

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



East Kentucky Power Cooperative system now integrated into PJM Interconnection regional grid

On the morning of June 1 at midnight, East Kentucky Power Cooperative (EKPC) completed integration of its system into the PJM Interconnection. PJM now monitors and manages EKPC's transmission system, ensuring reliability by coordinating the movement of electricity so enough power is generated and delivered where it is needed. PJM also administers a wholesale power market for the region. "Our organizations have put a lot of hard work into this integration, and I am proud of everyone for their extensive efforts," said EKPC's CEO Anthony "Tony" Campbell. "This move will help EKPC to operate more efficiently and economically, creating important benefits for our 16 owner-member cooperatives, and the 520,000 homes and businesses they serve." (The Lane Report, June 3, 2013)

Sierra Club & AEP Reach Deal on Future of Kentucky's Big Sandy Coal Plant

Late last week Sierra Club and American Electric Power (AEP) reached an agreement in principle that would resolve the future of power generation in eastern Kentucky after the retirement of the coal fired generators at the Big Sandy Power Plant near Louisa, Kentucky in 2015. The proposed deal commits American Electric Power subsidiary Kentucky Power to invest in a host of clean energy and energy efficiency programs along with a focus on new low-income community development investments in Lawrence County. Both coal fired units of the plant were previously scheduled for retirement and this agreement will see some of the new power coming from a plant in Moundsville, West Virginia owned by AEP subsidiary Ohio Power. (www.enewspf.com June 6, 2013)

KY Gas Tax Increasing to 32.3 Cents a Gallon

Kentucky's gasoline tax will automatically rise by 2.4 cents next month to 32.3 cents a gallon. Lawmakers were briefed on the increase Tuesday in a meeting of the Interim Joint Transportation Committee. Under Kentucky law, the gasoline tax is subject to periodic increases. That's based on a formula that ties the state's gasoline tax to wholesale prices. Kentucky surveys wholesale gasoline prices every three months, and changes in the tax rate show up at the pumps three months later. That's meant a consistent string of increases over at least the past five years. (www.wsiltv.com June 4, 2013)

Survey Work Begins This Week on Proposed Natural Gas Pipeline Across Kentucky

A proposed natural gas pipeline could cross through up to 18 Kentucky counties. The Bluegrass Pipeline would carry natural gas liquids from drilling operations in Pennsylvania to processing plants on the Gulf Coast. These natural gas liquids—or NGLs—that could travel through the pipe are a byproduct of natural gas drilling, and consist mainly of ethane, propane and butane. They're common ingredients in products like car bumpers, adhesives and camera lenses. (www.wfpl.org June 3, 2013)

Beshear asks EPA to rethink proposed coal regs

Gov. Steve Beshear is calling for the U.S. Environmental Protection Agency to rethink proposed greenhouse gas regulations that he said would effectively ban new coal-fired power plants. Beshear made the request in a letter to the EPA last week. The Kentucky Democrat asked the EPA to drop the proposal that would require coal-fired power plants to meet the same emission standards as those that use natural gas or oil. (The Herald Leader June 4 2013)

Tough Times for Kentucky Coal Business

The numbers confirmed what Kentucky coal officials instinctively knew: 2012 was the worst year for coal production in the Commonwealth in almost half a century. Total output was down by 16.3% from 2011, plunging by 27.6% in the Central Appalachian coalfields in the eastern part of the state while high-sulfur western Kentucky managed a marginal 2.5% increase. Kentucky produced 91.4 million tons last year, its lowest total since 1965. Coal production peaked in the state at 131 million tons in 1990. (www.coalage.com May 31, 2013)

Glasgow aims to turn methane into electricity

A south-central Kentucky city is hoping to capture methane gas from a regional landfill and turn it into electricity. The Daily News (<http://bit.ly/18oeey2>) in Bowling Green reports officials in Glasgow have partnered with Farmers Rural Electric Cooperative in seeking a \$1 million loan to help pay for the project. Farmers CEO Bill Prather says it could take up to 90 days to hear whether the loan has been approved. (The Herald Leader May 24, 2013)

TVA suffers blow, loses biggest customer

The Tennessee Valley Authority is losing its biggest customer today amid growing concerns about rising industrial power rates. USEC Inc. is shutting down its Paducah, Ky., gaseous diffusion plant, ending uranium enrichment at the 61-year-old plant and idling 1,000 employees over the next year. "While we have pursued possible opportunities for continuing enrichment, (the U.S. Department of Energy) has concluded that there were not sufficient benefits to the taxpayers to extend enrichment," USEC Senior Vice President Robert Van Namen said in announcing the closing last week. (Knoxville News May 31, 2013)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	6/6/2013	5/30/2013	5/23/2013	5/17/2013	Year Ago
Gasoline (State avg.)	\$ 3.61	\$ 3.53	\$ 3.57	\$ 3.52	\$ 3.46
Ashland	\$ 3.74	\$ 3.56	\$ 3.74	\$ 3.62	\$ 3.63
Covington	\$ 3.91	\$ 3.75	\$ 3.84	\$ 3.72	\$ 3.70
Lexington	\$ 3.63	\$ 3.45	\$ 3.57	\$ 3.47	\$ 3.45
Louisville	\$ 3.85	\$ 3.64	\$ 3.55	\$ 3.60	\$ 3.50
Owensboro	\$ 3.61	\$ 3.57	\$ 3.56	\$ 3.55	\$ 3.37
Diesel (State avg.)	\$ 3.89	\$ 3.91	\$ 3.92	\$ 3.91	\$ 3.83
Ashland	\$ 3.90	\$ 3.95	\$ 3.96	\$ 3.92	\$ 3.80
Covington	\$ 3.94	\$ 3.93	\$ 3.94	\$ 3.93	\$ 3.87
Lexington	\$ 3.91	\$ 3.93	\$ 3.94	\$ 3.94	\$ 3.84
Louisville	\$ 3.90	\$ 3.90	\$ 3.93	\$ 3.93	\$ 3.88
Owensboro	\$ 3.97	\$ 3.96	\$ 3.98	\$ 3.96	\$ 3.86

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	6/5/2013	5/29/2013	5/22/2013	5/16/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 93.74	\$ 93.13	\$ 94.28	\$ 95.16	\$ 85.02
MMBtu) <i>Henry-Hub</i>	\$ 3.96	\$ 4.13	\$ 4.16	\$ 4.01	\$ 2.40

Source: the Wall Street Journal

Futures		July 2013	August 2013	September 2013
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	6/5/2013	\$ 93.74	\$ 93.96	\$ 94.04
	5/29/2013	\$ 93.13	\$ 93.35	\$ 93.38
	5/22/2013	\$ 96.16	\$ 94.28	\$ 94.46
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	6/5/2013	\$ 4.00	\$ 4.02	\$ 4.01
	5/29/2013	\$ 4.18	\$ 4.20	\$ 4.20
	5/22/2013	\$ 4.19	\$ 4.23	\$ 4.25
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	6/5/2013	\$ 0.90	\$ 0.91	\$ 0.91
	5/29/2013	\$ 0.91	\$ 0.91	\$ 0.92
	5/22/2013	\$ 0.93	\$ 0.93	\$ 0.93
Coal (Dollars per ton) <i>Central Appalachian</i>	6/5/2013	\$ 61.02	\$ 61.23	\$ 61.38
	5/29/2013	\$ 60.70	\$ 61.15	\$ 62.03
	5/22/2013	\$ 60.82	\$ 60.90	\$ 61.48

Source: CME Group



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