

Propane update



November 13, 2014 / Washington, DC

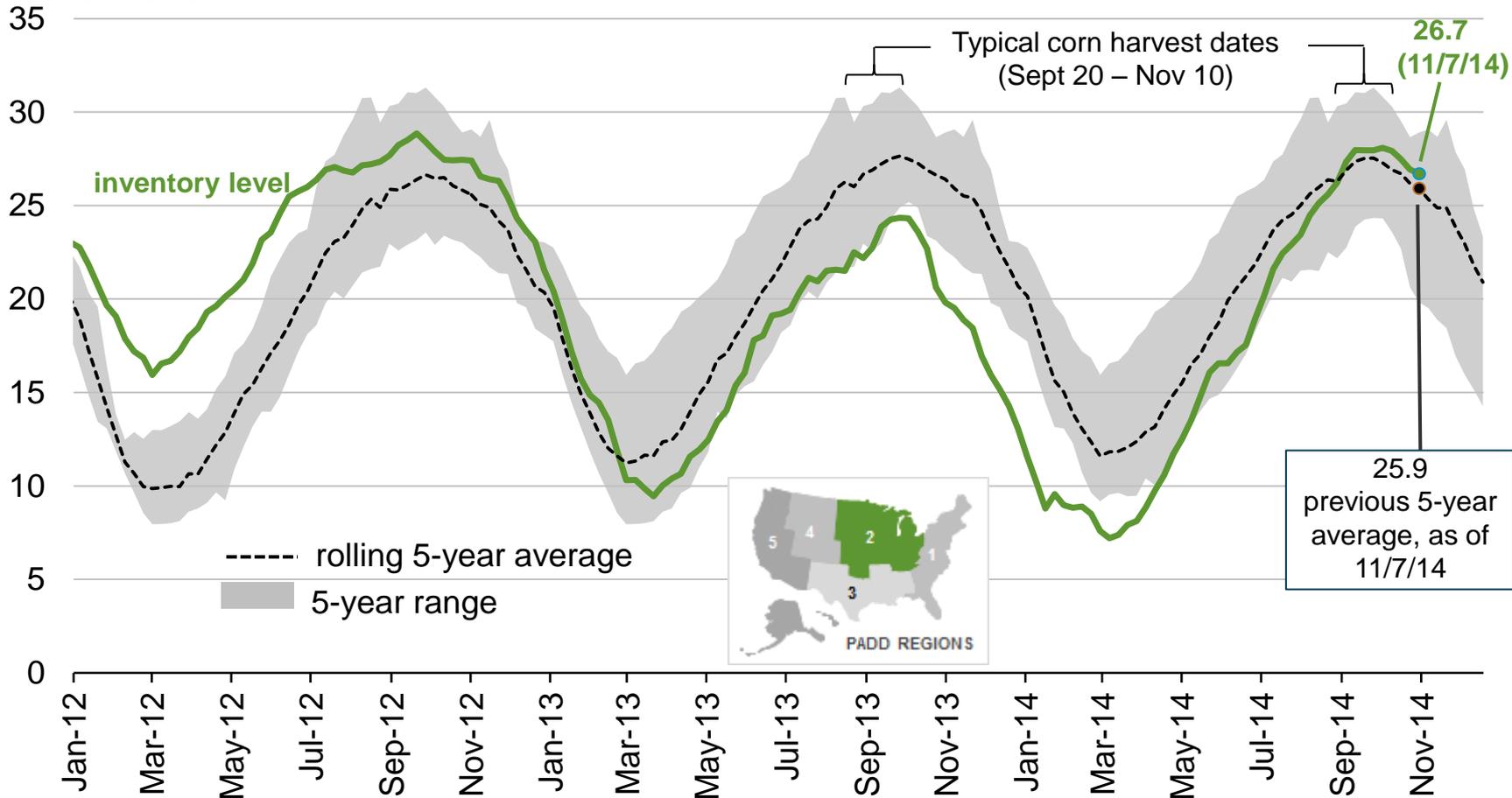
By

U.S. Energy Information Administration

PADD 2 (Midwest) propane inventories are currently above the five-year average

PADD 2 propane* inventories

million barrels



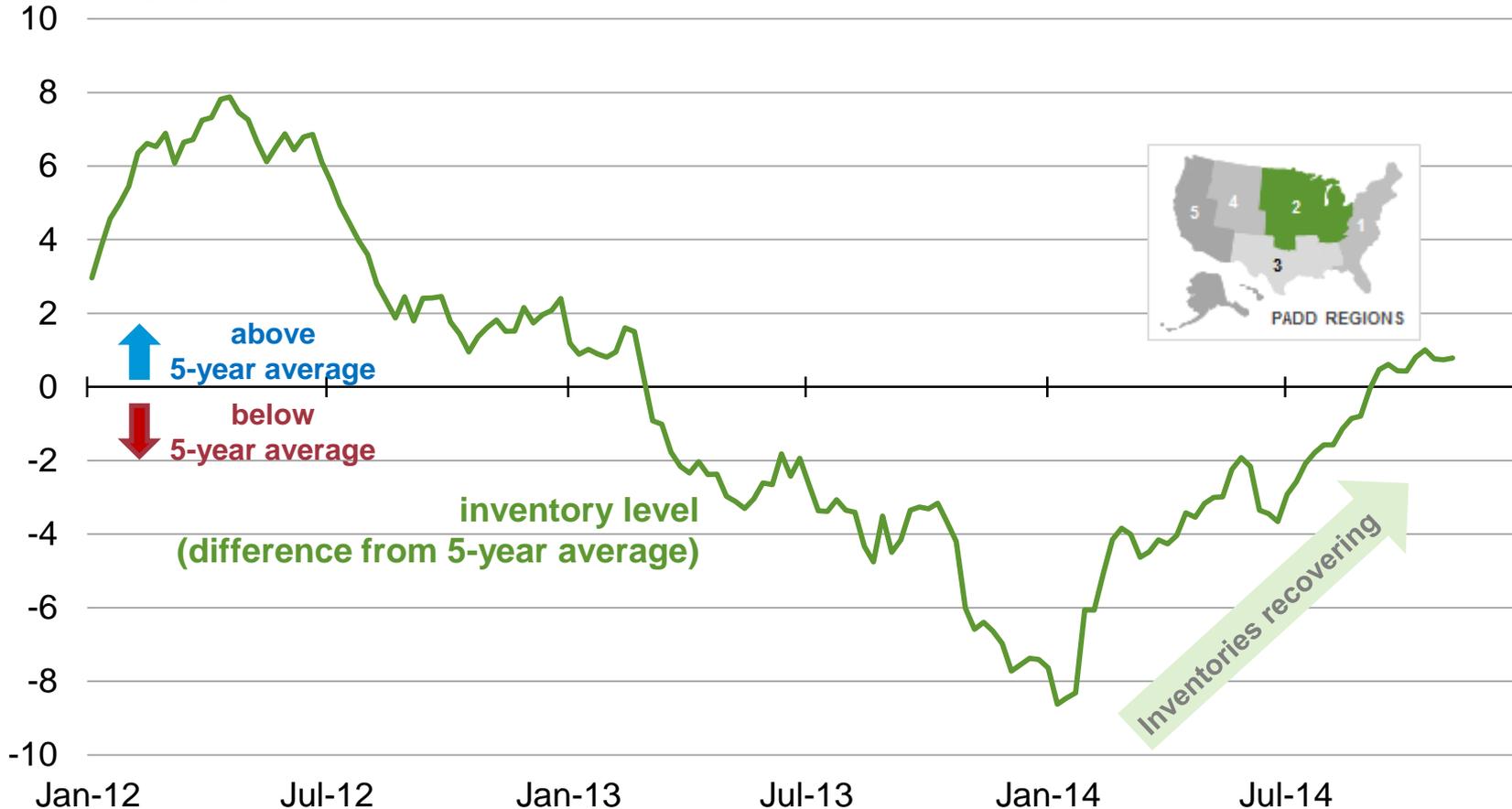
Source: EIA Weekly Petroleum Status Report, data through November 7

