

Propane update



November 26, 2014 / Washington, DC

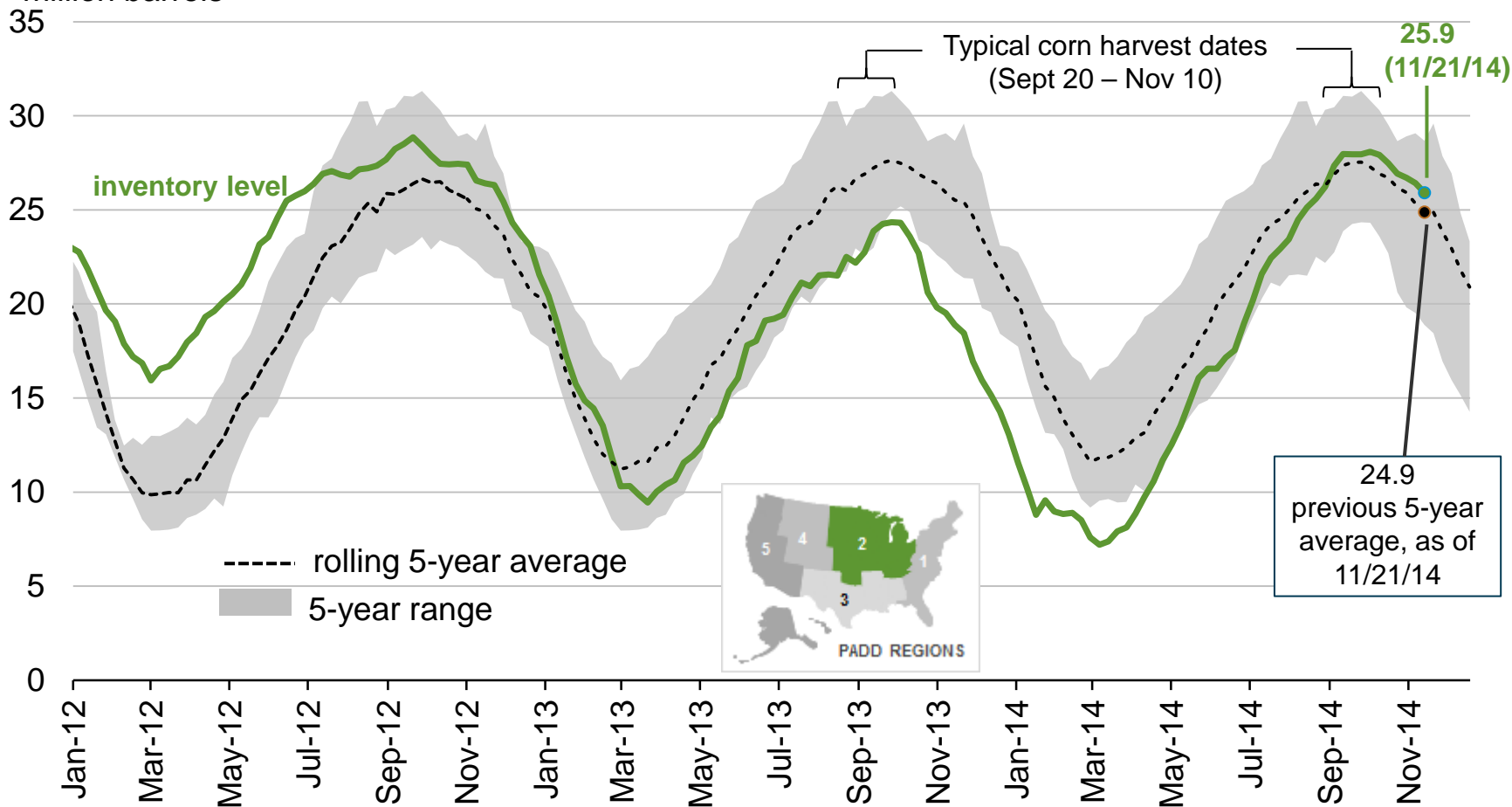
By

U.S. Energy Information Administration

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

