

# Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



## **Wind farm study under fire again**

For the second month in a row, residents of May's Lick attended Tuesday's fiscal court meeting to express their opposition to and concerns about a potential wind farm in Mason County. Mike Averdick serves as spokesman for the citizens, who asked last month that a countywide moratorium on wind energy projects be implemented so that zoning, regulations and policies of such a project could be studied. Also in attendance Tuesday was Dave Clarke, who spoke in favor of the project and was the first landowner in the area to sign a lease with Duke Energy. Duke Energy is conducting a study in the May's Lick area to determine if a wind energy project has potential in Mason County. The study also encompasses land in Fleming County. (The Independent Ledger, June 11, 2013)

## **Arch Coal scaling back work at 2 mining complexes**

Arch Coal Inc. says it will scale back operations at two coal mining complexes in Kentucky and Virginia, trimming the work force by more than 100. The St. Louis-based company said Friday the cutbacks will affect the Cumberland River and Hazard mining complexes. Company spokeswoman Kim Link says the decision was due on "ongoing coal market challenges." She says the curtailed operations will cost about 110 jobs - about 65 of them company positions and the rest contractor jobs not controlled by Arch. (The Herald Leader, June 7, 2013)

## **Century buys Sebree smelter for \$61M, reaches power deal and will hire another 500**

Century Aluminum Co. has entered into a definitive agreement to acquire the assets of the Sebree aluminum smelter in Henderson County from Rio Tinto Alcan Inc. for \$61 million in cash. Century also owns a smelter in Hawesville, Ky., that is the company's largest facility and the only producer of high-purity aluminum in North America. The acquisition of the Sebree smelter means the addition of more than 500 employees and an annual production capacity of 205,000 metric tons of primary aluminum. (The Lane Report, June 9, 2013)

## **LG&E coal sludge plant cited again for fly ash**

Louisville Gas and Electric has been fined once again and received another notice of violation for allegedly allowing coal fly ash particles to leave its Cane Run facility. The utility, which received the notice of violation this week, also received a \$5,000 fine which could increase. The Air Pollution Control District, which has repeatedly fined the facility since 2011, claims its own scientific analysis found that fly ash (a byproduct of burning off coal) continues to leave the plant and be found on nearby homes. (www.wdrb.com June 9, 2013)

## **Researchers study new uses for Kentucky switchgrass in biomass project**

In 2007, University of Kentucky College of Agriculture forage specialists, East Kentucky Power Cooperative personnel and 20 farmers in northeastern Kentucky began a pilot project looking at the biomass potential of switchgrass, a warm-season forage native to Kentucky. Several factors have limited the current biomass market, but Ray Smith, UK extension forage specialist, said the project was still a success. "We learned a whole lot and found some useful applications for the forage until a consistent biomass market develops," said Smith, who was the primary investigator on the project. (www.surfky.com June 8, 2013)

## **Switchgrass as jet fuel for Navy fighters?**

Switchgrass is on the forefront of biomass technology and it could be converted into jet fuel to power Navy planes and more. The National Renewable Energy Laboratory (NREL), run by the Energy Department, is looking into ways that switchgrass could be used to fuel jets. To achieve this goal, the group has partnered with the U.S. Navy, Cobalt Technologies, and the Show Me Energy Cooperative. (www.itechpost.com June 9 2013)

## **US Natural Gas Corp. to acquire 17 producing wells in Clay County**

US Natural Gas Corp., an energy exploration company with operations in the Appalachian Basin, has entered into terms to acquire 17 producing oil and natural gas wells in Eastern Kentucky. Financial details of the acquisition were not disclosed. The 17 wells are located in Clay County, Ky., on a 400-acre lease. They are currently shut-in by the selling operator, but have a history of production as recent as 2011. Previous production records show that the field of 17 wells produced on average 20 to 25 barrels of oil per day. The company plans to purchase new pump jacks and above ground completion components for all wells. (The Lane Report, June 11, 2013)

## **Century, Big Rivers and Kenergy File Definitive Energy Agreements With the Kentucky Public Service Commission**

Century Aluminum of Kentucky, a wholly owned subsidiary of Century Aluminum Company (NASDAQ: CENX), Kenergy Corp. and Big Rivers Electric Corp. today announced that they have finalized and filed with the Kentucky Public Service Commission definitive agreements between the parties based on the tentative agreement reached in April. These agreements and the filing are a first step in finalizing the tentative agreement. The agreement is subject to approvals from various third parties, including the Kentucky Public Service Commission, the USDA Rural Utilities Service and other regulatory agencies. (www.marketwire.com June 12, 2013)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	6/13/2013	6/6/2013	5/30/2013	5/23/2013	Year Ago
<b>Gasoline (State avg.)</b>	\$ 3.61	\$ 3.61	\$ 3.53	\$ 3.57	\$ 3.42
Ashland	\$ 3.53	\$ 3.74	\$ 3.56	\$ 3.74	\$ 3.56
Covington	\$ 3.89	\$ 3.91	\$ 3.75	\$ 3.84	\$ 3.70
Lexington	\$ 3.56	\$ 3.63	\$ 3.45	\$ 3.57	\$ 3.46
Louisville	\$ 3.83	\$ 3.85	\$ 3.64	\$ 3.55	\$ 3.44
Owensboro	\$ 3.71	\$ 3.61	\$ 3.57	\$ 3.56	\$ 3.37
<b>Diesel (State avg.)</b>	\$ 3.88	\$ 3.89	\$ 3.91	\$ 3.92	\$ 3.78
Ashland	\$ 3.89	\$ 3.90	\$ 3.95	\$ 3.96	\$ 3.79
Covington	\$ 3.91	\$ 3.94	\$ 3.93	\$ 3.94	\$ 3.84
Lexington	\$ 3.90	\$ 3.91	\$ 3.93	\$ 3.94	\$ 3.80
Louisville	\$ 3.88	\$ 3.90	\$ 3.90	\$ 3.93	\$ 3.83
Owensboro	\$ 3.97	\$ 3.97	\$ 3.96	\$ 3.98	\$ 3.80

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,

Spot Prices	6/12/2013	6/5/2013	5/29/2013	5/22/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 95.88	\$ 93.74	\$ 93.13	\$ 94.28	\$ 82.62
MMBtu) <i>Henry-Hub</i>	\$ 3.79	\$ 3.96	\$ 4.13	\$ 4.16	\$ 2.20

Source: the Wall Street Journal

Futures		July 2013	August 2013	September 2013
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	6/12/2013	\$ 95.88	\$ 96.10	\$ 96.13
	6/5/2013	\$ 93.74	\$ 93.96	\$ 94.04
	5/29/2013	\$ 93.13	\$ 93.35	\$ 93.38
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	6/12/2013	\$ 3.78	\$ 3.80	\$ 3.80
	6/5/2013	\$ 4.00	\$ 4.02	\$ 4.01
	5/29/2013	\$ 4.18	\$ 4.20	\$ 4.20
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	6/12/2013	\$ 0.87	\$ 0.87	\$ 0.88
	6/5/2013	\$ 0.90	\$ 0.91	\$ 0.91
	5/29/2013	\$ 0.91	\$ 0.91	\$ 0.92
Coal (Dollars per ton) <i>Central Appalachian</i>	6/12/2013	\$ 58.95	\$ 59.10	\$ 59.13
	6/5/2013	\$ 61.02	\$ 61.23	\$ 61.38
	5/29/2013	\$ 60.70	\$ 61.15	\$ 62.03

Source: CME Group



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