*propane/propylene for fuel use only

PADD 2 (Midwest) propane inventories are now above the five-year average

PADD 2 propane* inventories, difference from 5-year average

million barrels

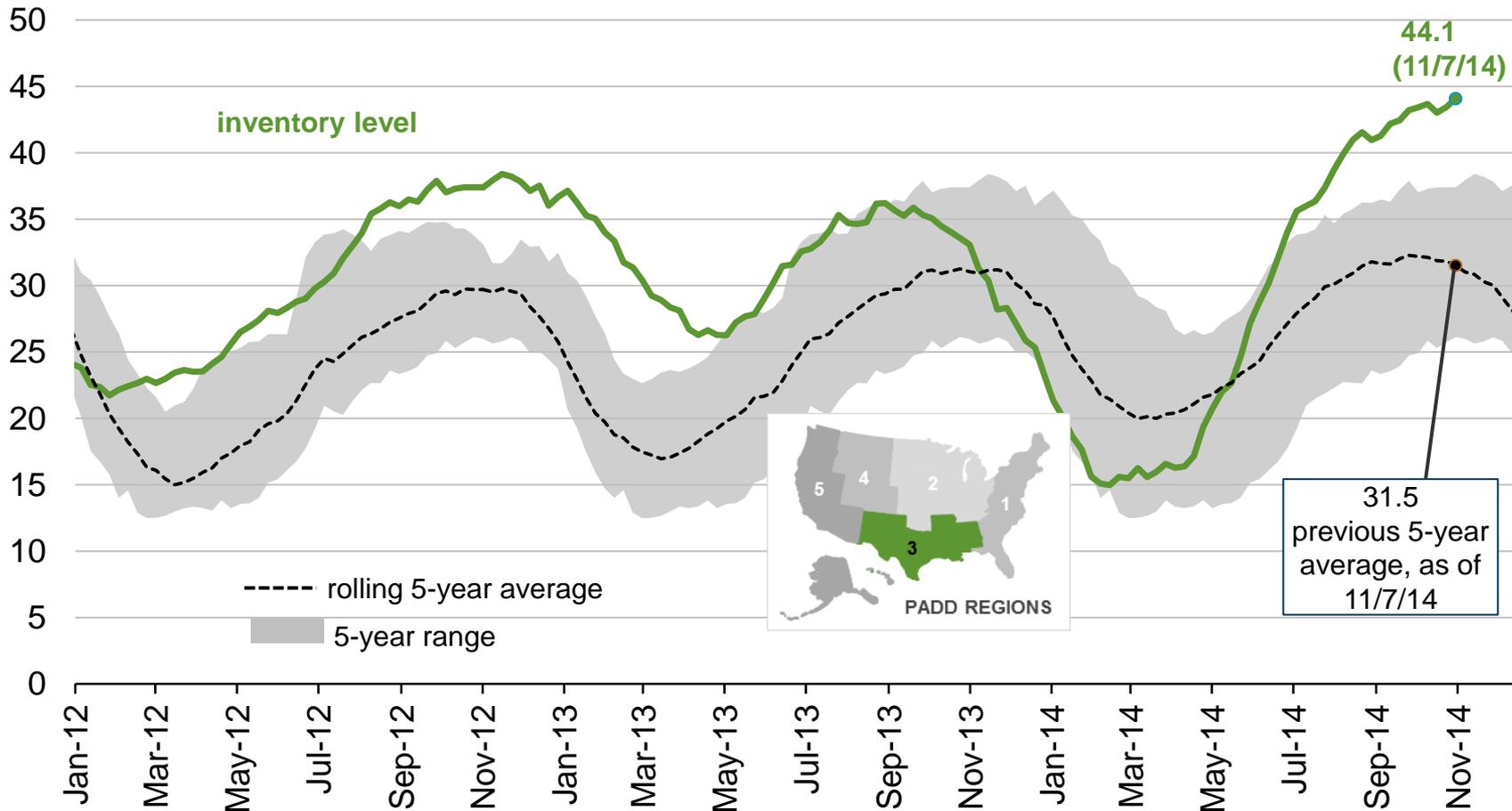


Source: EIA Weekly Petroleum Status Report, data through November 7

*propane/propylene for fuel use only

PADD 3 (Gulf coast) propane inventories are well above the five-year range

PADD 3 propane* inventories
million barrels



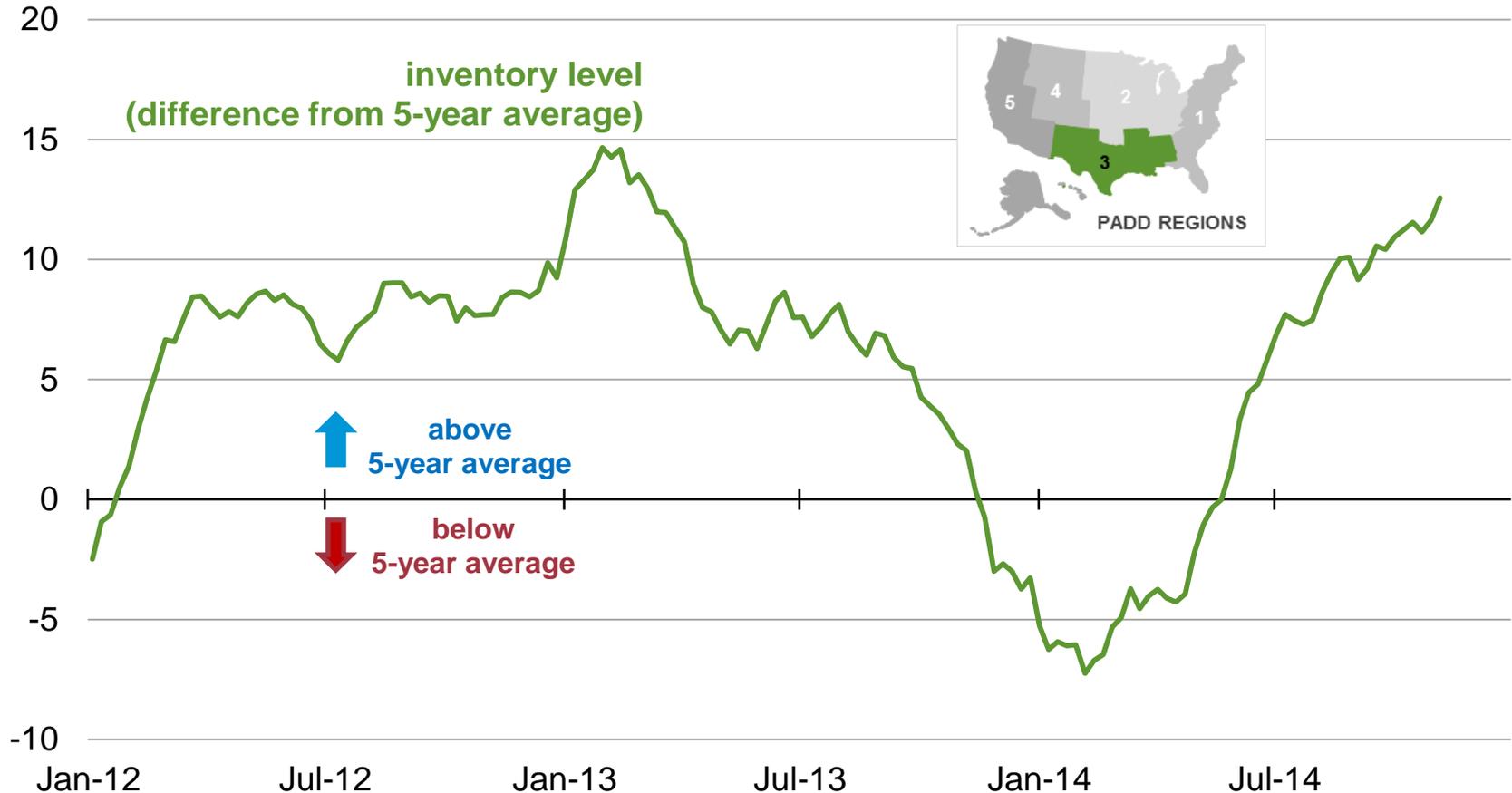
Source: EIA Weekly Petroleum Status Report, data through November 7

*propane/propylene for fuel use only

PADD 3 (Gulf coast) propane inventories have been over the five-year average since May 2014