PADD 2 propane* inventories

million barrels



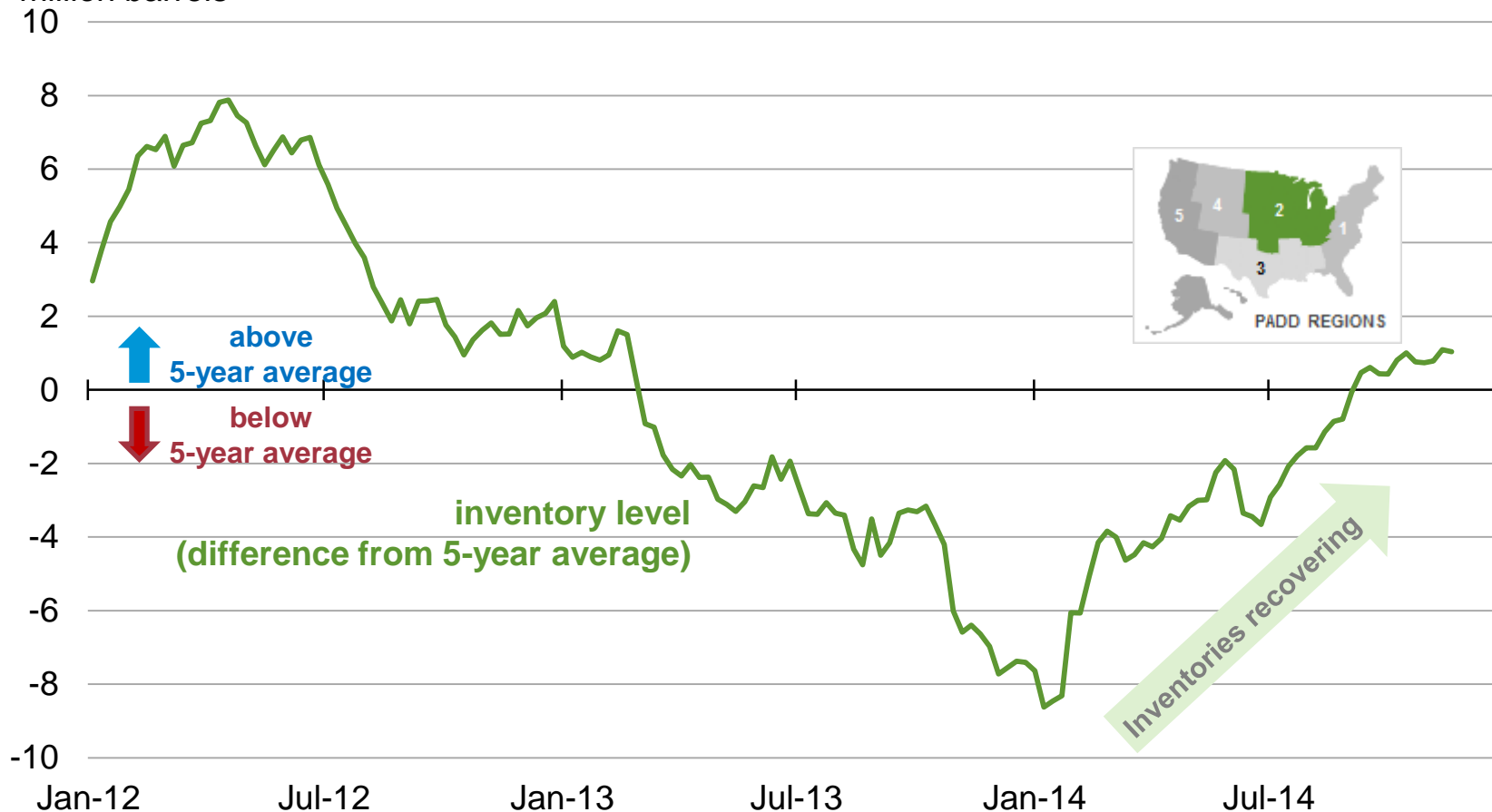
Source: EIA, Weekly Petroleum Status Report, data through November 21

