
EIA Short-Term and Winter Fuels Outlook

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U.S. Energy Information Administration
Independent Statistics and Analysis

Overview

- EIA expects average heating bills to be 3% higher this winter than last
 - an increase of \$24 to a U.S. average of \$986 per household
- Due to higher fuel prices forecast this winter compared to last
 - 2% higher electricity prices
 - 8% higher heating oil prices
 - 6% higher residential natural gas prices
 - 11% higher propane prices
- Bill increases are moderated by a warmer winter weather forecast for the South, but little change in the Midwest/West; slightly colder in the Northeast
- Inventories of fuel oil and natural gas are currently well above typical levels, which helps dampen price increases if winter is colder than expected
 - in contrast, propane stocks are low in the New England region

U.S. households forecast to spend an average of 3% (\$24) more on heating bills this winter (October 1– March 31)

Percent change in fuel bills from last winter (forecast)

Fuel bill	Base case forecast	If 10% warmer than forecast	If 10% colder than forecast
Heating oil	12	0	25
Natural gas	4	-7	12
Propane	8	-3	18
Electricity	-2	-6	2
Average of all fuels	3	-6	10

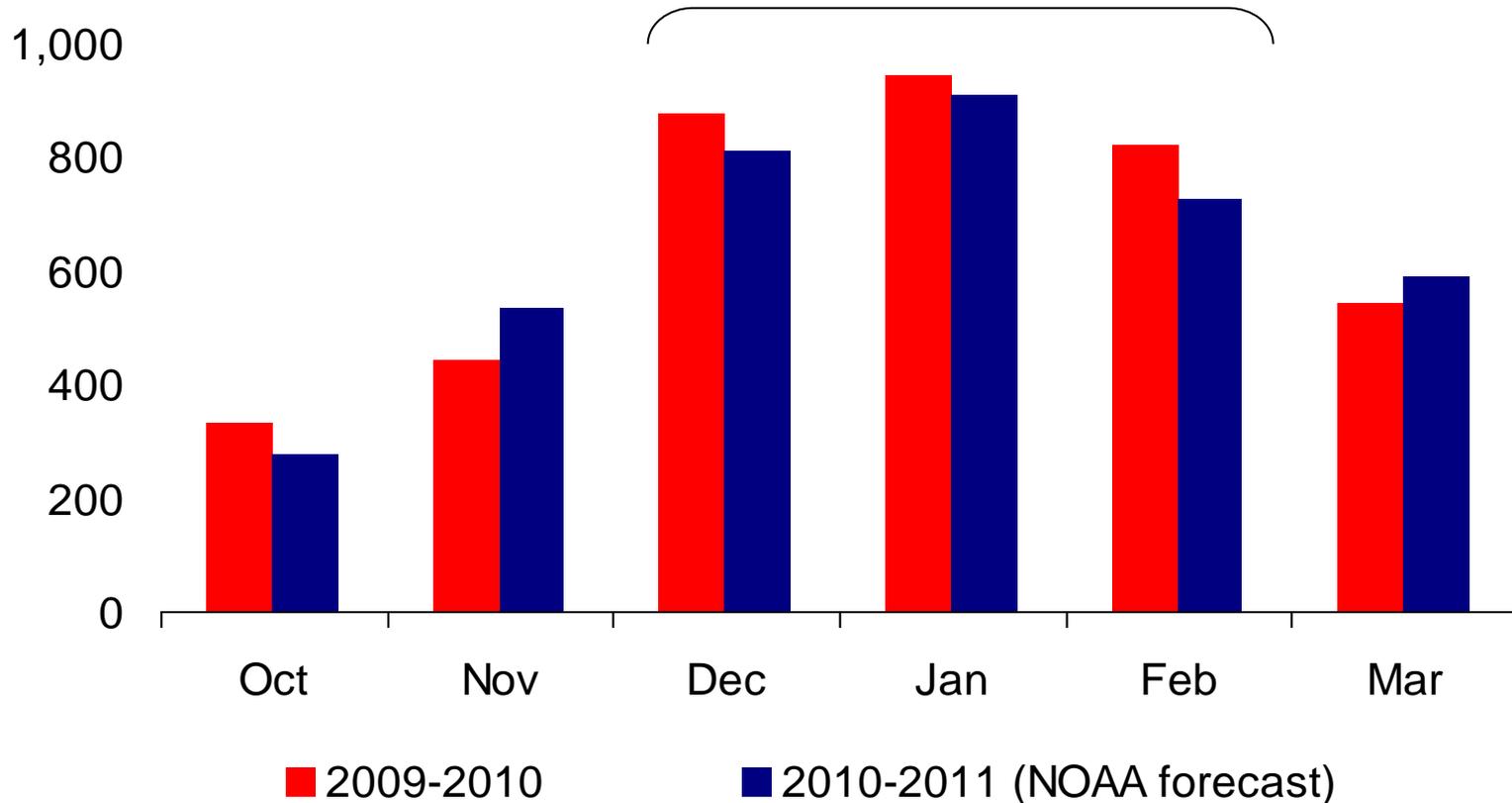
Source: EIA Short-Term Energy Outlook, October 2010



Winter 2010-11 heating season forecast is 3% warmer than last winter, and 1% warmer than 30-year average

U.S. population-weighted heating degree-days

NOAA "winter" 7.4% warmer than last year



Source: NOAA (September 15, 2010)



Higher natural gas heating bills for some regions this winter

Households using
natural gas as
primary heating fuel

West 63%

South 33%

Midwest 72%

Northeast 53%

U.S. 52%

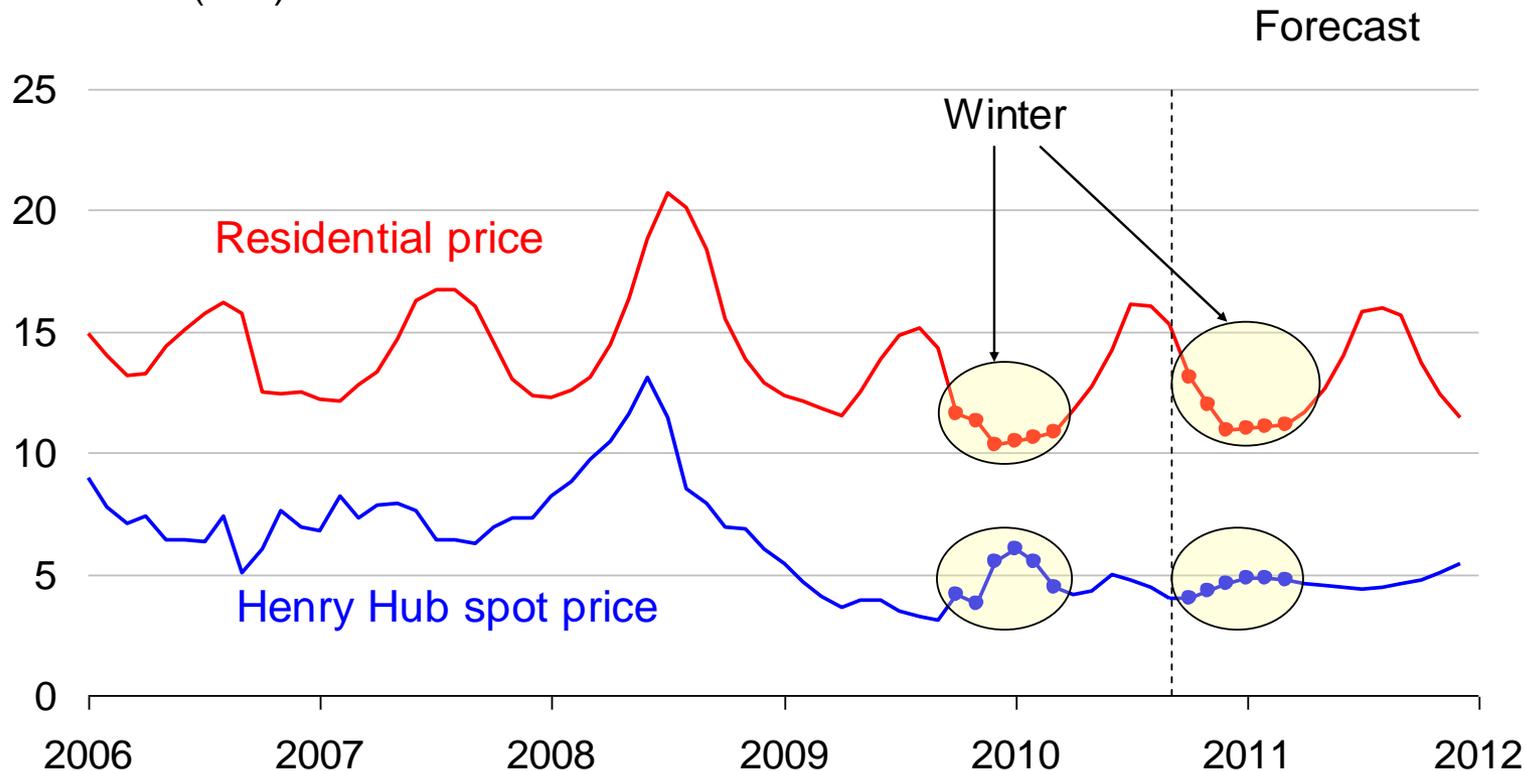
Percent change from last winter (forecast)

