

Kentucky Department for Energy Development and Independence Energy Watch

A snapshot of state and national energy issues

As more fracking looms, Kentucky lawmakers consider bill reworking regulations on drilling

With the potential looming for a jump in high-volume hydraulic fracturing, or fracking, to drill for oil and gas in Kentucky, state lawmakers will consider a bill that includes stronger reclamation standards and more protection for water sources near wells. House Bill 386, introduced this week, would upgrade rules to cover a type of drilling in which operators can inject millions of gallons of chemical-laced water under high pressure into deep, horizontal bore holes to break up rocks, unlocking oil and gas. (www.kentucky.com February 11, 2015)

USDA Announces Funding for Renewable Energy and Energy Efficiency Projects

Agriculture Secretary Tom Vilsack today announced that rural agricultural producers and small business owners can now apply for resources to purchase and install renewable energy systems or make energy efficiency improvements. These efforts help farmers, ranchers and other small business owners save money on their energy bills, reduce America's dependence on foreign oil, support America's clean energy economy, and cut carbon pollution. The resources announced today are made possible by the 2014 Farm Bill. (www.usda.gov February 10, 2015)

Cloudy skies for Ohio's clean-energy industry

Ohio's clean-energy businesses are optimistic despite what many of them see as hostility from state policymakers. Business leaders gathered Downtown last night on the second of six stops in Ohio's Energy Future Tour, a series of panel discussions sponsored by clean-energy trade groups and environmental advocates. The tour is designed to call attention to the economic benefits of renewable energy, such as solar and wind, and energy conservation. (www.dispatch.com February 11, 2015)

Oil on Wild Ride; How Will It End?

The Energy Department reported last week that there was a record 1.18 billion barrels of oil in storage in the U.S. ITG's Dwarkin estimates that in the first half of this year the world will be producing, on average, 2 million barrels per day more than it will be consuming. Analysts at Bank of America Merrill Lynch say \$32 a barrel is possible. Ed Morse, an analyst at Citi, called the recent rise in prices a "head fake" and predicts oil could plunge into the \$20 range, the lowest since 2002. (http://abcnews.go.com February 10, 2015)

Drillers Take Second Crack at Fracking Old Wells to Cut Cost

Beset by falling prices, the oil industry is looking at about 50,000 existing wells in the U.S. that may be candidates for a second wave of fracking, using techniques that didn't exist when they were first drilled. New wells can cost as much as \$8 million, while re-fracking costs about \$2 million, significant savings when the price of crude is hovering close to \$50 a barrel, according to Halliburton Co., the world's biggest provider of hydraulic fracturing services. (www.bloomberg.com February 10, 2015)

High-Performance Sustainable Schools Workshop accepting registration

The High-Performance Sustainable Schools Workshop, scheduled from March 10-11, is designed to teach how energy efficient, high-performance buildings rescue a school district's bottom line and accelerate students' career paths. Registration is currently open through the Kentucky National Energy Education Development (NEED) website. (www.lanereport.com February 9, 2015)

UofL trustees extend energy-saving project

The University of Louisville's Board of Trustees today voted to extend an existing contract with Siemens Industry Inc. that has saved UofL \$12.9 million in energy costs in six years. UofL and Siemens began working together in 2009 through a performance contract to save energy on the university's three campuses. (www.lanereport.com February 9, 2015)

Judge dismisses lawsuit against TVA over coal plant closing

A federal judge has dismissed a lawsuit brought by the coal industry against the Tennessee Valley Authority that tried to block TVA's plans to shut down two of the three units at a Kentucky coal plant. U.S. District Judge Joseph McKinley said TVA didn't violate federal rules in the way it decided to replace the oldest coal-fired generation at the Paradise Fossil Plant in western Kentucky with a new combined-cycle natural gas plant. (www.timesfreepress.com February 9, 2015)

