

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



In New England, a natural gas trap

Electricity prices in New England have been four to eight times higher than normal in the last few weeks, as the region's extreme reliance on natural gas for power supplies has collided with a surge in demand for heating. Frigid temperatures and the snowstorm that hammered parts of the Northeast last week have revived concerns about the lack of alternatives to natural gas. Many plants that ran on coal or oil have been shuttered, and the few that remain cannot be put into service quickly enough to meet spikes in demand. The price of electricity is determined by the price of gas. Last year, natural gas provided 52 percent of New England's electricity, and that share is expected to grow. (The New York Times, February 16, 2013)

As world demand for coal surges, Eastern Kentucky output plunges

Eastern Kentucky coal country is filled with people competing for non-existent jobs, tied to the area by family and unable to sell their homes even if they want to leave. People such as 50-year-old Frank Dixon, who was laid off from a coal mine right before Christmas. He has a son in college, another in high school and a mother in failing health. Dixon has worked in the coal industry since he was 21 years old, and he's struggling to figure out how to make a living. "I've been looking for a job. But there are so many miners laid off in this area that wherever you go there's already been 20 or 25 other people there looking for the same job, or for any job," Dixon said. (The Herald Leader, February 15, 2013)

Lawmakers, following Obama's climate lead, announce a plan to tax carbon

Sens. Bernie Sanders (I-Vt.) and Barbara Boxer (D-Calif.) will unveil a plan today to tax carbon emissions at \$20 a ton, raising potentially \$1.2 trillion over 10 years for rebates and investments in clean energy and efficiency. The morning announcement comes two days after President Obama pushed lawmakers to adopt a carbon price or face executive actions to regulate power plant emissions. Organized climate protests also followed the State of the Union address, resulting in the planned arrest yesterday of Robert Kennedy Jr. and other activists opposing the Keystone XL oil pipeline outside the White House. (E&E Publishing, February 14, 2013)

Somerset students to receive natural gas tech training

Somerset, which runs its own natural gas pipeline, has been approved to offer a pilot program in vocational training in the natural gas technology. The program comes as the city prepares to bid out a massive construction project on an energy center that will serve as a hub for city services and a monitoring station for the pipeline, according to the Commonwealth Journal. High school students will earn dual high school and college credits that would go toward a natural gas technician program. "They take these certificates and/or diplomas in the U.S. and get great jobs," Somerset Mayor Eddie Girdler said at a recent city council meeting. (The Herald Leader, February 18, 2013)

Public Service Commission closes comprehensive review of EKPC

Saying that East Kentucky Power Cooperative (EKPC) has fully addressed the recommendations made by independent consultants in June 2010, the Kentucky Public Service Commission (PSC) today ended its comprehensive management review of the electric utility. The review has led to "core changes within EKPC" that have left the company "well positioned for long-term success," PSC Chairman David Armstrong said in a letter to EKPC President Tony Campbell. EKPC provides power to and is owned by 16 member distribution cooperatives that have over 500,000 customers in 87 counties in eastern and central Kentucky. Since mid-2010, EKPC has acted on 29 recommendations arising from a review, known as a focused management and operations audit, conducted by The Liberty Consulting Group. Twelve of the recommendations addressed management issues and 17 were related to corporate governance. (The Lane Report, February 19, 2013)

Governor announces on-farm energy incentive program for 2013

Governor Steve Beshear has announced the availability of the 2013 On-Farm Energy Efficiency & Production Incentives program through the Kentucky Agricultural Development Fund (KADF). "After a successful 2012 program year with nearly \$1.2 million in incentives approved, the Kentucky Agricultural Development Board, which I chair, has committed funds from the KADF to continue providing farmers the opportunity to increase farm energy efficiency or renewable energy production," said Gov. Beshear. "It is encouraging to see that 140 farm families from 40 counties were able to access the 2012 program for projects, which demonstrates Kentucky's leadership in farm energy efficiency." For 2013, the KADF's commitment of \$1 million leveraged additional funds through the Kentucky Energy and Environment Cabinet to bring the total available funds for 2013 to \$1.75 million. (surfky.com News, February 19, 2013)

Oil price, refinery repairs boost cost of gas

U.S. consumers facing the highest gasoline pump prices ever for February may see further increases as global crude oil futures climb and breakdowns and seasonal maintenance at refineries reduce fuel supplies. Gasoline futures have surged 11 percent this year, making the fuel the top performing commodity in the Standard & Poor's GSCI index. Prices at the pump are up 14 percent this year and have risen 33 straight days, according to AAA data. Fuel prices at many gas stations in the Evansville area rose again overnight. According to Gasbuddy.com, the price for a gallon of regular unleaded gasoline was at \$3.89 at several stations in Evansville as of Tuesday morning. According to figures from the AAA Motor Club, that is more than a 20-cent jump from where prices were Monday morning. Across the Ohio River in Henderson, Ky. — where prices are generally cheaper — several stations were selling a gallon of regular gas at \$3.79, also a spike from Monday. (courierpress.com February 19, 2013)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	2/21/2013	2/14/2013	2/7/2013	1/31/2013	Year Ago
Gasoline (State avg.)	3.797	3.621	3.506	3.38	3.499
Ashland	3.859	3.706	3.592	3.583	3.498
Covington	3.82	3.72	3.648	3.514	3.489
Lexington	3.776	3.666	3.478	3.449	3.516
Louisville	3.873	3.666	3.565	3.174	3.53
Owensboro	3.721	3.506	3.423	3.314	3.401
Diesel (State avg.)	4.117	4.086	3.992	3.899	3.872
Ashland	4.207	4.2	4.051	3.988	3.873
Covington	4.12	4.131	4.014	3.868	3.816
Lexington	4.13	4.103	4.001	3.883	3.858
Louisville	4.102	4.081	3.998	3.866	3.845
Owensboro	4.127	4.056	3.987	3.97	3.908

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	2/18/2013	2/11/2013	2/4/2013	1/28/2013	Year Ago
Heating Oil (dollars per gallon)	3.775	3.706	3.63	3.541	3.512
Propane (dollars per gallon)	2.198	2.197	2.189	2.21	2.597

Source: U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	2/20/2013	2/13/2013	2/6/2013	1/30/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	94.46	97.01	96.62	97.94	106.28
MMBtu) <i>Henry-Hub</i>	3.335	3.293	3.38	3.238	2.61

Source: the Wall Street Journal

Futures		13-Mar	13-Apr	13-May
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/20/2013	94.46	95.22	95.65
	2/13/2013	97.01	97.6	98.14
	2/6/2013	96.62	97.09	97.55
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/20/2013	3.279	3.331	3.392
	2/13/2013	3.306	3.371	3.437
	2/6/2013	3.418	3.464	3.521
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	2/20/2013	0.26	0.26	0.26
	2/13/2013	0.25	0.25	0.25
	2/6/2013	0.861	0.867	0.873
Coal (Dollars per ton) <i>Central Appalachian</i>	2/20/2013	59.77	60	60
	2/13/2013	58.2	58.43	58.43
	2/6/2013	57.8	58.27	58.27

Source: CME Group

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