

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

Five U.S. Electricity Myths Debunked

Although growing in importance, wind and solar power are not expected to displace coal in the years ahead because they are only available “when the sun shines” and “when the wind blows.” The EIA’s National Energy Modeling System doesn’t forecast a wind and solar “explosion” as some want to claim because technical and physical limitations make them less reliable and more expensive. EIA-cited low capacity factors for wind (35%) and solar (23%), which often fall below 10%, are a constraining factor in our consumer-based society, where reliable electricity is needed on demand. (www.forbes.com Dec. 28, 2014)

TVA Asks Customers To Conserve In Light Of Peak Power Demand

The Tennessee Valley Authority is asking for a voluntary reduction in electricity use until Friday afternoon as a result of frigid temperatures causing high demand across the Southeast. The request extends to all electric power consumers- residential, commercial and industrial customers. (www.newschannel9.com Jan. 7, 2015)

Is Fracking Coming to the Cumberlands?

Speculation has begun in Eastern Kentucky about a potentially large reserve of oil and natural gas trapped about two miles underground. If the Rogersville Shale is proven productive, it would be the region’s first major oil and gas play. This has excited the industry, but some residents are worried about the toll large-scale oil and gas production would take on human health and the environment. (<http://wfpl.org> Jan. 6, 2015)

Cold weather could again lead to propane shortages

Last winter, many Kentuckians who rely on propane to heat their homes and businesses exhausted their propane supply amid a nationwide shortage, soaring propane prices and frigid weather conditions. Despite shortages, the majority of propane companies worked with their customers to make partial deliveries or provide them waivers to receive propane from another supplier, which Kentucky law requires. However, this wasn’t the case for all Kentucky propane users. (www.centrankynews.com Dec. 10, 2014)

Ky. Power to request 12 percent rate increase

With winter weather moving in and days and nights becoming colder by the week, it’s not unusual for a homeowner or renter to experience an uptick in their electricity bill. Customers with Kentucky Power, however, may be seeing more than just an uptick in the coming months as the company prepares to request a 12.48 percent rate increase from the Kentucky Public Service Commission (PSC) before the end of the year. (www.hazard-herald.com Dec. 23, 2014)

PSC OKs Duke Energy Kentucky generation purchase

Duke Energy Kentucky will become the sole owner of the East Bend electric power plant in Boone County following Kentucky Public Service Commission (PSC) approval of the company’s purchase of a minority interest held by Dayton Power & Light Co. (DP&L) of Ohio. In an order issued Thursday, Dec. 4, the PSC authorized Duke Kentucky to purchase DP&L’s 31-percent interest in the plant for a price of \$12.4 million. The 600-megawatt (MW) coal-fired East Bend plant is in Rabbit Hash, in southwest Boone County. (www.lanereport.com Dec. 8, 2014)

Republican Wave Boosts Anti-Renewable Energy Efforts – Again

Republicans in the Kansas Legislature are talking again about ending the state’s renewable energy standard. Two years ago, a bill to repeal the standard made it through the Kansas Senate, but was defeated in the House. A vote just two months later was much closer, but also failed. Now, however, Kansas Republicans have added five seats to their majority in the House and think they may have enough votes to kill the standard once and for all. (www.governing.com January 2015)

Oil’s Fall Continues Into 2015, and Stock Markets Shudder

Oil prices tumbled below \$50 a barrel on Monday, spooking global financial markets and signaling that the remarkable 50 percent price drop since June was continuing this year and even quickening. (www.nytimes.com Jan. 5, 2015)

Highland & Dodge Hill Mines to be Closed Permanently

Patriot Coal Corporation has announced that it will permanently close the Highland Mine near Henderson and the Dodge Hill Mining Complex near Sturgis. This news comes less than a week after the coal company idled the two western Kentucky coal mines. On its website, Patriot Coal said the Heritage preparation plant and barge loading terminal on the Ohio River will continue processing and shipping coal until inventories are depleted. (www.tristatehomepage.com Dec. 31, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	1/8/2015	12/31/2014	12/18/2014	12/11/2014	Year Ago
Gasoline (State avg.)	\$ 2.18	\$ 2.26	\$ 2.48	\$ 2.62	\$ 3.31
Ashland	\$ 2.17	\$ 2.20	\$ 2.53	\$ 2.70	\$ 3.33
Covington	\$ 2.24	\$ 2.23	\$ 2.49	\$ 2.65	\$ 3.31
Lexington	\$ 2.25	\$ 2.03	\$ 2.25	\$ 2.46	\$ 3.25
Louisville	\$ 2.30	\$ 2.22	\$ 2.19	\$ 2.44	\$ 3.32
Owensboro	\$ 1.98	\$ 1.99	\$ 2.35	\$ 2.55	\$ 3.25
Diesel (State avg.)	\$ 3.06	\$ 3.15	\$ 3.34	\$ 3.46	\$ 3.88
Ashland	\$ 3.20	\$ 3.30	\$ 3.45	\$ 3.59	\$ 3.91
Covington	\$ 3.28	\$ 3.42	\$ 3.55	\$ 3.64	\$ 3.85
Lexington	\$ 3.29	\$ 3.37	\$ 3.51	\$ 3.57	\$ 3.83
Louisville	\$ 3.30	\$ 3.46	\$ 3.57	\$ 3.64	\$ 3.82
Owensboro	\$ 2.88	\$ 2.95	\$ 3.29	\$ 3.49	\$ 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,

Product	1/5/2015	12/22/2014	12/15/2014	12/8/2014	Year Ago
Heating Oil (dollars per gallon)	\$ 2.56	\$ 2.84	\$ 3.00	\$ 3.24	\$ 3.48
Propane (dollars per gallon)	\$ 2.14	\$ 2.14	\$ 2.14	\$ 2.15	\$ 2.52

http://www.eia.gov/dnav/pet/pet_pri_wfr_dcus_SKY_w.htm

Spot Prices	1/6/2015	12/30/2014	12/15/2014	12/8/2014	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 50.05	\$ 55.25	\$ 55.96	\$ 63.13	\$ 91.36
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 3.14	\$ 3.05	\$ 3.72	\$ 4.30	\$ 4.39
Coal Price (dollars per short ton) <i>Central Appalachia</i>	\$ 55.92	\$ 56.10	\$ 56.30	\$ 56.30	\$ 64.52
Coal Price (dollars per short ton) <i>Illinois Basin</i>	\$ 45.70	\$ 44.55	\$ 44.70	\$ 44.70	\$ 46.40

Sources: <https://www.quandl.com/#/c/markets/coal> http://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm http://ycharts.com/indicators/natural_gas_spot_price

Futures		February 2015	March 2015	April 2015
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	1/7/2015	\$ 48.65	\$ 49.08	\$ 49.72
	12/30/2014	\$ 54.12	\$ 54.53	\$ 55.05
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	1/7/2015	\$ 2.87	\$ 2.87	\$ 2.84
	12/30/2014	\$ 3.09	\$ 3.10	\$ 3.05
Propane (Dollars per gallon) <i>Mt Behvieu (OPIS)</i>	1/7/2015	\$ 0.45	\$ 0.45	\$ 0.46
	12/30/2014	\$ 0.51	\$ 0.52	\$ 0.52

Source: CME Group

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