
EIA Short-Term and Winter Fuels Outlook

USAEE National Capital Area Chapter
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Washington, DC

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U.S. Energy Information Administration



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)

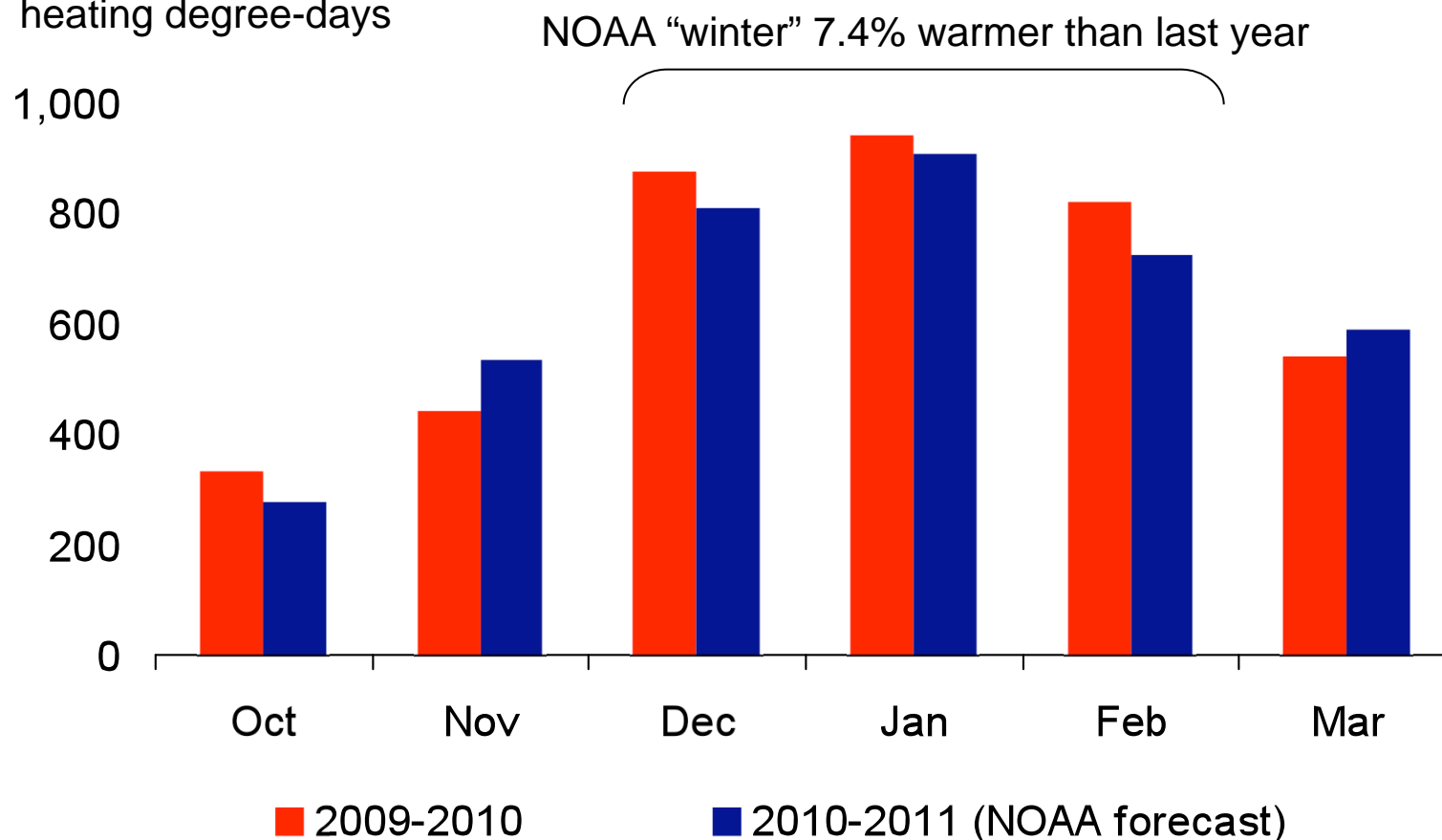
Fuel bill	Base case forecast	If 10% warmer than forecast	If 10% colder than forecast
Heating oil	12	0	25
Natural gas	4	-7	12
Propane	8	-3	18
Electricity	-2	-6	2
Average of all fuels	3	-6	10

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

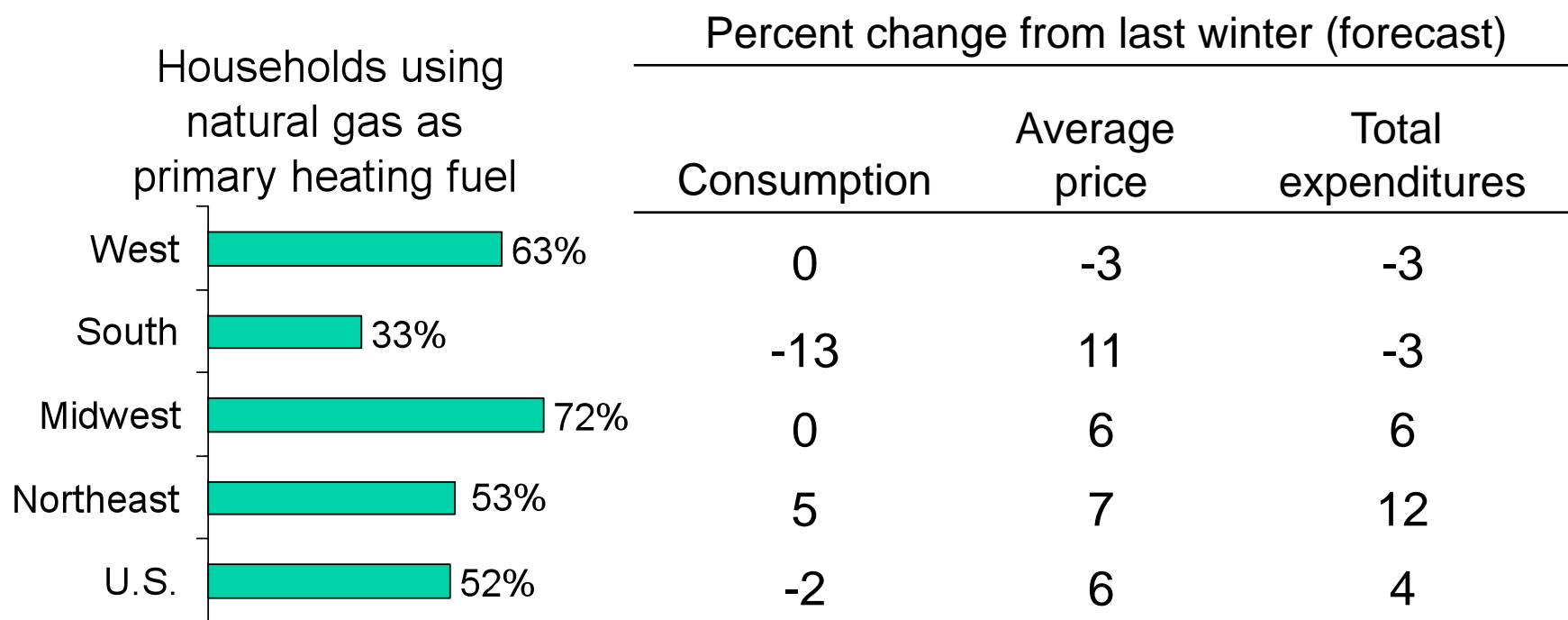
U.S. population-weighted heating degree-days



Source: NOAA (September 15, 2010)