	Consumption	Average price	Total expenditures
West	0	-3	-3
South	-13	11	-3
Midwest	0	6	6
Northeast	5	7	12
U.S.	-2	6	4

Source: EIA Short-Term Energy Outlook, October 2010

EIA expects residential natural gas prices to be 6% higher this winter than last

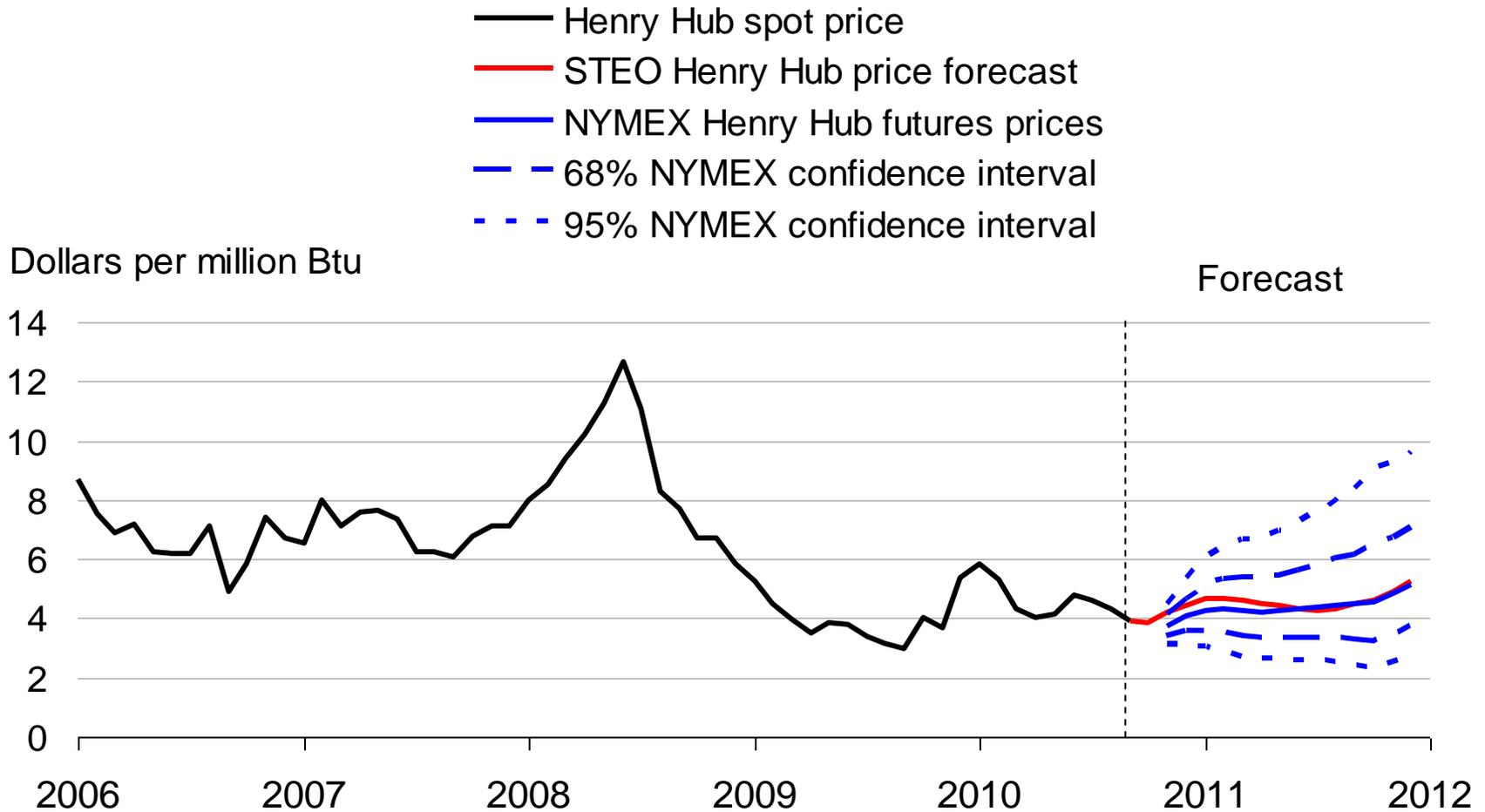
Dollars per thousand cubic feet (mcf)



