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

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DO NOT QUOTE OR CITE AS RESULTS ARE SUBJECT TO CHANGE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
AEO2015 petroleum assumptions/changes

• Crude
  – Light sweet crude (35+ API) broken into 3 API gravity ranges
    • 35<=API<40
    • 40<=API<50
    • API>=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
**AEO2015 biofuel/non-petroleum assumptions**

- Cellulosic ethanol and pyrolysis: decrease nameplate capacity and revise overnight capital costs

- RFS: Planning no change from *AEO2014*
  - Awaiting EPA release of final 2014 target volumes

- E-15 penetration: Planning no change from *AEO2014*

- California LCFS: Planning no change from *AEO2014*

- BTL/CTL/GTL: Planning no change from *AEO2014*, awaiting results from non-petroleum process study to inform *AEO2016*
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


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

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