*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

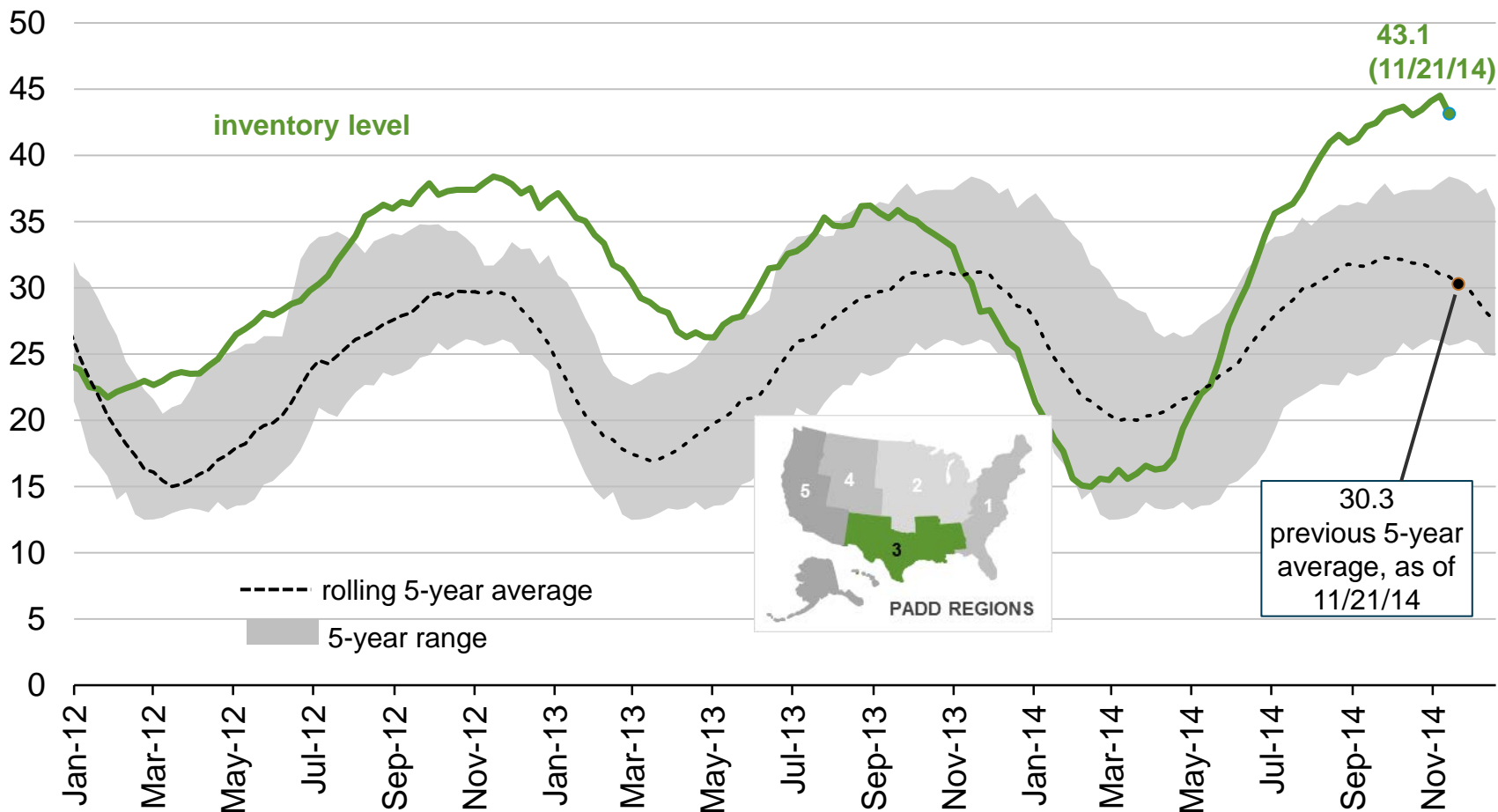


Source: EIA, Weekly Petroleum Status Report, data through November 21