Source: EIA Short-Term Energy Outlook, October 2010

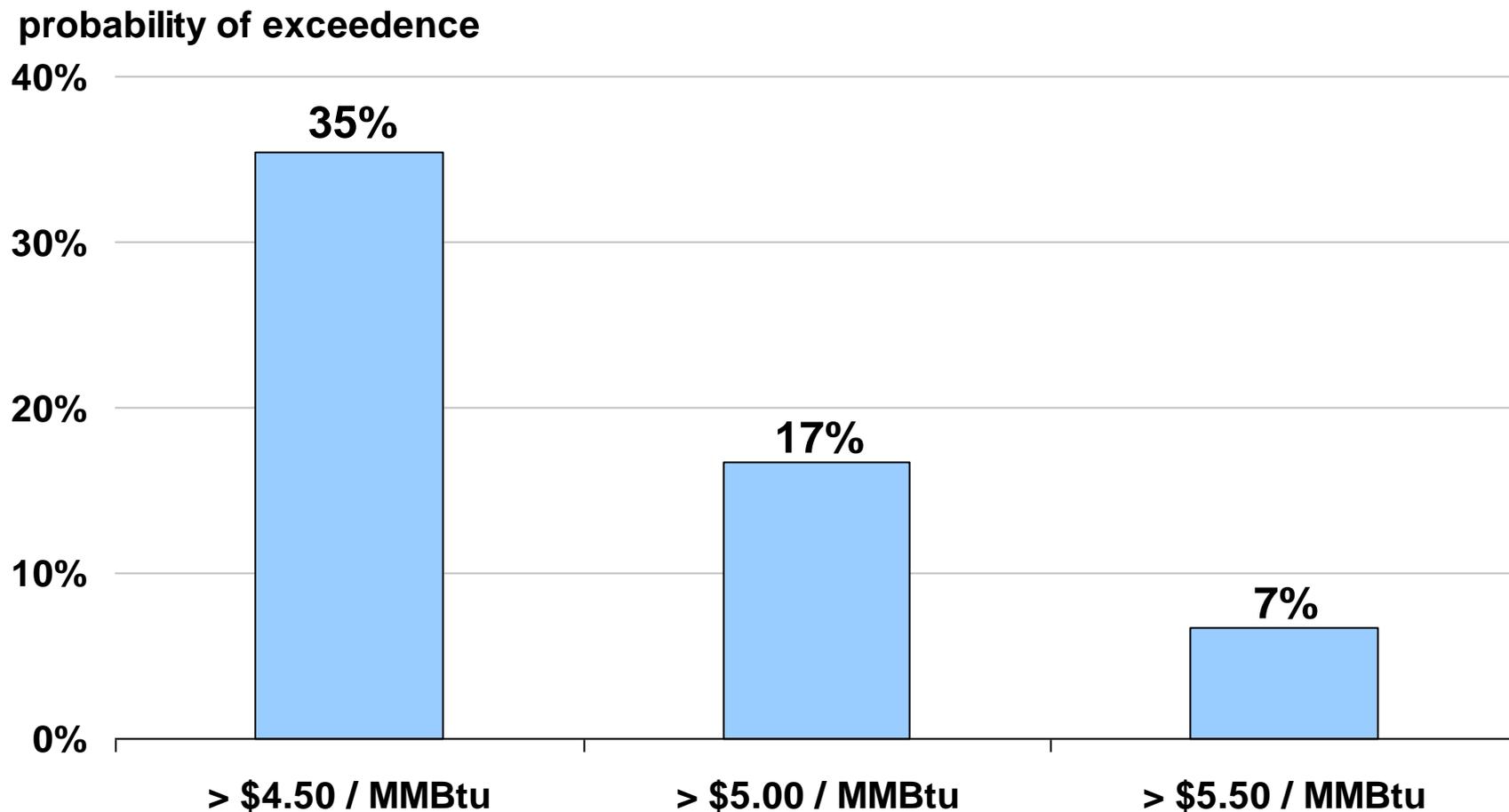


Future natural gas prices remain uncertain



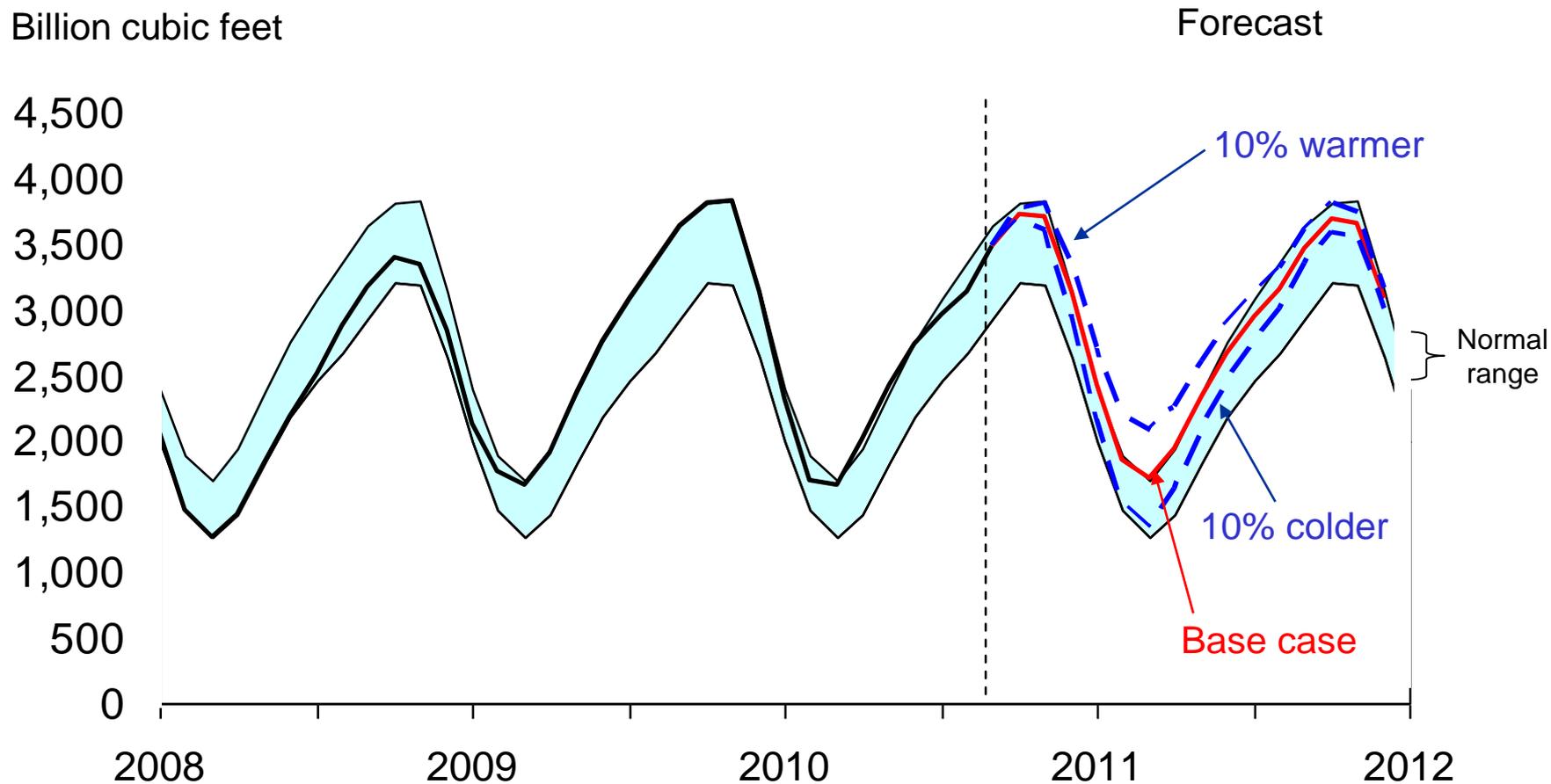
Source: EIA Short-Term Energy Outlook, October 2010

Less than 10% chance of natural gas price being higher than \$5.50 per MMBtu for January 2011 contract month



Source: EIA STEO Oct 13, 2010 and CME Group

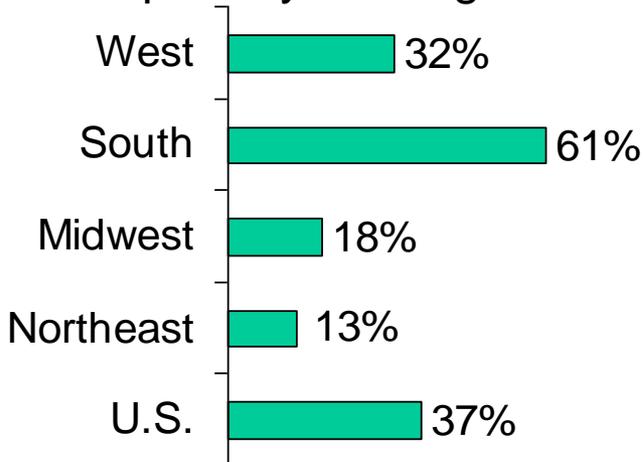
Natural gas inventories are close to last year's record-high levels