No more coal tax money for Lincoln unless truckers begin reporting miles

Coal tax funding for Lincoln County's road department has dried up even though officials say coal trucks continue to travel through the county on a regular basis. Coal trucks have reported a total of zero miles traveled in Lincoln County since 2011, according to the Department of Local Government. (www.centrankynews.com February 9, 2015)

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	2/12/2015	2/5/2015	1/29/2015	1/22/2015	Year Ago
Gasoline (State avg.)	\$ 2.23	\$ 2.15	\$ 2.04	\$ 2.04	\$ 3.32
Ashland	\$ 2.33	\$ 2.35	\$ 2.11	\$ 1.99	\$ 3.44
Covington	\$ 2.45	\$ 2.36	\$ 2.24	\$ 2.17	\$ 3.37
Lexington	\$ 2.45	\$ 2.35	\$ 2.17	\$ 2.05	\$ 3.39
Louisville	\$ 2.45	\$ 2.35	\$ 2.23	\$ 2.12	\$ 3.30
Owensboro	\$ 2.16	\$ 2.14	\$ 1.92	\$ 1.85	\$ 3.23
Diesel (State avg.)	\$ 2.81	\$ 2.80	\$ 2.82	\$ 2.87	\$ 3.94
Ashland	\$ 2.95	\$ 2.96	\$ 2.97	\$ 3.07	\$ 4.03
Covington	\$ 2.87	\$ 2.89	\$ 2.95	\$ 3.02	\$ 3.98
Lexington	\$ 2.89	\$ 2.93	\$ 2.97	\$ 3.08	\$ 4.00
Louisville	\$ 2.91	\$ 2.94	\$ 2.97	\$ 3.02	\$ 3.93
Owensboro	\$ 2.61	\$ 2.60	\$ 2.60	\$ 2.63	\$ 3.93

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	2/9/2015	2/2/2015	1/26/2015	1/19/2015	Year Ago
Heating Oil (dollars per gallon)	\$ 2.45	\$ 2.39	\$ 2.38	\$ 2.47	\$ 3.75
Propane (dollars per gallon)	\$ 2.15	\$ 2.18	\$ 2.17	\$ 2.16	\$ 3.68

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

Spot Prices	2/10/2015	2/4/2015	1/29/2015	1/22/2015	Year Ago
Crude Oil (Dollars per barrel) <i>West Texas Intermediate, fob</i>	\$ 52.99	\$ 49.25	\$ 44.80	\$ 46.79	\$ 100.38
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	\$ 2.62	\$ 2.88	\$ 2.92	\$ 2.94	\$ 5.92
Coal Price (dollars per short ton) <i>Central Appalachia</i>	\$ 53.06	\$ 53.06	\$ 53.06	\$ 53.06	\$ 62.18
Coal Price (dollars per short ton) <i>Illinois Basin</i>	\$ 45.32	\$ 45.32	\$ 45.32	\$ 45.32	\$ 46.40

Sources: <https://www.quandl.com/#/c/markets/coal> http://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm http://ycharts.com/indicators/natural_gas_spot_price

Futures		March 2015	April 2015	May 2015
Crude Oil (Dollars per barrel) <i>Light Sweet Crude Oil</i>	2/11/2015	\$ 48.84	\$ 49.78	\$ 51.08
	2/4/2015	\$ 48.45	\$ 49.30	\$ 50.58
	1/28/2015	\$ 44.45	\$ 45.23	\$ 46.36
Natural Gas (Dollars per MMBtu) <i>Henry-Hub</i>	2/11/2015	\$ 2.80	\$ 2.81	\$ 2.85
	2/4/2015	\$ 2.66	\$ 2.67	\$ 2.70
	1/28/2015	\$ 2.84	\$ 2.83	\$ 2.86
Propane (Dollars per gallon) <i>Mt Belvieu (OPIS)</i>	2/11/2015	\$ 0.55	\$ 0.55	\$ 0.56
	2/4/2015	\$ 0.52	\$ 0.52	\$ 0.52
	1/28/2015	\$ 0.48	\$ 0.48	\$ 0.48

Source: CME Group

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