Higher natural gas heating bills for some regions this winter

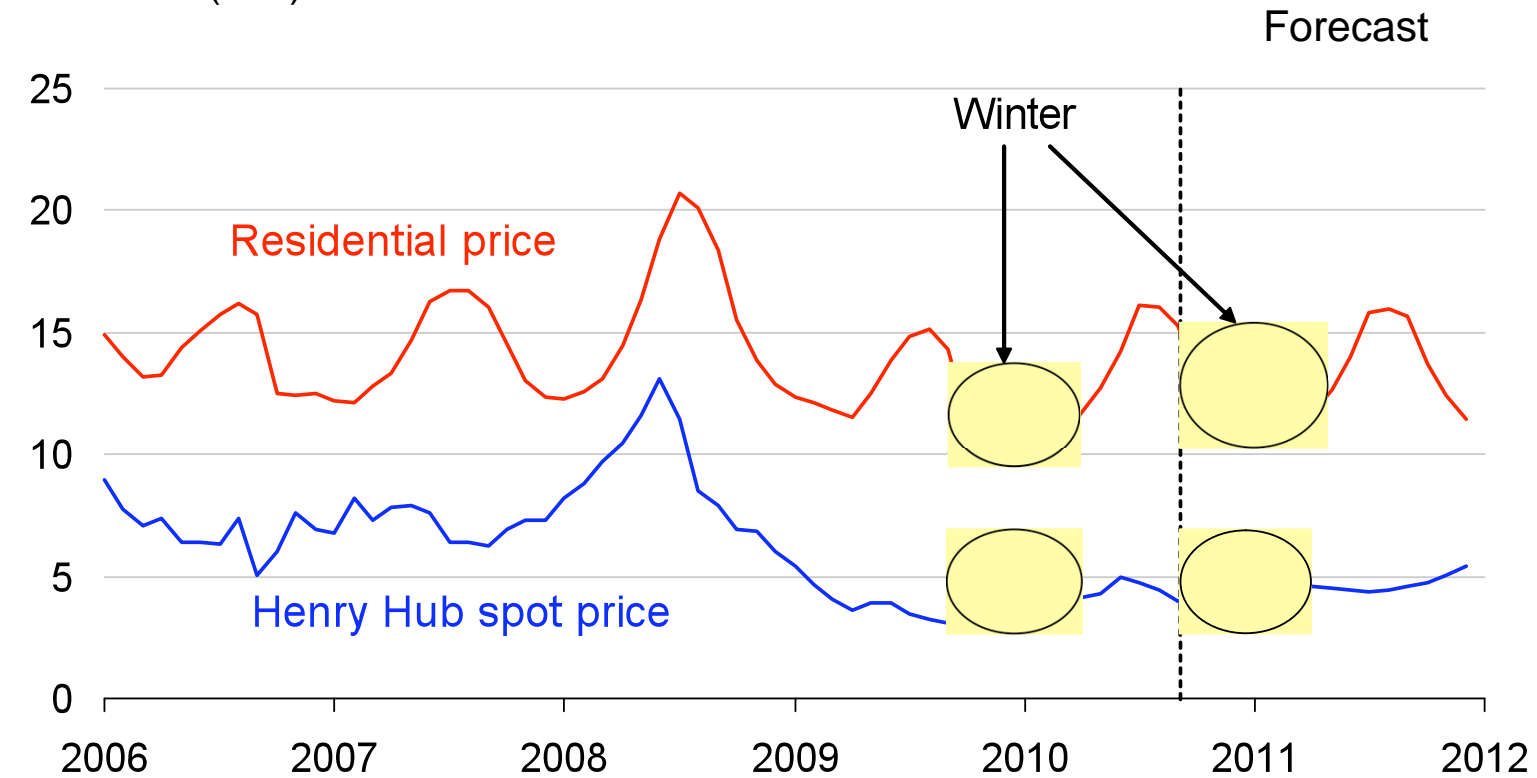


Source: EIA Short-Term Energy Outlook, October 2010



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

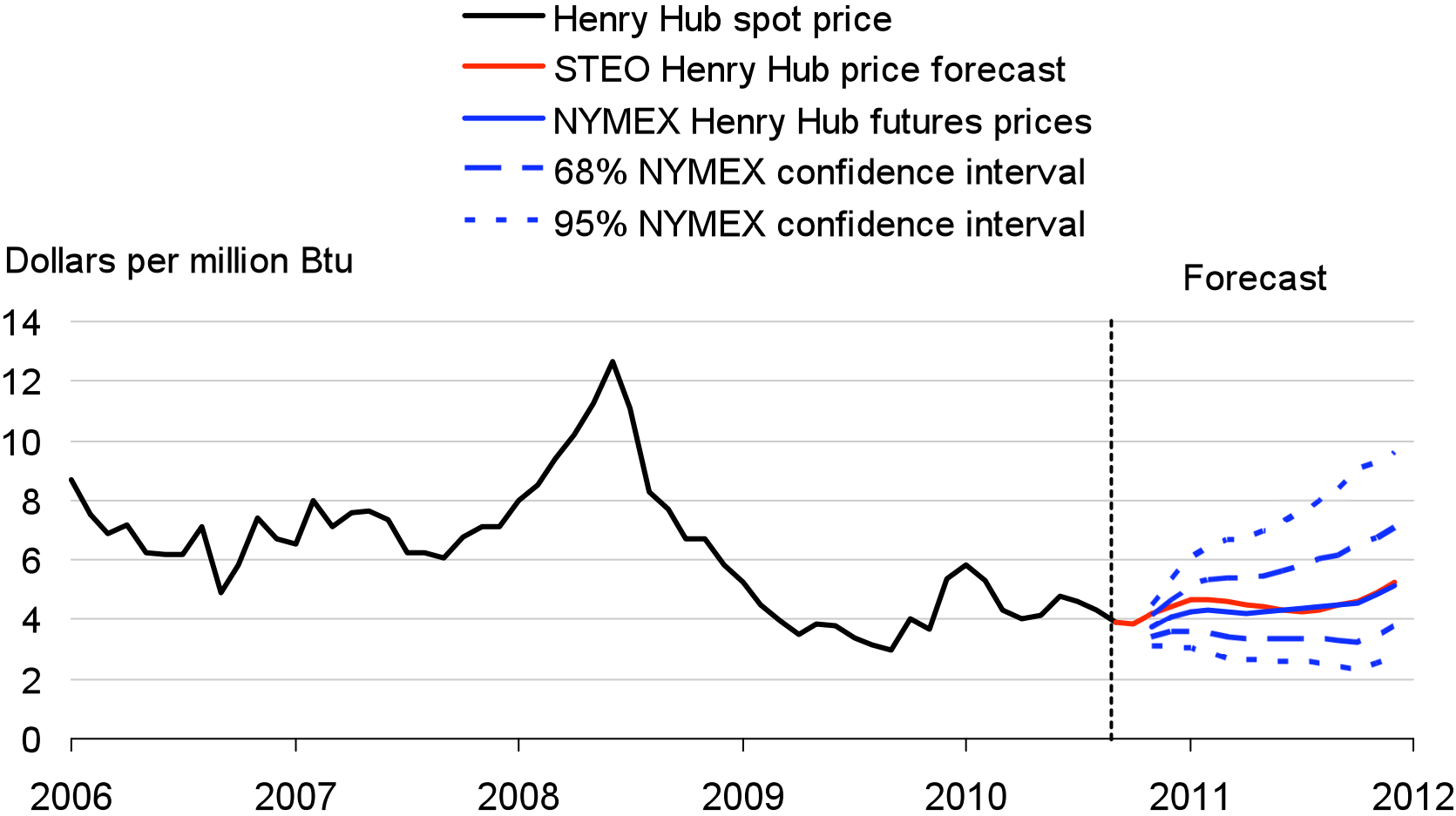
Dollars per thousand cubic feet (mcf)



