

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



## **PSC approves energy conservation plans for KU and LG&E - expanded programs include incentives for consumers**

The Kentucky Public Service Commission (PSC) has approved an expansion of residential and commercial energy conservation and efficiency programs for Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E). In an order issued this week, the PSC authorized KU and LG&E to continue 10 existing programs for residential or commercial customers and to initiate three new programs for residential customers. One of the new programs will provide incentives for the purchase of energy-efficient appliances. The KU and LG&E energy conservation and efficiency initiatives are included in the companies' demand-side management (DSM) programs. In accordance with Kentucky statutes, the DSM program is funded through a surcharge on electric and natural gas bills. (Press Release - Public Service Commission, Nov. 9, 2011)

## **Building assessment system to be unveiled**

To understand how the state's new school facilities evaluation system would operate, consider this: The old system outlined a building's condition in a worksheet of three or four pages. The new system? About 20 pages. The Kentucky Department of Education is preparing to roll out the Kentucky Facilities Inventory and Classification System, a key component in local school facilities planning and funding. In 2010, the General Assembly directed the department in Senate Bill 132 to hire an independent evaluator to "standardize the process for evaluating the overall quality and condition" of the state's schools. The state education department contracted with Parsons Commercial Technology Group, Inc. and its partner, MGT of America, Inc. to develop the system. (Kentucky School Boards Association, November, 2011)

## **Marshall researcher: wind costs, efficiency bigger hurdle than reliability**

A researcher at Marshall University says there are still hurdles to overcome in adjusting the traditional, inflexible electrical grid to accept wind energy in Appalachia. Wind, a relatively small contributor to the state's energy portfolio, has recently experienced some growth in West Virginia. Increasing concerns about cost to the system and other hurdles have slowed the proliferation of wind generators in the state and nationwide. "As the amount of installed wind has increased, it has been observed that the marginal costs of wind to the system are greater than the marginal cost of turbine operation due to the variable nature of wind and the resulting dependence on other generators in the system for balance," the report states, citing the Federal Energy Regulatory Commission. (The State Journal, Oct. 31, 2011)

## **Energy assistance funds available**

The Cabinet for Health and Family Services today announced that \$24 million in federal funding has been released to Kentucky to help low-income families heat their homes this winter. The U.S. Department for Health and Human Services (HHS) this week released funding for states' Low Income Home Energy Assistance Programs (LIHEAP), which help families pay their energy bills, particularly during the very cold and hot months. In Kentucky, the Cabinet for Health and Family Services (CHFS) administers the program through a contract with Community Action Kentucky (CAK), which disburses benefits through Community Action Agencies (CAA) across the state. (Surf KY Hopkins, Nov. 8, 2011)

## **After years of keeping rates low, coal now detrimental to utility costs**

Coal-fired electricity is one of the reasons Kentucky's utility rates are among the lowest in the nation. And as new pollution regulations take effect, coal is the reason Kentucky will be among the hardest hit states. Rate increases currently before the Public Service Commission are one sign of the changing tide. In September, dozens of people showed up at a public meeting in Louisville to weigh in on proposed electricity rate increases. Most of them, like Rev. Milton Seymore, were against the higher rates. "We don't have no problem with the shareholders making money," he said. "But at the same time, the shareholders cannot make their profit on the backs of the needy and the poor and the downtrodden." (WFPL News, Nov. 3, 2011)

## **IEA outlook: time running out on climate change**

The world has only about five years to make a dramatic turnaround in policies if it is to avoid severe impacts of climate change, according to the International Energy Agency (IEA). The IEA's annual World Energy Outlook, released this week, looks at what would be required to keep global warming below 3.6°F (2°C), a threshold many countries have pledged to stay below. "We're increasingly pessimistic," said Richard Jones, deputy executive director of the IEA and a former U.S. diplomat. "We've been trying to warn our member countries," which includes most of the industrialized world, Jones said. "It's getting harder and harder to meet this target." To have a good chance of staying below that amount of warming, the world has only a certain budget of emissions it can use—the equivalent of about 1 trillion tons of carbon dioxide emissions by mid-century. The infrastructure the world is building today—including power plants, buildings, and factories—is based largely on burning fossil fuels, the main contributor to emissions of carbon dioxide (CO<sub>2</sub>), the primary greenhouse gas, the report noted. (National Geographic, Nov. 9, 2011)

## **Fossil fuel users' subsidies six times those for renewable energy**

Fossil-fuel consumers worldwide received about six times the government subsidies given to the renewable-energy industry, according to the chief adviser to oil-importing nations. State spending to cut retail prices of gasoline, coal and natural gas rose 36 percent to \$409 billion as global energy costs increased, the Paris-based International Energy Agency said Wednesday in its World Energy Outlook. Aid for biofuels, wind power and solar energy rose 10 percent to \$66 billion. (Bloomberg News, Nov. 9, 2011)

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

Product	11/10/2011	11/3/2011	10/26/2011	10/20/2011	Year Ago
Gasoline (State avg.)	3.393	3.382	3.365	3.392	2.883
Ashland	3.516	3.427	3.422	3.272	3.042
Covington	3.417	3.382	3.361	3.414	2.986
Lexington	3.402	3.41	3.372	3.393	2.927
Louisville	3.342	3.41	3.342	3.407	2.969
Owensboro	3.268	3.196	3.258	3.289	2.763
Diesel (State avg.)	3.889	3.85	3.802	3.791	3.076
Ashland	3.926	3.868	3.785	3.802	3.089
Covington	3.875	3.832	3.813	3.755	3.106
Lexington	3.906	3.859	3.817	3.807	3.803
Louisville	3.886	3.842	3.806	3.789	3.073
Owensboro	3.855	3.82	3.777	3.765	3.081

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,

Product	11/7/2011	10/31/2011	10/24/2011	10/17/2011	Year Ago
Heating Oil (dollars per gallon)	3.877	3.85	3.798	3.768	3.078
Propane (dollars per gallon)	2.819	2.815	2.791	2.801	2.502

Source: U.S. Energy Information Administration

### Wholesale Fuel Prices

Spot Prices	11/10/2011	11/2/2011	10/27/2011	10/20/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	95.74	92.51	90.2	86.11	87.81
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.509	3.425	3.656	3.598	3.983

Source: The Wall Street Journal

Futures		11-Dec	12-Jan	12-Feb
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	11/10/2011	95.74	95.64	95.54
	11/2/2011	92.51	92.35	92.19
	10/26/2011	90.20	90.18	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	11/10/2011	3.652	3.749	3.767
	11/2/2011	3.749	3.882	3.893
	10/26/2011	3.775	3.911	3.59
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	11/10/2011	1.462	1.467	1.452
	11/2/2011	1.45	1.455	1.438
	10/26/2011	1.47	1.473	1.468
Coal (Dollars per ton) <i>Central Appalachian</i>	11/10/2011	71.77	72.58	72.58
	11/2/2011	72.72	72.85	72.85
	10/26/2011	72.67	73.22	72.92

Source: CME Group

\* - Information Not Available



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