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# EIA Short-Term and Winter Fuels Outlook

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NASEO 2010 Winter Fuels Outlook Conference  
October 13, 2010  
Washington, DC

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U.S. Energy Information Administration



U.S. Energy Information Administration  
Independent Statistics and Analysis

# Overview

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- 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	<b>12</b>	0	25
Natural gas	<b>4</b>	-7	12
Propane	<b>8</b>	-3	18
Electricity	<b>-2</b>	-6	2
Average of all fuels	<b>3</b>	-6	10

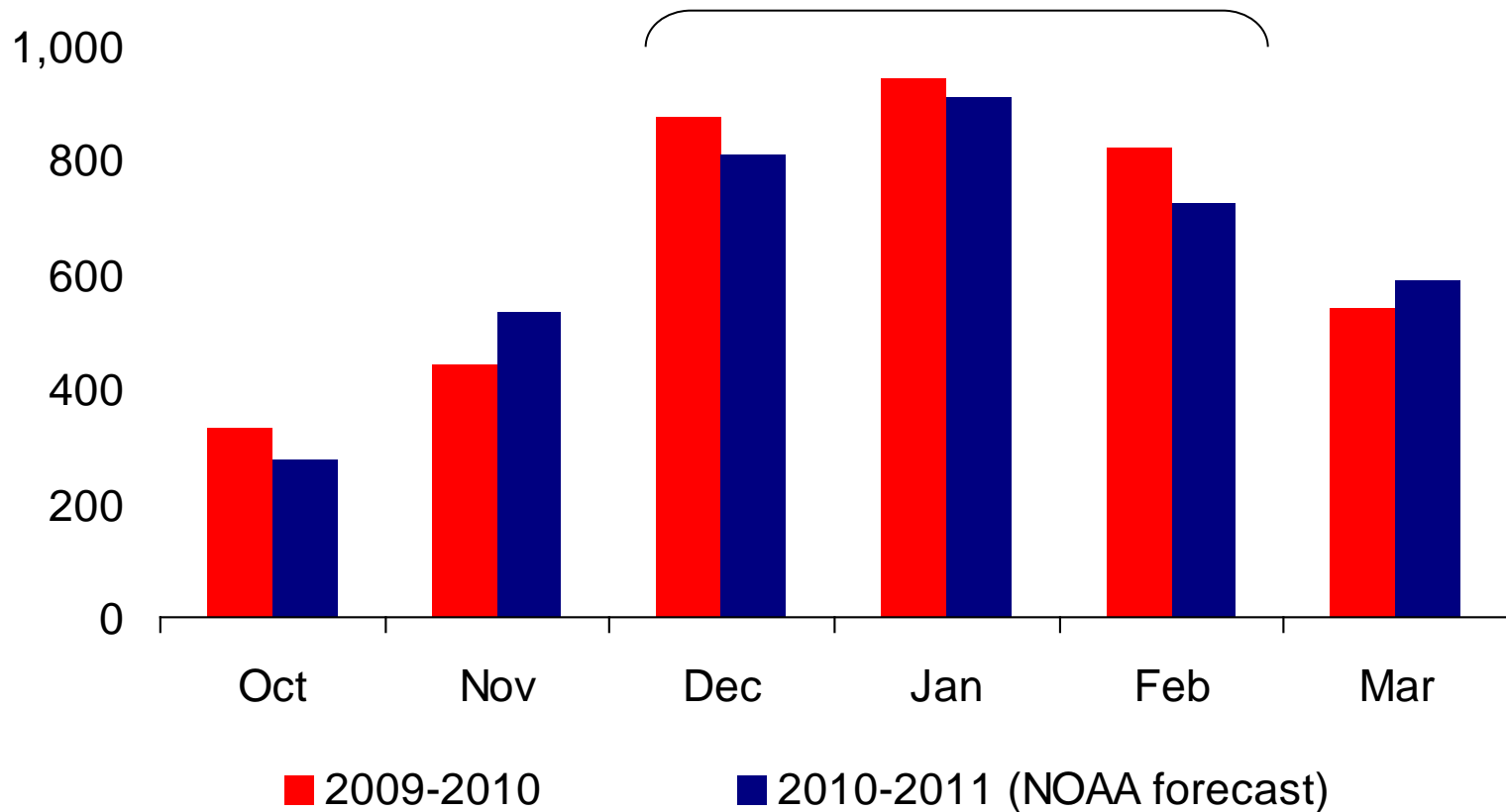
Source: EIA Short-Term Energy Outlook, October 2010



# 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

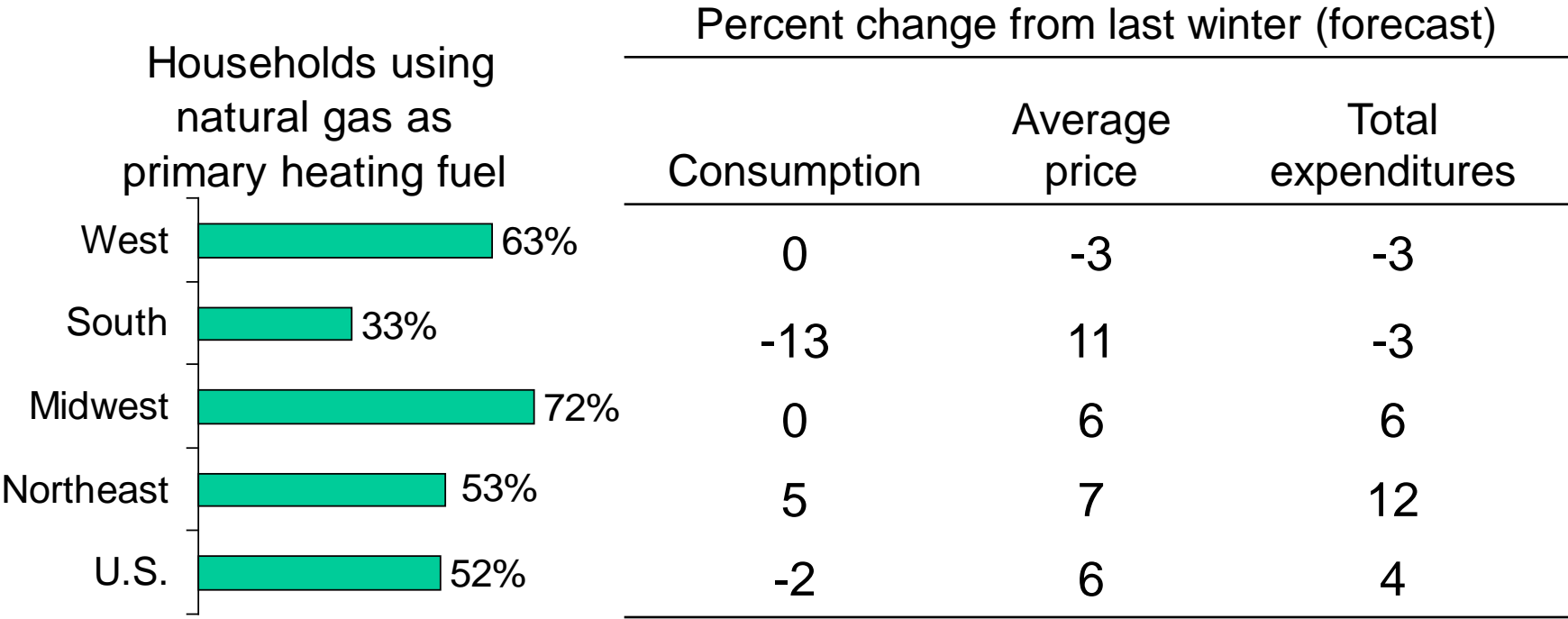
NOAA "winter" 7.4% warmer than last year