Source: EIA Short-Term Energy Outlook, October 2010



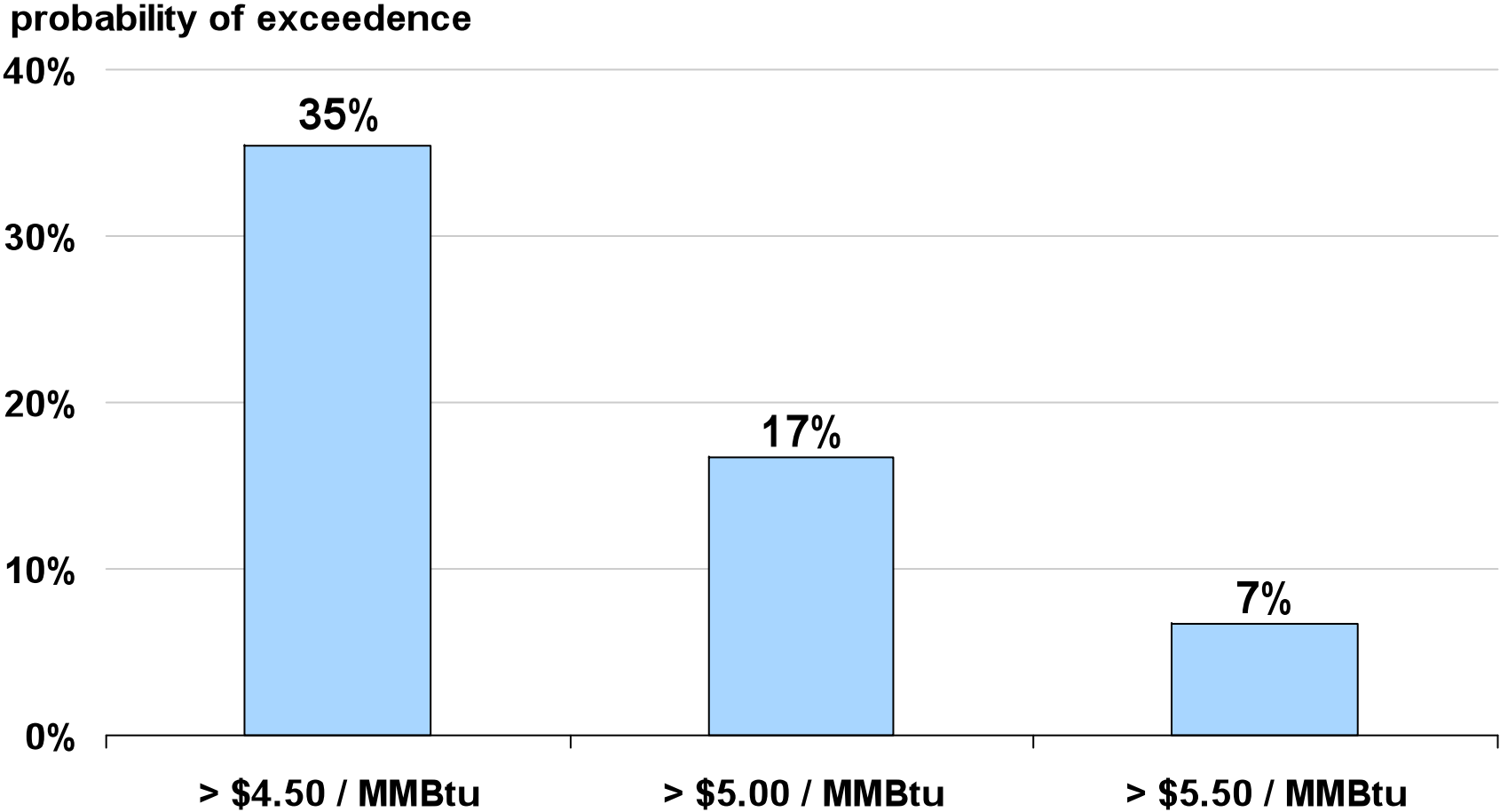
Future natural gas prices remain uncertain



Source: EIA Short-Term Energy Outlook, October 2010



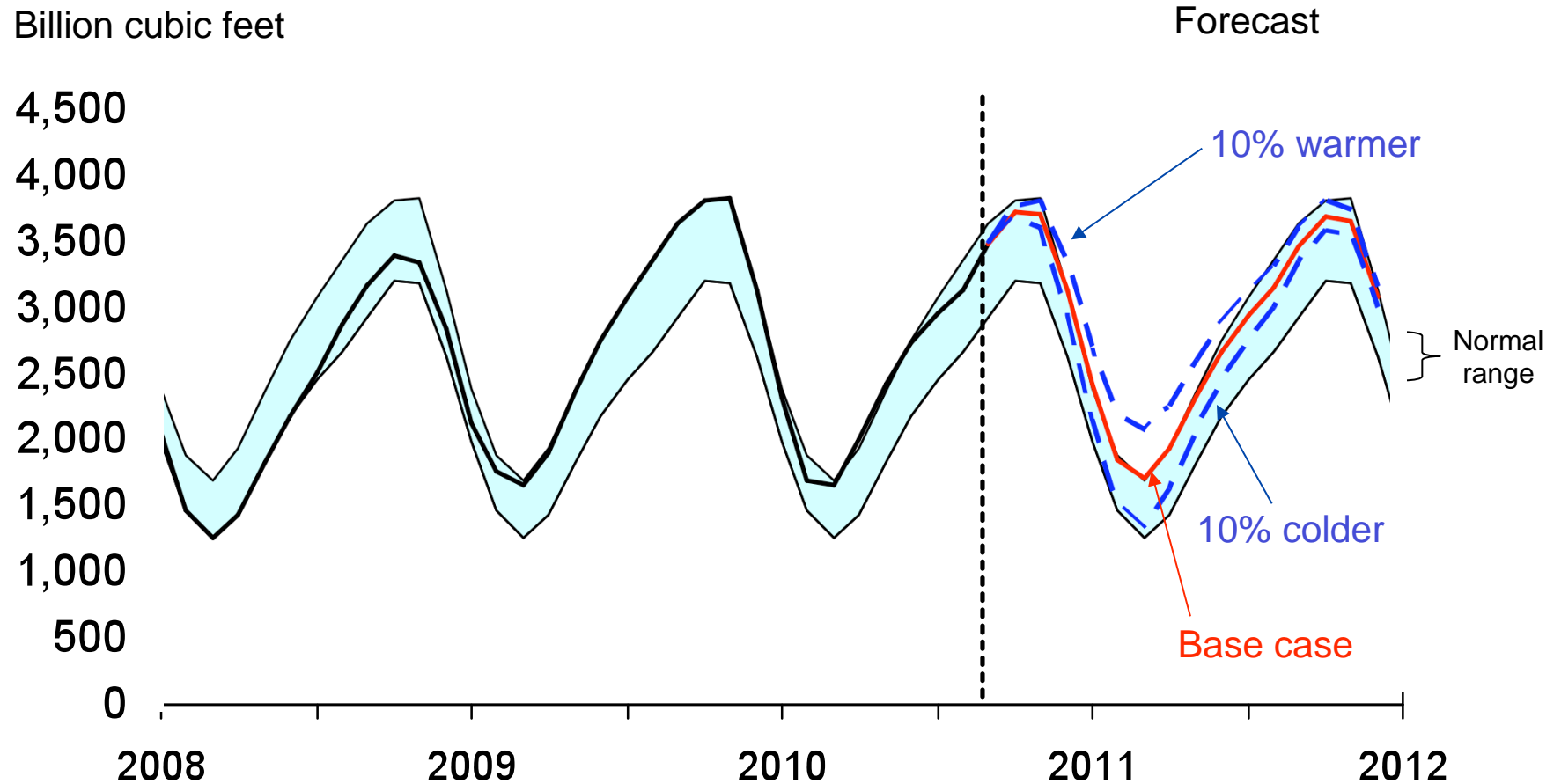
Less than 10% chance of natural gas price being higher than \$5.50 per MMBtu for January 2011 contract month



Source: EIA STEO Oct 13, 2010 and CME Group



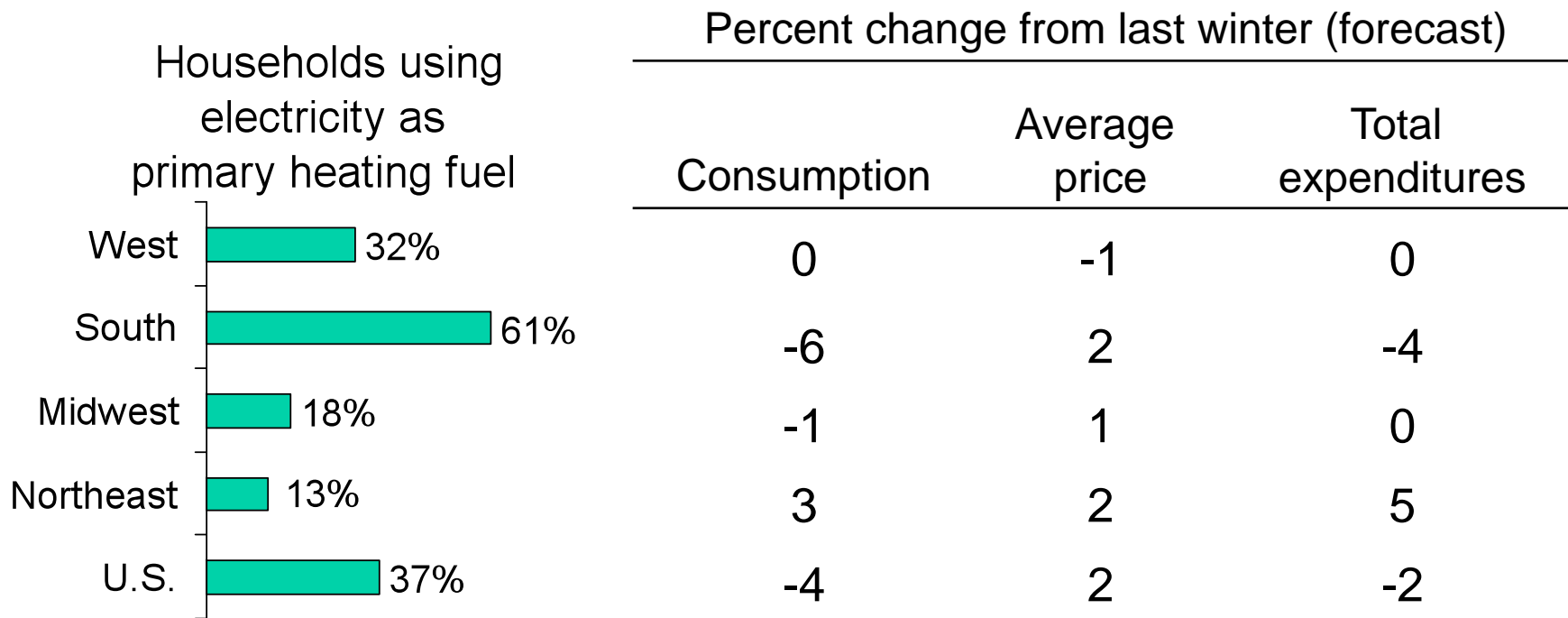
Natural gas inventories are close to last year's record-high levels



