

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues



Paradise Fossil Plant Units 1 and 2– Mercury Air Toxics Standards Compliance Project

On November 13, 2013, TVA issued a final environmental assessment (EA) and finding of no significant impact (FONSI) on its proposed actions at Paradise Fossil Plant (PAF) to comply with the Mercury and Air Toxics Standards (MATS). The MATS, recently issued by the U.S. Environmental Protection Agency (USEPA), regulate emissions of hazardous air pollutants (HAPS) from existing coal- and oil-fired electric utility steam generating units of 25 megawatts (MW) or greater and affected sources must demonstrate compliance with MATS by April 16, 2015. (www.tva.com Feb. 2014)

Bluegrass Pipeline developers must resubmit federal permit

The developers of the Bluegrass Pipeline failed to submit a complete permit application to the U.S. Army Corps of Engineers, a Corps spokeswoman said. “Bluegrass Pipeline submitted an incomplete permit application to the Army Corps of Engineers Louisville. It is a Department of the Army permit request for activities potentially subject to Section 10 of the Rivers and Harbors Act and Section 404 of the Clean Water Act,” spokeswoman Carol Labashosky said in an email provided on Tuesday. (www.wdrb.com Feb. 12, 2014)

Ky. gas line blast injures 2, destroys 2 homes

An underground transmission pipeline carrying natural gas exploded early Thursday in southern Kentucky, sending two people to the hospital, destroying two homes and alarming residents who saw flames from miles away. The explosion happened about 2 a.m. in a hillside about 100 feet off the road and left a crater 60 feet wide, Adair County Emergency Management Director Greg Thomas said. People said they “saw the fire in the sky,” Thomas said. (www.kentucky.com Feb. 13, 2014)

CCS Could Increase Coal-Fired Electric Generation Costs By 70%–80%

The first generation of carbon capture and storage (CCS) technologies could increase wholesale power prices by 70% to 80%, but second generation technologies could halve those costs, an Energy Department official told lawmakers at a House hearing on Tuesday. “I continue to believe that coal is actually a required part of a vibrant American economy—part of the future. In this context, the work we’re doing on CCS is critical. It is a key pathway forward for a sustainable, low carbon, energy future, with an era of abundance of fossil energy that we live in today,” said Dr. Julio Friedmann, deputy assistant secretary for clean coal with the Department of Energy (DOE). (www.powermag.com Feb. 13, 2014)

CO2 Capture Could Raise Wholesale Energy Price 80 Percent

Requiring the use of carbon capture and sequestration technologies at coal-fired power plants could increase the wholesale price of electricity between 70 percent and 80 percent, an Energy Department official said. Julio Friedmann, deputy assistant secretary for clean coal at the Energy Department, told the House Energy and Commerce Oversight and Investigations Subcommittee the first generation of CCS technologies have a captured cost of carbon dioxide of between \$70-90 per ton for wholesale electricity production but said a second generation of technologies could drop that cost to \$40-50 per ton. (www.bloomberg.com Feb. 12, 2014)

UPDATE 2-Alpha Natural expects recovery in thermal coal demand

U.S. coal miner Alpha Natural Resources reported a smaller-than-expected quarterly loss as cost-cutting efforts paid off and forecast an improvement in demand for thermal coal used to generate electricity. Alpha Natural shares rose as much as 6 percent in early morning trading on the first signs of a recovery following a year in which weak prices kept most U.S. miners in the red. The company joined rival Arch Coal Inc in saying it expected demand for thermal coal to pick up due an increase in demand for power after the severe winter weather in the United States, coupled with a fall in inventory levels at utilities and the recent rise in natural gas prices. (www.reuters.com Feb. 12, 2014)

Too Much Winter, and Not Nearly Enough Propane

In the midst of one of the great natural gas drilling booms in the nation’s history, millions of Americans are struggling with a problem that is chilling their bones. There is not enough propane, a byproduct of natural gas production and crude oil refining, to heat their homes and keep their farms running. Even while production of the fuel is up 15 percent over a year ago, inventories are now nearly 50 percent lower than last winter, and many Southerners and Midwesterners who depend on the fuel are angry and confused. (www.nytimes.com Feb. 8, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	2/13/2014	2/6/2014	1/30/2014	1/23/2014	Year Ago
Gasoline (State avg.)	\$ 3.32	\$ 3.25	\$ 3.23	\$ 3.29	\$ 3.61
Ashland	\$ 3.43	\$ 3.29	\$ 3.32	\$ 3.36	\$ 3.72
Covington	\$ 3.35	\$ 3.29	\$ 3.26	\$ 3.34	\$ 3.72
Lexington	\$ 3.36	\$ 3.25	\$ 3.21	\$ 3.33	\$ 3.66
Louisville	\$ 3.29	\$ 3.25	\$ 3.22	\$ 3.31	\$ 3.67
Owensboro	\$ 3.24	\$ 3.17	\$ 3.18	\$ 3.19	\$ 3.47
Diesel (State avg.)	\$ 3.99	\$ 3.91	\$ 3.85	\$ 3.82	\$ 4.07
Ashland	\$ 4.07	\$ 3.97	\$ 3.94	\$ 3.90	\$ 4.19
Covington	\$ 4.04	\$ 3.95	\$ 3.83	\$ 3.82	\$ 4.10
Lexington	\$ 4.03	\$ 3.94	\$ 3.86	\$ 3.81	\$ 4.10
Louisville	\$ 4.00	\$ 3.91	\$ 3.84	\$ 3.81	\$ 4.06
Owensboro	\$ 3.95	\$ 3.90	\$ 3.86	\$ 3.87	\$ 4.03

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	2/10/2014	2/3/2014	1/27/2014	1/20/2014	Year Ago
Heating Oil (dollars per gallon)	\$ 3.75	\$ 3.65	\$ 3.54	\$ 3.51	\$ 3.71
Propane (dollars per gallon)	\$ 3.68	\$ 3.85	\$ 3.79	\$ 2.59	\$ 2.20

Spot Prices	2/12/2014	2/5/2014	1/29/2014	1/22/2014	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 100.29	\$ 96.44	\$ 95.82	\$ 97.54	\$ 97.03
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 6.28	\$ 7.45	\$ 5.21	\$ 4.88	\$ 3.29

Source: the Wall Street Journal

Futures		March 2014	April 2014	May 2014
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/12/2014	\$ 100.37	\$ 99.92	\$ 99.17
	2/5/2014	\$ 97.38	\$ 96.76	\$ 96.02
	1/29/2014	\$ 97.36	\$ 96.88	\$ 96.19
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/12/2014	\$ 4.82	\$ 4.55	\$ 4.53
	2/5/2014	\$ 5.03	\$ 4.55	\$ 4.49
	1/29/2014	\$ 5.47	\$ 4.56	\$ 4.45
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	2/12/2014	\$ 1.18	\$ 1.06	\$ 1.05
	2/5/2014	\$ 1.28	\$ 1.12	\$ 1.09
	1/29/2014	\$ 1.27	\$ 1.14	\$ 1.12
Coal (Dollars per ton) <i>Central Appalachian</i>	2/12/2014	\$ 57.40	\$ 57.90	\$ 58.03
	2/5/2014	\$ 56.30	\$ 56.83	\$ 56.98
	1/29/2014	\$ 59.50	\$ 59.03	\$ 58.85

Source: CME Group

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