Source: NOAA (September 15, 2010)



# Higher natural gas heating bills for some regions this winter

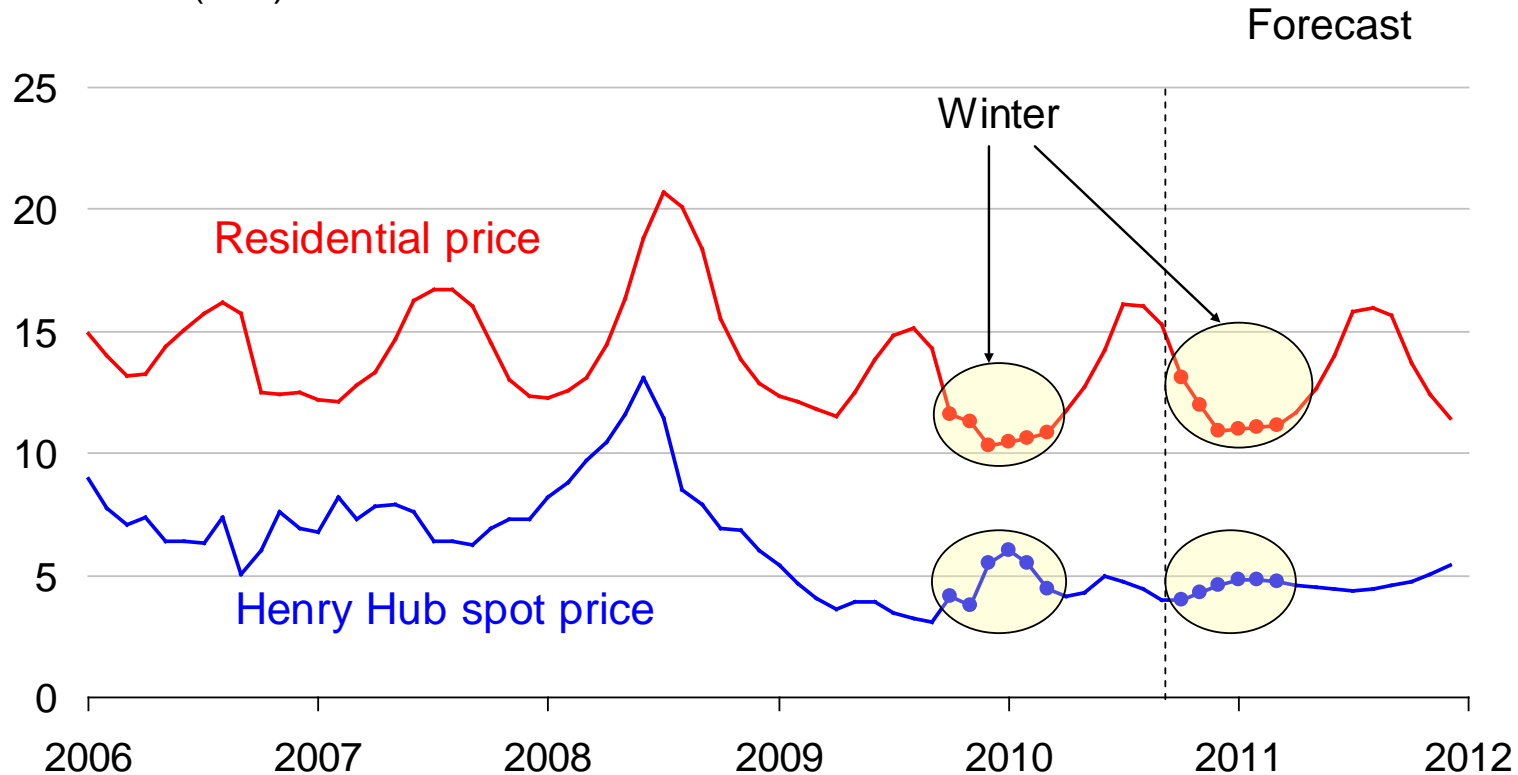


Source: EIA Short-Term Energy Outlook, October 2010



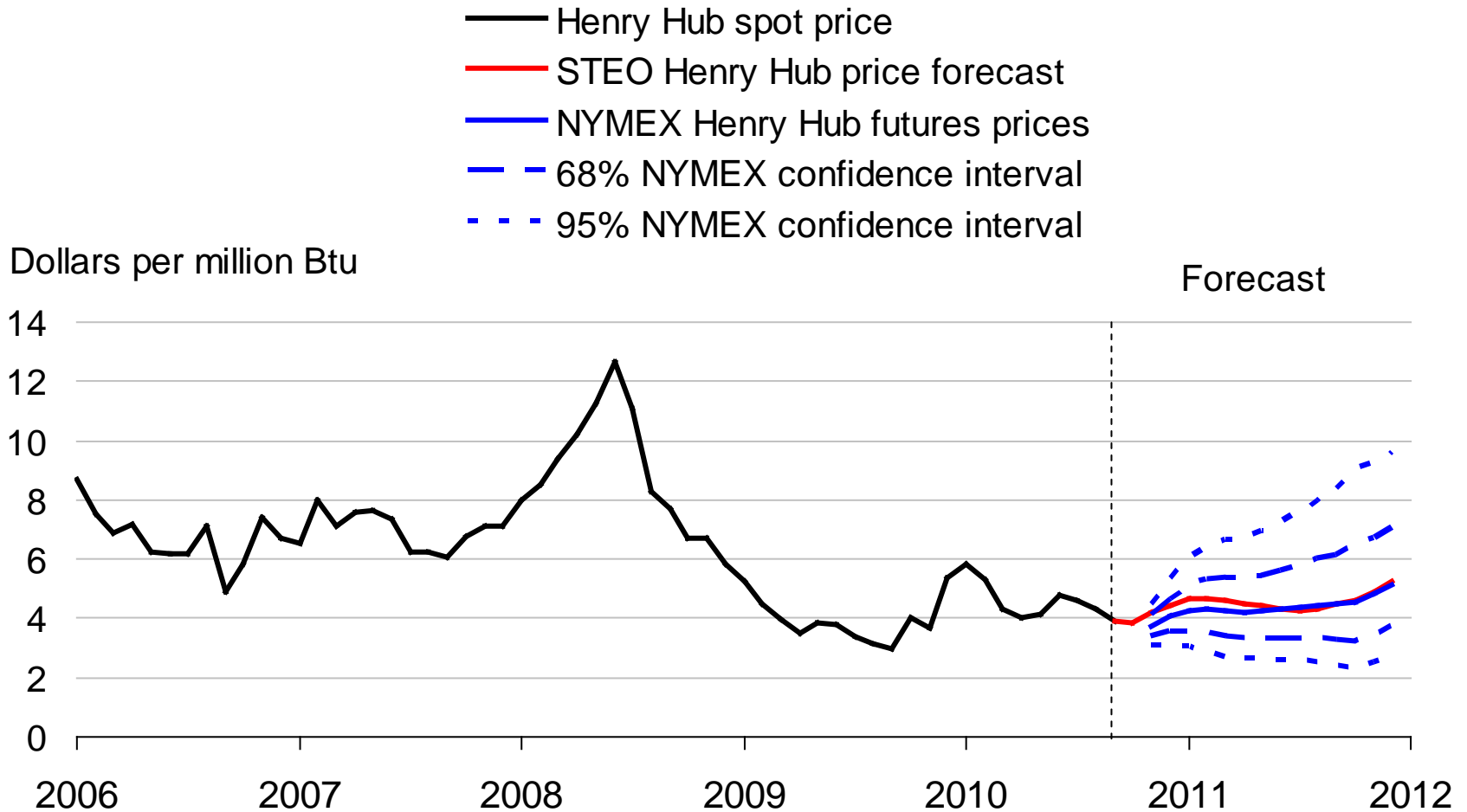