Source: EIA Short-Term Energy Outlook, October 2010

Winter electricity bill forecast shows little change from last winter

Households using electricity as primary heating fuel

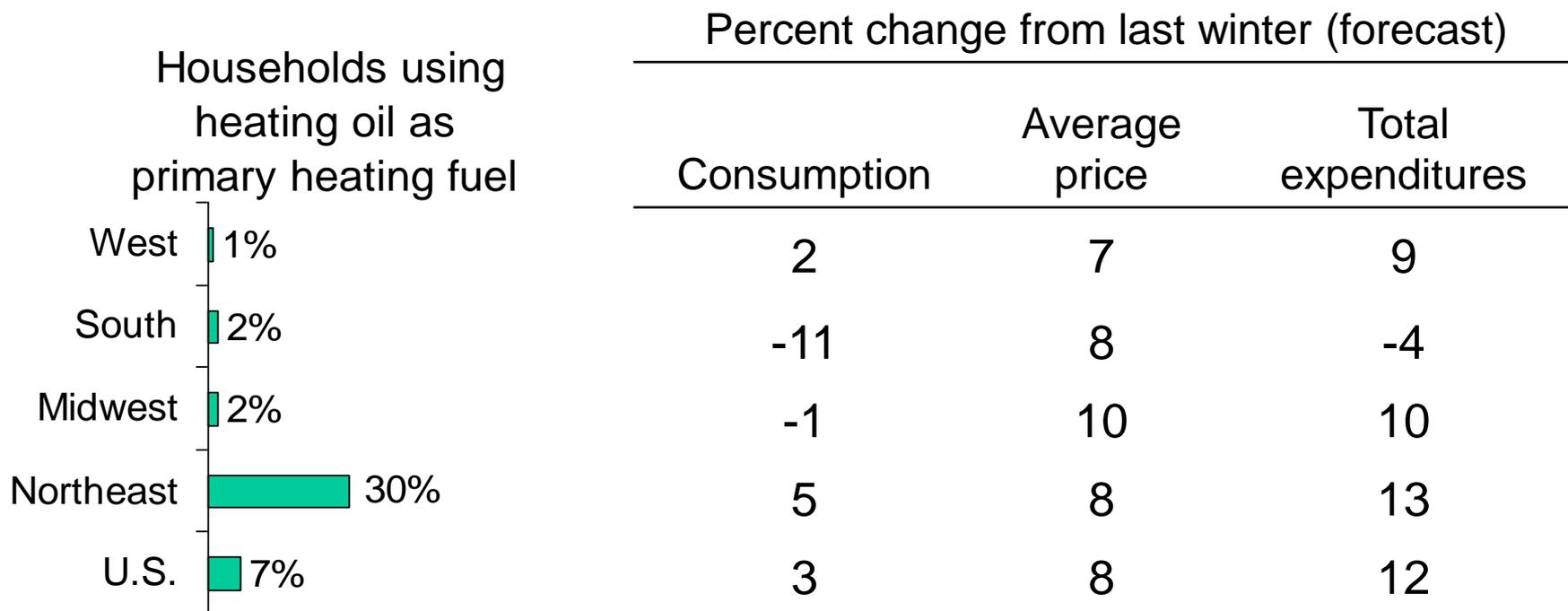


Percent change from last winter (forecast)

	Consumption	Average price	Total expenditures
West	0	-1	0
South	-6	2	-4
Midwest	-1	1	0
Northeast	3	2	5
U.S.	-4	2	-2

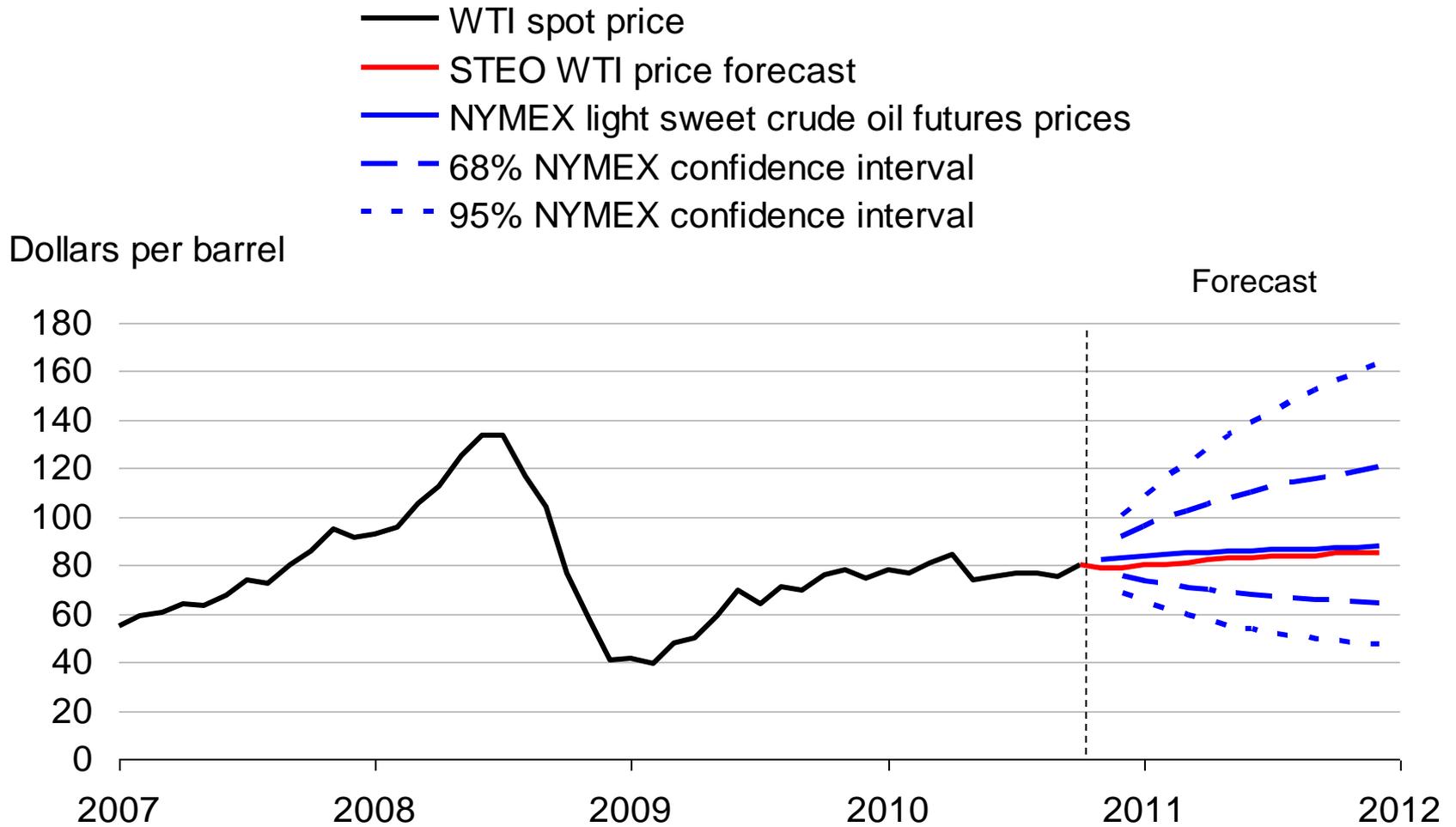
Source: EIA Short-Term Energy Outlook, October 2010

