

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



## ***Appeals court voids major cross-state air pollution rule***

A federal appeals court struck down a major Obama administration air pollution regulation to reduce emissions from coal-fired power plants that crossed state lines. In a 2-1 decision, a panel of the U.S. Court of Appeals for the D.C. Circuit ruled that the Environmental Protection Agency had exceeded its authority by trying to limit the amount of health-damaging sulfur dioxide and nitrogen oxide emitted in 27 mostly eastern states and Texas, Reuters says. The majority opinion, written by Republican appointees, said the rule would “impose massive emissions reduction requirements on upwind states without regard to the limits imposed by the statutory text,” The Hill notes. The court directed the EPA to revise the Cross-State Pollution Rule, which was finalized in July 2011, and enforces Bush-era standards in the interim. An EPA spokeswoman said the agency is reviewing the decision, and will determine what steps to take after the review is complete, the Associated Press reports. (USA Today – Aug. 21, 2012)

## ***Century Aluminum puts Big Rivers on notice***

Century Aluminum, which operates a smelter in Hawesville, says there is a very real possibility the plant may have to be shut down. The company has issued a 12 month notice to terminate its power contract with Big Rivers, which is in the midst of a rate hike. Century and Big Rivers have been unable to come to terms on a deal to keep the plant's power on. And Century says the Hawesville Smelter is not economically viable under their current power rate and market conditions. (Tristate Homepage.com – Aug. 20, 2012)

## ***Western Kentucky utility withdraws pollution-control plan after appeals court strikes down EPA limits***

The fallout has begun just one day after a federal appeals court scrapped a major EPA rule designed to curb long-distance drifting power plant pollution — and Louisville's air quality may pay the price. A western Kentucky utility told the Kentucky Public Service Commission Wednesday that it intends to abandon pollution controls that would have allowed it comply with the U.S. Environmental Protection Agency's Cross-State Air Pollution Rule, also known as the transport rule. Henderson-based Big Rivers Electric Cooperative, which owns and operates four generating stations and a 1,266-mile transmission system, could save its customers about \$225 million by dropping pollution controls required for the transport rule, said Marty Littrel, cooperative spokesman. (The Courier-Journal, Aug. 22, 2012)

## ***KU & LG&E moving forward on new combined cycle plant at Cane Run***

Louisville Gas & Electric (LG&E) and Kentucky Utilities (KU) recently awarded PCL Industrial Construction (PCL) and Black & Veatch a \$583 million contract to design and build a new natural gas-fueled power plant at the Cane Run Station, located in south-western Louisville. LG&E and KU announced plans for the combined cycle plant last September. The project is intended to offset in part the retirement of coal units at Cane Run, Green River and Tyrone Stations caused by new federal regulations imposed by the Environmental Protection Agency (EPA). The coal-fired units are scheduled to be retired by 2016. (LCG Consulting Energy Online – Aug. 21, 2012)

## ***Mid-South bioenergy initiative could guard against drought impact***

Loretta Daniel believes that 20 years from now people in Kentucky and Tennessee will be working with new biomass energy crops, running biomass-based businesses and living in economically healthier farming communities. Daniel, the director for regional business and the innovation center at Murray State University in Kentucky, recently provided an update on the West Kentucky AgBio-works Initiative to local and federal authorities. Through WKABW, Daniel and a team made of 21 schools and other organizations, work to develop the biomass and biofuels industry in the region to revitalize rural economies through job creation. The team tests new biomass energy crops and works to develop business strategies, partnerships and demonstration sites for biomass. (Biomass Magazine – Jul. 31, 2012)

## ***Plans announced for coal-to-fuel plant in Ky.***

A private company announced plans this week to build a coal-to-liquid fuel plant in western Kentucky, which could also lead to additional facilities. Officials with US Fuel Corporation say their plant will convert coal to “non-petroleum based alternative fuels” like diesel and aviation fuel, and can process 148 tons of coal per day to produce 8,500 gallons of high grade, low sulfur diesel. The first facility will be built in Capital City, Muhlenberg County, in the Western Coalfields, according to information on the company's website posted on Tuesday, and will lead to other “larger scaled commercial facilities.” The company plans to build the additional sites where coal is readily available, though any future plans as to specific locations haven't been released. (Hazard-Herald.com – Aug. 22, 2012)

## ***Algae Biomass Organization launches “Summer of Algae II” -- a national algae awareness and access campaign***

On Monday, August 20, the first of a series of events featuring algae will kick off as part of a national campaign to raise awareness about the promise of the algae industry to create jobs, domestic fuels, and other food and feed products. Through open-house style events, local and national officials will experience the research, products and jobs being created by some of the algae industry's leading companies and research institutions. The “Summer of Algae II” is sponsored by the Algae Biomass Organization, the trade association for the U.S. algae industry, and implemented by its member companies, with events primarily taking place during the next two weeks but also stretching into early Fall. The campaign's name is a nod to the original Summer of Algae, coined by Biofuels Digest editor Jim Lane to characterize the developments and momentum in the summer of 2009. (Equities.com - Aug. 17, 2012)

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

Product	8/23/2012	8/16/2012	8/10/2012	8/2/2012	Year Ago
Gasoline (State avg.)	3.664	3.716	3.7	3.525	3.493
Ashland	3.702	3.752	3.801	3.683	3.584
Covington	3.805	3.822	3.844	3.638	3.538
Lexington	3.652	3.781	3.72	3.642	3.498
Louisville	3.642	3.677	3.691	3.49	3.415
Owensboro	3.645	3.652	3.656	3.442	3.453
Diesel (State avg.)	3.956	3.927	3.858	3.75	3.815
Ashland	3.981	3.971	3.926	3.817	3.805
Covington	3.87	3.839	3.841	3.756	3.773
Lexington	3.97	3.964	3.883	3.756	3.793
Louisville	3.956	3.937	3.876	3.719	3.779
Owensboro	3.971	3.961	3.862	3.781	3.828

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,

### Wholesale Fuel Prices

Spot Prices	8/22/2012	8/15/2012	8/9/2012	8/1/2012	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	97.26	94.33	93.36	88.91	85.16
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2.818	2.781	2.933	3.199	4.065

Source: the Wall Street Journal

Futures		12-Sep	12-Oct	12-Nov
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	8/22/2012	96.68	97.26	97.55
	8/15/2012	94.33	94.62	94.91
	8/9/2012	93.36	93.63	93.94
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	8/22/2012	2.826	2.863	3.03
	8/15/2012	2.748	2.787	2.981
	8/9/2012	2.945	2.97	3.156
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	8/22/2012	0.921	0.93	0.938
	8/15/2012	0.963	0.972	0.98
	8/9/2012	0.957	0.965	0.972
Coal (Dollars per ton) <i>Central Appalachian</i>	8/22/2012	57.88	60.58	62.53
	8/15/2012	58.9	61.45	62.9
	8/9/2012	60.3	62.87	64.77

Source: CME Group



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