

Kentucky Energy Watch

Department for Energy Development and Independence

A snapshot of state and national energy issues

Kentucky's "gas tax" to drop in 2015

Kentucky's "gas tax" on sales of gasoline, diesel and ethanol motor fuels will drop by 4.3 cents per gallon on New Year's Day, resulting in a loss to the Kentucky Road Fund of about \$129 million on an annualized basis. The decrease reflects a drop in the calculated average wholesale price (AWP) of motor fuels, as provided under Kentucky law. "The gas tax accounts for more than half of the revenue in the Kentucky Road Fund," Kentucky Transportation Secretary Mike Hancock said. "A loss of revenue is always concerning, but a revenue impact of this magnitude is crippling. (www.wkvt.com November 19, 2014)

Keystone pipeline bill fails in Senate

We know what's coming. But with any luck, it won't be nearly as severe as last winter.

A bill to approve the Keystone XL oil pipeline failed in the Senate on Tuesday by just one vote, in a setback not only for the energy project but the politically imperiled Democratic senator who pushed the legislation. The bill failed on a 59-41 vote. It needed 60 to pass. Sen. Mary Landrieu, D-La., had resurrected the legislation ahead of a tough runoff election next month, hoping to show her Washington clout and put Congress on record in support of the pipeline -- even though the White House indicated President Obama would consider vetoing. (www.foxnews.com November 18, 2014)

PJM prepared for winter power demands, concerned about 2016: CEO

PJM Interconnection is making sure generators are prepared for winter and following up on lessons learned from last winter's frigid temperatures, PJM President and CEO Terry Boston said Thursday. Transmission enhancements within PJM allow the grid operator to move power within its region better than a year ago, and improved coordination among generators and natural gas pipelines should ease gas supply concerns of some generators, Boston said at an event sponsored by consulting firm ICF International. With winter approaching, "we're in much better shape than last year," including the addition of dual-fuel capabilities at some power plants, Boston said. (www.platts.com November 13, 2014)

MISO Coordinates with Gas Pipelines; Says It Has 'Sufficient Resources' for Winter

Midcontinent Independent System Operator Inc. (MISO), the Regional Transmission Organization (RTO) that covers most of the Midwest region of the United States and the Canadian province of Manitoba, said it believes it has "sufficient resources" to meet electricity demand for the upcoming winter season. On Friday, MISO predicted total winter demand will peak at 103.2 GW, and 149.8 GW of capacity is anticipated to be available. The organization also said it anticipates having a 45.1% reserve margin, exceeding its own requirement of 14.8%. (www.naturalgasintel.com November 17, 2014)

Ky. Co-op Leads Major Solar Project at Fort Campbell

Kentucky is embarking on its largest solar power installation and an electric cooperative is leading the way on the 5-megawatt project that will turn a landfill into energy for Fort Campbell. Pennyryle Rural Electric Cooperative, in collaboration with the Kentucky Energy and Environment Cabinet and the U.S. Department of Energy, is developing the solar photovoltaic panel system at the Army installation in Kentucky. (www.ect.coop November 7, 2014)

PSC Oks energy efficiency plan for KU, LG&E

The Kentucky Public Service Commission has approved a revised slate of residential and commercial energy efficiency and demand side management programs for Kentucky Utilities Co and Louisville Gas & Electric Co. In an order issued, the PSC authorized KU and LG&E to continue 10 existing programs for residential or commercial customers -- five of them with additional features. Four programs will be dropped and one limited program will be initiated on a trial basis. (www.surfky.com November 15, 2014)

TVA to decide by year's end whether to clean up or shut down more units

U.S. Sen. Mitch McConnell, R-Ky., won re-election and will become Senate majority leader in 2015 with his vow to fight what he calls President Obama's "war on coal." But the federal government's biggest utility may decide next month to curb its coal use, even in McConnell's coal-rich Kentucky, to reduce pollution and meet environmental rules. TVA will decide whether to retrofit or shut down two of the nine units at the Shawnee Fossil Plant in Paducah, Ky. Units 1 and 4 are the only coal-fired units there still lacking scrubbers and selective catalytic control devices to control harmful smog emissions. (www.timesfreepress.com November 16, 2014)