PADD 3 propane* inventories, difference from 5-year average

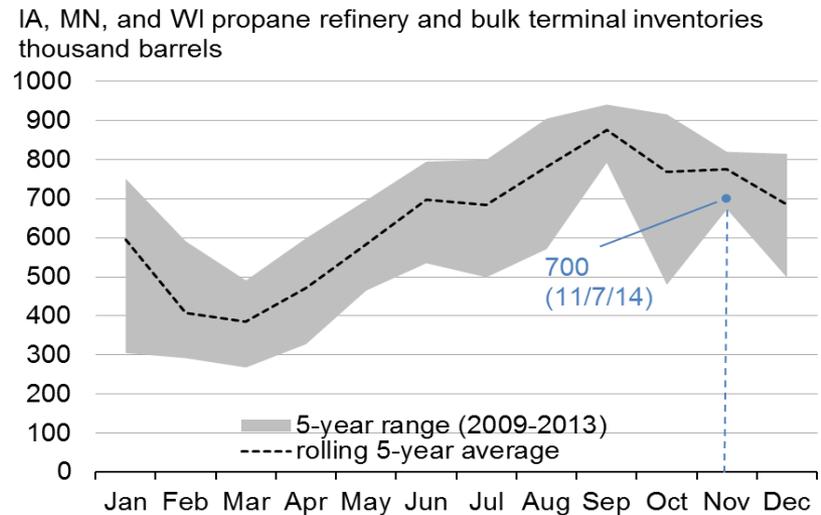
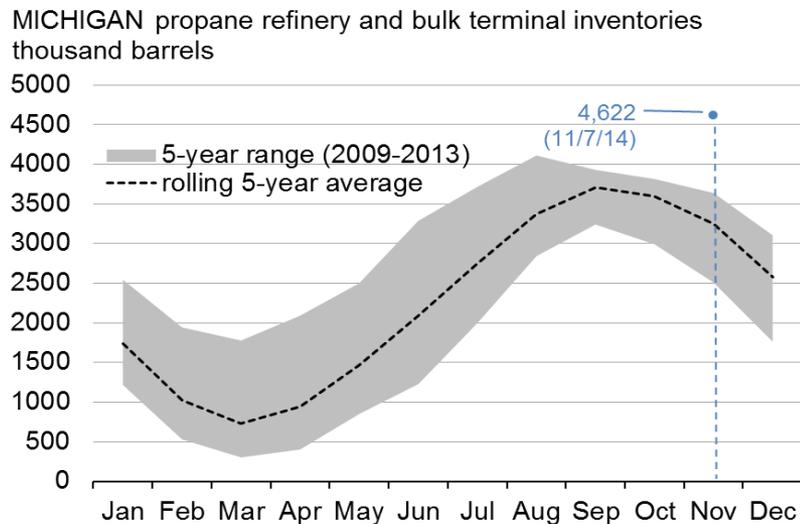
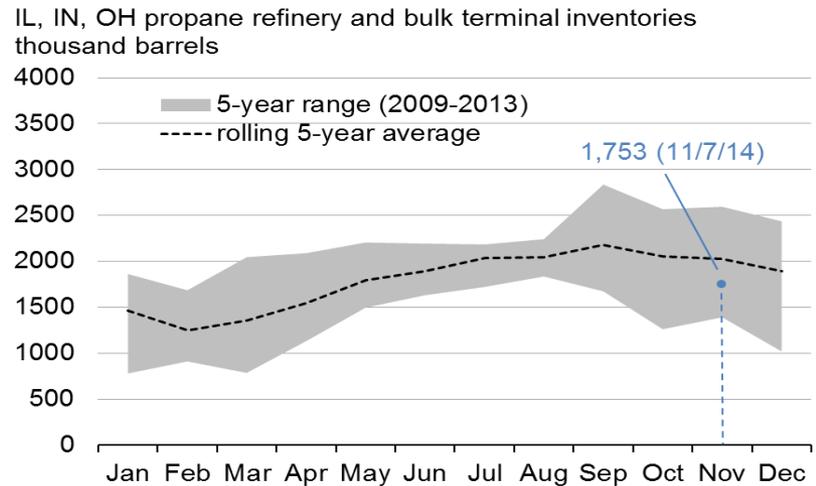
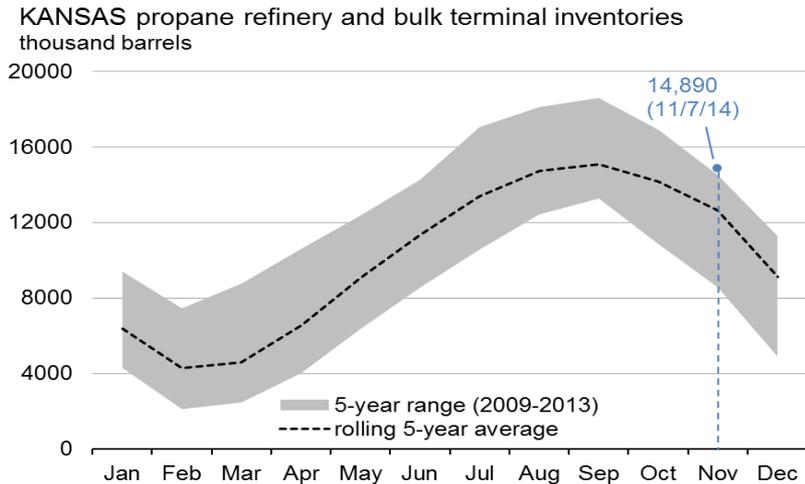
