Dr. Richard G. Newell, Administrator of the Energy Information Agency (EIA) summarized the EIA's recently published 2010 Winter Fuels Outlook. The EIA is responsible for collecting, analyzing, and disseminating independent and impartial energy information to promote sound policy-making, efficient markets, and public understanding of energy and its interaction with the economy and the environment.

Dr. Newell started by summarizing the main findings of the Outlook. U.S. households are forecast to spend an average of 3 percent ($24) more on heating bills this winter (October 1-March 31) than last year. This modest increase is due to overall higher fuel price forecast this winter compared to last. Interestingly, the recent sharp decline in natural gas prices is not expected to dampen heating costs, at least not immediately, as natural gas prices remained elevated in the late spring and summer 2010 when natural gas inventories were built for the winter heating season.

The Outlook is based on the National Oceanic and Atmospheric Administration's (NOAA) projection of heating degree-days. The lower-48 states are forecast to be 3 percent warmer during the reference winter period heating season compared with last winter and 1 percent warmer than the 30-year average (1971-2000). Heating degree-day projections vary widely between regions. The Northeast, the principal market for heating oil, is projected to be about 5 percent colder than last winter, while the South is projected to be about 15 percent warmer. The EIA's short-term fuel outlook is limited to the household sector and does not capture changes in industrial demand.

During the Q&A session Dr. Newell noted that:

- The American Community Survey (http://www.census.gov/acs/www/) collects and disseminates information on household heating sources. The following information can be found from the 2009 Survey:

HOUSE HEATING FUEL		
Occupied housing units	**113,616,229**	**113,616,229**
Utility gas	56,574,330	49.8%
Bottled, tank, or LP gas	5,846,740	5.1%
Electricity	39,490,326	34.8%
Fuel oil, kerosene, etc.	7,658,046	6.7%
Coal or coke	134,433	0.1%
Wood	2,355,101	2.1%
Solar energy	37,205	0.0%
Other fuel	482,240	0.4%
No fuel used	1,037,808	0.9%

- The recent rapid growth in shale gas production has given rise to the largest shift in public perception on the availability of a new energy source in over 30 years. Though the resource availability estimates and the environmental impact of shale gas production still need to be reviewed, and regulations may need to be tightened, shale gas has entered into EIA's long-term projections for the U.S. energy balance.

- Natural gas producers are likely to continue extracting gas even when prices fall to comply with field lease agreements that require them to produce gas or abandon the lease.

- High oil prices and rising production may be contributing to the current glut of natural gas as in many oil fields natural gas production has almost become a by-product of crude oil extraction.

- Given the highly differentiated LNG prices around the world, LNG exports from the US are possible, though the EIA does not expect the US to become a major LNG exporter.

- EIA's data on inventories of distillates include exportable stocks, and therefore are typically higher than projected domestic demand.

- Environmental Protection Agency's (EPA) rule on mercury pollution may accelerate the retirement of many coal-powered electricity generating plants and their replacement by natural gas-powered plants.

Dr. Newell used the luncheon opportunity to inform the audience of the recent organizational changes at the EIA and job opportunities. On October 1, 2010, the EIA has been reorganized along the following four functional lines: energy statistics, energy analysis, communications, and resource and technology management (http://tonto.eia.doe.gov/abouteia/). The EIA has advertised a number of vacancies, at both junior and senior levels (http://tonto.eia.doe.gov/jobs/index.cfm.)

For more details, please see DR. Newell's slides which are available on NCAC's website at http://www.ncac-usaee.org/newsletter.php.