# EIA expects residential natural gas prices to be 6% higher this winter than last

Dollars per thousand  
cubic feet (mcf)



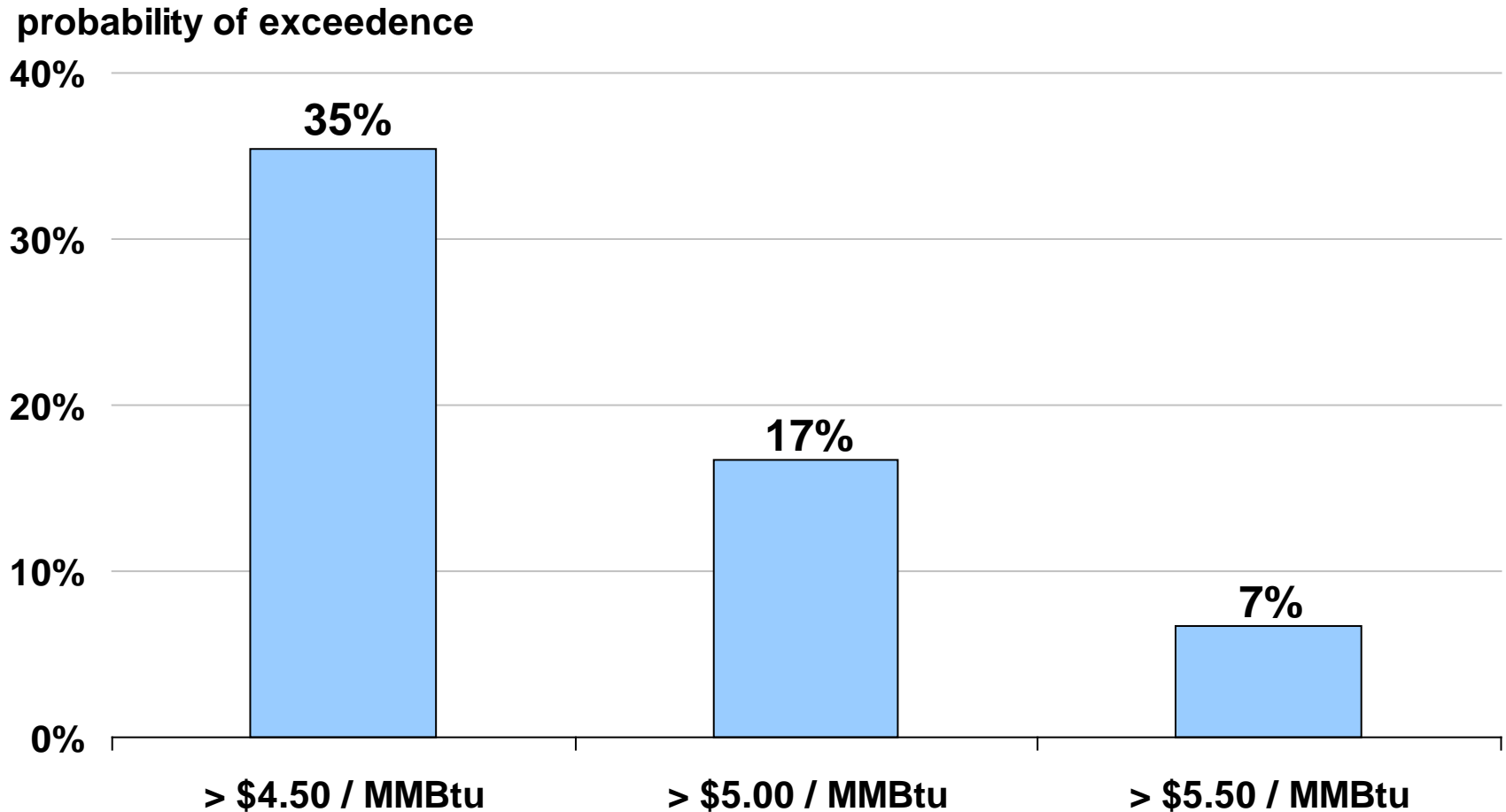
Source: EIA Short-Term Energy Outlook, October 2010