million barrels



Source: EIA Weekly Petroleum Status Report, data through November 7

*propane/propylene for fuel use only

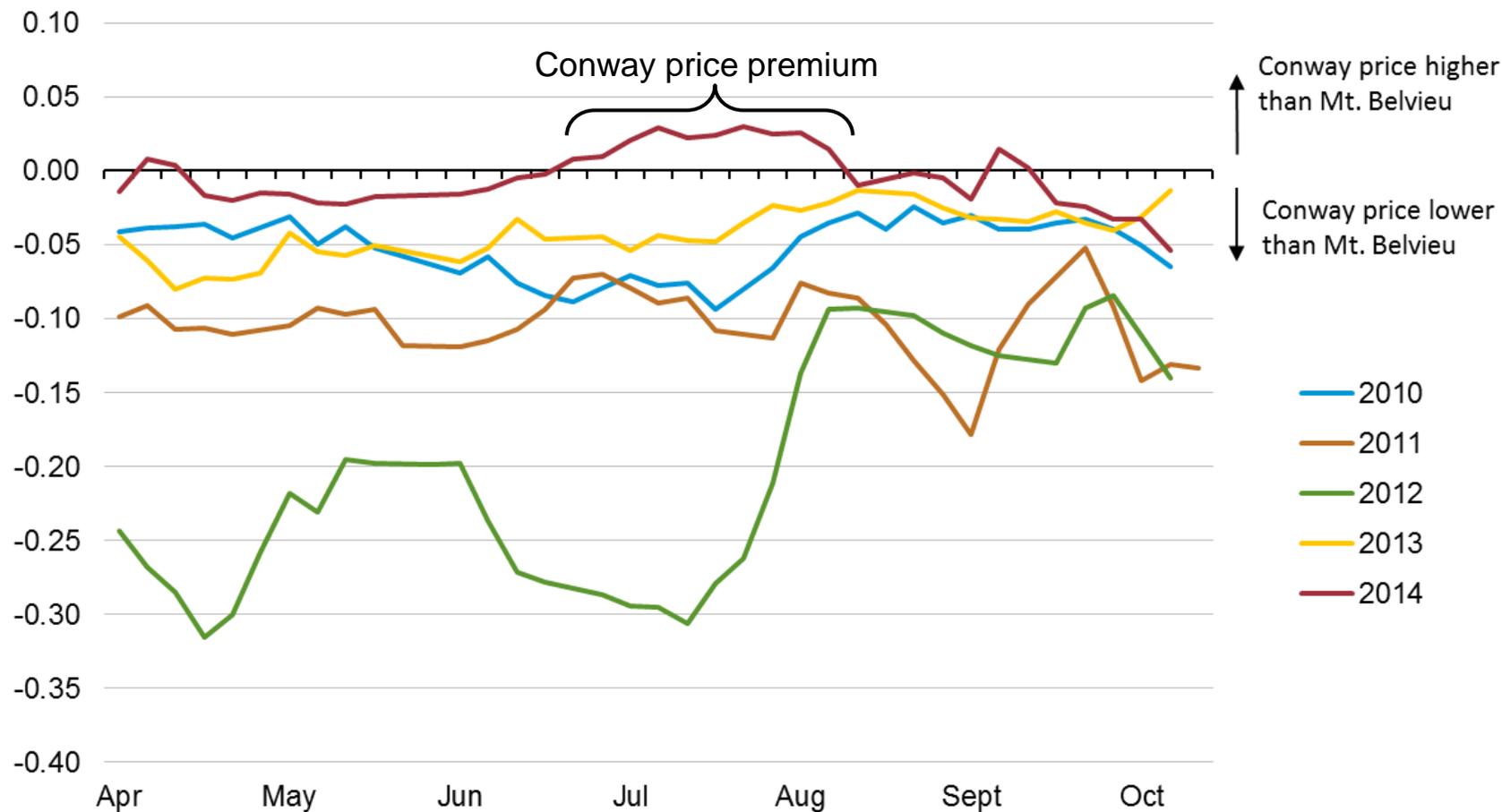
Current propane inventories for key individual states



