

# Kentucky Department for Energy Development and Independence Energy Watch

*A snapshot of state and national energy issues*



## ***Chasing the Dream of Half-Price Gasoline from Natural Gas***

At a pilot plant in Menlo Park, California, a technician pours white pellets into a steel tube and then taps it with a wrench to make sure they settle together. He closes the tube, and oxygen and methane—the main ingredient of natural gas—flow in. Seconds later, water and ethylene, the world's largest commodity chemical, flow out. Another simple step converts the ethylene into gasoline. (www.technologyreview.com Jan. 15, 2014)

## ***TVA asks for resignations, retirements to cut expenses***

America's biggest public utility will get smaller this year. The Tennessee Valley Authority, seeking to cut \$500 million a year in operating expenses, outlined plans Wednesday to encourage many of its 12,600 employees to resign or retire early from jobs not deemed essential by utility managers. TVA officials said staff cuts are needed to bring the utility's costs and rates more in line with neighboring utilities and to offset an expected four-year decline in electricity sales. (www.timesfreepress.com Jan. 16, 2014)

## ***Ethanol supporters campaign against proposed RFS cut***

Neither icy nor wind-blown roads have stopped Dave Frederickson, Minnesota's Commissioner of Agriculture from doing what he wants the Post Office to do. He wants to see no fewer than 100,000 letters delivered to Gina McCarthy, director of the Environmental Protection Agency urging her to drop the proposal to reduce the Renewable Fuels Standard. "Wrongheaded and wrong directed," said Frederickson of the proposal Tuesday at the Granite Falls Energy plant in Granite Falls, Minn. (www.prairiebizmag.com Jan. 15, 2014)

## ***Boeing research shows green diesel's high-flying possibilities***

New research by Boeing Co. shows that so-called green diesel, a fuel blend made from oils and fats that's already used in trucks and other ground transportation, can be used to power aircraft too, the Chicago-based aviation giant announced Tuesday. One official called the revelation a "major breakthrough" in the industry's quest to wean itself off fossil fuels and reduce harmful emissions. (http://articles.chicagotribunecom Jan. 14, 2014)

## ***Century hits back, says Sebree aluminum smelter losing money***

Century Aluminum told Kentucky regulators Thursday its 207,000 mt/year Sebree smelter incurred a net loss of \$12.5 million in 2012, refuting arguments the plant was highly profitable, as Century pursues electricity rate relief it insists is required to keep the smelter operating. In a filing with the Kentucky Public Service Commission, Michael Early, Century's corporate energy director, termed recent filings by the Kentucky Industrial Utility Customers trade group that Sebree had a profit of \$29.7 million in 2012 as "misleading." (www.platts.com Jan. 9, 2014)

## ***Natural gas prices, coal use, and carbon pollution jumped in 2013***

Emissions of carbon dioxide from energy activities in the United States jumped by 2 percent in 2013 from the year before, according to an early estimate from the Energy Information Administration (EIA). 2013's emissions estimate is 10 percent lower than emissions levels in 2005, but any number that is not a negative one means that the Obama Administration's goal of a 17 percent emissions cut from that 2005 level by the end of the decade gets that much harder. The drop in CO2 emissions from 2005 to 2012 was 12 percent, so 10 percent is a step back. (www.thinkprogress.org Jan. 13, 2014)

## ***Nuclear power for Indiana?***

Indiana hasn't tried to build a nuclear power plant since two efforts fizzled in the 1980s over high costs, nearly bankrupting one of the companies in the process. But an influential state senator says it's time to encourage nuclear power again and has introduced a bill that would provide financial incentives to utilities to build nuclear plants. Sen. Jim Merritt, R-Indianapolis, chairman of the Senate Utilities Committee, says nuclear energy is clean, safe and reliable and should have a place in Indiana's energy lineup. (www.indystar.com Jan. 15, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	1/16/2014	1/9/2014	1/2/2014	12/19/2013	Year Ago
<b>Gasoline (State avg.)</b>	\$ 3.28	\$ 3.28	\$ 3.35	\$ 3.16	\$ 3.30
Ashland	\$ 3.26	\$ 3.31	\$ 3.41	\$ 3.21	\$ 3.21
Covington	\$ 3.33	\$ 3.30	\$ 3.38	\$ 3.19	\$ 3.36
Lexington	\$ 3.23	\$ 3.23	\$ 3.34	\$ 3.10	\$ 3.29
Louisville	\$ 3.35	\$ 3.30	\$ 3.41	\$ 3.24	\$ 3.35
Owensboro	\$ 3.19	\$ 3.23	\$ 3.29	\$ 3.12	\$ 3.19
<b>Diesel (State avg.)</b>	\$ 3.83	\$ 3.84	\$ 3.85	\$ 3.84	\$ 3.90
Ashland	\$ 3.91	\$ 3.91	\$ 3.89	\$ 3.87	\$ 3.92
Covington	\$ 3.83	\$ 3.86	\$ 3.87	\$ 3.87	\$ 3.93
Lexington	\$ 3.81	\$ 3.83	\$ 3.83	\$ 3.84	\$ 3.89
Louisville	\$ 3.81	\$ 3.82	\$ 3.83	\$ 3.82	\$ 3.88
Owensboro	\$ 3.86	\$ 3.87	\$ 3.88	\$ 3.88	\$ 3.97

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	1/13/2014	1/6/2014	12/23/2013	12/16/2013	Year Ago
Heating Oil (dollars per gallon)	\$ 3.47	\$ 3.48	\$ 3.48	\$ 3.46	\$ 3.59
Propane (dollars per gallon)	\$ 2.54	\$ 2.52	\$ 2.43	\$ 2.38	\$ 2.11

Spot Prices	1/15/2014	1/8/2014	12/31/2013	12/18/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 94.05	\$ 91.46	\$ 96.45	\$ 98.83	\$ 94.28
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 4.46	\$ 4.35	\$ 4.32	\$ 4.26	\$ 3.46

Source: the Wall Street Journal

Futures		February 2014	March 2014	April 2014
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	1/15/2014	\$ 94.17	\$ 94.35	\$ 94.20
	1/8/2014	\$ 92.33	\$ 92.53	\$ 92.47
	12/31/2013	\$ 98.42	\$ 98.55	\$ 98.44
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	1/15/2014	\$ 4.33	\$ 4.28	\$ 4.09
	1/8/2014	\$ 4.22	\$ 4.18	\$ 4.06
	12/31/2013	\$ 4.23	\$ 4.19	\$ 4.11
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	1/15/2014	\$ 1.26	\$ 1.16	\$ 1.11
	1/8/2014	\$ 1.26	\$ 1.16	\$ 1.10
	12/31/2013	\$ 1.23	\$ 1.14	\$ 1.08
Coal (Dollars per ton) <i>Central Appalachian</i>	1/15/2014	\$ 56.98	\$ 56.58	\$ 56.07
	1/8/2014	\$ 57.55	\$ 57.35	\$ 57.68
	12/31/2013	\$ 57.44	\$ 57.16	\$ 58.04

Source: CME Group

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