*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



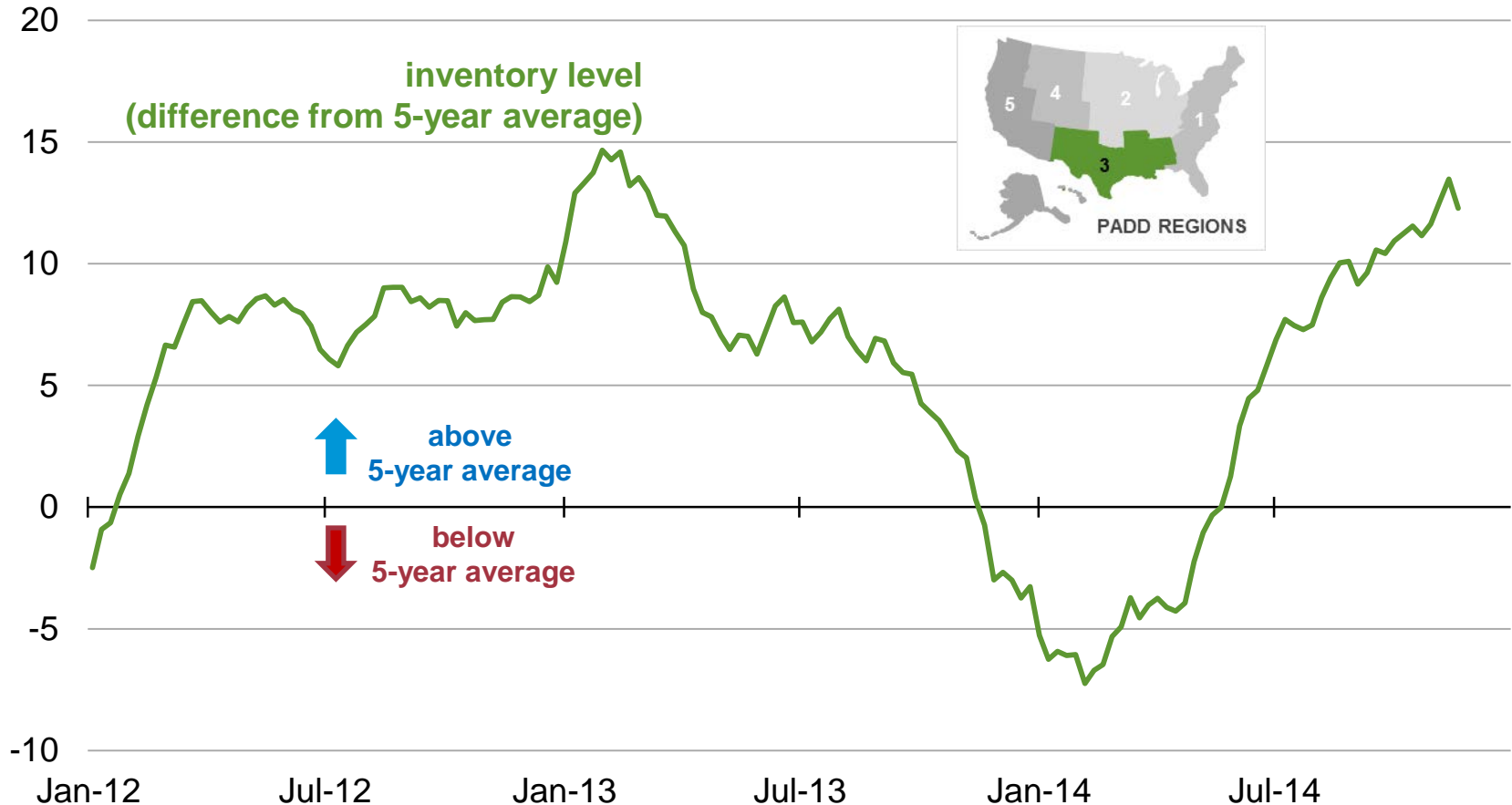
Source: EIA, Weekly Petroleum Status Report, data through November 21

