

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues



Cheap energy luring manufacturing back to the US

Corporate chieftains gathered in Davos, Switzerland this week see reason to be optimistic that the shale boom can reindustrialize the U.S. economy and drive not only U.S. but also global growth. Cheap energy is the “bull case for the world,” Dow Chemical CEO Andrew Liveris told CNBC on the sidelines of the World Economic Forum this week. “I think it’s a game changer and I think it is probably the story of global economic recovery if handled right,” he said. “And frankly, the beneficiaries of that will be the U.S. consumer and U.S. jobs.” Chairman Giuseppe Recchi went so far as to compare the unconventional energy revolution to the Internet revolution in technology. “What’s happening in energy right now is transformational,” the Italian energy company executive said. “We’re living more or less the same vibrant moment the computer community had 15-20 years ago.” (CNBC, January 26, 2013)

Rio Tinto Alcan gives 12-month notice to its power supplier

Following the lead of Century Aluminum at Hawesville, Ky., the Rio Tinto Alcan aluminum smelter at Seabee, Ky. has notified its electric suppliers it intends to shut down in 12 months. Rio Tinto Alcan’s website says it uses 325 megawatts of electricity each day — enough to power a city the size of New Orleans — to produce 425 million pounds of aluminum annually. “It would just have a devastating impact on Western Kentucky,” said Henderson County Judge-Executive Hugh McCormick. “The trickle-down effect on how many jobs are created by Rio Tinto is unreal.” (Courierpress.com, February 5, 2013)

Somerset oil refinery is back in production, at about 40%

A Somerset oil refinery is back on line after a three-year shutdown, and officials expect the facility to operate at full capacity within six months. Continental Refining Company started receiving crude oil about four months ago, but company officials held off on an announcement until Sunday. Owner Demetrios Haseotes told The Commonwealth Journal the refinery is operating at about 35 to 40 percent capacity. “Every day we are picking up local crude and adding more,” Haseotes said. Continental Refinery is one of only two refineries in the state. (Herald Leader, February 6, 2013)

What if energy efficiency is even easier than we thought?

There are, roughly speaking, two ways to make a building more energy efficient: change how you use it, or change something about the building itself. Think about this in the context of your home. You could replace the windows, or you could do a better job of turning off the lights. FirstFuel, a Lexington-based energy analytics startup, has released data this morning suggesting that in commercial buildings, the changes to how energy is used—operational improvements—are a bigger part of potential energy savings than is commonly realized and in many cases require little cost. “While building retrofits remain the primary focus within commercial energy efficiency, our deep analysis of interval data reveals that a vast savings opportunity still remains largely untouched,” said Swapnil Shah, co-founder and CEO of FirstFuel, in a release. (Bostlnno, February 6, 2013)

US DOE to move carefully on LNG export requests, NARUC meeting told

The US Department of Energy plans to move carefully as it considers applications to export LNG to countries that do not have free trade agreements (FTAs) with the US, Christopher A. Smith, deputy assistant US energy secretary for oil and gas in DOE’s fossil energy office, said at a meeting of state utility regulators. “This is a tremendously important decision,” he told the National Association of Regulatory Commissioners Gas Committee during NARUC’s 2013 winter meeting. “Our approach is to make sure we’ve done all the proper groundwork and analysis to create a transparent process that withstands public scrutiny.” Federal law stipulates that LNG agreements with countries that are US free trade partners must be processed immediately, but applications involving other nations have to be reviewed to determine if they would be in the national interest. (Oil & Gas Journal, February 5, 2013)

Georgia Power looks for alternatives to coal

Just five years ago, 70 percent of the fuel used by Georgia Power to produce electricity came from a source lambasted by environmentalists from shore to shore — coal. Today, that number is down to 47 percent. And Georgia Power recently announced it will close 15 coal and oil-fired units, removing 20 percent of electrical capacity from its power grid. Georgia Power — and its Atlanta-based parent, Southern Company — is in the middle of a metamorphosis. Pushed by new environmental rules that could force the closure of hundreds of coal plants nationwide, Southern is looking for ways to reduce its four utilities’ reliance on that resource. Georgia Power is expected to reveal exactly what changes are in its future on Thursday, when it’s scheduled to release its 20-year energy plan. (The Atlanta Journal Constitution, January 27, 2013)

Key lawmakers want second look at Rockport gas plant deal

Indiana’s top two lawmakers are calling for a review of a controversial plan to build a coal-gas plant in Rockport, signaling increased scrutiny of the project that critics say could cost natural gas ratepayers in Indiana more than \$1 billion. Indiana Senate President Pro Tem David Long and House Speaker Brian Bosma said they support taking a new look at the deal, which obligates the state to purchase synthetic natural gas at a set price from the plant’s developer, Indiana Gasification. The concern, they say, is that natural gas prices have fallen dramatically since discussions about the \$2.8 billion project began. Those lower prices -- driven by a U.S. shale gas boom and new fracking technology -- have raised questions about whether the state will lose money when it tries to sell the gas it purchases from the plant. Ratepayers would have to make up any losses the state incurs on their monthly natural gas bills. (The Indystar, January 2, 2013)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	2/7/2013	1/31/2013	1/24/2013	1/17/2013	Year Ago
Gasoline (State avg.)	3.506	3.38	3.31	3.289	3.475
Ashland	3.592	3.583	3.383	3.21	3.508
Covington	3.648	3.514	3.296	3.341	3.474
Lexington	3.478	3.449	3.405	3.273	3.514
Louisville	3.565	3.174	3.218	3.324	3.534
Owensboro	3.423	3.314	3.18	3.184	3.353
Diesel (State avg.)	3.992	3.899	3.881	3.894	3.797
Ashland	4.051	3.988	3.932	3.925	3.825
Covington	4.014	3.868	3.87	3.896	3.739
Lexington	4.001	3.883	3.871	3.881	3.779
Louisville	3.998	3.866	3.83	3.866	3.758
Owensboro	3.987	3.97	3.974	3.976	3.82

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	2/4/2013	1/28/2013	1/21/2013	1/14/2013	Year Ago
Heating Oil (dollars per gallon)	3.63	3.541	3.553	3.585	3.436
Propane (dollars per gallon)	2.189	2.21	2.131	2.113	2.583

Source: U.S. Energy Information Administration

Wholesale Fuel Prices

Spot Prices	2/6/2013	1/30/2013	1/23/2013	1/16/2013	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, job</i>	96.62	97.94	95.23	94.24	98.71
MMBtu) <i>Henry-Hub</i>	3.38	3.238	3.545	3.455	2.478

Source: the Wall Street Journal

Futures		13-Mar	13-Apr	13-May
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/6/2013	96.62	97.09	97.55
	1/30/2013	97.94	98.38	98.77
	1/23/2013	96.24	95.23	95.75
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/6/2013	3.418	3.464	3.521
	1/30/2013	3.335	3.385	3.445
	1/23/2013	3.55	3.55	3.58
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	2/6/2013	0.861	0.867	0.873
	1/30/2013	0.87	0.88	0.88
	1/23/2013	0.87	0.87	0.88
Coal (Dollars per ton) <i>Central Appalachian</i>	2/6/2013	57.8	58.27	58.27
	1/30/2013	57.85	59.27	59.27
	1/23/2013	55.75	56.67	58.7

Source: CME Group

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