Winter heating oil bills are likely to be higher in most regions



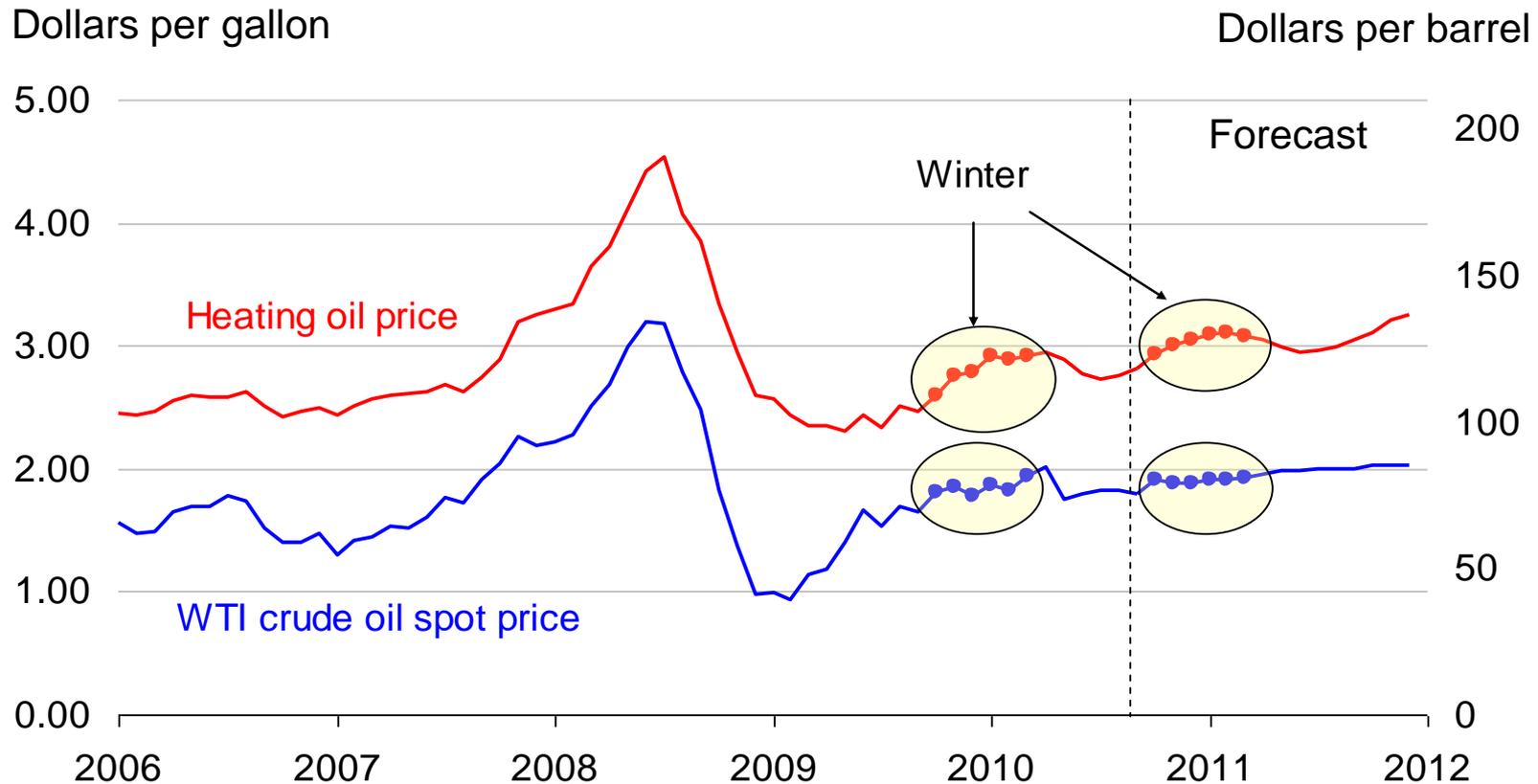
Source: EIA Short-Term Energy Outlook, October 2010

Crude oil price forecasts are very uncertain



Source: EIA Short-Term Energy Outlook, October 2010

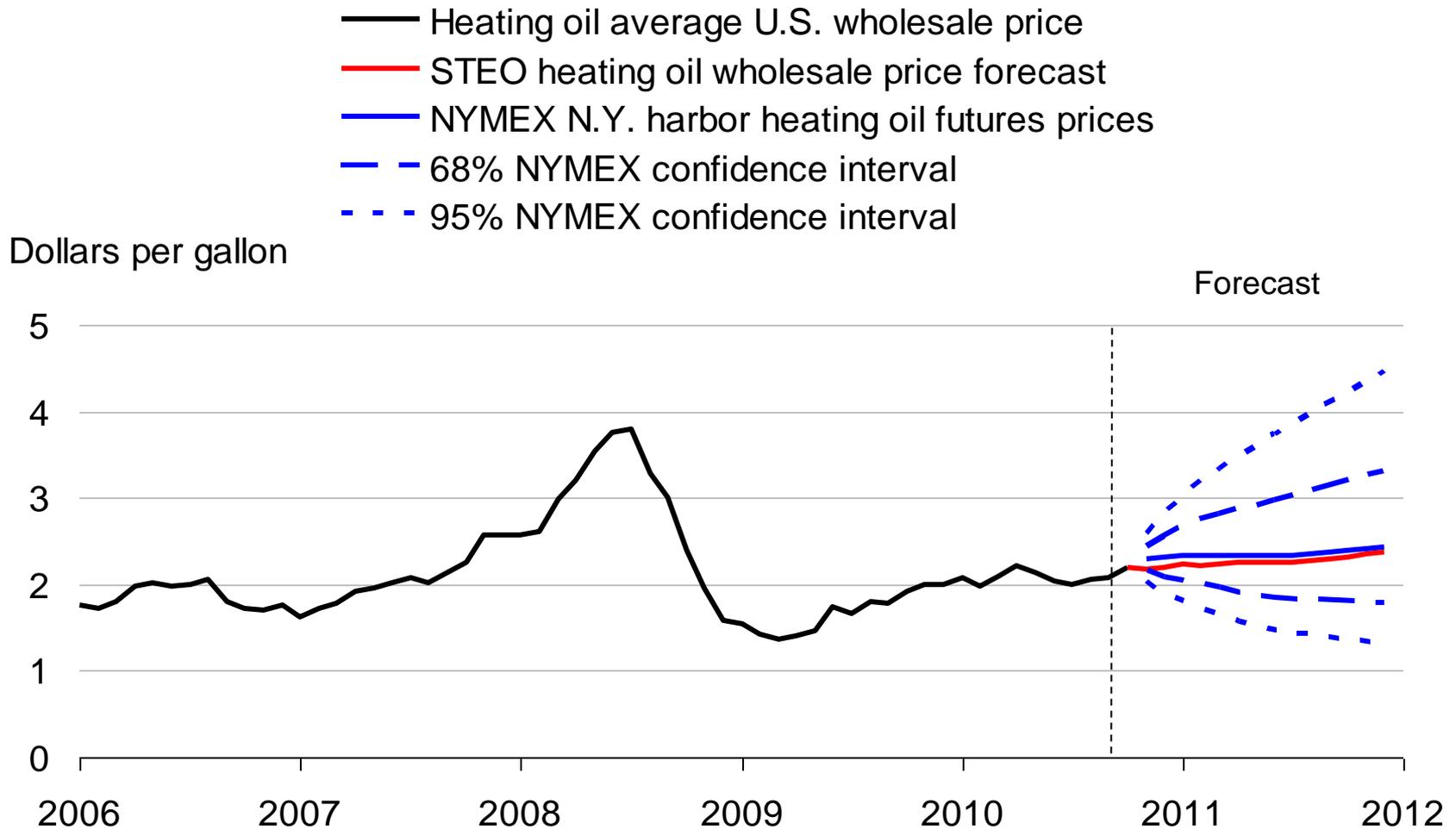
U.S. heating oil retail price forecast to average 23 cents per gallon higher than last winter



