

# Kentucky Department for Energy Development and Independence Energy Watch

*A snapshot of state and national energy issues*

## ***Paducah Power System Negotiating Sale of Capacity to Lower Rates***

Paducah Power System is negotiating to sell its excess capacity from Prairie State Energy Campus to another energy company, which will aid in lowering customer bills. PPS Finance and Administration Director Dave Carroll said officials hope the two year contract will bring in revenue \$750,000 to \$1.5 million higher than what it would sell for at auction. (<http://wkms.org> November 10, 2015)

## ***Pricing Problems Partly to Blame for Eastern Kentucky Coal's Woes***

Kentucky's latest quarterly coal report shows new recent lows in the state's coal employment and production. During the third quarter of 2015, Kentucky's mines employed only 9,356 workers — a more than 50 percent decline from this quarter in 2011. (<http://wfpl.org> November 11, 2015)

## ***Glut of Coal-Fired Plants Casts Doubts on China's Energy Priorities***

Just outside the southwest border of Beijing, a new coal-fired power and heating plant is rising in Dongxianpo, a rural town in Hebei Province. Cement mixers roll onto the site. Cranes tower above a landscape of metal girders. ([www.nytimes.com](http://www.nytimes.com) November 12, 2015)

## ***Surviving U.S. power plants will help keep coal demand steady***

If you thought that a record loss of U.S. coal-fired power generation means less of the climate-changing fuel will be burned, think again. Power plants with 23 gigawatts of coal-burning capacity will close this year as utilities strive to meet U.S. Environmental Protection Agency limits on mercury and other air toxins, according to Bloomberg New Energy Finance. ([www.tulsaworld.com](http://www.tulsaworld.com) November 12, 2015)

## ***Moody's cuts Miss. Power credit rating after elections***

A bond rating agency downgraded Mississippi Power Co.'s debt to the lowest investment-grade level, saying the election of two new members of the state Public Service Commission "increases regulatory uncertainty." Moody's Investors Service cut the debt rating Thursday on the unit of Atlanta-based Southern Co., its second downgrade in two months. ([www.hattiesburgamerican.com](http://www.hattiesburgamerican.com) November 9, 2015)

## ***Armstrong warns of layoffs at Kentucky coal mines***

Illinois basin coal producer Armstrong Energy has warned employees at two Kentucky mines about likely layoffs at the end of December, with one of the mines permanently closing. Armstrong issued notices on 28 October to employees of the Midway and Parkway steam coal mines and adjacent preparation plants. The producer did not return requests for comment. ([www.argusmedia.com](http://www.argusmedia.com) November 10, 2015)

## ***Federal government undecided whether to extend subsidy for Kern's Hydrogen Energy clean coal project***

The U.S. Department of Energy has ended financial support to the \$4 billion Hydrogen Energy California clean coal project in western Kern County, and said Tuesday it remains undecided whether to extend the proposal's federal subsidy. ([www.energycentral.com](http://www.energycentral.com) November 4, 2015)

## ***Global Coal Consumption Heads for Biggest Decline in History***

Coal consumption is poised for its biggest decline in history, driven by China's battle against pollution, economic reforms and its efforts to promote renewable energy. Global use of the most polluting fuel fell 2.3 percent to 4.6 percent in the first nine months of 2015 from the same period last year, according to a report released Monday by the environmental group Greenpeace. ([www.bloomberg.com](http://www.bloomberg.com) November 8, 2015)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	11/12/2015	11/5/2015	10/29/2015	10/22/2015	Year Ago
<b>Gasoline (State avg.)</b>	\$ 2.20	\$ 2.21	\$ 2.19	\$ 2.22	\$ 2.92
Ashland	\$ 2.12	\$ 2.24	\$ 2.18	\$ 2.28	\$ 2.94
Covington	\$ 2.32	\$ 2.35	\$ 2.30	\$ 2.42	\$ 3.04
Lexington	\$ 2.21	\$ 2.21	\$ 2.22	\$ 2.09	\$ 2.98
Louisville	\$ 2.21	\$ 2.30	\$ 2.24	\$ 2.20	\$ 2.92
Owensboro	\$ 2.15	\$ 2.11	\$ 1.98	\$ 2.06	\$ 2.86
<b>Diesel (State avg.)</b>	\$ 2.48	\$ 2.49	\$ 2.49	\$ 2.51	\$ 3.64
Ashland	\$ 2.47	\$ 2.53	\$ 2.54	\$ 2.57	\$ 3.68
Covington	\$ 2.66	\$ 2.64	\$ 2.64	\$ 2.69	\$ 3.71
Lexington	\$ 2.57	\$ 2.59	\$ 2.59	\$ 2.61	\$ 3.66
Louisville	\$ 2.55	\$ 2.56	\$ 2.58	\$ 2.59	\$ 3.68
Owensboro	\$ 2.46	\$ 2.48	\$ 2.45	\$ 2.52	\$ 3.76

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	11/9/2015	11/2/2015	10/26/2015	10/19/2015	Year Ago
Heating Oil (dollars per gallon)	\$ 2.17	\$ 2.17	\$ 2.16	\$ 2.27	\$ 3.45
Propane (dollars per gallon)	\$ 1.69	\$ 1.66	\$ 1.59	\$ 1.63	\$ 2.21

[http://www.eia.gov/dnav/pet/pet\\_pri\\_wfr\\_dcus\\_SKY\\_w.htm](http://www.eia.gov/dnav/pet/pet_pri_wfr_dcus_SKY_w.htm)

Spot Prices	11/10/2015	11/4/2015	10/26/2015	10/19/2015	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 44.23	\$ 46.12	\$ 43.19	\$ 45.91	\$ 77.43
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 1.92	\$ 2.15	\$ 2.18	\$ 2.43	\$ 3.82
Coal Price (dollars per short ton) <i>Central Appalachia</i>	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 56.30
Coal Price (dollars per short ton) <i>Illinois Basin</i>	\$ 32.75	\$ 32.75	\$ 32.75	\$ 32.75	\$ 44.70

Sources: <http://www.infomine.com/investment/metal-prices/coal/1-year> [http://ycharts.com/indicators/natural\\_gas\\_spot\\_price](http://ycharts.com/indicators/natural_gas_spot_price)  
<https://www.quandl.com/data/DOE/COAL-US-Coal-Prices-by-Region> <http://markets.ft.com/research/Markets/Tearsheets/Summary?s=1069936>

Futures		December 2015	January 2016	February 2016
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	11/11/2015	\$ 42.93	\$ 44.20	\$ 45.13
	11/4/2015	\$ 46.32	\$ 47.21	\$ 47.99
	10/28/2015	\$ 45.94	\$ 46.82	\$ 47.60
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	11/11/2015	\$ 2.26	\$ 2.45	\$ 2.49
	11/4/2015	\$ 2.26	\$ 2.45	\$ 2.47
	10/28/2015	\$ 2.46	\$ 2.49	\$ 2.47
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	11/11/2015	\$ 0.44	\$ 0.44	\$ 0.44
	11/4/2015	\$ 0.46	\$ 0.47	\$ 0.47
	10/28/2015	\$ 0.44	\$ 0.45	\$ 0.45

Source: [http://www.cmegroup.com/daily\\_bulletin/current/Section61\\_Energy\\_Futures\\_Products.pdf](http://www.cmegroup.com/daily_bulletin/current/Section61_Energy_Futures_Products.pdf)

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