

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

Kentucky power to invest nearly \$1 Billion at Big Sandy plant

Kentucky Power Company announced plans today to invest approximately \$940 million in its Big Sandy Power Plant near Louisa to meet increasingly stringent federal EPA environmental regulations. The investment is needed to construct a dry flue gas desulfurization (DFGD) or “scrubber” system on the plant’s 800-megawatt electricity generation unit. The current plan for the plant’s other generating unit (the older of the two; rated at 278 megawatts) is to retire it at the end of 2014. However, we continue to evaluate alternative options. The announcement followed a formal filing today of an Application for a Certificate of Public Convenience and Necessity before the Kentucky Public Service Commission which must approve the project and investment. (Kentucky Power, Dec. 5, 2011)

Energy Efficiency Won’t Cost Taxpayers: White House

The White House gathered the heads of 60 business, labor, municipal, and academic organizations on Friday to announce plans to invest \$4 billion in building energy efficiency over the next 24 months, and none of that will be taxpayer money. The investments will come in what’s called performance contracting, by which companies specializing in building efficiency retrofit buildings and are paid from the energy savings that result. Up-front investment is financed by banks based on contractor-guaranteed annual savings. Once the loan is repaid, the building owner gets the savings. Of the \$4 billion in building efficiency projects being announced, half will be spent in the private sector and half in the federal government. (AOL Energy, Dec. 5, 2011)

Energy prices rise despite S&P Euro-zone downgrade threat

Stock market and energy prices were up Dec. 6 as investors remained optimistic. European Union leaders will pull a debt solution from their collective hat at their Dec. 9 summit despite Standard & Poor’s threat to downgrade Euro-zone credit ratings if they fail. The New York oil market even “staged a small rally late yesterday, as new reports surfaced that the EU is moving a step closer to further integration to stem the crisis,” said James Zhang at Standard New York Securities Inc., the Standard Bank Group. The front-month natural gas contract increased nearly 1%. (Oil & Gas Journal, Dec. 7, 2011)

For Obama’s green-car revolution, fits and starts

The Obama administration has poured roughly \$5 billion in taxpayer funds into the electric-car industry, offering incentives to manufacturers, their suppliers and even car buyers who might want to go green. But analysts say the risk is rising that taxpayers in many cases will not see a return on their money soon, if ever. Instead, they warn that some federally subsidized companies could be forced to shut down in coming months. For President Obama, who has made clean-technology investment a hallmark of his job creation efforts, troubles in the electric-car sector pose a potential new political problem after the collapse of solar-panel maker Solyndra, which recently defaulted on a half-billion-dollar federal loan after filing for bankruptcy. The administration has channeled an estimated \$80 billion of the stimulus recovery effort into grants and loans to clean energy and energy efficiency programs, companies and research. (The Washington Post, Dec. 7, 2011)

End of easy mideast oil means work for Exxon, BP: energy markets

The Middle East will need more help from international investors to keep the title of world’s biggest oil and gas producer because its remaining deposits are harder to get at. Technology is the “key to prolonging the life span of the reservoirs, and we’ve been doing this with our partners for a long time,” Mohamed Al-Hamli, oil minister of the United Arab Emirates, said yesterday at the World Petroleum Congress in Doha, Qatar. “We are forced to go down the road of enhanced oil recovery and using more advanced technology.” Exxon Mobil Corp. (XOM), Royal Dutch Shell Plc (RDSA) and other international oil producers will combine with state-owned companies to spend \$40 billion in 2013 on developing resources in the Middle East, up 18 percent on last year’s tally, according to Wood Mackenzie Ltd. Fields that require technology, such as steaming to extract heavy oil in Kuwait or stripping sulfur out of Abu Dhabi’s natural gas, will attract much of that spending. (Bloomberg.com, Dec. 6, 2011)