Source: EIA Short-Term Energy Outlook, October 2010

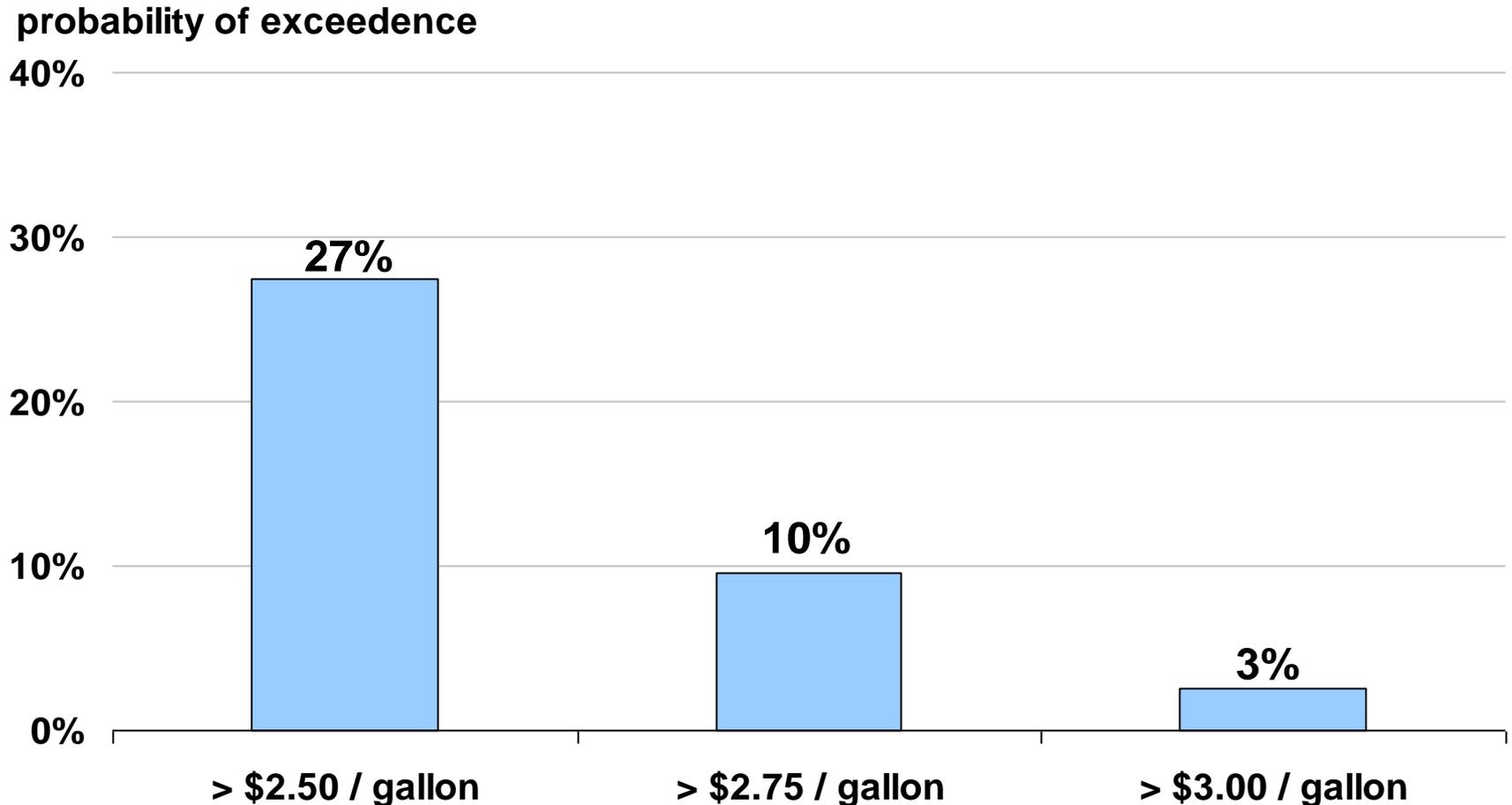


Uncertainty over future heating oil prices is driven primarily by crude oil prices

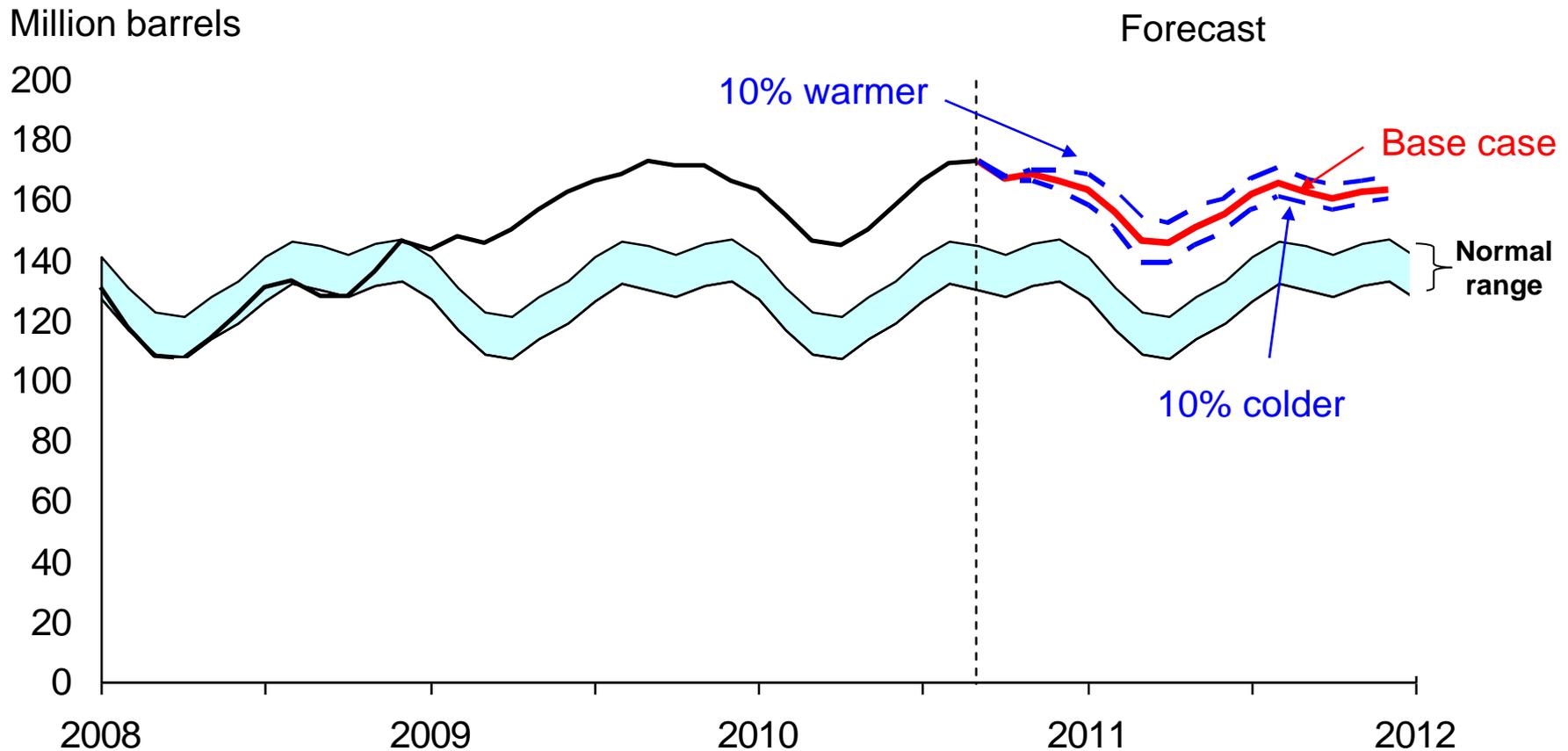


Source: EIA Short-Term Energy Outlook, October 2010

Less than 10% chance of wholesale heating oil price being higher than \$2.75 per gallon for January 2011 contract month



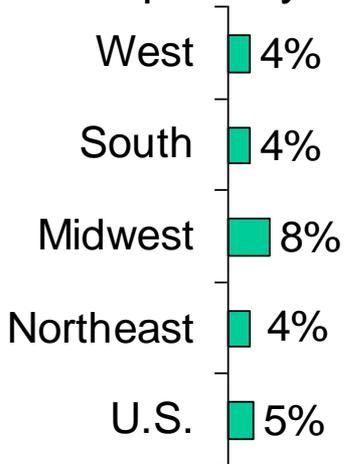
Going into winter, distillate inventories are well above the upper end of the normal range