# Future natural gas prices remain uncertain



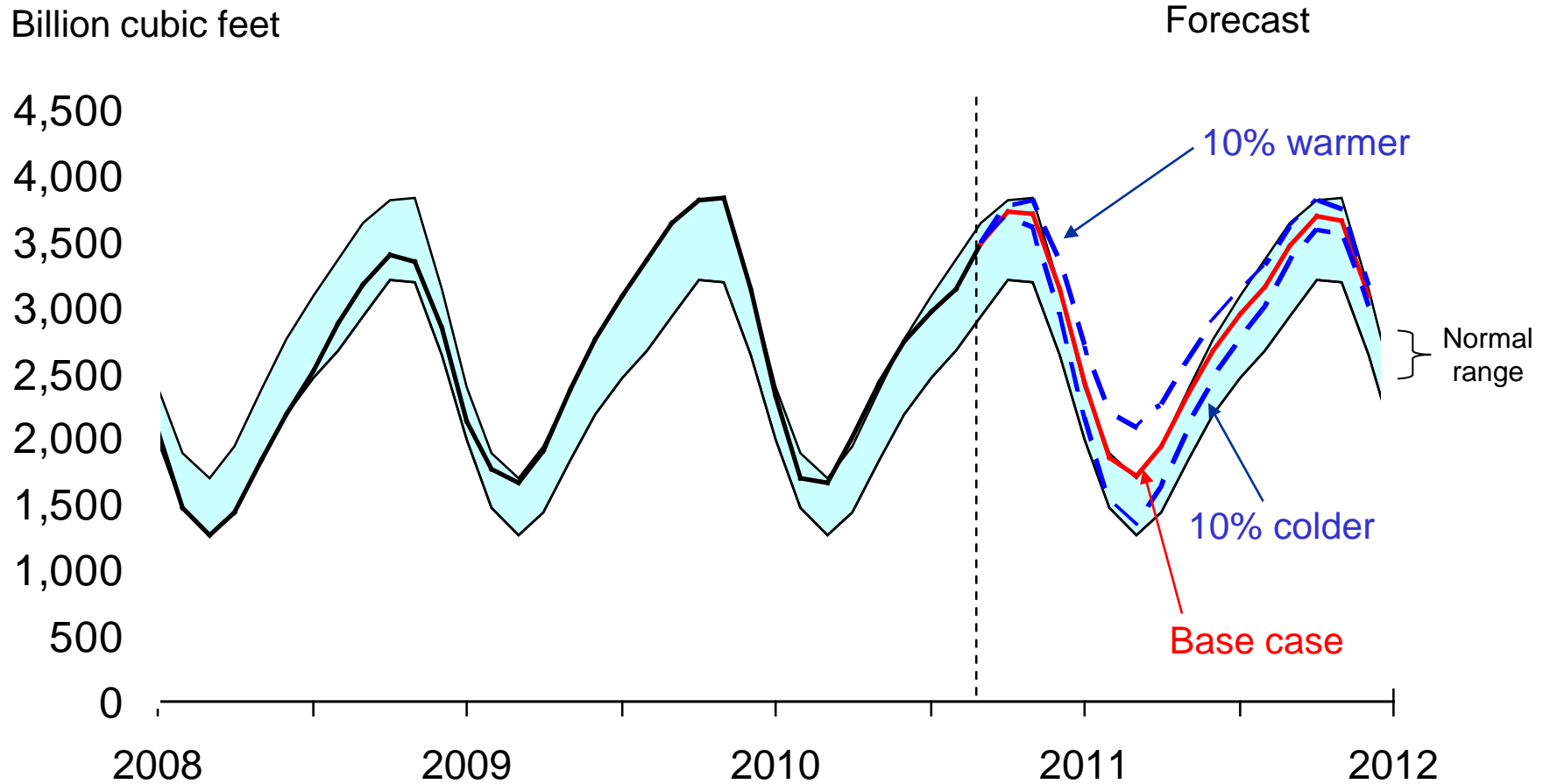
Source: EIA Short-Term Energy Outlook, October 2010

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





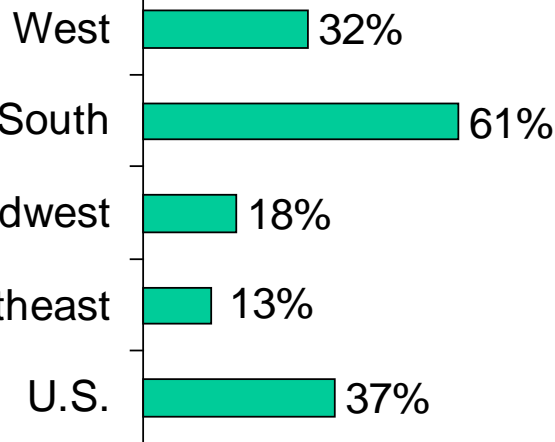
# Natural gas inventories are close to last year's record-high levels



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



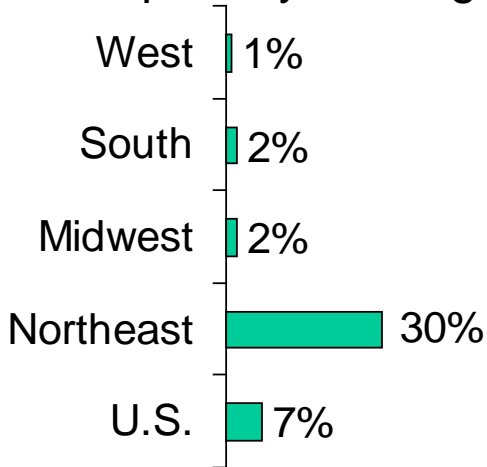
Percent change from last winter (forecast)