Source: EIA Short-Term Energy Outlook, October 2010



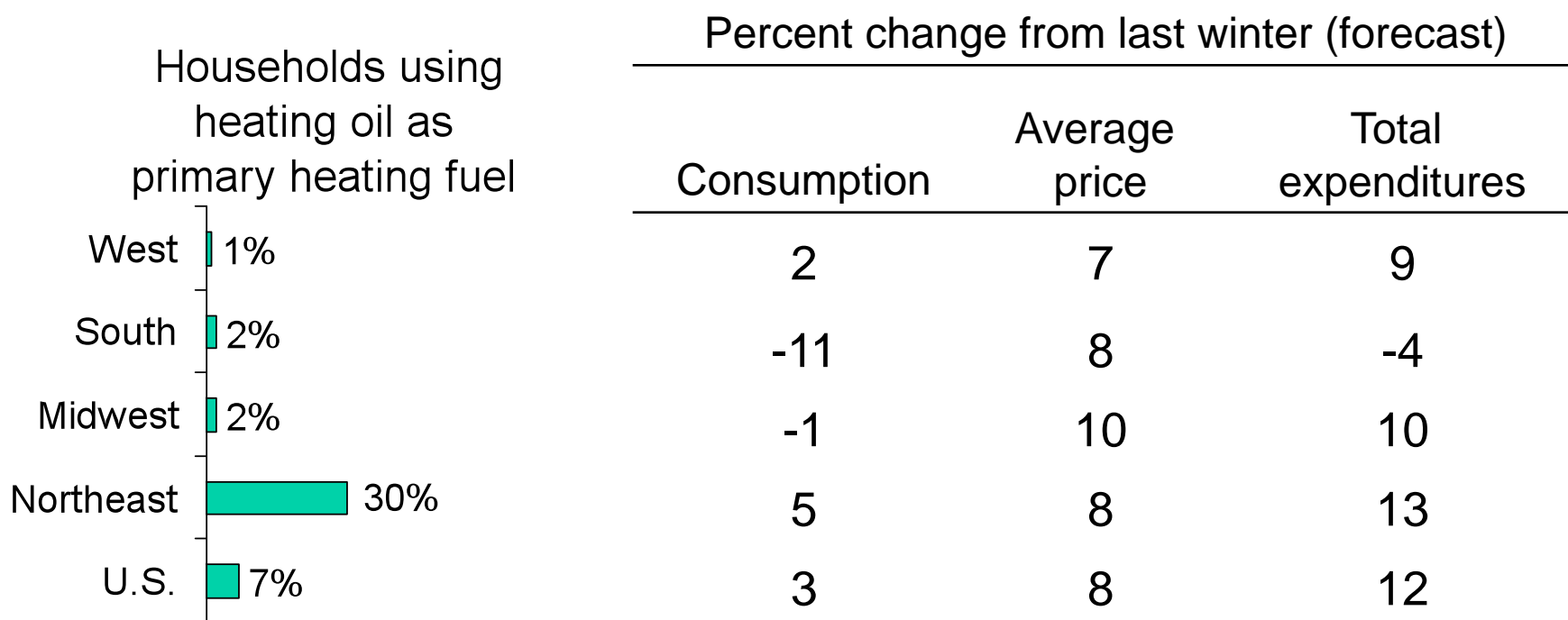
Winter electricity bill forecast shows little change from last winter



Source: EIA Short-Term Energy Outlook, October 2010



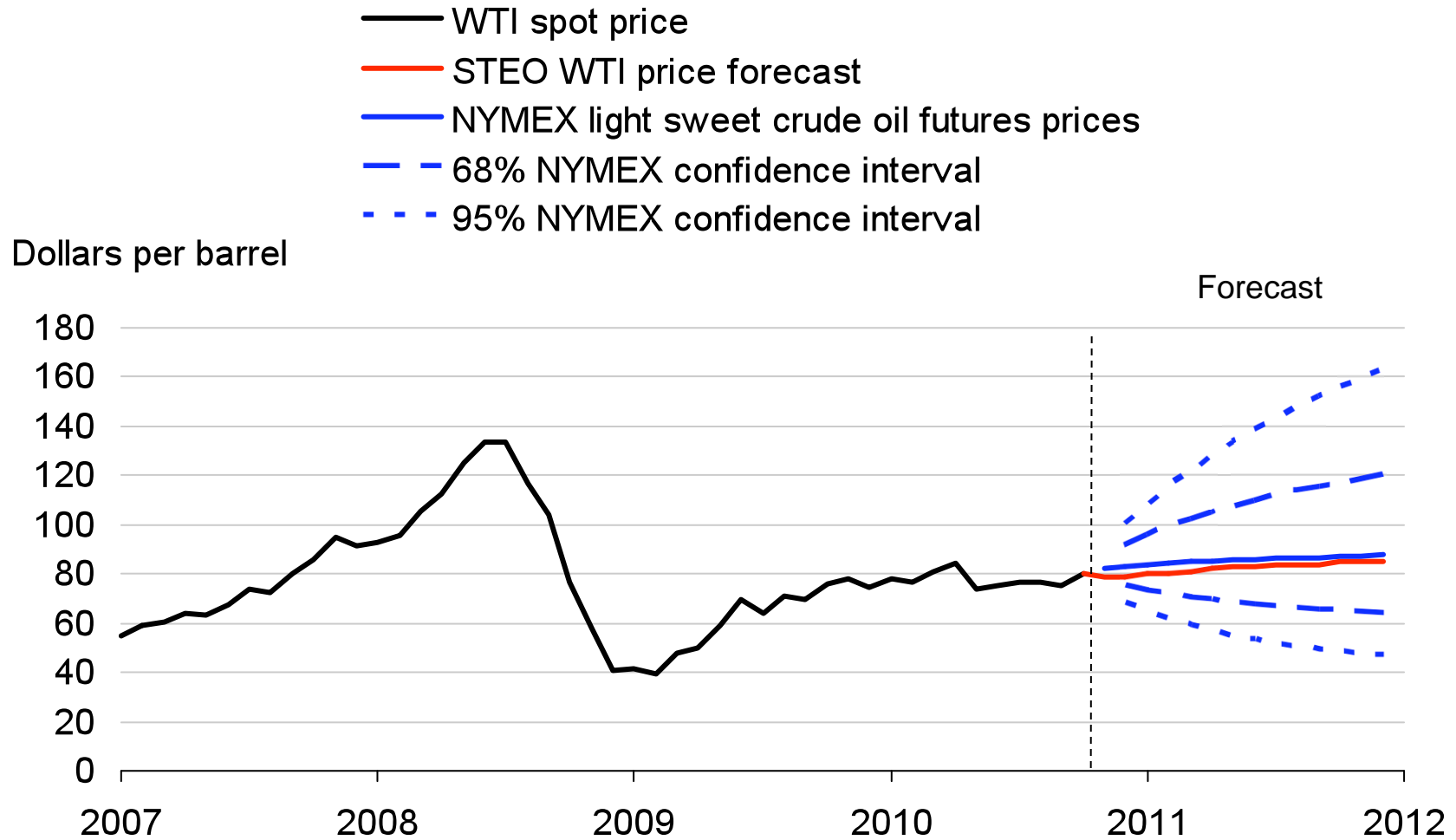
Winter heating oil bills are likely to be higher in most regions



