

MIDWINTER UPDATE

To: Short and Long-Term Perspectives: The Impact on Low-Income Consumers of Forecasted Energy Price Increases in 2008 and a Cap-and-Trade Carbon Policy in 2030

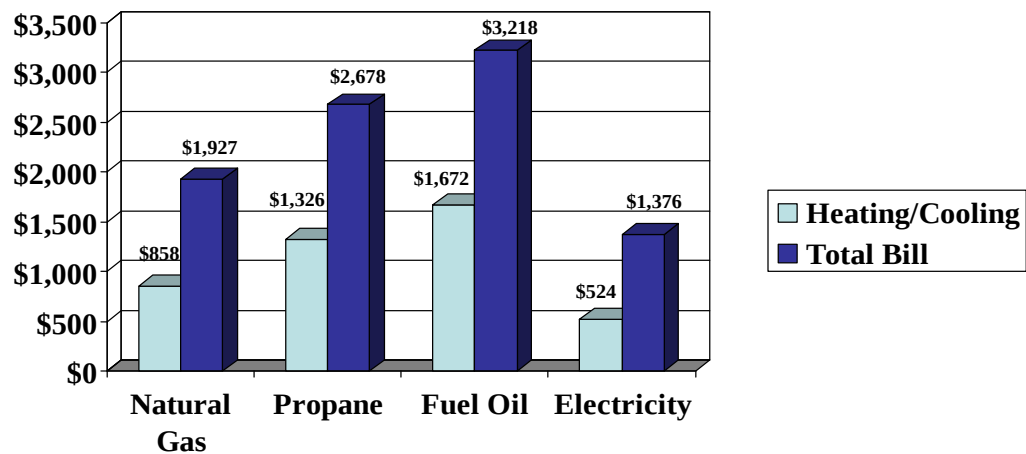
[ORNL/CON-503](#)

There have been several inquiries regarding the impact of rising oil prices on the projections of residential energy and residential home heating bills for FY 2008 since the analysis for this report was completed in the Fall. The EIA Short Term Energy Outlook for October 2007 that was used to make the projections for FY 2008 in the main body of the report did not reflect the unusually high crude oil prices that have significantly increased home heating oil and propane costs in the first quarter of the year. In order to better reflect these prices in the annual estimates the projections have been updated using the January 2008 Short Term Energy Outlook. These new estimates show a substantial increase in average residential energy bills for households heating with home heating oil to \$3,218, a year-to-year increase of 24 percent compared to the earlier projected increase of 11 percent shown in the main body of the report. Households heating with propane are projected to have an average residential energy expenditure of \$2,678, a year-to-year increase of 14 percent compared to the previous projection of 8 percent. These updated estimates are reflected in the table and graphS below.

Table ES-1 Update

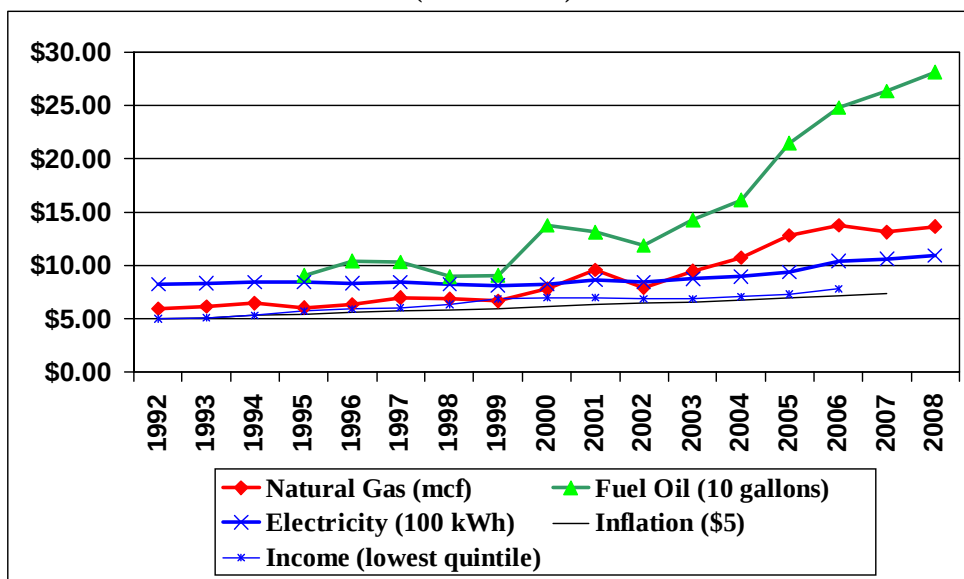
Mean Low-Income Residential Energy Expenditures Per Household by Primary Heating Fuel Nominal Dollars					
Year	Natural Gas	Propane	Fuel Oil	Electricity	All
2001	\$1,360	\$1,634	\$1,626	\$1,013	\$1,270
2006	\$1,815	\$2,141	\$2,461	\$1,252	\$1,682
2007	\$1,832	\$2,358	\$2,601	\$1,334	\$1,742
2008	\$1,927	\$2,678	\$3,218	\$1,376	\$1,871

EXPECTED ENERGY EXPENDITURES FOR 2007-2008 Low-Income Households By Primary Heating Fuel



Source: ORNL Tabulation from EIA January 2008 STEO & 2001 RECS

RATE OF INCREASE IN RESIDENTIAL ENERGY PRICES BY FUEL TYPE Since 1992 (Nominal dollars)



Sources: DOE/EIA Short Term Energy Outlook, January 2008, Bureau of Labor Statistics, Bureau of the Census