	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

Households using heating oil as primary heating fuel

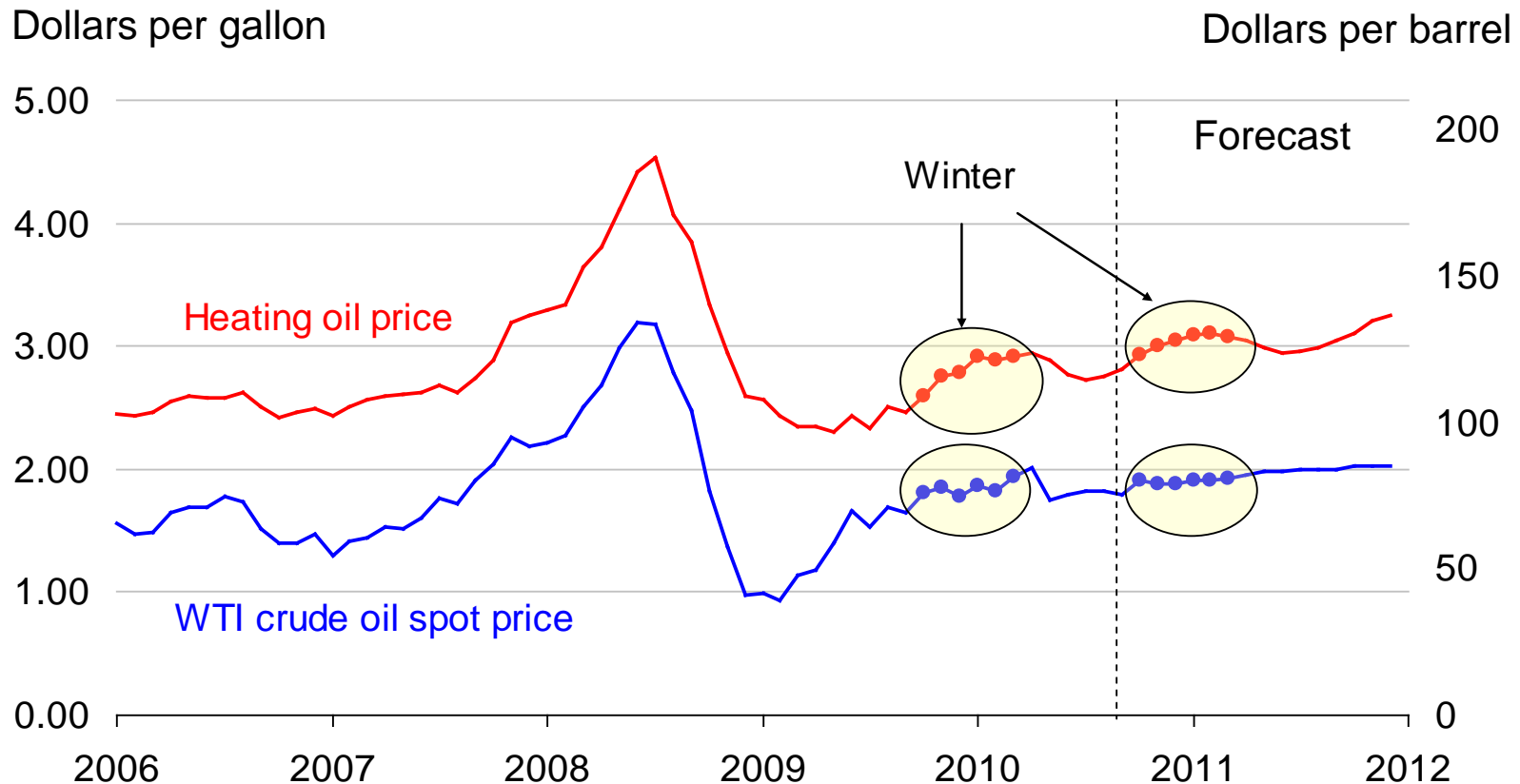


Percent change from last winter (forecast)

	Consumption	Average price	Total expenditures
West	2	7	9
South	-11	8	-4
Midwest	-1	10	10
Northeast	5	8	13
U.S.	3	8	12

Source: EIA Short-Term Energy Outlook, October 2010

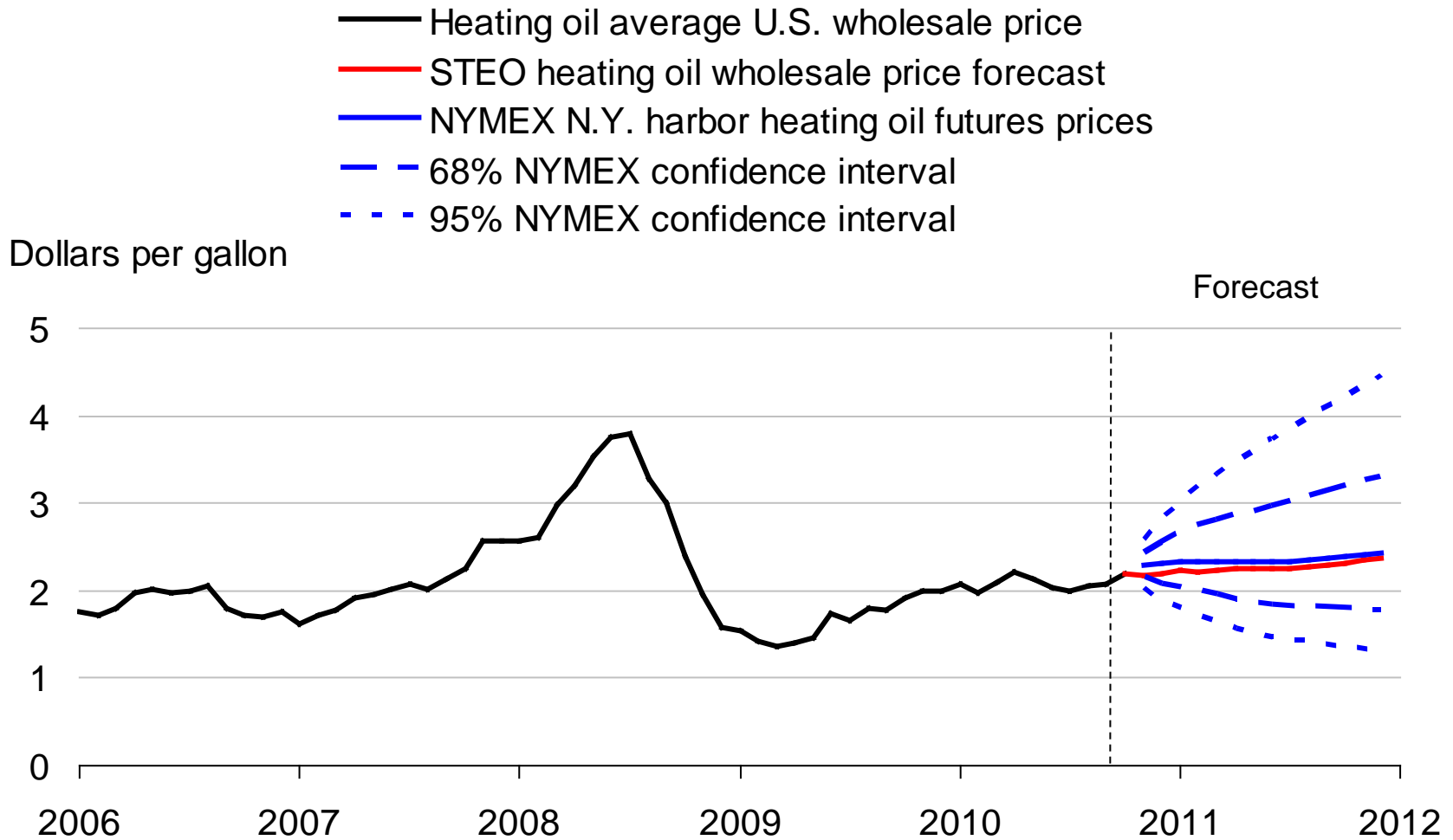
# U.S. heating oil retail price forecast to average 23 cents per gallon higher than last winter