Source: EIA Weekly Petroleum Status Report, data through November 7

Price premium in Conway (KS) encouraged inventory building in PADD2 during the summer

Weekly average propane price spreads: Conway - Mt. Belvieu (April-October)
dollars per gallon

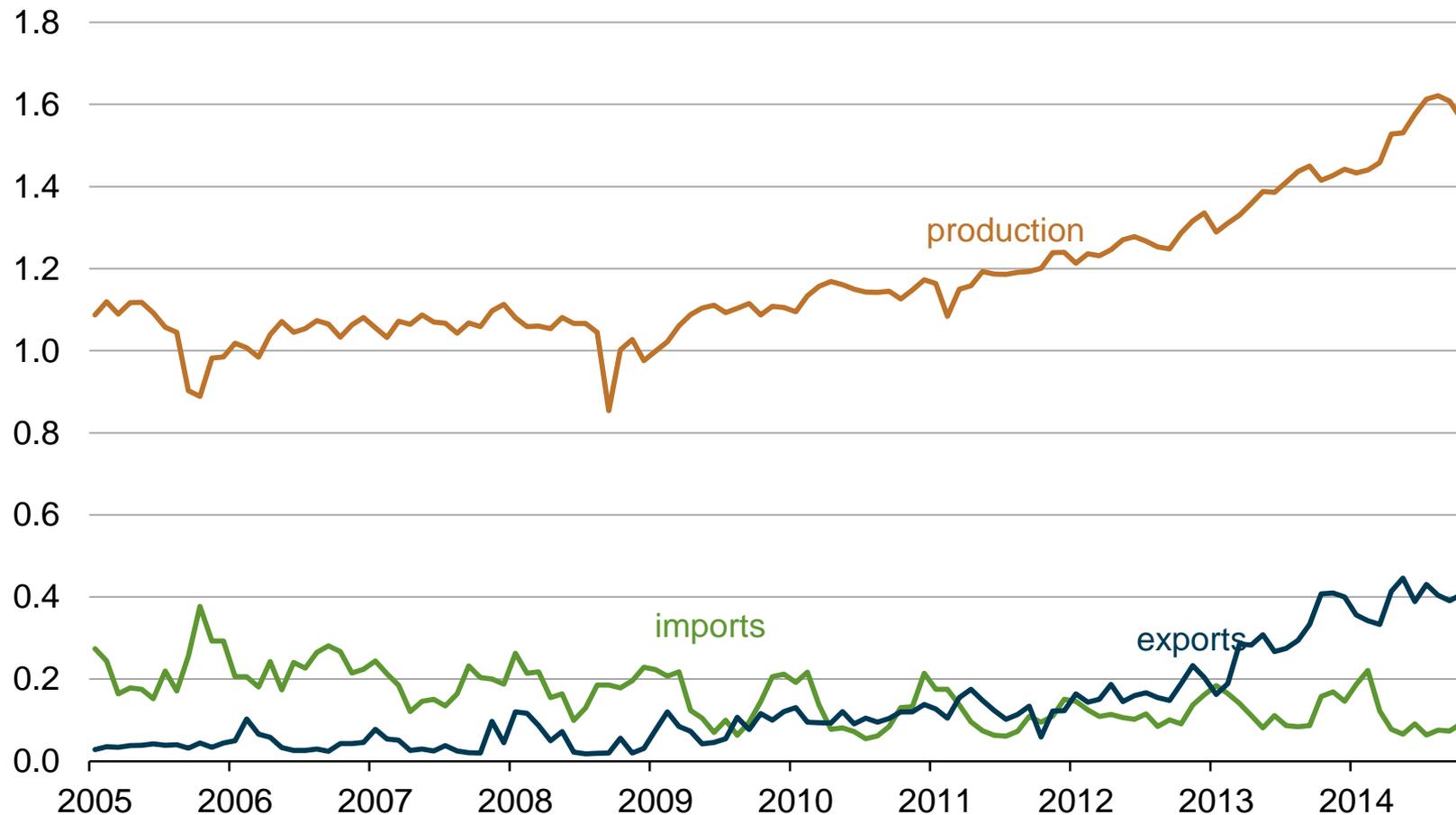


Source: EIA via Thomson Reuters, data through October 31

U.S. propane production and trade trends

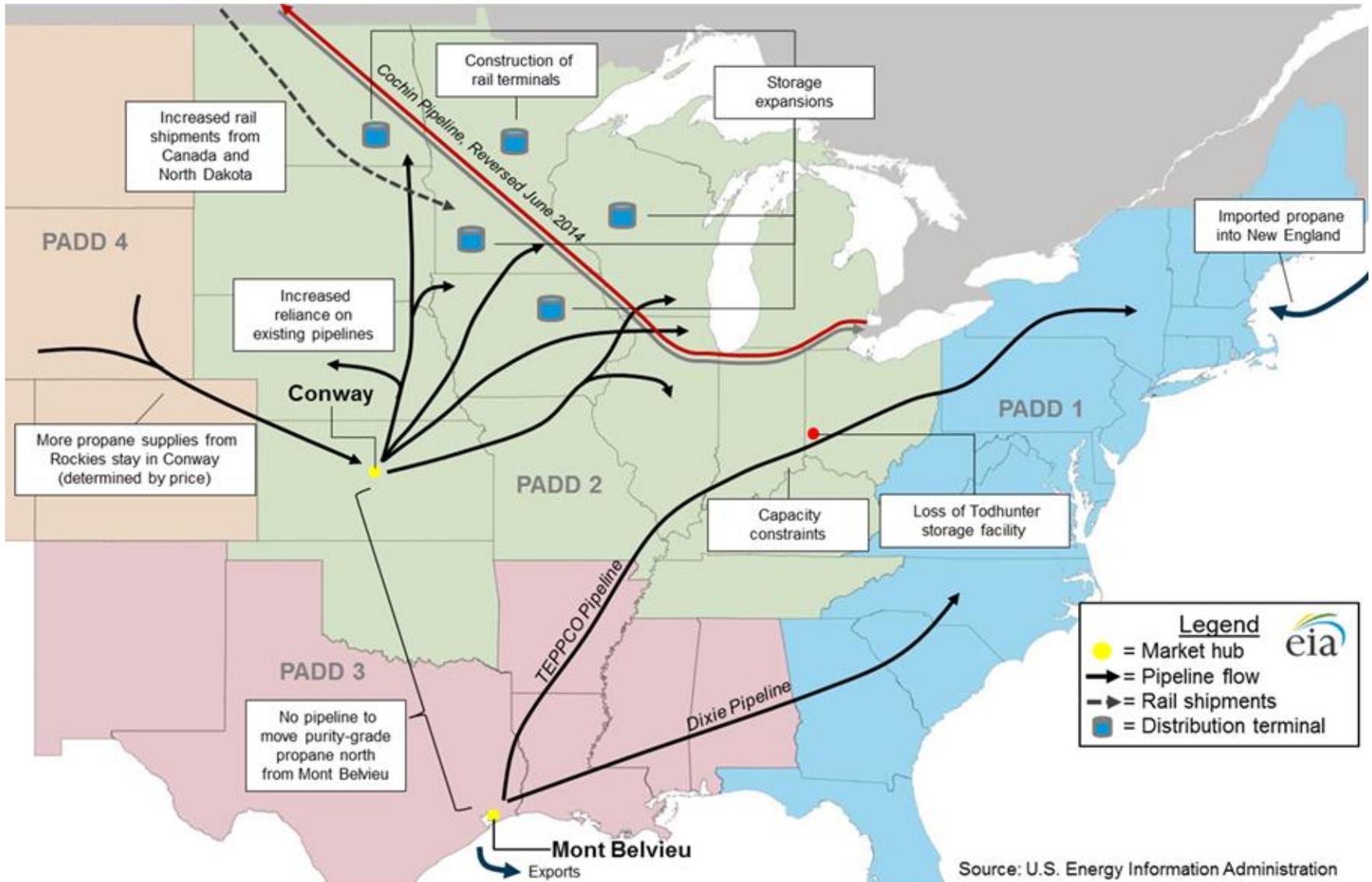
U.S. propane and propylene production, imports, and exports

million barrels per day



Source: EIA Petroleum Supply Monthly through July 2014; August and September 2014 are estimates

Winter 2014-15 propane supply diagram