Source: EIA Short-Term Energy Outlook, October 2010

Higher expected propane fuel bills in most regions

Households using propane as primary heating fuel

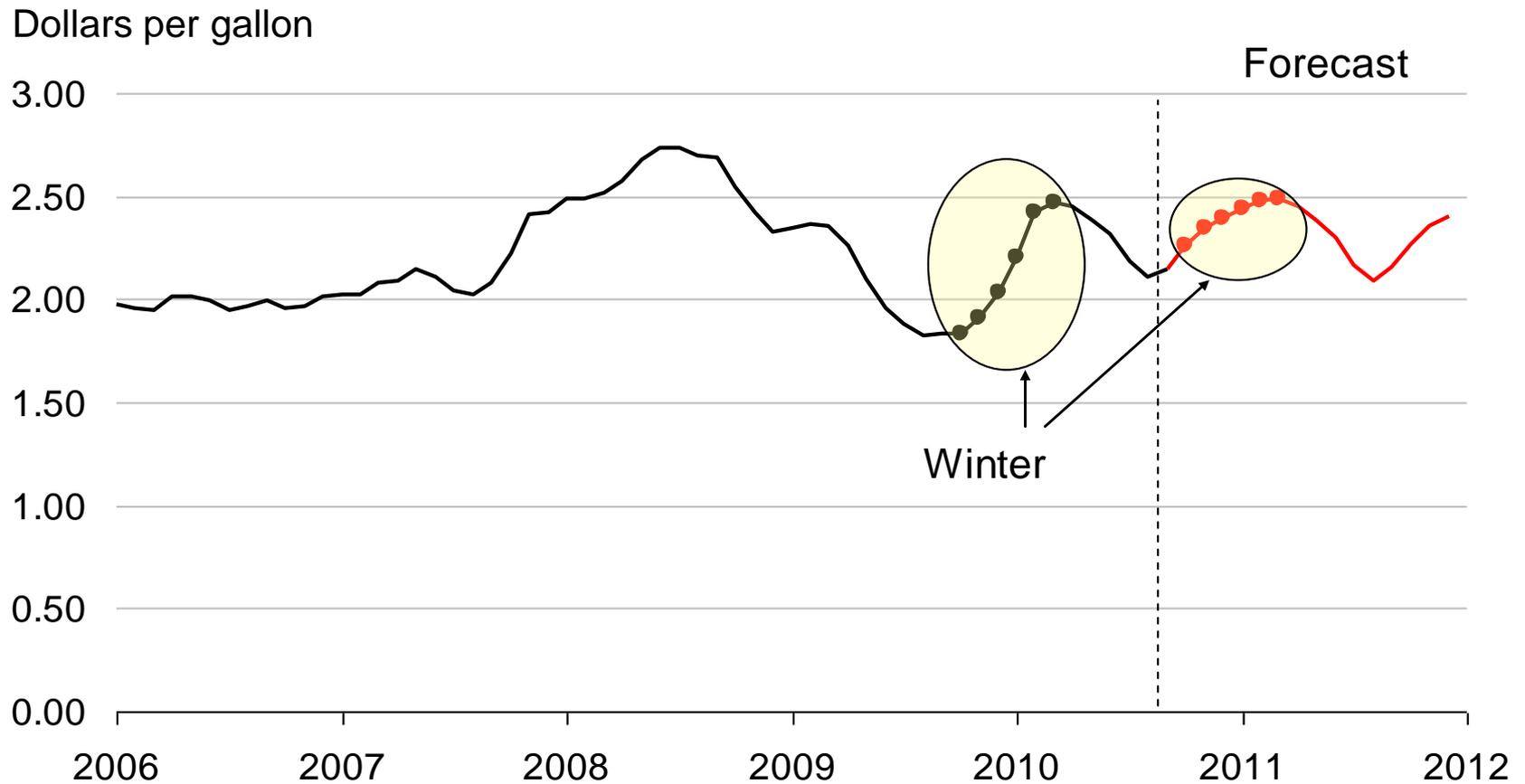


Percent change from last winter (forecast)

	Consumption	Average price	Total expenditures
West	-1	11	10
South	-13	8	-6
Midwest	-1	15	14
Northeast	5	9	14
U.S.	-3	11	8

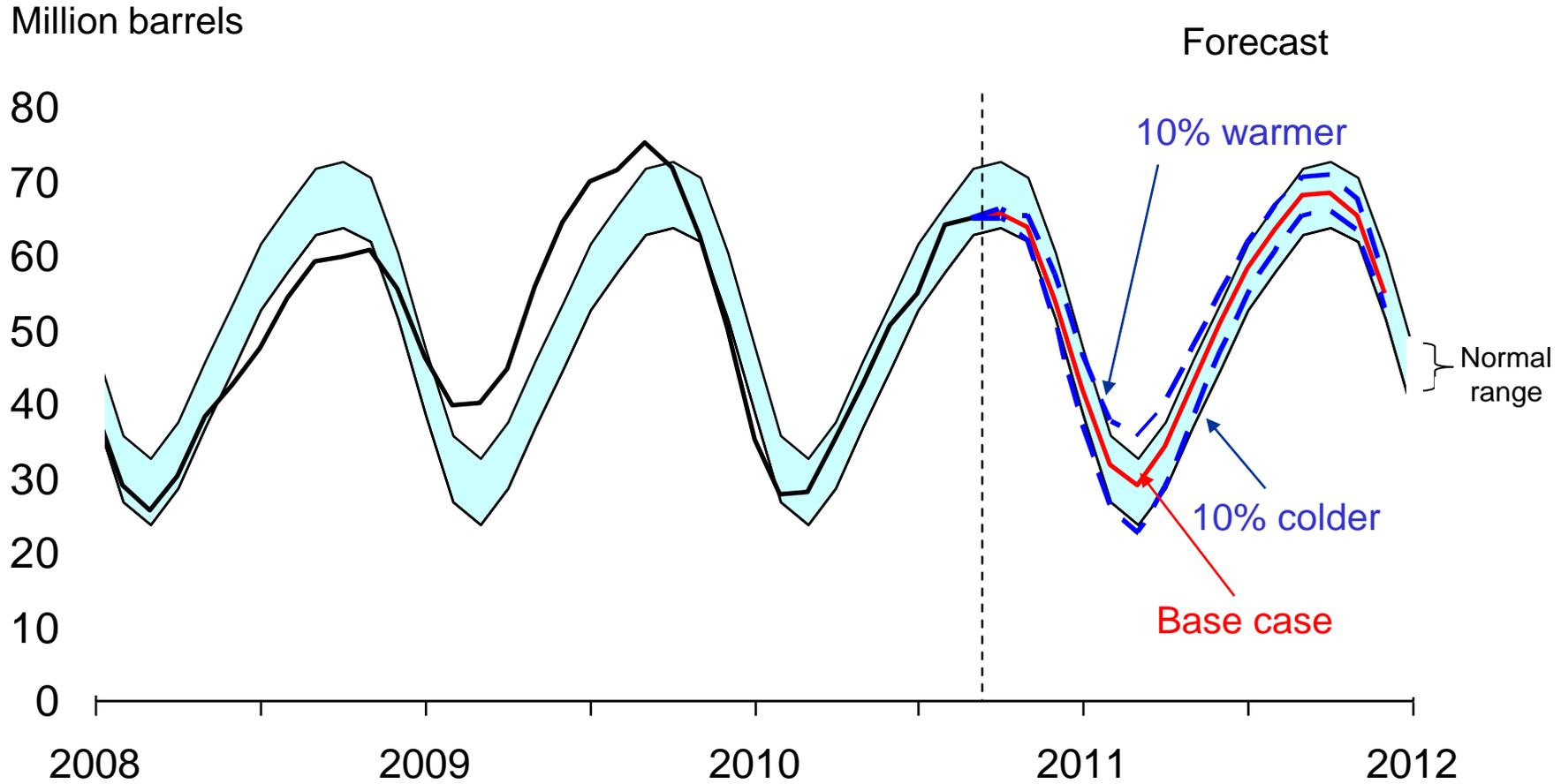
Source: EIA Short-Term Energy Outlook, October 2010

EIA forecasts residential propane prices will average \$2.42 per gallon, 24¢ per gallon higher than last winter