*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

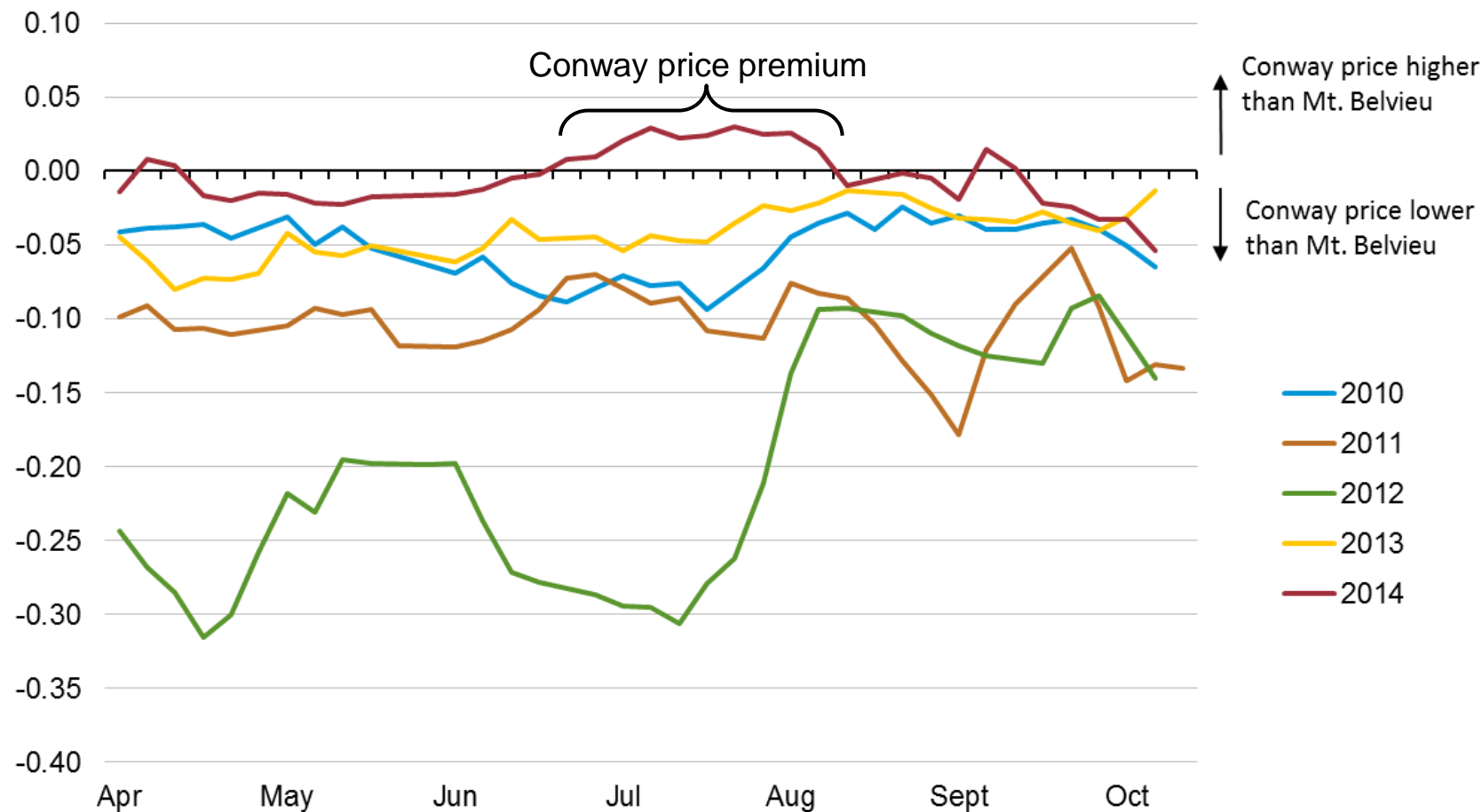


Source: EIA, Weekly Petroleum Status Report, data through November 21

*propane/propylene for fuel use only

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

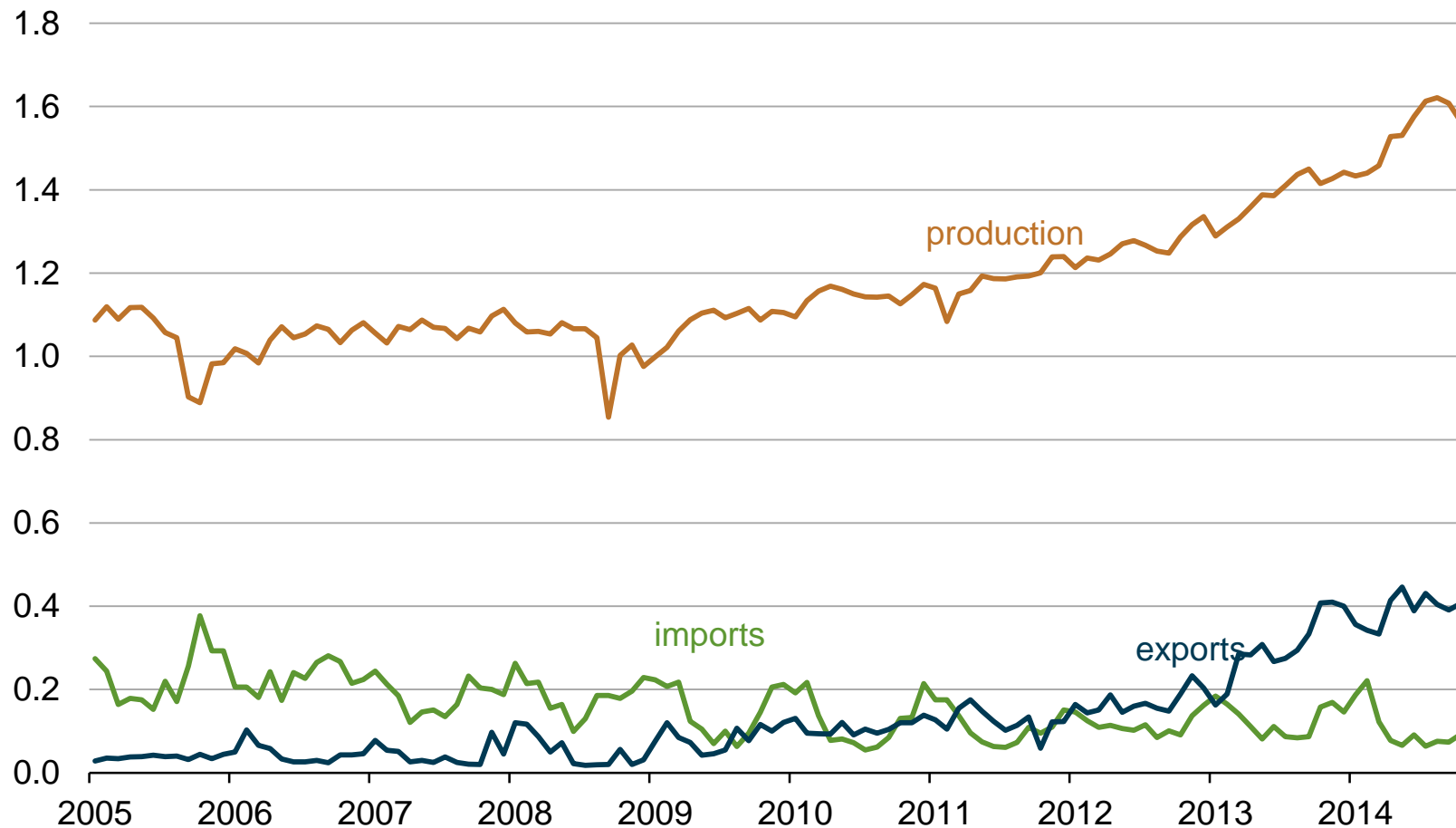


Source: U.S. Energy Information Administration via Thomson Reuters, data through October 31