Source: EIA Short-Term Energy Outlook, October 2010



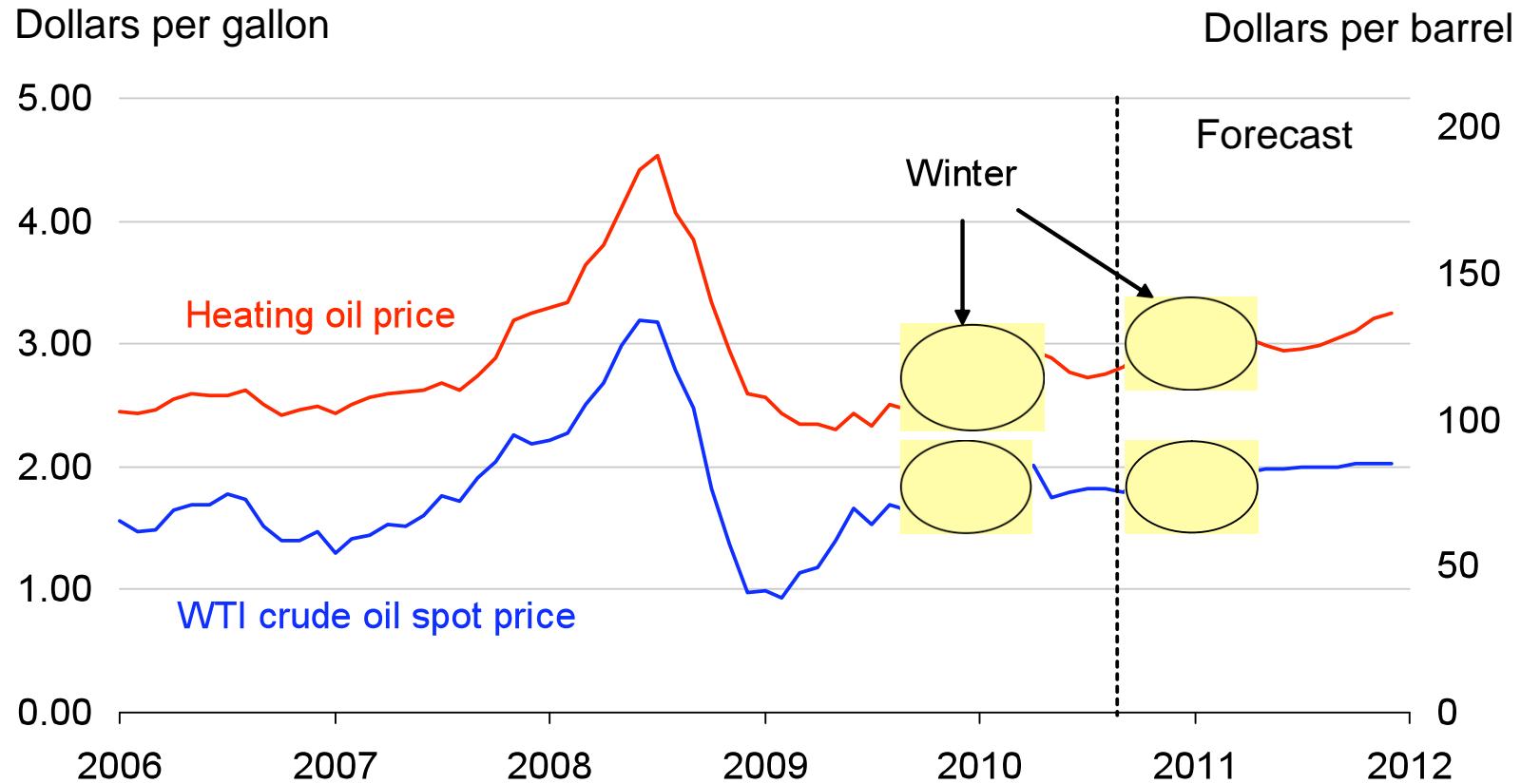
Crude oil price forecasts are very uncertain



Source: EIA Short-Term Energy Outlook, October 2010



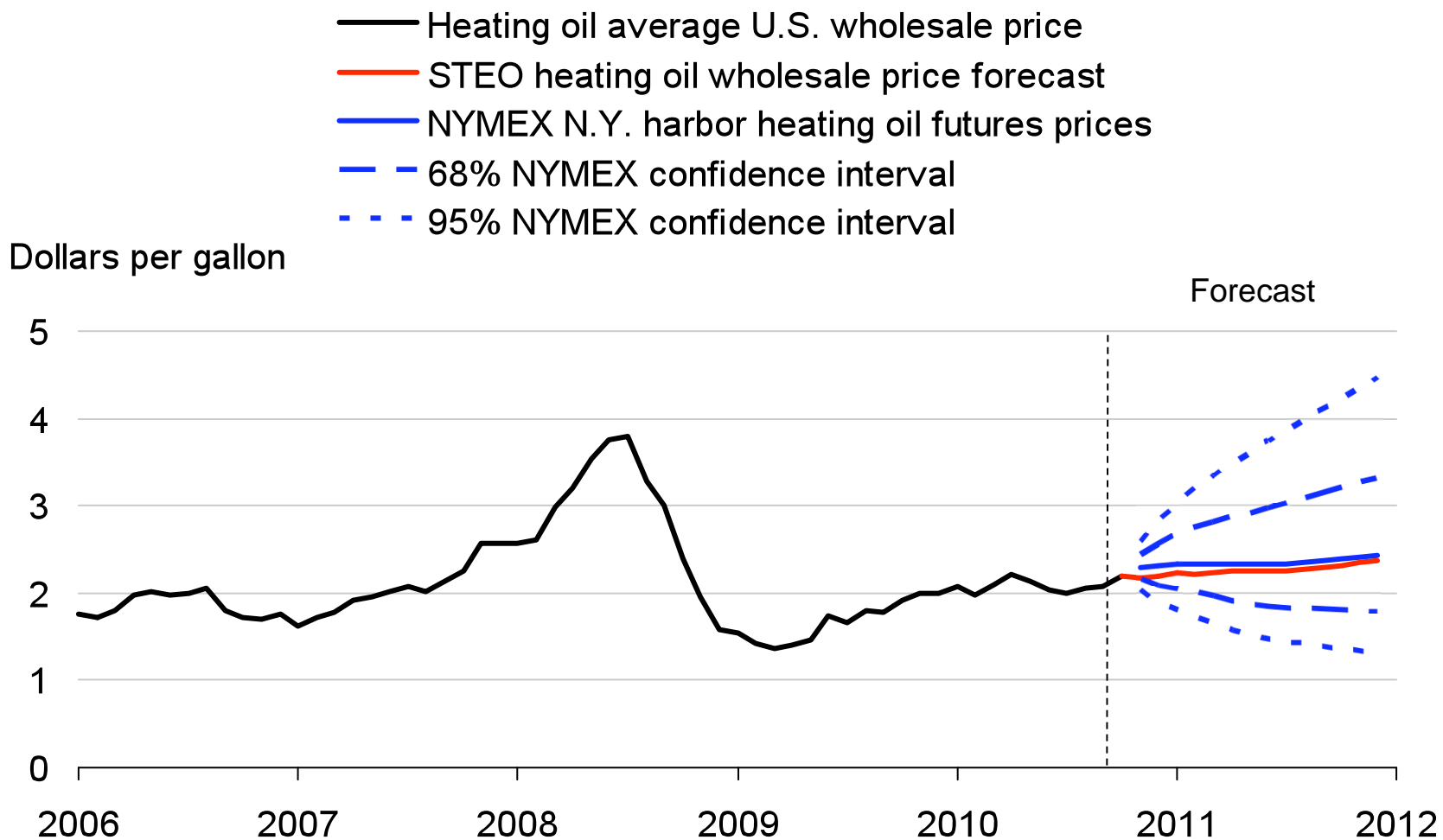
U.S. heating oil retail price forecast to average 23 cents per gallon higher than last winter