Source: EIA Short-Term Energy Outlook, October 2010

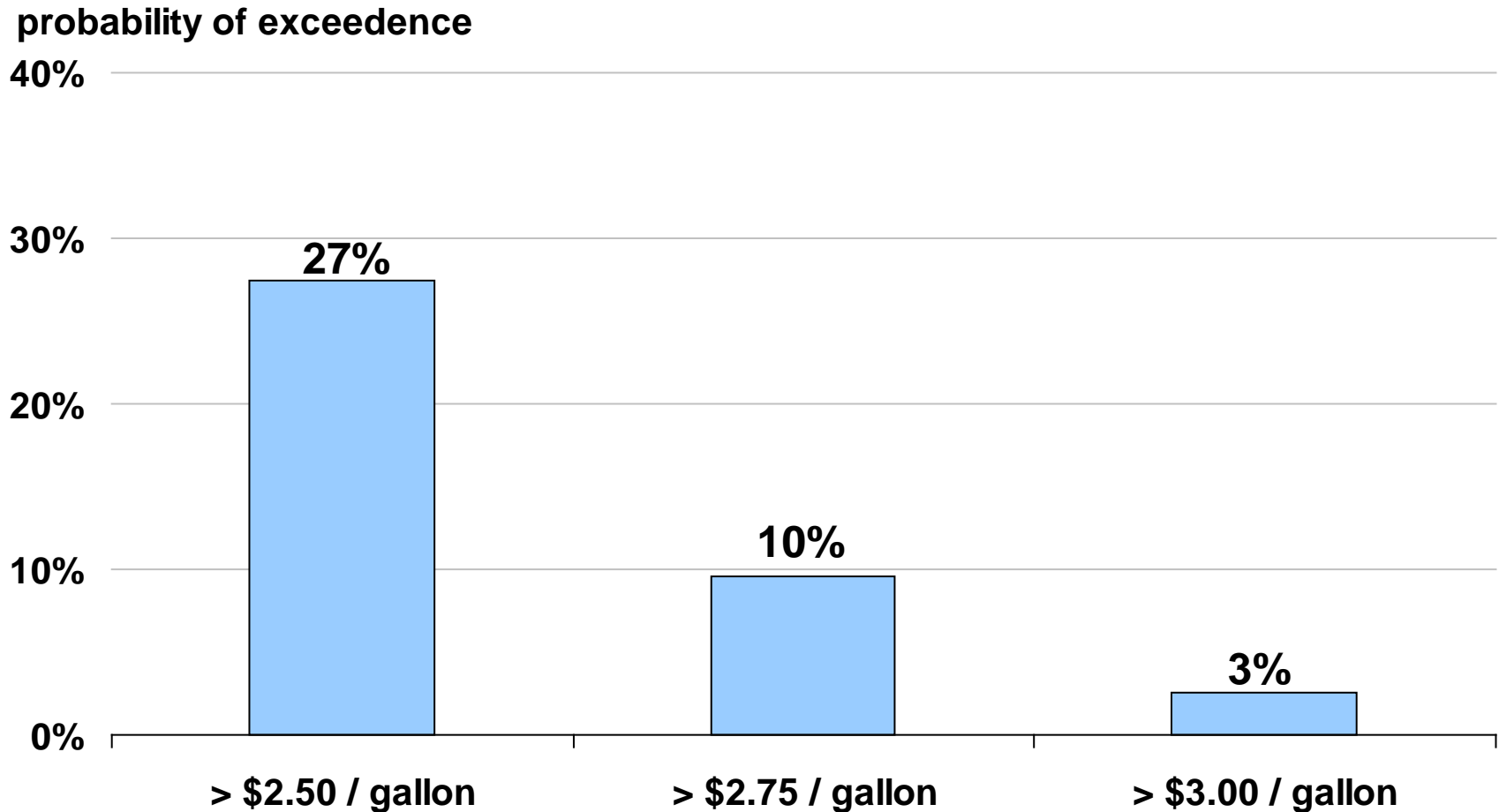


# Uncertainty over future heating oil prices is driven primarily by crude oil prices

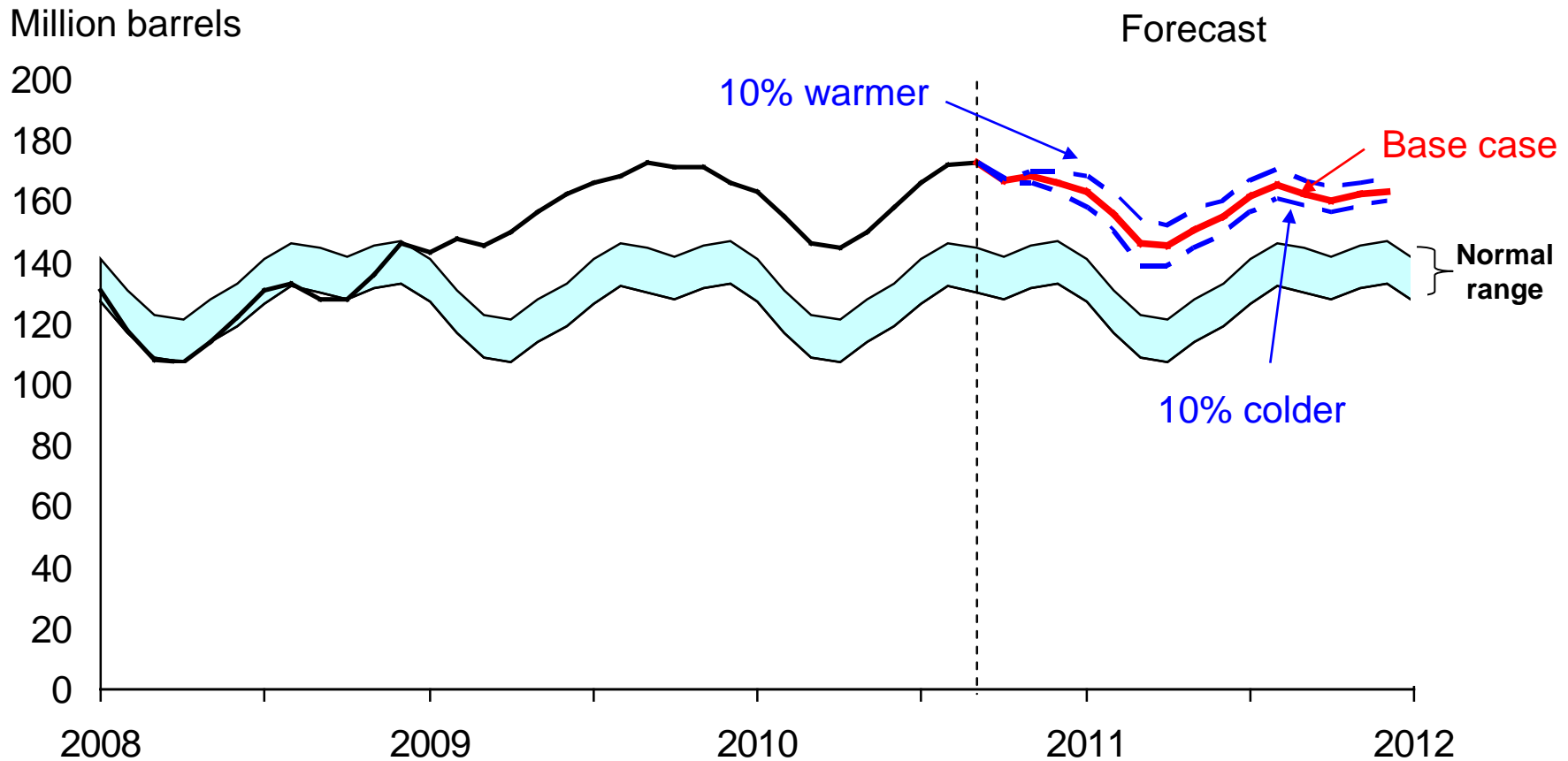


Source: EIA Short-Term Energy Outlook, October 2010

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



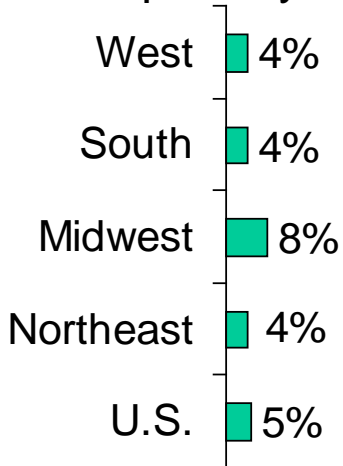