U.S. propane production and trade trends

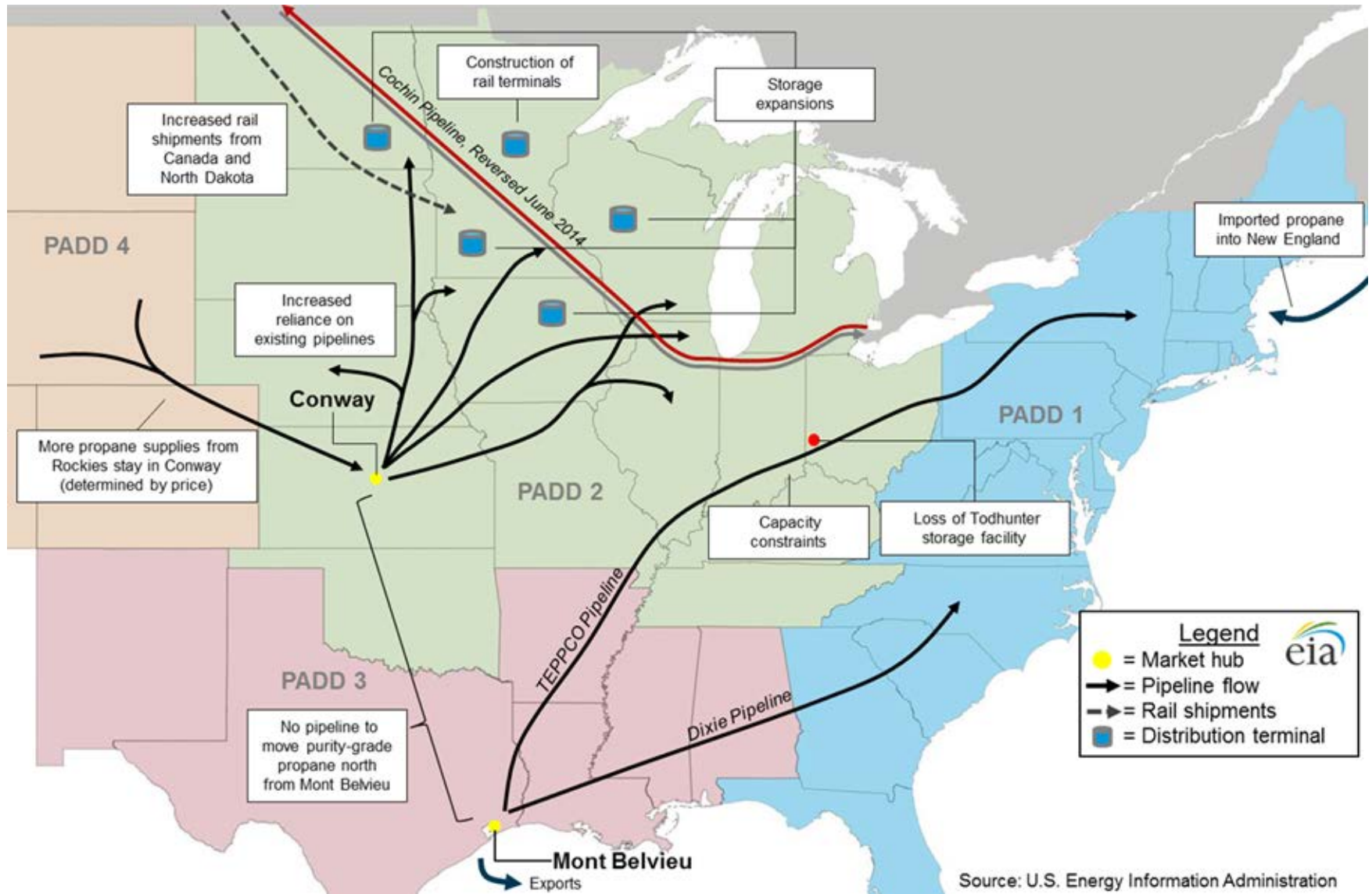
U.S. propane and propylene production, imports, and exports

