

# Kentucky Department for Energy Development and Independence Energy Watch

*A snapshot of state and national energy issues*

## ***Study: Coal industry lost nearly 50,000 jobs in just five years***

When it comes to energy, we live in transformative times. From shale oil helping to upend global markets, to explosive growth in rooftop solar, the changes we're seeing in the energy industry have not only been rapid, but often unexpected. Not every part of the energy industry has fared well during these tumultuous years. In particular, coal has struggled, amid mounting concerns about its contributions to greenhouse gas pollution and increased regulatory initiatives by the Obama administration. (www.washingtonpost.com April 1, 2015)

## ***Renewable energy is growing very, very fast. It's just still not fast enough***

The global shift toward renewable energy is not only continuing apace — it may be picking up speed. Such is the upshot of a new report from the United Nations Environment Programme, finding that worldwide investment in renewables totaled \$ 270.2 billion in 2014, which represented an almost 17 percent increase over the prior year. Key drivers of renewables growth in 2014, the report found, were major solar investments in Japan and China and huge offshore wind outlays in Europe. (www.washingtonpost.com March 31, 2015)

## ***Louisville ranks among EPA's Top 25 ENERGY STAR cities***

Louisville ranks among the top 25 cities with the most ENERGY STAR buildings in the nation, according to a news release from Kentucky's Energy and Environment Cabinet. The cabinet has announced that Louisville ranked 24 among the EPA's top metropolitan areas, and fourth in the mid-size city category. The city has 59 buildings with ENERGY STAR certification, according to the news release. (www.wdrb.com March 31, 2015)

## ***Eastern Kentucky coal mines suffer as prices plummet***

The collapse in energy prices is dealing another blow to the struggling Appalachian coal industry, with estimates that two-thirds of Eastern Kentucky's coal output is now unprofitable. "It's pretty bad for Kentucky," said Dale Hazelton, senior research analyst at Wood Mackenzie, a leading energy consulting firm. The price of coal, just like oil and natural gas, has fallen because there's a glut of supply and not enough demand, Hazelton said. (www.fresnobee.com March 31, 2015)

## ***Natural gas storage levels end heating season higher than last year***

As winter makes its exit, and with it peak demand for heating, the nation's natural gas storage inventories are higher than they were this time last year, despite 2015's late start to spring temperatures. And as the industry prepares to restock inventories during the so-called injection season between April and October, robust production will keep the natural gas market oversupplied and prices low, analysts said. (http://powersource.post-gazette.com March 31, 2015)

## ***Appalachia Miners Wiped Out by Coal Glut That They Can't Reverse***

Douglas Blackburn has been crawling in and out of the coal mines of Central Appalachia since he was a boy accompanying his father and grandfather some 50 years ago. The only time that Blackburn, now a coal industry consultant, remembers things being this bad was in the 1990s. Back then, he estimates, almost 40 percent of the region's mines went bankrupt. "It's a similar situation," said Blackburn, who owns Blackacre LLC, a Richmond, Virginia-based consulting firm. (www.bloomberg.com March 30, 2015)

## ***Bakken oil trains roll across Columbus***

Almost 1.4 million Ohioans live within a half-mile of railroad lines where some of the most-volatile crude oil in North America rolls by each week, a Dispatch analysis has found. Those people, about 12 percent of the state's population, are at risk of being forced from their homes should a train hauling crude oil from the Bakken shale fields of North Dakota run off the tracks. About 15 percent of Franklin County's residents live within that zone, recommended by the U.S. Department of Transportation as the likely evacuation area during a crude-oil train derailment. (www.dispatch.com March 29, 2015)

## ***Armstrong to sell, produce less coal this year; eyes new deep mine in Kentucky***

Armstrong Energy expects to produce and sell less thermal coal this year, partly because of the premature closing of the Lewis Creek underground mine, but its Armstrong Coal subsidiary is developing a new deep mine in Muhlenberg County, Kentucky, that should be completed by mid-year, company officials said Thursday. "We believe demand for Illinois Basin coal is continuing its growth, but uncertain regulatory conditions and low natural gas prices leave the IB in a challenging period, but advantageous compared to other basins," CEO Hord Armstrong told analysts during a conference call to discuss Q4 2014 earnings. (www.platts.com March 26, 2015)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	4/2/2015	3/26/2015	3/19/2015	3/12/2015	Year Ago
<b>Gasoline (State avg.)</b>	\$ 2.40	\$ 2.42	\$ 2.43	\$ 2.45	\$ 3.56
Ashland	\$ 2.37	\$ 2.42	\$ 2.28	\$ 2.32	\$ 3.66
Covington	\$ 2.57	\$ 2.48	\$ 2.45	\$ 2.41	\$ 3.66
Lexington	\$ 2.27	\$ 2.43	\$ 2.20	\$ 2.34	\$ 3.63
Louisville	\$ 2.44	\$ 2.68	\$ 2.46	\$ 2.38	\$ 3.73
Owensboro	\$ 2.23	\$ 2.23	\$ 2.18	\$ 2.26	\$ 3.46
<b>Diesel (State avg.)</b>	\$ 2.82	\$ 2.85	\$ 2.88	\$ 2.92	\$ 3.97
Ashland	\$ 2.80	\$ 2.86	\$ 2.92	\$ 2.94	\$ 4.02
Covington	\$ 2.85	\$ 2.88	\$ 2.89	\$ 2.91	\$ 4.15
Lexington	\$ 2.84	\$ 2.86	\$ 2.91	\$ 2.95	\$ 4.10
Louisville	\$ 2.80	\$ 2.83	\$ 2.88	\$ 2.90	\$ 4.06
Owensboro	\$ 2.73	\$ 2.75	\$ 2.75	\$ 2.79	\$ 4.09

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	3/30/2015	3/23/2015	3/19/2015	3/12/2015	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 48.66	\$ 47.40	\$ 43.93	\$ 49.95	\$ 99.60
MMBtu <i>Henry-Hub</i>	\$ 2.77	\$ 2.68	\$ 2.75	\$ 2.79	\$ 4.44
Coal Price (dollars per short ton) <i>Central Appalachia</i>	\$ 53.06	\$ 53.06	\$ 63.06	\$ 53.06	\$ 59.86
Coal Price (dollars per short ton) <i>Illinois Basin</i>	\$ 40.32	\$ 40.32	\$ 40.32	\$ 40.32	\$ 46.96

Sources: <https://www.quandl.com/#/c/markets/coal> [http://www.eia.gov/dnav/pet/pet\\_pri\\_spt\\_s1\\_d.htm](http://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm) [http://ycharts.com/indicators/natural\\_gas\\_spot\\_price](http://ycharts.com/indicators/natural_gas_spot_price)

Futures		May 2015	June 2015	July 2015
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	4/1/2015	\$ 50.09	\$ 51.75	\$ 53.06
	3/25/2015	\$ 49.21	\$ 50.78	\$ 52.01
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	4/1/2015	\$ 260.50	\$ 2.65	\$ 2.71
	3/25/2015	\$ 2.74	\$ 2.79	\$ 2.85
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	4/1/2015	\$ 0.53	\$ 0.54	\$ 0.54
	3/25/2015	\$ 0.54	\$ 0.54	\$ 0.54

Source: CME Group



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