# Going into winter, distillate inventories are well above the upper end of the normal range



Source: EIA Short-Term Energy Outlook, October 2010

# Higher expected propane fuel bills in most regions

Households using propane as primary heating fuel



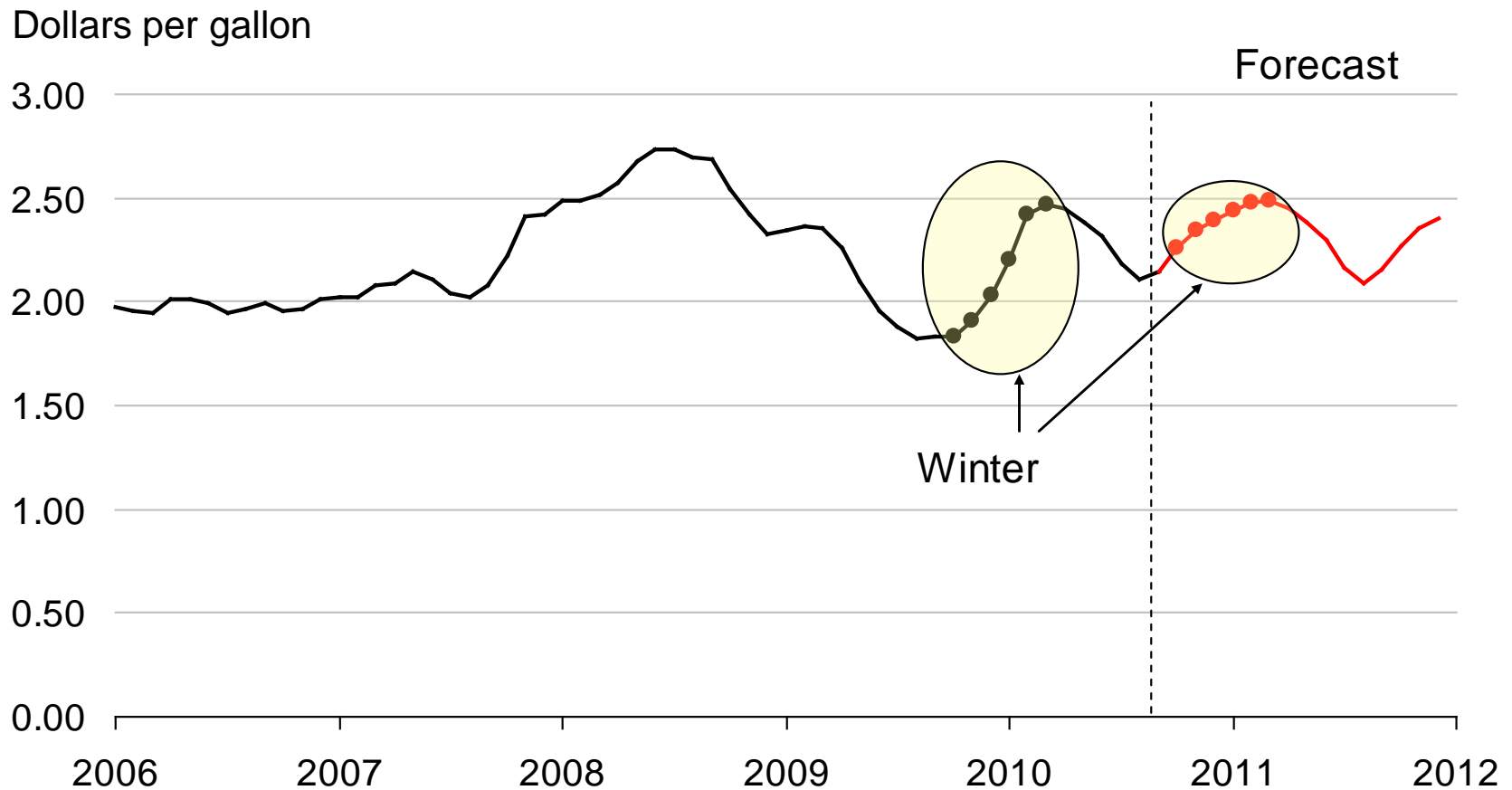
Percent change from last winter (forecast)