Source: EIA Short-Term Energy Outlook, October 2010



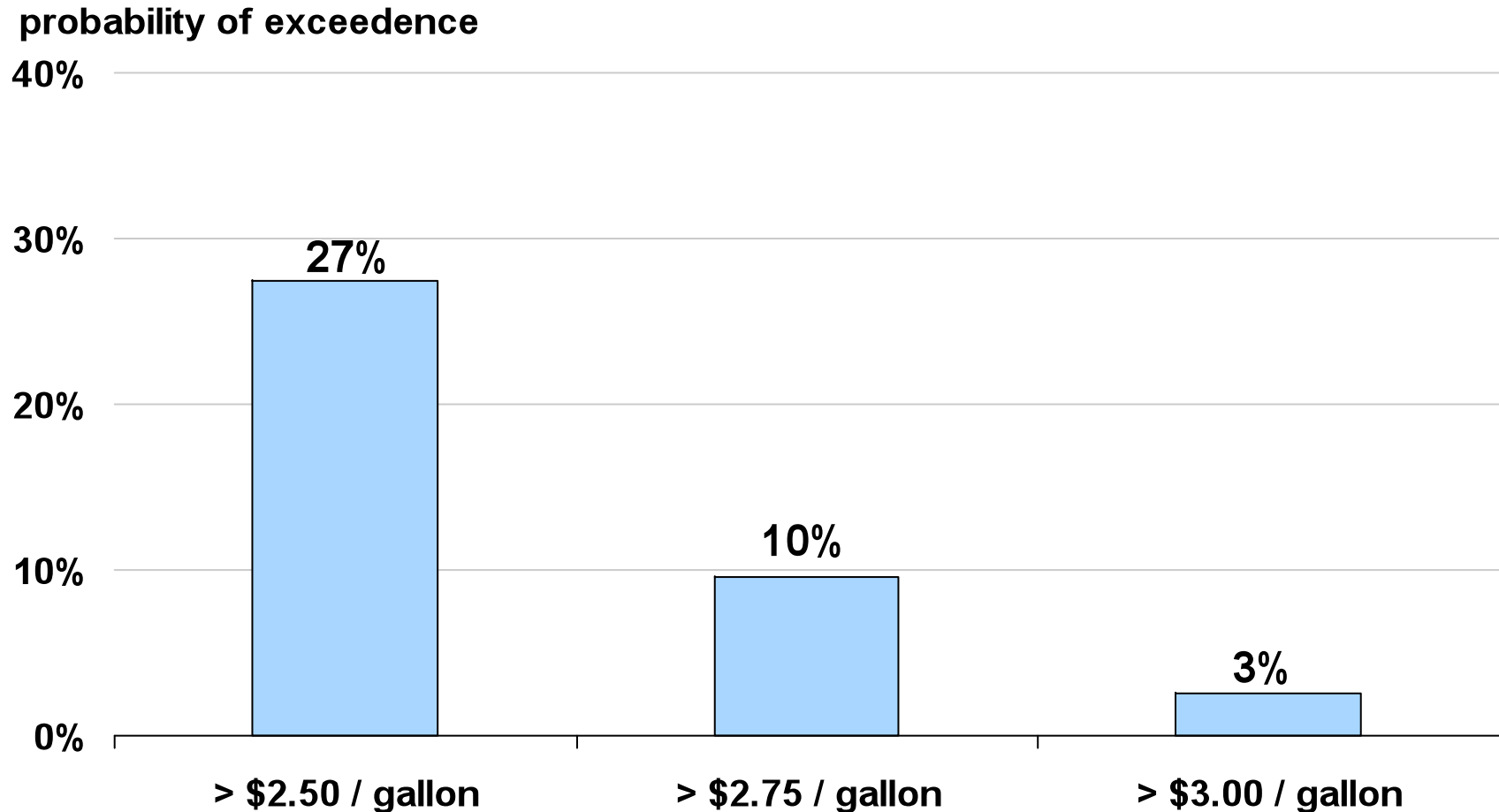
Uncertainty over future heating oil prices is driven primarily by crude oil prices



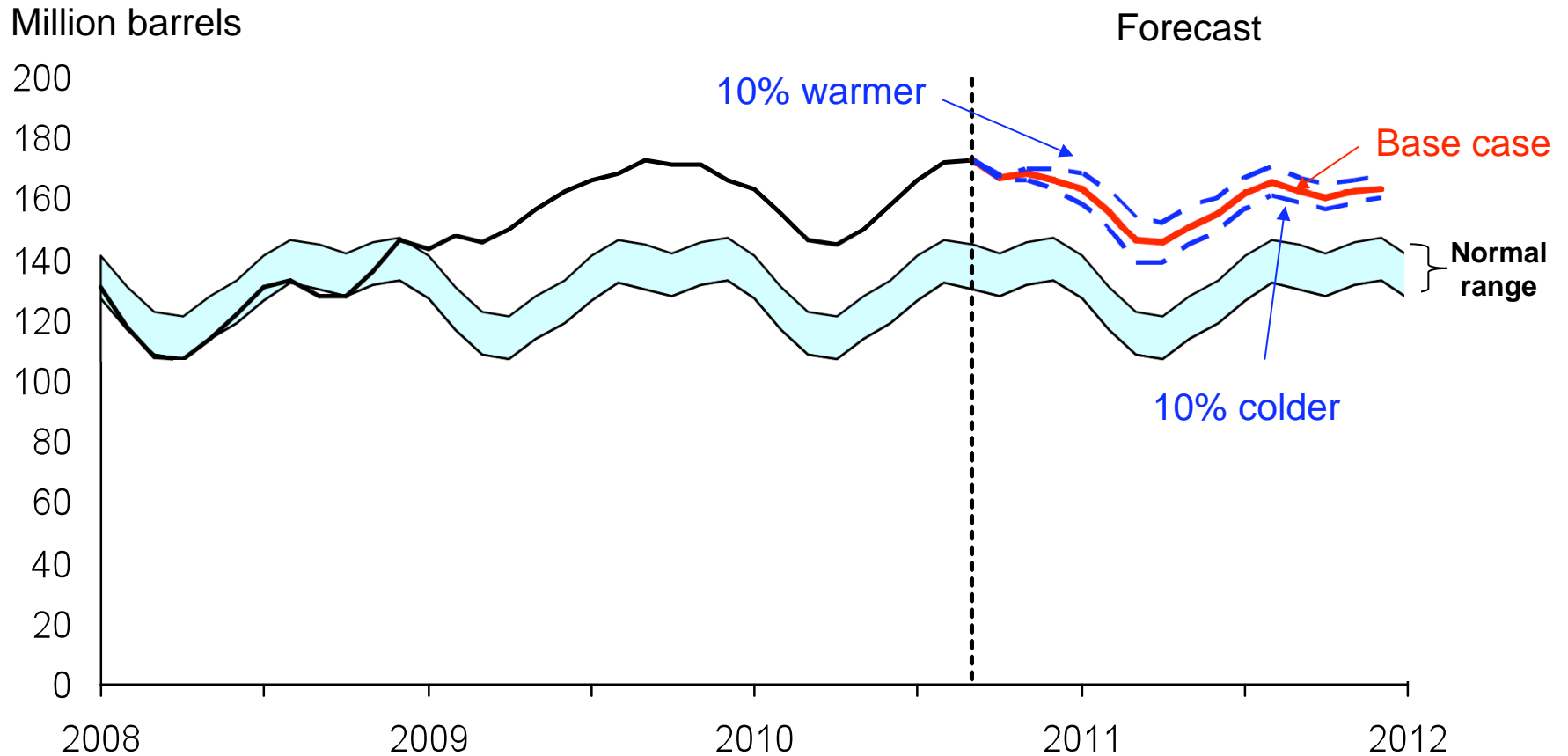
Source: EIA Short-Term Energy Outlook, October 2010



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



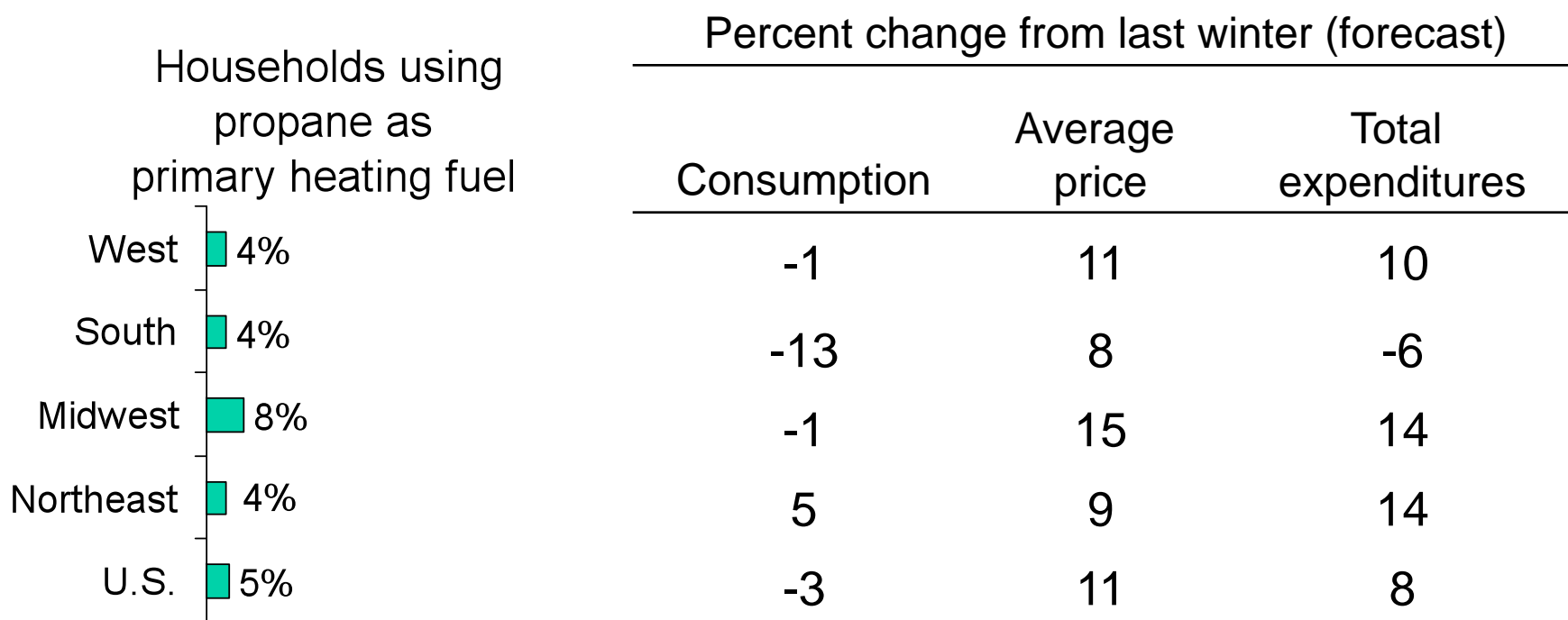
Going into winter, distillate inventories are well above the upper end of the normal range