IEA imagines world run by renewables by mid-century

Many people think of renewable energy as a vague prospect far off in the future without many practical implications in their lifetimes. While many people are unaware of the dramatic growth of the solar energy sector, many more see it as still too small to change the business-as-usual of reliance on coal, natural gas and oil. However, a new report from the International Energy Agency envisions a world in which as much as 75 percent of the world’s electricity is generated from the renewable sources, with solar responsible for as much as 33 percent. At present, solar installations produce less than one percent of power both in the U.S. and across the globe. That proportion has steadily crept upward, but investment in solar power has been heavily skewed to a small group of nations. (GetSolar.com, Dec. 7, 2011)

Trillionth dollar invested in clean energy & tech, surpassing that for fossil fuel power

Renewable energy investments are surpassing investments in new fossil fuel power for the first time ever, according to Bloomberg New Energy Finance as reported by Joe Romm on ThinkProgress. Adding to the encouraging news, Bloomberg New Energy Finance reported that the trillionth dollar has been invested in renewable energy, energy efficiency and smart energy technologies. Wind, solar, wave and biomass energy attracted \$187 billion of investment capital in 2010 compared to \$157 billion for natural gas, oil and coal, according to Bloomberg New Energy Finance’s latest data and calculations. (CleanTechnica.com, Dec. 8, 2011)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	12/8/2011	12/2/2011	11/23/2011	11/17/2011	Year Ago
Gasoline (State avg.)	3.259	3.237	3.236	3.319	2.902
Ashland	3.36	3.251	3.296	3.434	2.97
Covington	3.253	3.24	3.291	3.379	2.969
Lexington	3.301	3.245	3.22	3.3	2.934
Louisville	3.222	3.237	3.126	3.255	2.859
Owensboro	3.252	3.216	3.158	3.228	2.862
Diesel (State avg.)	3.918	3.939	3.983	3.992	3.134
Ashland	3.941	3.964	4.021	4.04	3.165
Covington	3.928	3.942	3.976	4.035	3.13
Lexington	3.918	3.941	4.004	4.035	3.14
Louisville	3.915	3.946	3.979	3.986	3.115
Owensboro	3.99	3.989	4.001	3.994	3.113

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	12/5/2011	11/28/2011	11/21/2011	11/14/2011	Year Ago
Heating Oil (dollars per gallon)	3.894	3.895	3.935	3.942	3.204
Propane (dollars per gallon)	2.852	2.845	2.84	2.825	2.599

Source: the U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	12/8/2011	12/2/2011	11/23/2011	11/17/2011	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	100.49	100.2	98.01	102.59	88.28
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3.436	3.47	3.038	3.105	4.455

Source: the Wall Street Journal

Futures		12-Jan	12-Feb	12-Mar
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	12/8/2011	100.49	100.68	100.86
	12/1/2011	100.20	100.33	100.45
	11/22/2011	98.01	98.19	97.41
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	12/8/2011	3.421	3.458	3.47
	12/1/2011	3.648	3.675	3.68
	11/22/2011	3.561	3.578	3.415
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	12/8/2011	1.449	1.435	1.369
	12/1/2011	1.455	1.44	1.368
	11/22/2011	1.46	1.442	1.455
Coal (Dollars per ton) <i>Central Appalachian</i>	12/8/2011	69.05	69.15	69.28
	12/1/2011	69.25	69.47	69.68
	11/22/2011	69.28	69.3	67.83

Source: CME Group



The Department for Energy Development and Independence does not discriminate on the basis of race, color, national origin, sex, age, religion or disability and provides, on request, reasonable accommodations including auxiliary aids and services necessary to afford an individual with a disability an equal opportunity to participate in all services, programs and activities. To request materials in an alternative format, call the Department for Energy Development and Independence at (800) 282-0868. Persons with hearing and speech impairments can contact the agency by using the Kentucky Relay Service, a toll-free telecommunication device for the deaf (TDD). For voice to TDD, call (800) 648-6057. For TDD to voice, call (800) 648-6056.