million barrels per day



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

Winter 2014-15 propane supply diagram

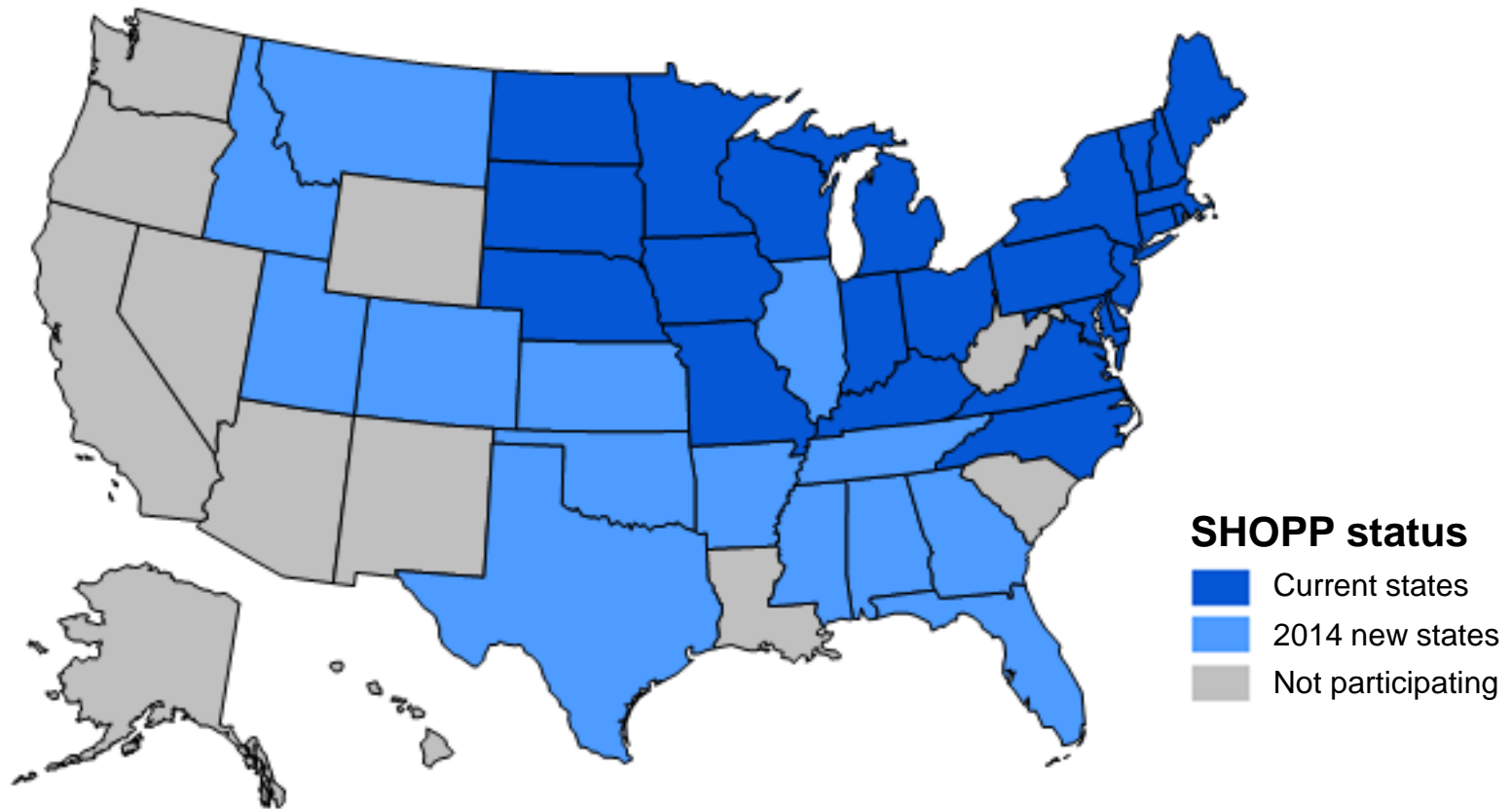


Source: U.S. Energy Information Administration

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

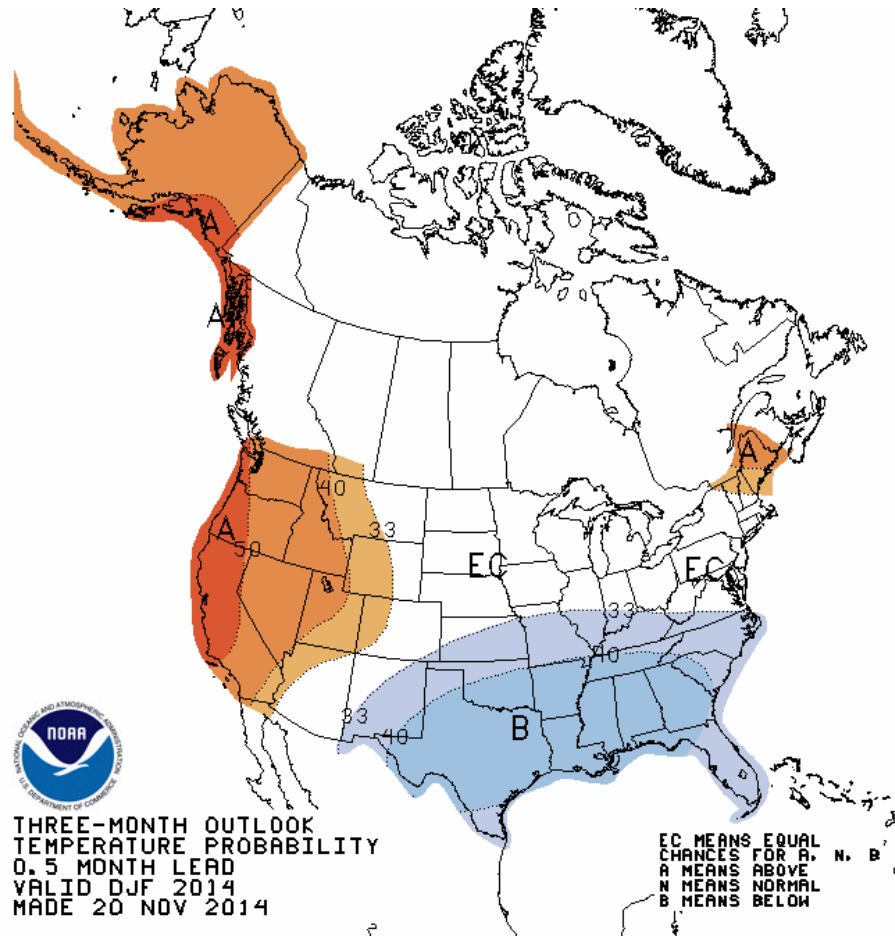
State Heating Oil and Propane Program (SHOPP) states



