

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

Shale gas \$100 billion savings to U.S.

Natural gas prices that slumped to a 10-year low this month could save U.S. consumers \$16.5 billion on home energy bills over the course of a year, according to a senior economist at the U.S. Federal Reserve. U.S. households might see total savings from lower gas prices of as much as \$113 billion a year through 2015, including tack-on effects such as lower product prices and higher wages generated by cheaper fuel, according to energy industry consultants IHS Inc. The projected savings is “an unbelievable amount of money,” said Greg Ebel, chief executive of Spectra Energy Corp., during a Jan. 17 interview. “That’s better than any tax cut you’ve seen out there, better than any government handout.” If consumers end up pocketing more than \$100 billion due to low gas prices, it could add a “significant” piece to U.S. gross domestic product growth for 2012 or 2013”, said Robert Solow, professor emeritus at the Massachusetts Institute of Technology. (Bloomberg Businessweek, Jan. 26, 2011)

President Obama’s energy plan panned by both sides

As his re-election bid nears, President Obama is pitching a made-in-America energy agenda that calls for more offshore oil drilling, natural gas development and clean-energy investments. But he’s not winning kudos from either the oil industry or environmental groups. “There’s nothing new here,” says Rayola Dougher of the American Petroleum Institute, an industry group, referring to Obama’s State of the Union address Tuesday. She said the “more than 75% of potential offshore oil and gas resources” that Obama said he would open are already being developed. “This is just a smoke screen,” she said, arguing he’s trying to sound in favor of oil exploration while seeking to raise taxes on the oil industry. (USAToday, Jan. 25, 2011)

Army’s largest renewable energy project part of \$61 million energy contracts

The Army has awarded three Energy Savings Performance Contracts with a total value of \$61 million, including one that will result in the largest renewable energy project executed to date by the Army. These three projects will save the Army 267 billion British thermal units, or BTUs, annually and will provide the Army with 8.2-megawatts of renewable power capacity. The White Sands Missile Range project, awarded last December, will provide the Army with 4.44-megawatts of installed photovoltaic capacity. The \$16.8 million contract with Siemens Government Technologies will generate more than 10 percent of the installation’s electrical energy consumption via solar renewable energy by the end of 2012, saving 10 million kilowatt hours of electricity and \$930,000 annually. (Army.mil, Jan. 25, 2011)

Coal industry losing steam

This year’s outlook is grim for the U.S coal industry, which after two years of rising profits has begun closing mines, signaling a new wave of production cutbacks and, possibly, another round of industry consolidation. The country’s biggest coal producers, which begin reporting fourth-quarter results on Tuesday with St. Louis-based Peabody Energy Corp., should provide insight into how bad this year could be. Most should meet Wall Street’s earnings expectations for the last quarter of 2011 on export gains over a year ago, while tempering investor expectations for 2012, say analysts. The two biggest threats facing U.S. coal companies are ... (The Wall Street Journal.com, Jan. 24, 2011)

Chesapeake to cut number of gas rigs

Chesapeake Energy, the nation’s second biggest natural gas producer, announced Monday that it would cut production of gas in response to plummeting prices. The announcement was not unexpected, and it followed a trend that has been under way for several months: oil and gas companies have been transferring drilling rigs to oil fields from natural gas fields. But given that Chesapeake has been the industry’s most public champion of natural gas, its announcement of an 8 percent cut in daily production led to a substantial rally in gas prices that had fallen last week to their lowest level in a decade. Natural gas prices have been steadily falling over the last two years because of a glut stemming from mushrooming production in shale fields like the Haynesville in Louisiana, the Barnett in Texas and the Marcellus in Pennsylvania. (The New York Times, Jan. 23, 2011)

GE’s “eco Kitchen” appliances help consumers save 20 percent on electricity

Interested in a new, energy-efficient kitchen? Many consumers support the need to reduce home energy use through more efficient appliances. According to a recent survey, 78 percent of Americans think it is “very beneficial” for appliances to become more energy efficient. GE® now makes it easy to assemble a kitchen full of energy-efficient appliances. GE’s new “ecomagination” suite of appliances can help reduce electricity consumption in the average U.S. kitchen by up to 20 percent (compared to standard appliances). Ecomagination kitchens include:... (StreetInsider, Jan. 9, 2011)

More efficient TVs could be headed our way

Watching television is certainly getting expensive. And I don’t mean the cable fees. I mean the electricity. The sets are getting bigger and bigger. And we have more and more of them. So even with some efficiency gains, they’re gulping down more and more power. The government’s ENERGY STAR website has an interesting factoid: The Consumer Electronics Association estimated about 39 million televisions would be shipped to the U.S. in 2011. A 2001 study showed that TVs used three percent of the average household’s power. The estimate now, from a global group that’s holding a competition to make TVs more energy efficient, is six percent to eight percent. The competition comes from a group with an unwieldy name - Super-efficient Equipment and Appliance Deployment (SEAD) Initiative. It was started by the U.S. Department of Energy and similar agencies in other countries. (LexGo, Jan. 23, 2011)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	1/26/2012	1/19/2012	1/12/2012	1/5/2012	Year Ago
Gasoline (State avg.)	3.296	3.338	3.401	3.304	3.045
Ashland	3.271	3.418	3.483	3.413	3.096
Covington	3.3	3.344	3.386	3.397	3.06
Lexington	3.249	3.31	3.406	3.35	3.001
Louisville	3.204	3.273	3.379	3.242	3.027
Owensboro	3.33	3.364	3.423	3.245	2.97
Diesel (State avg.)	3.755	3.775	3.783	3.744	3.352
Ashland	3.805	3.801	3.811	3.795	3.375
Covington	3.71	3.724	3.748	3.751	3.312
Lexington	3.719	3.764	3.769	3.727	3.35
Louisville	3.697	3.73	3.756	3.712	3.342
Owensboro	3.838	3.86	3.845	3.835	3.342

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	1/23/2012	1/16/2012	1/9/2012	1/2/2012	Year Ago
Heating Oil (dollars per gallon)	3.938	3.952	3.935	3.843	3.478
Propane (dollars per gallon)	2.863	2.867	2.87	2.865	2.804

Source: the U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	1/26/2012	1/19/2012	1/12/2012	1/5/2012	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	99.4	100.59	100.87	103.22	87.33
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2.625	2.491	2.775	2.965	4.41

Source: the Wall Street Journal

Futures		12-Feb	12-Mar	12-Apr
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	1/26/2012	98.46	99.40	99.73
	1/19/2012	100.59	100.76	100.98
	1/12/2012	100.87	101.09	101.33
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	1/26/2012	2.729	2.769	2.875
	1/19/2012	2.472	2.516	2.614
	1/12/2012	2.774	2.803	2.883
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	1/26/2012	1.271	1.265	1.263
	1/19/2012	1.295	1.287	1.283
	1/12/2012	1.235	1.225	1.221
Coal (Dollars per ton) <i>Central Appalachian</i>	1/26/2012	61.75	61.83	62.32
	1/19/2012	61.67	61.52	61.42
	1/12/2012	65.1	65.33	65.17

Source: CME Group

* - Information Not Available



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