

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Is U.S. Energy Independence Finally Within Reach?

Rising gas prices have been the big energy story of the past several weeks. But many energy experts say that's a sideshow compared with the really big energy event — the huge boom in oil and natural gas production in the U.S. that could help the nation reach the elusive goal of energy independence. Since the Arab oil embargo of 1973, energy independence has been a Holy Grail for virtually every American president from Richard Nixon to Jimmy Carter to Barack Obama. But now, it might just be within reach. "Energy self-sufficiency is now in sight," says energy economist Phil Verleger. He believes that within a decade, the U.S. will no longer need to import crude oil and will be a natural gas exporter. Verleger says all of the previous presidents fighting for energy independence would be quite surprised by how this came about: It's not the result of government policy or drilling by big oil. "This is really the classic success of American entrepreneurs," he says. "These were people who saw this coming, managed to assemble the capital and go ahead." (NPR.org, Mar. 7, 2012)

Celebrating ENERGY STAR: 20 years of partnership, promise, and progress

Twenty years ago, the U.S. Environmental Protection Agency had a bold vision. With the increasing use of electronics in American households and business -- including the introduction of personal computers that would soon be in every home and office across the country -- the agency saw a need to conserve energy and reduce air pollution to create a healthier climate for all Americans. They saw an opportunity to harness market forces that would encourage both consumers and companies to invest in cleaner, more innovative, more energy-efficient products in sectors across the economy. The result was the ENERGY STAR program. In the two decades that have passed since it began, ENERGY STAR has become a household name. (Huffington Post, Mar. 15, 2012)

Oil trades near one-week low on supply; Goldman Sees \$130 Brent

Oil traded near the lowest price in more than a week as signs of rising U.S. stockpiles were balanced by concern that spare production capacity may be insufficient to cover any supply disruption in the Middle East. Futures were little changed after falling 1.2 percent yesterday. Inventories at Cushing, Oklahoma, the delivery point for West Texas Intermediate oil, reached a nine-month high, the Energy Department said. Goldman Sachs Group Inc. said global spare capacity is at "dangerously low levels" and oil-market fundamentals will tighten this year, pushing Brent crude to \$130 a barrel in 2013. Saudi Arabia will make up any "perceived or real" shortfall, Oil Minister Ali al-Naimi said in Kuwait. (Bloomberg, Mar. 15, 2012)

Environmental groups say burning coal at Big Sandy isn't least-cost option

Two environmental groups are contesting an application filed with the Public Service Commission by an eastern Kentucky power company. They say retrofitting the Big Sandy power plant to continue burning coal will be more expensive than the company reported. In December, Kentucky Power filed an application with the Public Service Commission to spend \$940 million retrofitting the Big Sandy Power Plant in Lawrence County. The plant burns coal, and the company—which is owned by American Electric Power—is asking for PSC approval to install pollution controls and continue burning coal. (WFPL News, Mar. 14, 2012)

Algae amendment puts biofuels back in energy debate

The Senate is set to vote Tuesday on legislation that will give an additional \$1 per gallon tax credit to the producers of algae-based gasoline. The legislation, offered by Michigan Sen. Debbie Stabenow, would expand an existing tax credit for certain biofuel production to include the cultivation of algae for use in fuel. Stabenow's amendment would also extend several other tax credits for energy production. The cultivation of algae to create or enhance biofuels has, in the past, been relatively non-controversial. But the issue became politicized quickly after President Barack Obama mentioned it as a component of his energy platform last month. Mocking the idea as a pie-in-the-sky response to the real-life problem of high gas prices, the GOP presidential candidates have made it a regular laugh line on the campaign trail. Former House Speaker Newt Gingrich has taken to calling Obama "President Algae." (Chicago Tribune, Mar. 14, 2012)

LG&E and KU honor home builder Dominion Homes for its excellence in energy efficiency

A competitive trend is growing within the Commonwealth to build the best-of-the best in energy-efficient construction, and home builder Dominion Homes is proud to be recognized for helping pave the way. Louisville Gas & Electric Company and Kentucky Utilities Company recognized Dominion Homes during the recent Midwest Regional ENERGY STAR Conference, held in Lexington, for building one of the most energy efficient homes in the LG&E and KU service territories and its "excellence in energy efficiency" in 2011. With a Home Energy Rating System index score of 64, this energy efficient home is expected to be 36% more efficient than a new home built to standard code. (PRWeb, Mar. 15, 2012)

Special Ky. coal license plate sales reach 50,000

Kentucky Gov. Steve Beshear paid homage to the coal industry Wednesday by marking a milestone in sales of special license plates. The state has issued 50,000 of the "Friends Of Coal" license plates to Kentucky motorists in the past two and a half years. That's more than any other specialty plates in Kentucky except for collegiate plates honoring the state's universities. "Coal mining, as I've said many times before, is one of the cornerstones of Kentucky's economy," Beshear said during a Capitol press conference. "More than 19,000 people work directly at our mine sites with several times more than that number holding jobs indirectly related to the industry." (WTOV9, Feb. 14, 2012)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	3/15/2012	3/8/2012	3/1/2012	2/23/2012	Year Ago
Gasoline (State avg.)	3.736	3.653	3.679	3.563	3.511
Ashland	3.762	3.669	3.675	3.624	3.584
Covington	3.889	3.703	3.751	3.557	3.577
Lexington	3.662	3.638	3.709	3.607	3.558
Louisville	3.821	3.599	3.672	3.576	3.556
Owensboro	3.716	3.645	3.597	3.457	3.428
Diesel (State avg.)	4.038	4.012	3.978	3.88	3.862
Ashland	4.063	4.045	4.027	3.886	3.866
Covington	4.005	3.986	3.923	3.825	3.9
Lexington	4.04	4.015	3.983	3.867	3.877
Louisville	4.011	3.987	3.961	3.859	3.863
Owensboro	4.066	4.036	4	3.922	3.839

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	3/12/2012	3/5/2012	2/27/2012	2/20/2012	Year Ago
Heating Oil (dollars per gallon)	4.105	4.1	4.108	4.044	3.878
Propane (dollars per gallon)	2.868	2.867	2.867	2.863	2.857

Source: the U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	3/14/2012	3/7/2012	2/29/2012	2/23/2012	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	105.43	106.16	107.07	106.28	97.18
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2.118	2.233	2.426	2.61	3.798

Source: the Wall Street Journal

Futures		12-Apr	12-May	12-Jun
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	3/14/2012	105.43	105.95	106.48
	3/7/2012	106.16	106.65	107.18
	2/29/2012	107.07	107.52	107.95
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	3/14/2012	2.284	2.416	2.533
	3/7/2012	2.302	2.4	2.49
	2/29/2012	2.616	2.71	2.786
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	3/14/2012	1.253	1.254	1.26
	3/7/2012	1.25	1.262	1.269
	2/29/2012	1.224	1.23	1.236
Coal (Dollars per ton) <i>Central Appalachian</i>	3/14/2012	58.38	58.7	58.77
	3/7/2012	58.13	58.5	58.92
	2/29/2012	60.67	61.03	61.45

Source: CME Group



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