Source: EIA Short-Term Energy Outlook, October 2010

Propane inventories are near the middle of the normal range



Source: EIA Short-Term Energy Outlook, October 2010

For more information

U.S. Energy Information Administration home page www.eia.gov

Short-Term Energy Outlook www.eia.gov/emeu/steo/pub/contents.html

Annual Energy Outlook www.eia.gov/oiaf/aeo/index.html

International Energy Outlook www.eia.gov/oiaf/ieo/index.html

Monthly Energy Review www.eia.gov/emeu/mer/contents.html

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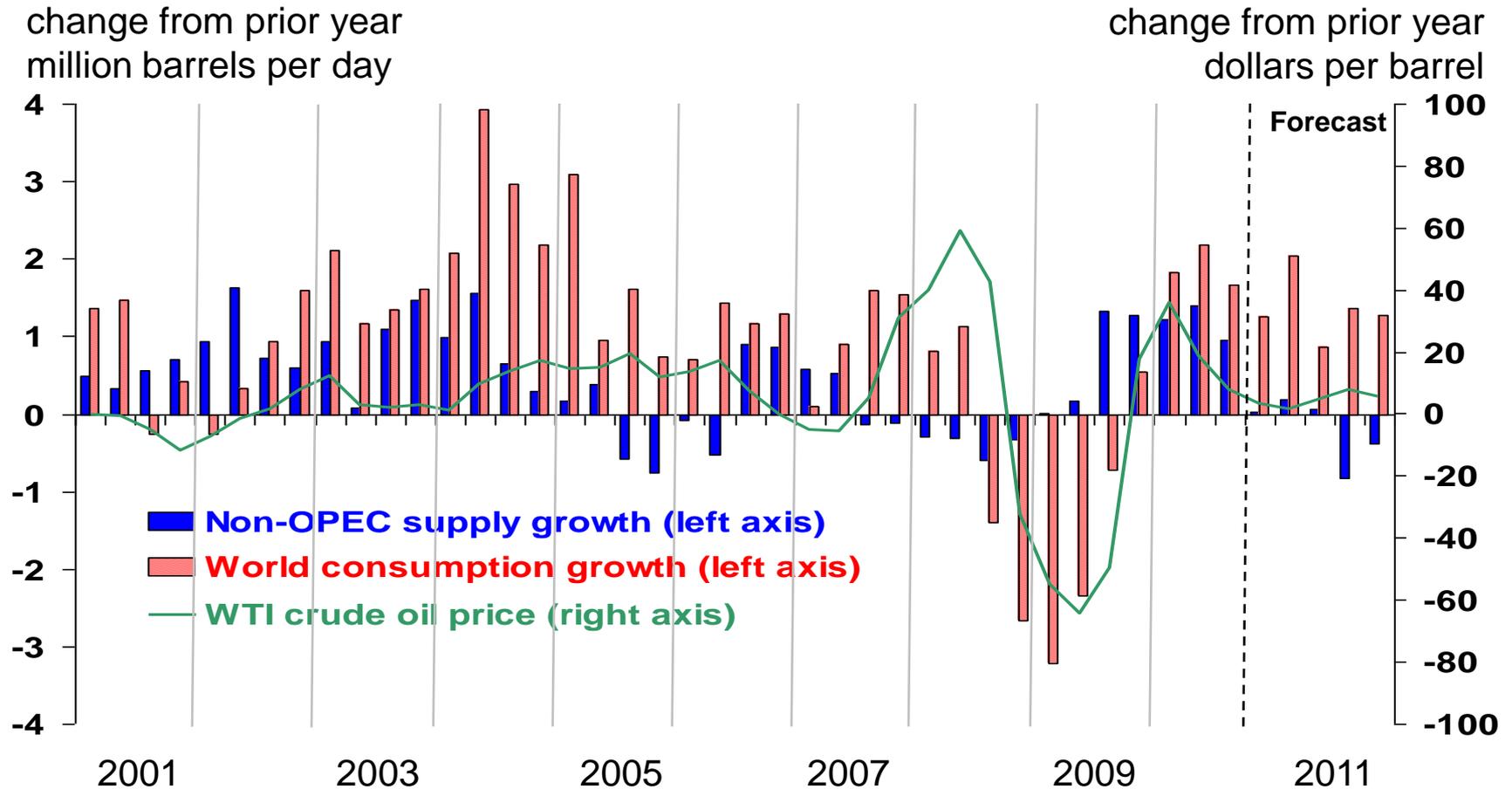
Email: InfoCtr@eia.doe.gov



Supplemental



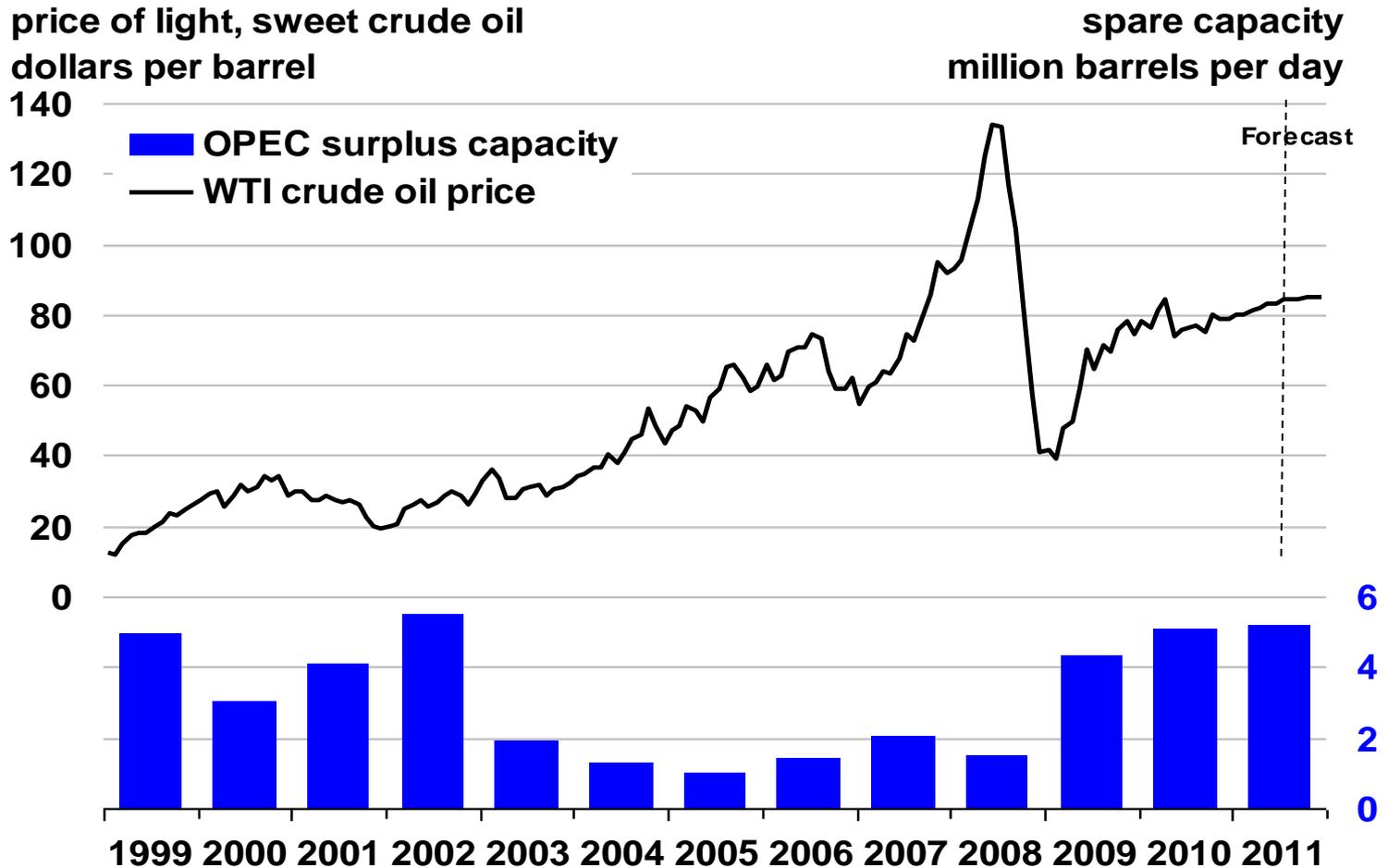
The changing balance between global consumption and non-OPEC supply growth can drive oil prices



Source: EIA Short-Term Energy Outlook, October 2010



When spare capacity is tight, it can drive prices and volatility higher



Source: EIA Short-Term Energy Outlook, October 2010