State Heating Oil and Propane Program Overview

2012 SHOPP WebEx Conference
Marcela Rourk, SHOPP Survey Manager
August 14, 2012 | Washington, DC
Key Topics

• Overview and history of State Heating Oil and Propane Program (SHOPP)

• Why your State matters

• Working together to improve SHOOP

• Concluding remarks
What is SHOPP?

• State Heating Oil and Propane Program (SHOPP)
  – cooperative data collection effort between EIA and State Energy Offices (SEOs)
  – SHOPP season: October through mid-March
  – data used by policymakers, industry analysts, and consumers

• Data collection
  – States make weekly telephone calls to retail heating oil and propane outlets
  – EIA creates and maintains the sample for each State

• Funding
  – 50/50 cost sharing program
  – 5-year cooperative agreement
Major Events in History of SHOPP

1978-79
Beginning of State Heating Oil Program (SHOP)

1985
SHOP data collection resumes and expands in respond to rise in heating oil prices during 1984

1991
First Gulf War begins

2000
Northeast Heating Oil Reserve established

FY 1984
Program suspended due to lack of funds

1990-1991
State Heating Oil and Propane Program (SHOPP) mandated by Congress

1999-2000
SHOPP data are collected on a weekly basis

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U.S. No. 2 Distillate Residential Prices by All Sellers
Monthly Prices from 1983 - 1992

percent change in price from previous month

Source: EIA

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Progression of SHOCP Data Collection

• Coverage
  – initial: between 11 and 14 States
  – current: 24 States and the District of Columbia

• Frequency
  – initial: on the first of month
  – 1990s: bi-weekly
  – current: weekly

• Products
  – initial: heating oil
  – current: heating oil and propane
Residential Heating Oil States

Petroleum Administration for Defense Districts
Winter Heating Fuels Survey - PADD 1 and 2 represented States

Source: EIA, Heating Oil and Propane Update
Residential Propane States

Petroleum Administration for Defense Districts
Winter Heating Fuels Survey - PADD 1 and 2 represented States

Source: EIA, Heating Oil and Propane Update
Why Your State Matters
Highest Use of Heating Oil and Propane in Northeast and Midwest

Source: EIA, Residential Energy Consumption Survey (RECS).
Your Knowledge of Local Markets is Important to EIA

• We value your feedback

• We want to encourage discussion among SEOs
  – it serves everyone if EIA provides a forum where SEOs can discuss issues impacting heating fuel markets
  – particularly useful between those States that are close to each other

“An unsophisticated forecaster uses statistics as a drunken man uses lamp-posts – for support rather than illumination.”

-- Andrew Lang
U.S. Residential Heating Oil Price Strongly Correlated to Brent Crude Oil Spot Price During 2007-2008 Season

Source: EIA, Thomson Reuters
Propane Prices in Iowa Showing Correlation with Winter Temperatures, 2010-2011 and 2011-2012

Sources: EIA, NOAA
Managing the Sample

• Sample is rotated every 4-5 years, subject to budget

• Replacements are made at the beginning of each season and periodically throughout the season

• Success in the retail heating oil and propane business is very unpredictable

• As the primary contact with respondents, you have first access to knowledge about outlets
Working Together to Improve SHOPP
Transitions in SHOPP

• Turnover

• Switch in grant disbursement systems

• Changes in application and reporting requirements
SHOPP Funding Structure

- SHOPP is a 50/50 cost-sharing program
- SHOPP’s aim is to create an equal playing field between EIA and SEOs
- Congress has awarded fixed amount to EIA for SHOPP
- EIA has worked with this same amount for many years
- SEOs cope with same financial challenges
SHOPPP Cycle

October – start of season

September – mailouts to respondents and SEOs

March 15 – end of season, funding applications released

May 15 – funding applications due

August – grants awarded, end of year reports due

July 1 – applications submitted into STRIPES

June 1 – applications submitted to contracting office for review

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How can EIA help?

• EIA is receptive to suggestions on what help is needed to facilitate SEO participation
  – we have been working to automate the funding process so that funds are easily accessible to grantees
  – this process has taught us how to handle transitions more effectively

• The goal is to save money and gain efficiencies within EIA and SEOs
What EIA is Doing to Improve SHOPP

• Creation of Heating Oil and Propane Update Page
  – current and historical SHOPP pricing data, as well as data on distillate and propane supply
  – FAQs for use by data users, respondents, and SEOs
  – financial forms

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What EIA is Doing to Improve SHOPP (cont.)

- Formalization of Final Reports
  - we will be distributing the final reports from each State in a more formal manner
  - this comprehensive report will include a brief summary of the season from EIA

- Analysis provided in Today in Energy
  http://www.eia.gov/todayinenergy/

- Improving the application process
Improving the Application Process

• Grants.gov

• This will mean:
  – FILLABLE forms!
  – pre-populated parts of SF-424 and other standard forms with CFDA number, description of the program, to save you time
  – status available for application
  – documents are automatically uploaded into STRIPES system, speeding up our award process
  – electronic signatures
Concluding Remarks

• SHOPP has a long history, going on its 23rd season in its current format

• SHOPP is a joint effort making SEO participation invaluable to us

  “Facts are stubborn, but statistics are more pliable.” – Mark Twain

• SHOPP staff want to reduce burden on SEOs to make funds go further, please contact us with any ideas or requests
For More Information: Data Publications


Heating Oil and Propane Update (HOPU)
  http://www.eia.gov/petroleum/heatingoilpropane/

This Week in Petroleum (TWIP) http://www.eia.gov/oog/info/twip/twip.asp

Weekly Petroleum Status Report (WPSR)

Short-Term Energy Outlook (STEO) http://www.eia.gov/forecasts/steo/

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