Source: EIA Short-Term Energy Outlook, October 2010



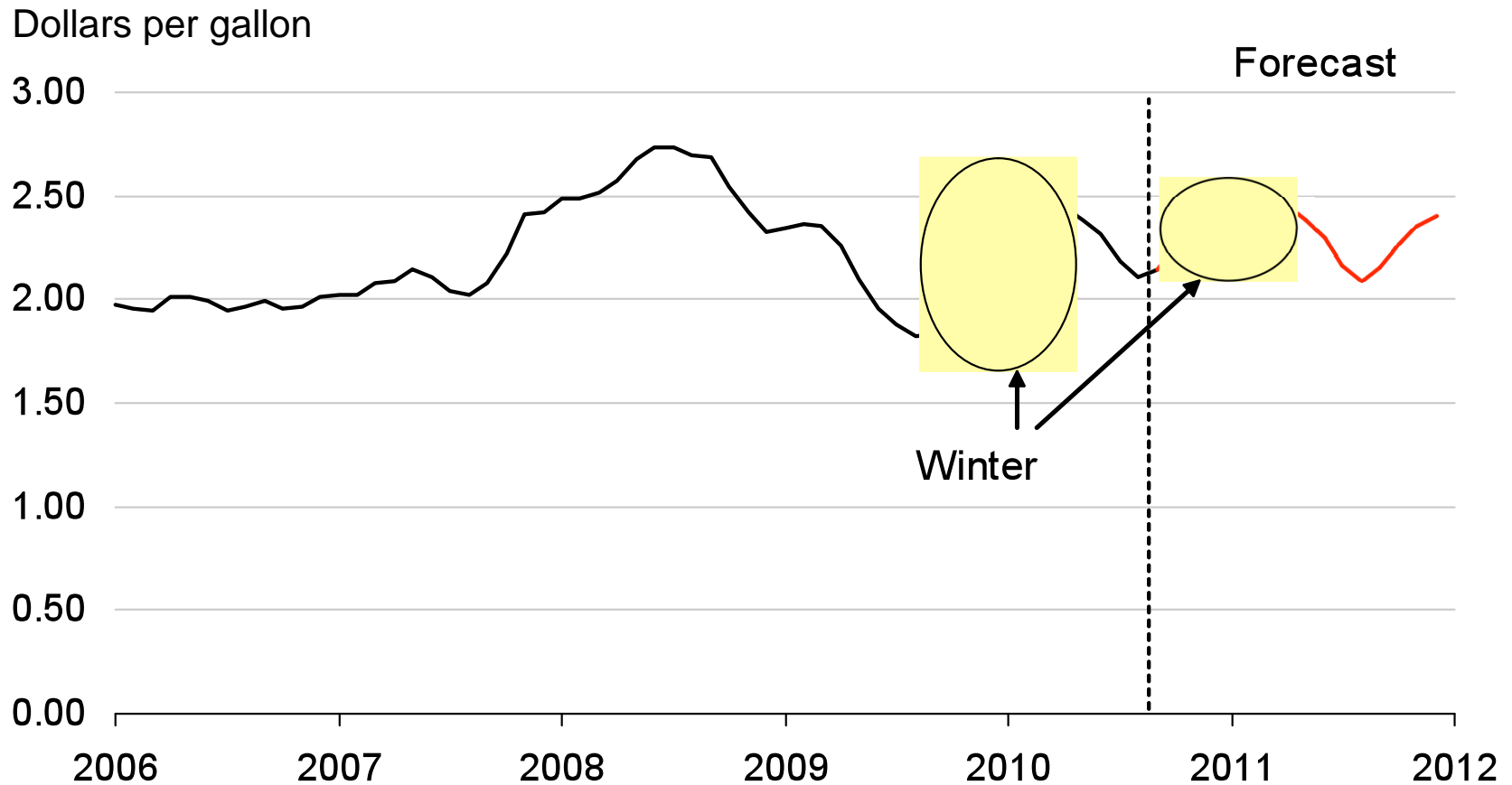
Higher expected propane fuel bills in most regions



Source: EIA Short-Term Energy Outlook, October 2010



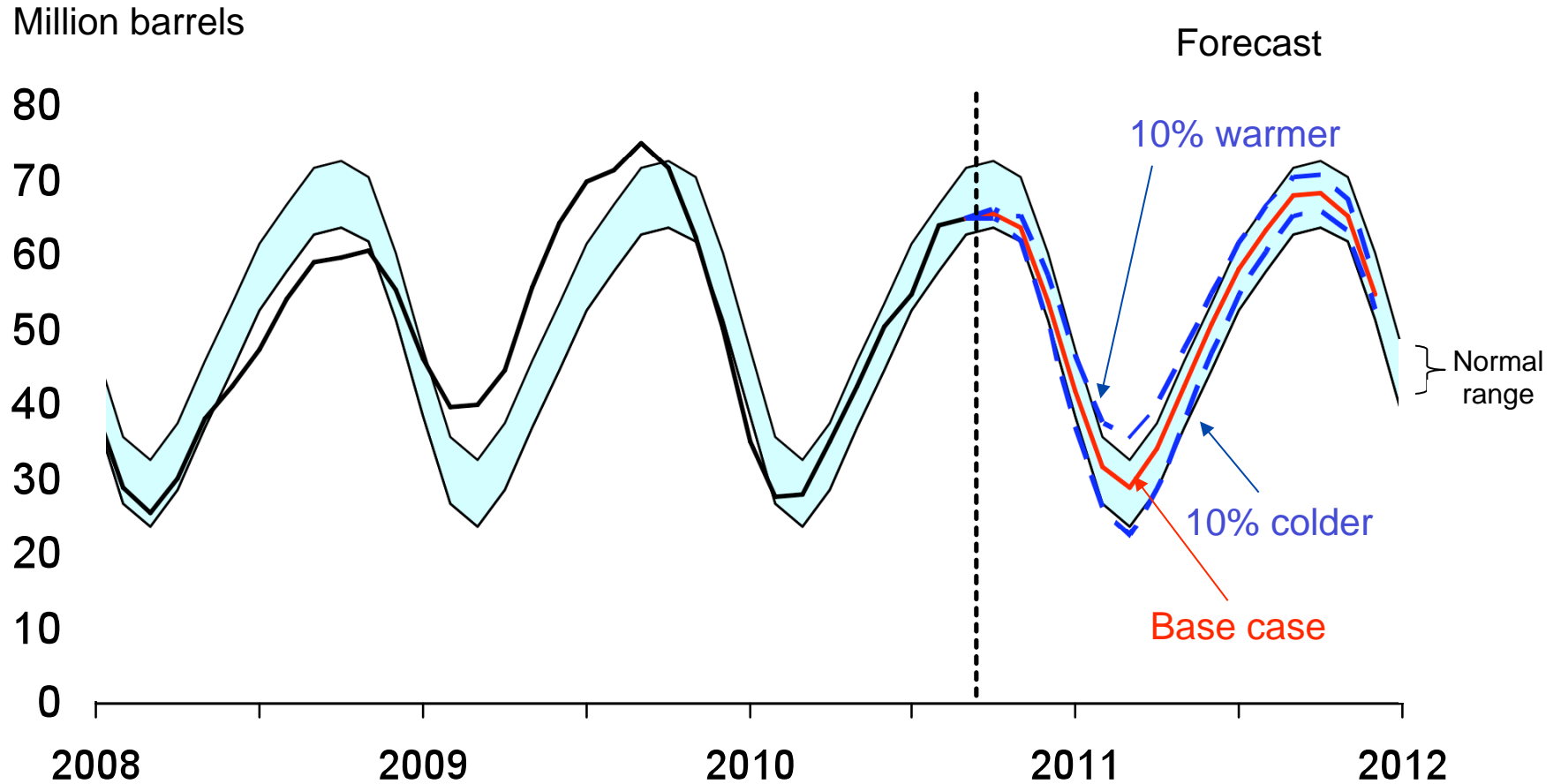
EIA forecasts residential propane prices will average \$2.42 per gallon, 24¢ per gallon higher than last winter