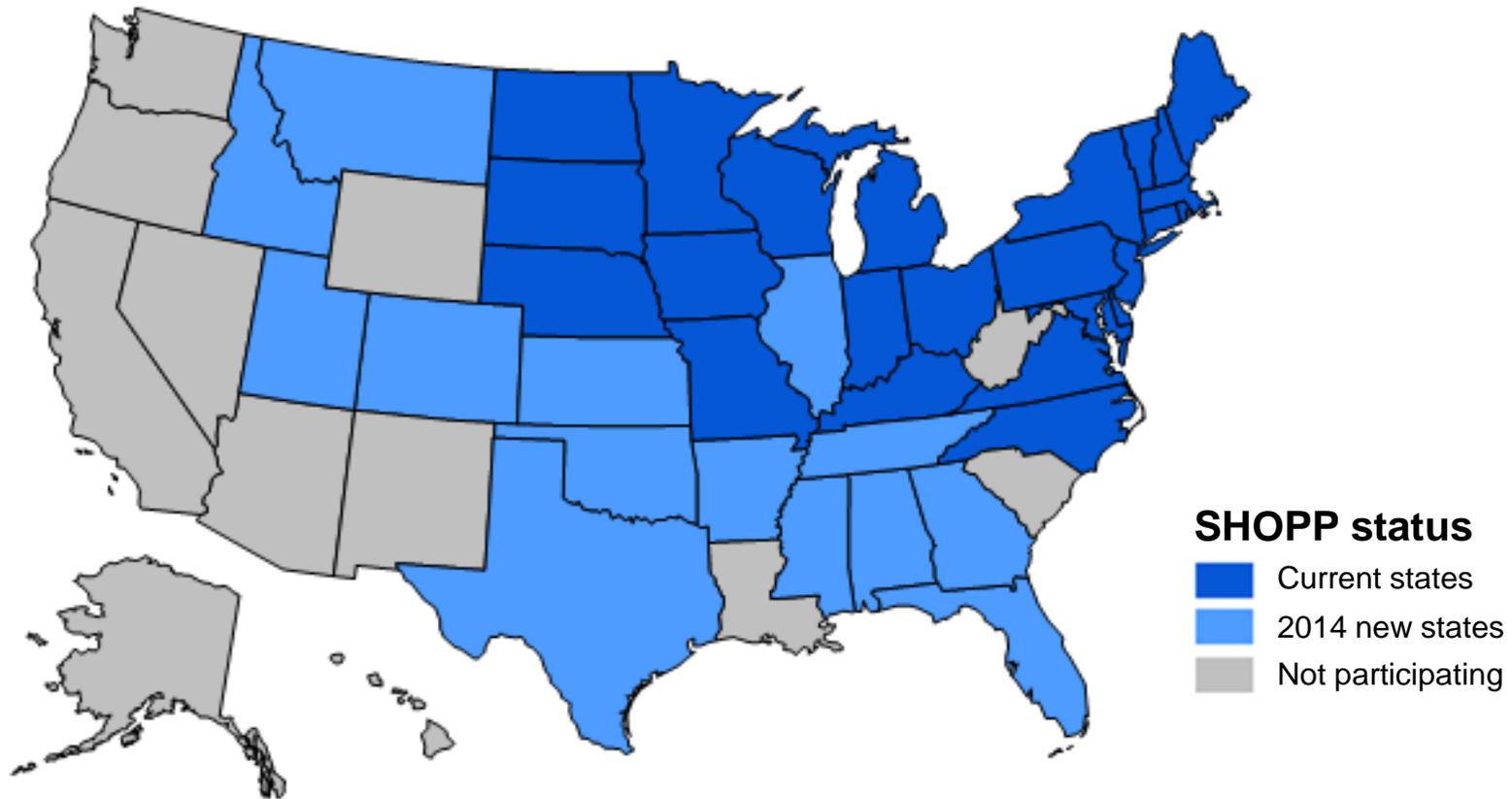


Source: U.S. Energy Information Administration

State Heating Oil and Propane Program (SHOPP) updates

- SHOPP is a collaborative program between states and EIA that provides weekly wholesale and retail prices for heating oil and propane at the state level
- EIA will extend SHOPP (beginning October 2014) to 14 additional states that were affected by the propane shortage last winter
- EIA expects to be providing more granular data to states on a weekly basis during the upcoming winter
- New winter fuels page will provide easier access to state information: www.eia.gov/special/heatingfuels

