

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Kentucky Power energy conservation plan approved; urges customer participation

The Kentucky Public Service Commission (PSC) has approved the renewal of residential and commercial energy conservation and efficiency programs for Kentucky Power Co. In an order issued today, the PSC authorized Kentucky Power to continue 12 programs for residential or commercial customers, while reducing participation targets for two of the programs. However, the PSC strongly encouraged Kentucky Power to take steps to increase the number of customers making use of all the programs. Participation in the programs is “one way in which customers can impact the extent to which ever-increasing energy costs increase their electric bills,” the PSC said in its order. Kentucky Power should “educate its customers about the need for greater energy efficiency due to the rising cost of electric energy and the strain that the demand of electric usage at peak times” places on the company’s system, the PSC said. (The Lane Report, Jan. 23, 2012)

LRC’s Capitol Notes: Bill expanding energy incentives heads to Senate

Legislation that would expand the kinds of alternative and renewable energy projects and facilities eligible for state incentives cleared the House by a 94-0 vote. House Bill 246, sponsored by House Majority Floor Leader Rocky Adkins, D-Sandy Hook, now goes to the Senate for its consideration. Should it become law, HB 246 would expand the types of facilities that qualify for incentives under the Kentucky Alternative Fuel and Renewable Energy Fund and Incentives for Energy Independence Act. The bill would also exempt some geothermal drilling supplies and tools from state sales and use tax. HB 246 is the latest among several energy bills that Adkins says have made Kentucky a national leader on energy issues since the passage of HB 1 in 2007. (KYForward, Feb. 2, 2012)

US Natural Gas Corp to acquire oil wells in Kentucky

Energy exploration company US Natural Gas Corp has entered into terms of agreement to acquire two oil producing wells in Edmonson County located in the US state of Kentucky. The deal is expected to close prior to the end of February. The GV No. 1 well was drilled and completed in September 1987 to a total depth of 1,257ft, while the GV No. 7 well was drilled and completed in October 1995 to a total depth of 1,280 ft. The production of the GV No. 1 well is at the interval of 15 barrels of oil/day (BOD) naturally and current production is 1 at 1.5 BOD. The GV No. 7 initial production stood at 10 BOD naturally while current production is 2.5 BOD. (Energy Business Review, Jan. 30, 2012)

Ribbon cutting marks completion of first University of Kentucky HBEER home

A ribbon cutting was held today for the first prototype from the University of Kentucky’s Houseboat to Energy Efficient Residences (HBEER) initiative in an established residential area near downtown Monticello, Ky. HBEER is a partnership between the UK College of Design, the Center for Applied Energy Research at UK, the Kentucky Highlands Investment Corporation (KHIC) and the Kentucky Housing Corporation (KHC). The multi-year project was initiated in the fall of 2009 and directly responds to the impact the current economic downturn has had on the houseboat manufacturing industry in Kentucky. More than 50 students and faculty at the college’s School of Architecture were responsible for researching and developing initial models of energy-efficient, affordable housing that could be produced by the region’s houseboat manufacturers. (KYForward, Jan. 30, 2012)

Cheap natural gas jumbles energy markets, stirs fears it could inhibit renewables

For the past three years, promoters of shale gas and environmentalists opposed to coal-fired power plants have hailed the sudden abundance of U.S. natural gas as a bridge to a renewable-energy future. But natural gas has become so cheap that many energy experts and environmentalists now wonder whether it will turn into a long, bumpy detour. U.S. natural gas prices, which hit more than \$13 per thousand cubic feet in 2008, have tumbled to about \$2.50 per thousand cubic feet. Rapidly rising production of shale gas and a warm winter have created a glut and pushed supplies in storage to 21 percent above the average of the past five years. That has been good news for consumers, who have seen gas and electric bills decline slightly. And it is a hopeful sign for the chemical industry, which uses gas as a raw material, and the makers of electric vehicles. (The Washington Post, Feb. 1, 2012)

University of Louisville is on its way to carbon neutrality

It’s no surprise that university campuses are paving the way to an alternative energy future. Student demand, coupled with on-site research projects provides an adequate breeding ground for real progress. The University of Louisville has made a bold goal of sourcing at least 20% of its power from renewable energy sources by 2020. The university isn’t just making empty promises – It’s already making strides toward the goal. Powered by solar. The Shelby campus’s Center for Predictive Medicine facility has solar photovoltaic panels installed on its roof. The installation is one of the largest in the state, and provides much of the power for lighting for the building. (Examiner.com, Jan. 31, 2012)

U of L, UK students to participate in international solar building contest

A team of students from the University of Louisville, University of Kentucky and Ball State University has been chosen to participate in a prestigious international competition. The U.S. Department of Energy’s Solar Decathlon requires teams to compete to construct the best solar home. The Solar Decathlon gives teams nearly two years to design, market and construct an affordable 600 to 1000 square foot house powered solely by solar energy. And that’s the easy part of the competition. Then, the teams have to find a way to transport their work to the competition in California. Andrew Marsh is the Assistant Director of U of L’s Conn Center for Renewable Energy Research. He says one of the requirements is that the materials be affordable and commercially available. (WFPL News, Jan. 30, 2012)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	2/2/2012	1/26/2012	1/19/2012	1/12/2012	Year Ago
Gasoline (State avg.)	3.412	3.296	3.338	3.401	3.059
Ashland	3.32	3.271	3.418	3.483	3.149
Covington	3.431	3.3	3.344	3.386	3.113
Lexington	3.405	3.249	3.31	3.406	3.07
Louisville	3.4	3.204	3.273	3.379	3.08
Owensboro	3.365	3.33	3.364	3.423	2.958
Diesel (State avg.)	3.782	3.755	3.775	3.783	3.366
Ashland	3.818	3.805	3.801	3.811	3.381
Covington	3.72	3.71	3.724	3.748	3.336
Lexington	3.773	3.719	3.764	3.769	3.36
Louisville	3.738	3.697	3.73	3.756	3.352
Owensboro	3.862	3.838	3.86	3.845	3.325

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	1/30/2012	1/23/2012	1/16/2012	1/9/2012	Year Ago
Heating Oil (dollars per gallon)	3.951	3.937	3.952	3.935	3.523
Propane (dollars per gallon)	2.865	2.864	2.865	2.866	2.818

Source: the U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	2/2/2012	1/26/2012	1/19/2012	1/12/2012	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	97.61	99.4	100.59	100.87	90.86
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2.328	2.625	2.491	2.775	4.555

Source: the Wall Street Journal

Futures		12-Mar	12-Apr	12-May
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/2/2012	97.61	97.99	98.41
	1/26/2012	99.40	99.73	*
	1/19/2012	100.76	100.98	*
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/2/2012	2.382	2.535	2.638
	1/26/2012	2.769	2.875	*
	1/19/2012	2.516	2.614	*
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	2/2/2012	1.277	1.277	1.28
	1/26/2012	1.265	1.263	*
	1/19/2012	1.287	1.283	*
Coal (Dollars per ton) <i>Central Appalachian</i>	2/2/2012	58.25	59.4	59.4
	1/26/2012	61.83	62.32	*
	1/19/2012	61.52	61.42	*

Source: CME Group

* - Information Not Available



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