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

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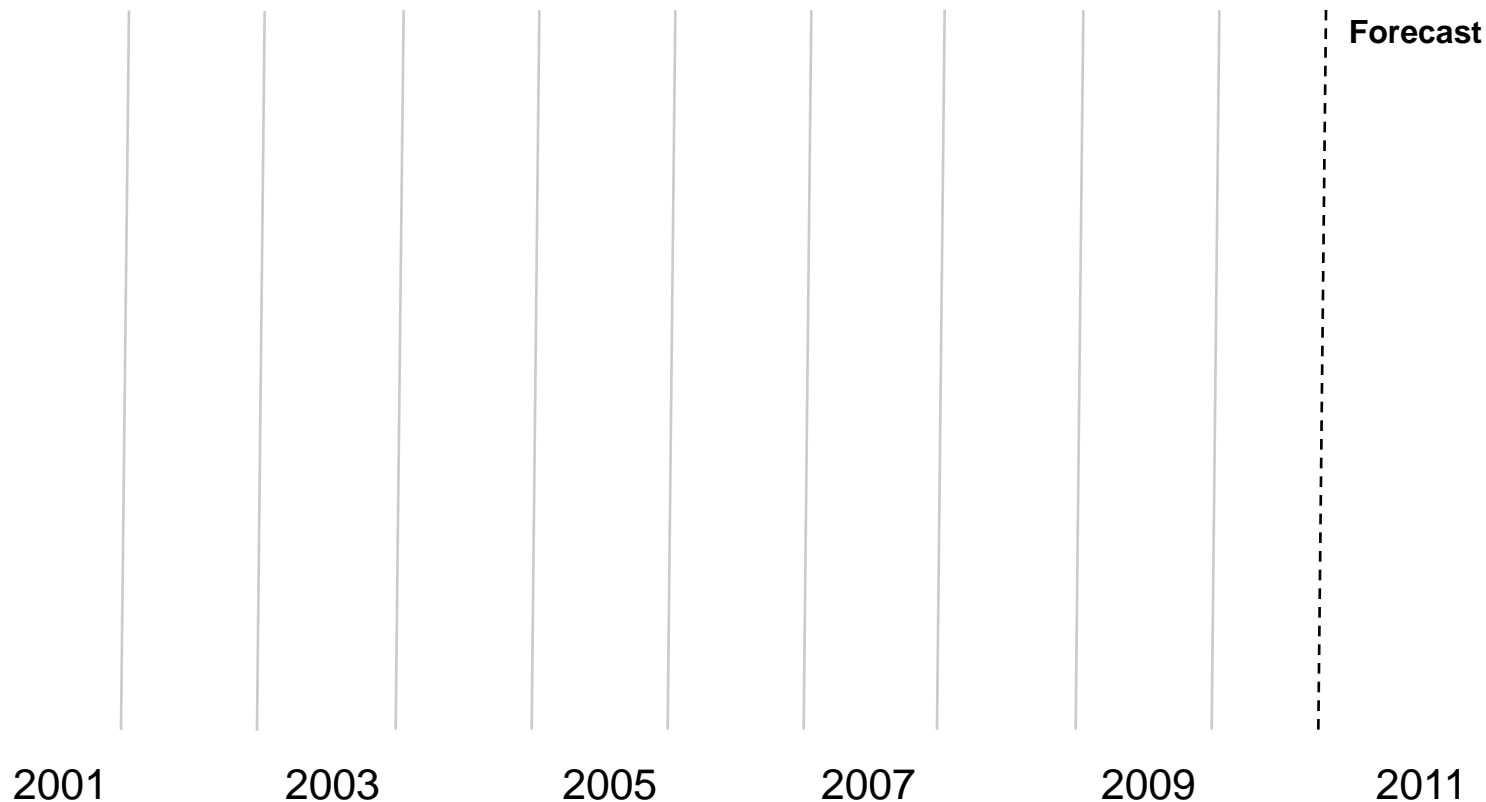
Supplemental



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

change from prior year
million barrels per day

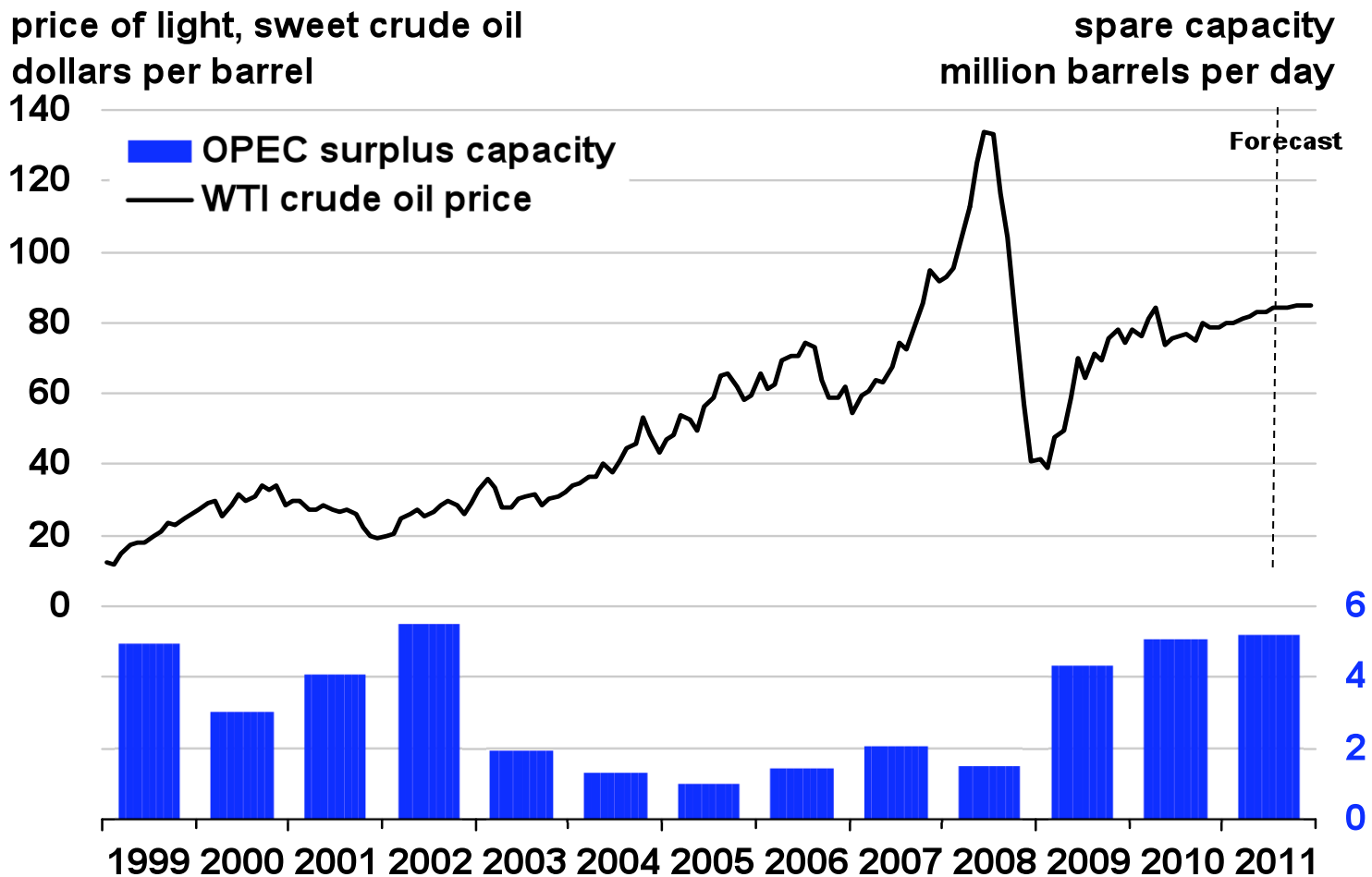
change from prior year
dollars per barrel



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

