

# Assumptions for *Annual Energy Outlook 2015*: Liquid Fuels Markets Working Group



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*AEO2015 Liquid Fuels Markets Working Group Meeting*  
*Office of Petroleum, Natural Gas & Biofuels Analysis*  
*July 17, 2014 | Washington, DC*

**WORKING GROUP PRESENTATION FOR DISCUSSION PURPOSES  
DO NOT QUOTE OR CITE AS RESULTS ARE SUBJECT TO CHANGE**

# Discussion topics

- *AEO2015* is a “light” year (relative to design/assumption updates)
- Assumptions for *AEO2015* - petroleum
- Assumptions for *AEO2015* – biofuels/non-petroleum
- Export assumptions

# *AEO2015* is a “light” year

- In general, restricted to historical data updates and policy changes
- Design updates that help to better represent current events are allowed, with management approval
- Limited to five *AEO* cases
  - Reference price case
  - High and low price cases
  - High and low economic cases

# *AE02015* petroleum assumptions/changes

- Crude

- Light sweet crude (35+ API) broken into 3 API gravity ranges
  - $35 \leq \text{API} < 40$
  - $40 \leq \text{API} < 50$
  - $\text{API} \geq 50$
- Modified crude sweet/sour sulfur split -- from 0.3% to 0.5%
- Updated historical crude exports to Canada to current levels
- Added the ability to represent crude exports, by API type and LFMM regions (optional)
- Revised methodology for by-grade crude price response

- Products

- Modified elasticities representing international product import and export curves (IEM)
- Represented Tier-3 motor gasoline regulation
- Linked product import and export prices to crude prices

- Logistics

- Updated pipeline and rail capacities

# *AE02015* biofuel/non-petroleum assumptions

- Cellulosic ethanol and pyrolysis: decrease nameplate capacity and revise overnight capital costs
- RFS: Planning no change from *AE02014*
  - Awaiting EPA release of final 2014 target volumes
  - Direct Rule and Pathways II Final Rule set renewable fuel oil and biogas as cellulosic-compliant. Investigating methodology for representing new rules.
- E-15 penetration: Planning no change from *AE02014*
- California LCFS: Planning no change from *AE02014*
- BTL/CTL/GTL: Planning no change from *AE02014*, awaiting results from non-petroleum process study to inform *AE02016*

# Crude/condensate export assumptions

- Recent BIS interpretation of regulations
  - Enterprise/Pioneer processed condensate
  - No BIS definition of condensate
- How should EIA represent the interpretation in *AEO2015*?
  - Ignore, no crude/product exports (other than Canada)
  - Permit some exports
    - Condensate (need definition)
    - API limit (what API gravity)
  - Other suggestions

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## Next Working Group Meeting

Tentatively planned for September 16, 2014.

Will present preliminary *AEO2015* results.

# For more information

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

Short-Term Energy Outlook | [www.eia.gov/steo](http://www.eia.gov/steo)

Annual Energy Outlook | [www.eia.gov/aeo](http://www.eia.gov/aeo)

International Energy Outlook | [www.eia.gov/ieo](http://www.eia.gov/ieo)

Monthly Energy Review | [www.eia.gov/mer](http://www.eia.gov/mer)

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