	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

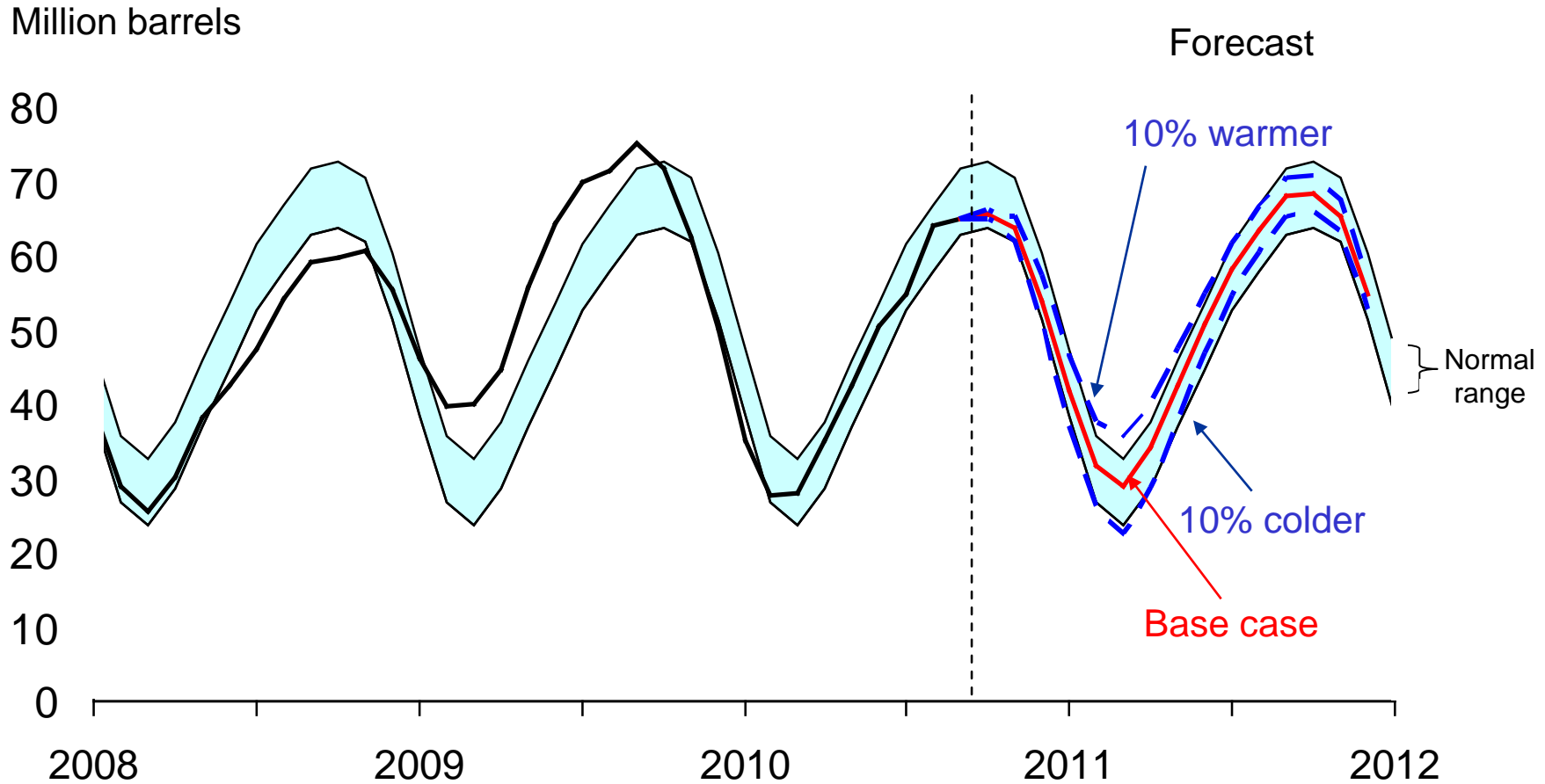


# EIA forecasts residential propane prices will average \$2.42 per gallon, 24¢ per gallon higher than last winter



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

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U.S. Energy Information Administration home page [www.eia.gov](http://www.eia.gov)

Short-Term Energy Outlook [www.eia.gov/emeu/steo/pub/contents.html](http://www.eia.gov/emeu/steo/pub/contents.html)

Annual Energy Outlook [www.eia.gov/oiaf/aeo/index.html](http://www.eia.gov/oiaf/aeo/index.html)

International Energy Outlook [www.eia.gov/oiaf/ieo/index.html](http://www.eia.gov/oiaf/ieo/index.html)

Monthly Energy Review [www.eia.gov/emeu/mer/contents.html](http://www.eia.gov/emeu/mer/contents.html)

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