

# Kentucky Department for Energy Development and Independence Energy Watch

*A snapshot of state and national energy issues*

## ***PSC: Natural gas costs for Kentucky consumers up slightly from a year ago***

Kentucky utility regulators say natural gas costs at the start of the heating season will be slightly higher than last year. The state Public Service Commission says Kentucky customers, on average, can expect to pay about 4.58 percent more this November than a year ago, based on consumption of 10,000 cubic feet of natural gas. It says the average total bill for 10,000 cubic feet — including base rates — is projected to be about \$106.48. ([www.dailyjournal.net](http://www.dailyjournal.net) November 3, 2014)

## ***Lower Oil Prices Give a Lift to the American Economy***

We know what's coming. But with any luck, it won't be nearly as severe as last winter. American consumers are going to enjoy a more bountiful Christmas this year, thanks in part to a most unlikely source: Saudi Arabia. The steepening drop in gasoline prices in recent weeks — spurred by soaring domestic energy production and Saudi discounts for crude oil at a time of faltering global demand — is set to provide the United States economy with a multibillion-dollar boost through the holiday season and beyond. The windfall, experts say, comes at a critical moment, with the American economy on the upswing but facing headwinds from other quarters, including weaker exports because of slow growth overseas. ([www.nytimes.com](http://www.nytimes.com) November 13, 2014)

## ***Why natural gas might not be a big winner this winter***

Don't expect another "polar vortex." Don't expect natural gas prices to rally, either. Natural-gas futures jumped 14% last week for the five-day period on expectations of colder-than-normal temperatures for key U.S. heating markets in the East Coast and the Midwest. The mercury may have dropped, but the "worst of the cold is already priced in," analysts at Morgan Stanley said in a note Wednesday. After last year's deep freeze, dubbed the polar vortex, it's no surprise the market is quick to react to any sign of cold, the Morgan Stanley analyst said. ([www.marketwatch.com](http://www.marketwatch.com) November 12, 2014)

## ***Indianapolis airport's solar farm growing***

The Indianapolis Airport Authority will operate the largest airport solar farm on the planet once an expansion of the current facility is finished in December, officials said today. The \$55 million to \$65 million solar farm is growing to 151 acres from its current 75 acres, airport spokesman Carlo Bertolini said. The existing 44,000-panel solar farm at Indianapolis International Airport already was the largest airport solar panel in the nation. Once the second phase is complete, the solar farm will have more than 76,000 solar panels and, by generating more than 31 million kilowatt hours, be able to supply enough energy to power 3,200 average U.S. homes, he said. ([www.courier-journal.com](http://www.courier-journal.com) October 28, 2014)

## ***NERC, warning of long-term concerns, is altering power grid reliability measurements***

The North American Electric Reliability Corp. is altering the way it assesses grid reliability on changes -- such as more renewable resources, power plant retirements and growing amounts of distributed generation -- taking place in the power industry, NERC officials said Wednesday. Reduced emphasis on generation reserve margins being done within NERC is one of three points the organization made in its annual long-term reliability assessment, a 10-year forecast on where the power industry should focus to ensure grid reliability. ([www.platts.com](http://www.platts.com) November 12, 2014)

## ***Delay Urged in Obama Carbon Rules to Shield Electric Grid***

The Obama administration's plan to cut carbon emissions threatens the nation's electricity supply by forcing old coal plants to shut before replacement power is in place, the group that oversees the U.S. electric system said. The North American Electric Reliability Corp., a nonprofit that assures adequate voltage and power reserves to keep the electric grid functioning, urged the Environmental Protection Agency to consider delaying the first deadline. ([www.bloomberg.com](http://www.bloomberg.com) November 5, 2014)

## ***Are Environmental Regulations Causing US Utility Bills to Surge?***

U.S. electricity markets face years of higher prices as clean-air regulations shut more coal-fired power plants than earlier forecast, cutting supply and forcing producers to rely more on natural gas. Standard & Poor's estimates that 40 to 75 gigawatts (75,000 megawatts) of coal units may be shut by 2020, compared with announced permanent shutdowns of 27 gigawatts. About 18 percent of the closures expected through the end of next year will be replaced by natural gas and renewables, BNP Paribas SA forecast. ([www.renewableenergyworld.com](http://www.renewableenergyworld.com) October 29, 2014)