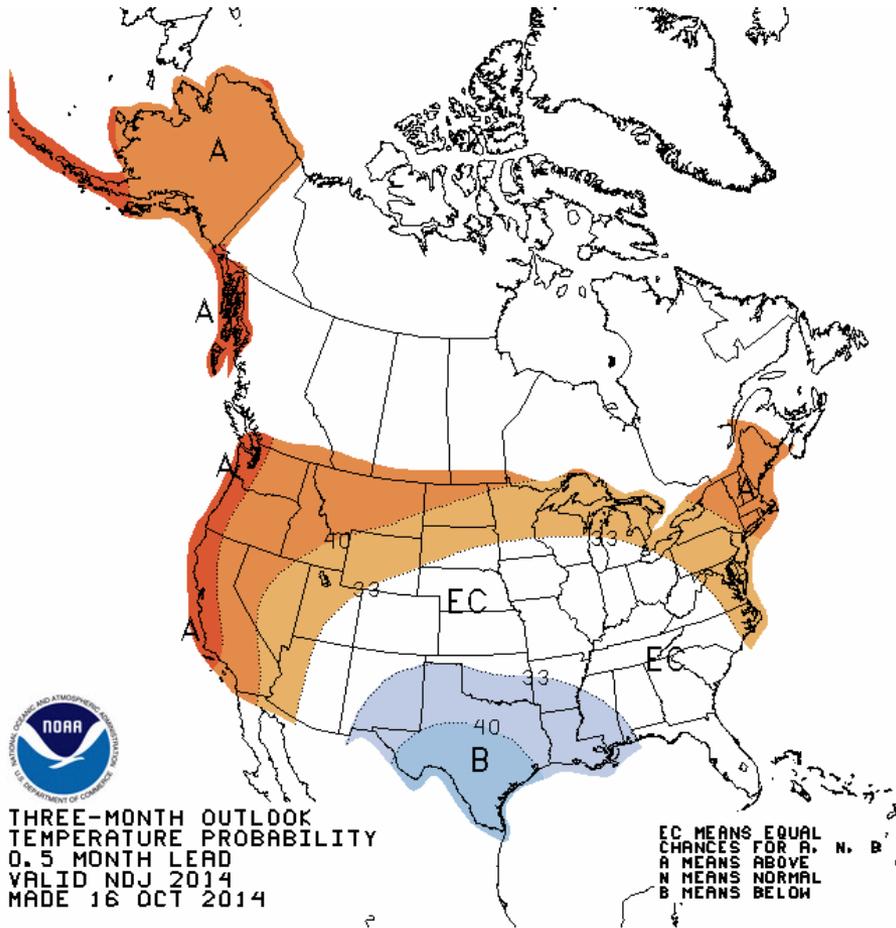
State Heating Oil and Propane Program (SHOPP) states



Source: U.S. Energy Information Administration

NOAA's projected temperatures: November 2014 – January 2015

Overriding uncertainty for propane consumption this winter is still weather



A = temperatures above normal

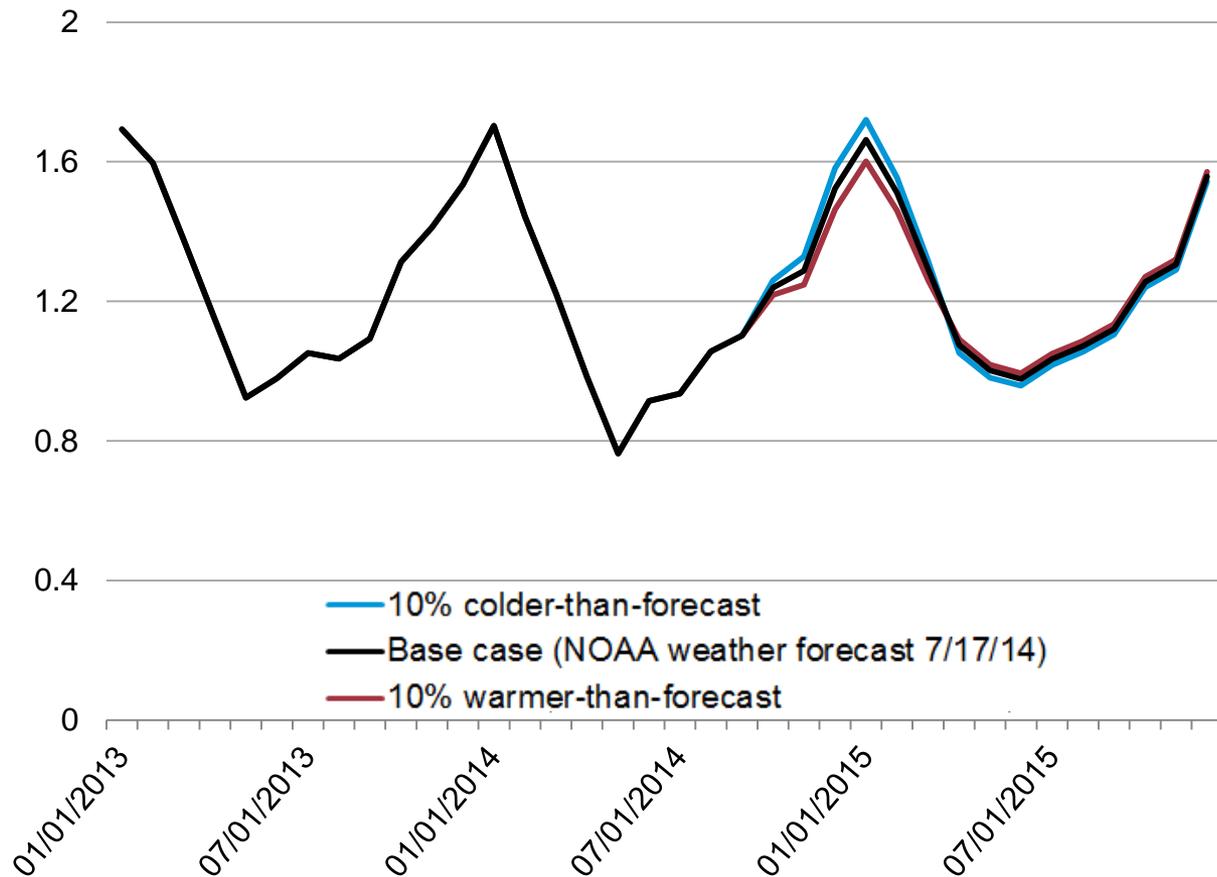
EC = equal chance that
temperatures are above normal,
normal, or below normal

