

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

First 'carbon capture and storage' power plant opens in Canada

The world's first power plant that captures carbon emissions and pumps them underground will begin operation Thursday in Canada, a project that could have major implications for the future of burning coal to generate electricity. SaskPower's Boundary Dam facility is using \$1.4 billion of "carbon capture and storage" technology, which climate scientists say must become more widely adopted to keep greenhouse gas emissions that exacerbate climate change in check. That's especially true for countries like China, which is expected to account for a bulk of the world's new coal-fired power in the coming decades. "The experience from this project will be critically important," said Maria van der Hoeven, executive director of the International Energy Agency. (<http://washingtonexaminer.com> October 2, 2014)

State gives consumers winter propane advice

The Kentucky Energy and Environment Cabinet (EEC) and Kentucky's propane industry are taking proactive steps to ensure that adequate propane supplies are available to meet the needs of Kentuckians this coming winter. This past February McLean County farmers and residents experienced a propane shortage that also came with a spike in price. At the end of January, propane jumped from \$2.540 to \$3.785 per gallon. Many local farmers use propane gas for drying their grain and heating their chicken houses. "The most effective short-term actions that suppliers and customers can take are to participate in fall fill programs," said EEC Secretary Len Peters. (www.messenger-inquirer.com October 2, 2014)

For Sale: Coal Mines for Investors Willing to Buck Trend

OAO Severstal got \$60 million when it sold PBS Coals Ltd. in July, less than a tenth of what it paid for the Appalachia mining company six years ago. The worst U.S. coal market in decades is driving the Russian steelmaker and other big mine owners for the exit, and a new class of buyers has emerged. The acquirers are smaller, backed by family fortunes, hedge-fund money and private equity companies. They're betting they can find value during the slump. (www.bloomberg.com October 1, 2014)

Local district receives grant for fleet of propane-powered buses

One local school district is going green when it comes to yellow. The Crittenden County, Kentucky school district has been running a propane-powered bus for the past few years, but this week they got an entire fleet of them. Governor Steve Beshear awarded the district about \$95,000 to replace older diesel buses with new propane ones. They are the first district in the state to do so (www.wpsdlocal6.com September 30, 2014)

Pre-registration for heating assistance in Louisville begins Oct. 6

The Louisville Metro Community Action Partnership (CAP) will begin accepting pre-registration heating assistance applications on Oct. 6. The Low Income Home Energy Assistance Program (LIHEAP) provides financial assistance to help income eligible citizens pay utility bills. Funds for this program will be available on or after Nov. 3. (www.lanereport.com September 30, 2014)

Duke Energy supplies additional details on solar projects as part of \$500 million commitment

Duke Energy today announced a number of partner companies it will use to build three previously announced solar projects in North Carolina by the end of 2015. The company will construct and own some of the largest solar facilities on the East Coast, totaling 128 megawatts (MW) of capacity. These projects are part of the company's recently announced \$500 million commitment to solar. Construction is expected to begin in early 2015. When underway, up to 750 local construction jobs will be created. Before construction, the projects must obtain approval from the North Carolina Utilities Commission (NCUC) (www.duke-energy.com September 22, 2014)

Henry Hub, king of U.S. natural gas trade, losing crown to Marcellus

For nearly a quarter-century, traders around the world have looked to a spot in Louisiana for the best price of U.S. natural gas. Now they're looking east. The Henry Hub in southern Louisiana, which connects to more than a dozen on- and offshore pipelines from Texas and the Gulf of Mexico, has been surpassed as the most active place for trading physical U.S. natural gas by hubs in shale-rich Pennsylvania (www.reuters.com September 25, 2014)

Paducah residents say electric bills too high

Paducah residents upset over sky high electric rates thanks to cost overruns at a new power plant say they have no idea when they might get some relief. Electric utility officials spoke at the city commission meeting last week, and the public was given a chance to ask questions about the high electric rates. Many echoed the concerns of Vicky Holland, a single mother of two who said her electric bills have been \$900 a month. (www.kentucky.com September 27, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

| Product | 10/2/2014 | 9/25/2014 | 9/18/2014 | 9/11/2014 | Year Ago |
|------------------------------|-----------|-----------|-----------|-----------|----------|
| Gasoline (State avg.) | \$ 3.33 | \$ 3.35 | \$ 3.36 | \$ 3.42 | \$ 3.39 |
| Ashland | \$ 3.39 | \$ 3.49 | \$ 3.44 | \$ 3.52 | \$ 3.31 |
| Covington | \$ 3.47 | \$ 3.49 | \$ 3.52 | \$ 3.57 | \$ 3.48 |
| Lexington | \$ 3.34 | \$ 3.45 | \$ 3.32 | \$ 3.47 | \$ 3.25 |
| Louisville | \$ 3.50 | \$ 3.50 | \$ 3.52 | \$ 3.70 | \$ 3.33 |
| Owensboro | \$ 3.20 | \$ 3.21 | \$ 3.29 | \$ 3.35 | \$ 3.20 |
| Diesel (State avg.) | \$ 3.73 | \$ 3.75 | \$ 3.73 | \$ 3.79 | \$ 3.90 |
| Ashland | \$ 3.58 | \$ 3.60 | \$ 3.63 | \$ 3.67 | \$ 3.94 |
| Covington | \$ 3.74 | \$ 3.75 | \$ 3.76 | \$ 3.78 | \$ 3.93 |
| Lexington | \$ 3.67 | \$ 3.68 | \$ 3.71 | \$ 3.73 | \$ 3.94 |
| Louisville | \$ 3.71 | \$ 3.72 | \$ 3.74 | \$ 3.76 | \$ 3.88 |
| Owensboro | \$ 3.72 | \$ 3.75 | \$ 3.77 | \$ 3.81 | \$ 3.90 |

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 | 9/29/2014 | 9/22/2014 | 9/17/2014 | 9/4/2014 | Year Ago |
|---|-----------|-----------|-----------|----------|-----------|
| Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i> | \$ 94.53 | \$ 91.46 | \$ 92.86 | \$ 92.92 | \$ 104.15 |
| Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i> | \$ 3.89 | \$ 3.88 | \$ 3.92 | \$ 3.94 | \$ 3.51 |

Source: the Wall Street Journal

| Futures | | November 2014 | December 2014 | January 2015 |
|--|-----------|---------------|---------------|--------------|
| Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i> | 10/1/2014 | \$ 90.73 | \$ 89.74 | \$ 89.11 |
| | | | | |
| Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i> | 10/1/2014 | \$ 4.02 | \$ 4.09 | \$ 4.15 |
| | | | | |
| Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i> | 10/1/2014 | \$ 1.06 | \$ 1.06 | \$ 1.07 |
| | | | | |
| Coal (Dollars per ton) <i>Central Appalachian</i> | 10/1/2014 | \$ 52.93 | \$ 53.73 | \$ 55.45 |
| | | | | |

Source: CME Group



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