## ***After small upswing, coal production and jobs dip again in Eastern Kentucky***

After an upswing this year, coal production declined in Eastern Kentucky in the July-through-September quarter and dragged employment down with it. Statewide, however, production rose for the third quarter in a row because of growth in Western Kentucky, according to a report released Friday by the state Energy and Environment Cabinet. Tonnage had gone up in nearly every county in the state's eastern coalfield from April through June as companies filled orders after a hard winter, temporarily stanching the loss of coal jobs in the region. ([www.kentucky.com](http://www.kentucky.com) November 9, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	11/13/2014	11/6/2014	10/31/2014	10/23/2014	Year Ago
<b>Gasoline (State avg.)</b>	\$ 3.92	\$ 2.96	\$ 2.94	\$ 3.08	\$ 3.19
Ashland	\$ 2.93	\$ 3.00	\$ 3.02	\$ 3.15	\$ 3.19
Covington	\$ 3.04	\$ 3.11	\$ 3.14	\$ 3.15	\$ 3.25
Lexington	\$ 2.95	\$ 2.98	\$ 2.97	\$ 3.03	\$ 3.30
Louisville	\$ 2.88	\$ 2.93	\$ 2.99	\$ 3.22	\$ 3.25
Owensboro	\$ 2.86	\$ 2.80	\$ 2.82	\$ 2.89	\$ 3.12
<b>Diesel (State avg.)</b>	\$ 3.64	\$ 3.60	\$ 3.58	\$ 3.63	\$ 3.82
Ashland	\$ 3.68	\$ 3.63	\$ 3.54	\$ 3.55	\$ 3.93
Covington	\$ 3.70	\$ 3.67	\$ 3.62	\$ 3.62	\$ 3.91
Lexington	\$ 3.67	\$ 3.62	\$ 3.58	\$ 3.60	\$ 3.88
Louisville	\$ 3.69	\$ 3.66	\$ 3.63	\$ 3.65	\$ 3.83
Owensboro	\$ 3.77	\$ 3.66	\$ 3.57	\$ 3.60	\$ 3.90

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	11/10/2014	11/3/2014	10/27/2014	10/20/2014	Year Ago
Heating Oil (dollars per gallon)	\$ 3.45	\$ 3.41	\$ 3.23	\$ 3.30	\$ 3.55
Propane (dollars per gallon)	\$ 2.20	\$ 2.22	\$ 2.18	\$ 2.20	\$ 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	11/11/2014	11/3/2014	10/27/2014	10/22/2014	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 77.85	\$ 78.77	\$ 81.26	\$ 82.76	\$ 93.91
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 4.18	\$ 3.82	\$ 3.56	\$ 3.69	\$ 3.62

Source: the Wall Street Journal

Futures		December 2014	January 2015	February 2015
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	11/12/2014	\$ 77.18	\$ 77.15	\$ 77.12
	11/5/2014	\$ 78.68	\$ 78.60	\$ 78.54
	10/30/2014	\$ 81.12	\$ 80.90	\$ 80.75
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	11/12/2014	\$ 4.19	\$ 4.28	\$ 4.25
	11/5/2014	\$ 4.19	\$ 4.29	\$ 4.25
	10/30/2014	\$ 3.83	\$ 3.91	\$ 3.90
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	11/12/2014	\$ 0.86	\$ 0.86	\$ 0.86
	11/5/2014	\$ 0.87	\$ 0.88	\$ 0.88
	10/30/2014	\$ 0.91	\$ 0.92	\$ 0.91
Coal (Dollars per ton) <i>Central Appalachian</i>	11/12/2014	\$ 52.02	\$ 54.05	\$ 54.98
	11/5/2014	\$ 52.63	\$ 53.68	\$ 54.61
	10/30/2014	\$ 53.25	\$ 53.72	\$ 54.34

Source: CME Group

The Department for Energy Development and Independence does not discriminate on the basis of race, color, national origin, sex, age, religion or disability and provides, on request, reasonable accommodations including auxiliary aids and services necessary to afford an individual with a disability an equal opportunity to participate in all services, programs and activities. To request materials in an alternative format, call the Department for Energy Development and Independence at (800) 282-0868. Persons with hearing and speech impairments can contact the agency by using the Kentucky Relay Service, a toll-free telecommunication device for the deaf (TDD). For voice to TDD, call (800) 648-6057. For TDD to voice, call (800) 648-6056.