Paducah electric rates hurting businesses

High electric rates from a western Kentucky utility provider saddled with debt are putting the squeeze on some small businesses. Paducah businesses large and small are feeling the impact of hefty electric bills as Paducah Power System searches for a way to bring relief to ratepayers. David Perry, co-owner of Owen Cleaners in Paducah, has closed his coin-operated laundromat because of increased electric bills. (www.washingtontimes.com November 8, 2014)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	11/20/2014	11/13/2014	11/6/2014	10/31/2014	Year Ago
Gasoline (State avg.)	\$ 2.85	\$ 3.92	\$ 2.96	\$ 2.94	\$ 3.21
Ashland	\$ 2.90	\$ 2.93	\$ 3.00	\$ 3.02	\$ 3.26
Covington	\$ 2.92	\$ 3.04	\$ 3.11	\$ 3.14	\$ 3.24
Lexington	\$ 2.78	\$ 2.95	\$ 2.98	\$ 2.97	\$ 3.25
Louisville	\$ 2.79	\$ 2.88	\$ 2.93	\$ 2.99	\$ 3.33
Owensboro	\$ 2.75	\$ 2.86	\$ 2.80	\$ 2.82	\$ 3.19
Diesel (State avg.)	\$ 3.61	\$ 3.64	\$ 3.60	\$ 3.58	\$ 3.82
Ashland	\$ 3.69	\$ 3.68	\$ 3.63	\$ 3.54	\$ 3.92
Covington	\$ 3.72	\$ 3.70	\$ 3.67	\$ 3.62	\$ 3.91
Lexington	\$ 3.66	\$ 3.67	\$ 3.62	\$ 3.58	\$ 3.86
Louisville	\$ 3.68	\$ 3.69	\$ 3.66	\$ 3.63	\$ 3.83
Owensboro	\$ 3.70	\$ 3.77	\$ 3.66	\$ 3.57	\$ 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	11/17/2014	11/10/2014	11/3/2014	10/27/2014	Year Ago
Heating Oil (dollars per gallon)	\$ 3.46	\$ 3.45	\$ 3.41	\$ 3.23	\$ 3.48
Propane (dollars per gallon)	\$ 2.21	\$ 2.20	\$ 2.22	\$ 2.18	\$ 2.27

http://www.eia.gov/dnav/pet/pet_pri_wfr_dcus_SKY_w.htm

Spot Prices	11/17/2014	11/11/2014	11/3/2014	10/27/2014	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 75.64	\$ 77.85	\$ 78.77	\$ 81.26	\$ 95.35
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 4.26	\$ 4.18	\$ 3.82	\$ 3.56	\$ 3.56

Source: the Wall Street Journal

Futures		December 2014	January 2015	February 2015
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	11/19/2014	\$ 74.58	\$ 74.50	\$ 74.43
	11/12/2014	\$ 77.18	\$ 77.15	\$ 77.12
	11/5/2014	\$ 78.68	\$ 78.60	\$ 78.54
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	11/19/2014	\$ 4.37	\$ 4.52	\$ 4.49
	11/12/2014	\$ 4.19	\$ 4.28	\$ 4.25
	11/5/2014	\$ 4.19	\$ 4.29	\$ 4.25
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	11/19/2014	\$ 0.73	\$ 0.74	\$ 0.74
	11/12/2014	\$ 0.86	\$ 0.86	\$ 0.86
	11/5/2014	\$ 0.87	\$ 0.88	\$ 0.88
Coal (Dollars per ton) <i>Central Appalachian</i>	11/19/2014	\$ 51.60	\$ 53.33	\$ 54.06
	11/12/2014	\$ 52.02	\$ 54.05	\$ 54.98
	11/5/2014	\$ 52.63	\$ 53.68	\$ 54.61

Source: CME Group

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