B = temperatures below normal

Source: NOAA, October 16, 2014

Propane consumption depends on winter temperatures

Total propane consumption
million barrels per day



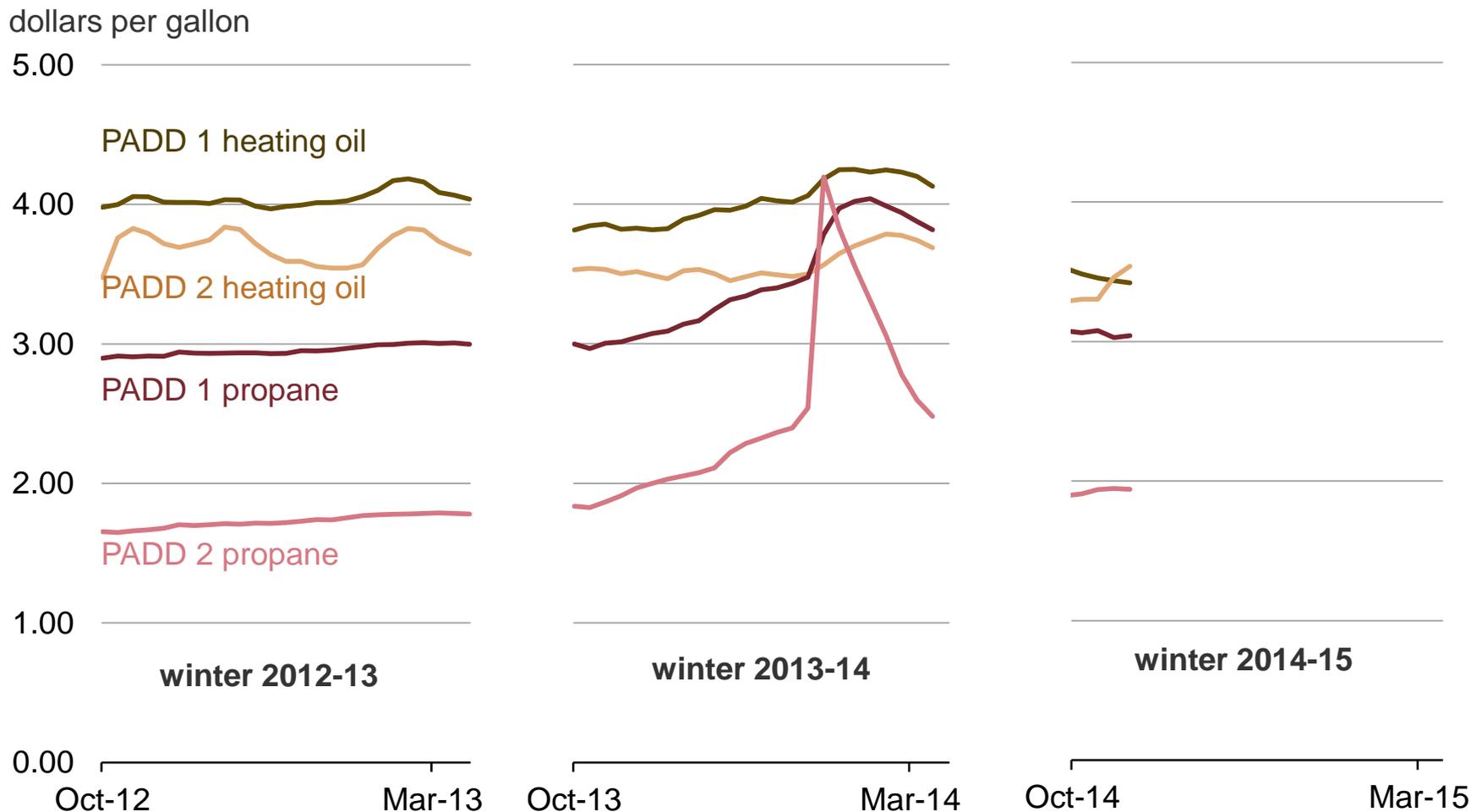
- Winter (Oct-Mar) propane consumption averages 40,000 barrels/day higher in the 10% colder case
- In the cold-weather case, higher residential demand is partly offset by lower industrial use because of higher propane spot prices

Source: EIA Short-term Energy Outlook (August 2014) and EIA estimates

National Propane Gas Association (NPGA): state affiliates indicate strong secondary and tertiary storage fill

- **ILLINOIS** – retailers indicate the majority of end-users have filled tanks, record corn crop could mean large demand for drying.
- **IOWA** – retailers' storage full including significant storage additions, many customers opted for summer fill, corn harvest expected to start second week in October.
- **MICHIGAN** – retailers report a range of 66-90% of customers opting for pre-buy and price-lock programs.
- **MINNESOTA** – deliveries up by 25 mil. gal. over any previous year, expect summer fill at + 30 mil. gal. over same time last year.
- **MISSOURI** – strong interest in contracts and “pre-buy”; many residential customers opted for summer fill; Concerns over bottlenecks if stocks draw down; Jefferson City terminal recently ran out of propane as it was opting to ship butane.
- **NORTH DAKOTA** – 85% of commercial and residential customers filled early, already seeing grain-drying; ~4 million gallons of new commercial storage; Concerns over reliability of rail for delivery.
- **Large Companies** – campaigns for residential and crop dryers to fill over the summer reportedly successful. Less success with COD customers.

Retail propane prices in the Midwest, which rose sharply in late January, have moved lower



Source: EIA State Heating Oil and Propane Program, data through November 10

For more information

U.S. Energy Information Administration home page | www.eia.gov

Short-Term Energy Outlook | www.eia.gov/steo

Annual Energy Outlook | www.eia.gov/aeo

International Energy Outlook | www.eia.gov/ieo

Monthly Energy Review | www.eia.gov/mer

Today in Energy | www.eia.gov/todayinenergy

State Energy Portal | www.eia.gov/state

Drilling Productivity Report | www.eia.gov/petroleum/drilling

Winter Heating Fuels Site | www.eia.gov/special/heatingfuels/