solar company for political reasons, Obama administration officials have spent the last week digging up letters, sound bites and media stories from Republican lawmakers who had previously begged for clean energy spending in their districts. So far, the administration has discovered some big fish at the front of the anti-administration crusade — GOP Reps. Darrell Issa of California and Cliff Stearns of Florida and Senate Minority Leader Mitch McConnell of Kentucky, to name a few — who have requested federal help on energy issues back home. (Politico, Sept. 22, 2011)

## ***Green building adapts to various structures, scales in Kentucky architecture***

Green building is often seen as a luxury. A lot of projects are capital-intensive, and take years to make up for their costs in energy savings. But as energy prices rise, sustainable buildings are starting to make even more fiscal sense for all types of buildings. At the Green Building in the NuLu neighborhood, Stephanie Brothers is giving a tour of the facility. She says the building’s electrical and heating systems required a lot of up-front investment, but they’ll be worth it in the long run. The Green Building is Louisville’s only Platinum LEED-certified building and nearly every piece of it is recycled or engineered to be efficient. But this is an extreme case. (WFPL News, Sept. 20, 2011)

## ***NC opens hearings on Progress-Duke Energy merger***

Critics of a proposed Duke Energy Corp.-Progress Energy Inc. merger asked state regulators Tuesday to impose a broad list of conditions that if required would force revolutionary changes to the business of any merger of the companies into the country’s largest electric utility. The North Carolina Utilities Commission’s hearings this week are examining a deal that would restructure the state’s electricity market by allowing a single dominant utility. Charlotte-based Duke Energy and Raleigh-based Progress Energy want to combine into one company with more than 7 million customers in the Carolinas, Florida, Kentucky, Indiana and Ohio. (Bloomberg Business Week, Sept. 20, 2011)

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

Product	9/23/2011	9/16/2011	9/9/2011	9/2/2011	Year Ago
Gasoline (State avg.)	3.438	3.55	3.628	3.628	2.708
Ashland	3.434	3.615	3.677	3.68	2.784
Covington	3.52	3.617	3.692	3.682	2.786
Lexington	3.417	3.543	3.629	3.64	2.709
Louisville	3.309	3.494	3.596	3.64	2.728
Owensboro	3.352	3.45	3.576	3.571	2.637
Diesel (State avg.)	3.82	3.847	3.87	3.855	2.919
Ashland	3.849	3.872	3.89	3.896	2.963
Covington	3.767	3.817	3.822	3.773	2.933
Lexington	3.813	3.838	3.871	3.84	2.904
Louisville	3.807	3.836	3.85	3.812	2.888
Owensboro	3.802	3.84	3.862	3.85	2.921

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	9/23/2011	9/16/2011	9/9/2011	9/2/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	80.51	89.4	89.05	88.93	73.43
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.734	3.91	3.985	4.175	4.1

Source: The Wall Street Journal

Futures		11-Oct	11-Nov	11-Dec
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	9/23/2011	86.89	80.51	80.75
	9/16/2011	89.40	89.59	89.81
	9/9/2011	89.05	89.23	89.49
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	9/23/2011	3.705	3.782	4.045
	9/16/2011	3.878	3.981	4.195
	9/9/2011	3.98	4.068	4.265
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	9/23/2011	1.492	1.493	1.494
	9/16/2011	1.625	1.628	1.631
	9/9/2011	1.597	1.6	1.605
Coal (Dollars per ton) <i>Central Appalachian</i>	9/23/2011	74.03	73.88	73.78
	9/16/2011	74.92	75.03	75.12
	9/9/2011	75.22	75.39	75.59

Source: CME Group



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