Source: U.S. Energy Information Administration

NOAA's projected temperatures: December 2014 – February 2015

Overriding uncertainty for propane consumption this winter is still weather



A = temperatures above normal

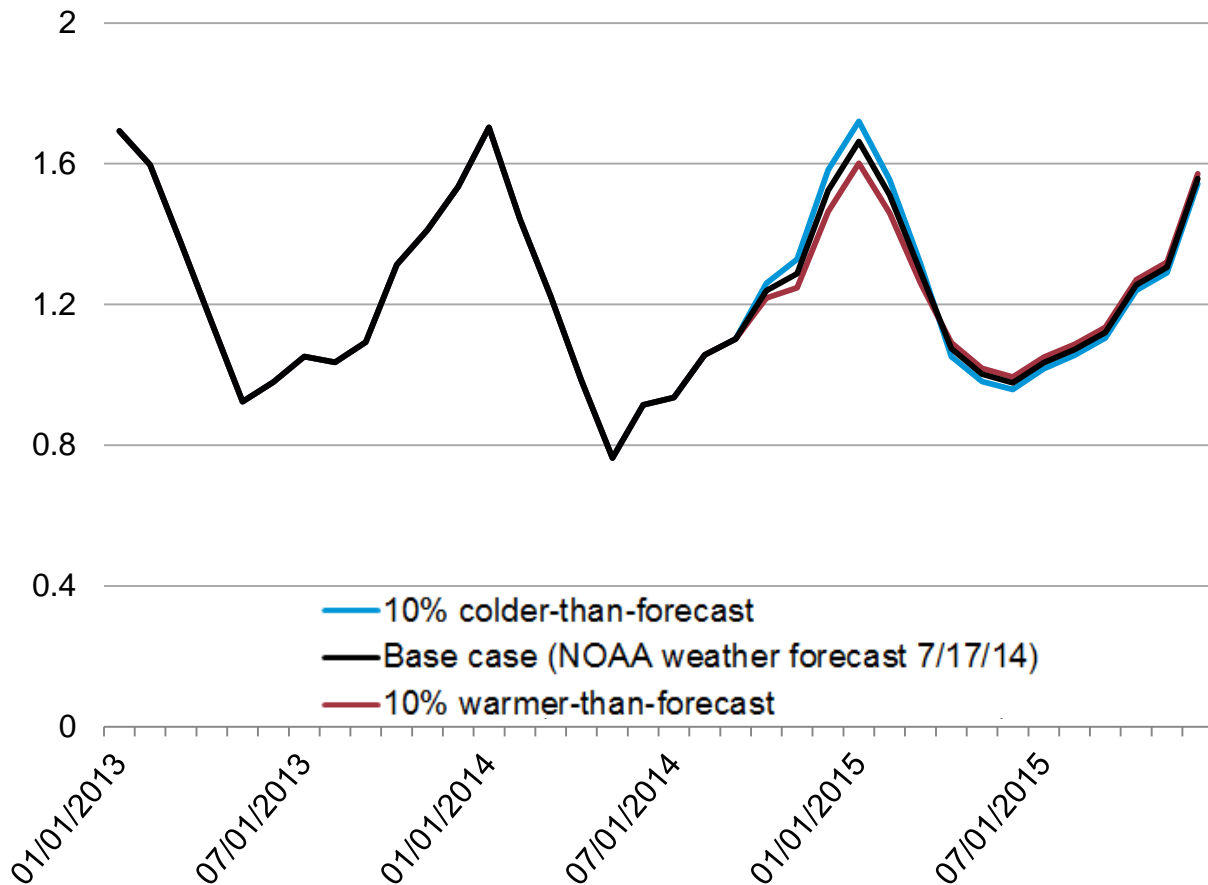
EC = equal chance that
temperatures are above normal,
normal, or below normal

B = temperatures below normal

Source: NOAA, November 20, 2014

Propane consumption depends on winter temperatures

Total propane consumption
million barrels per day



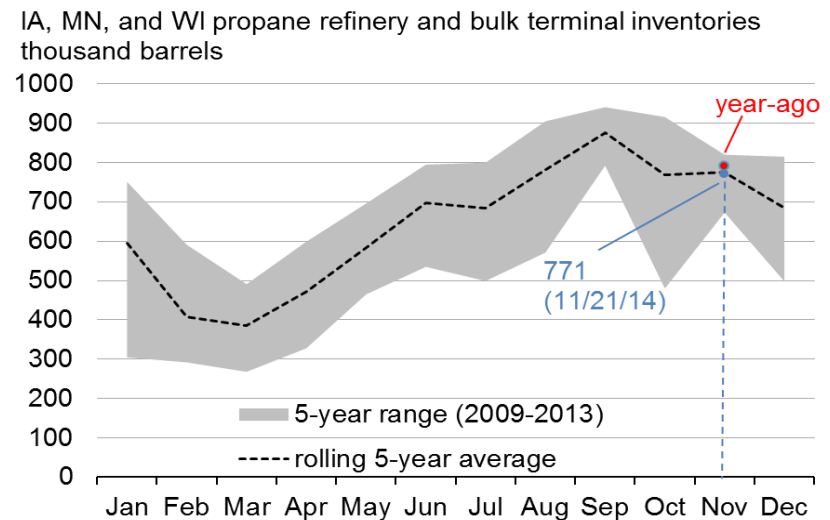
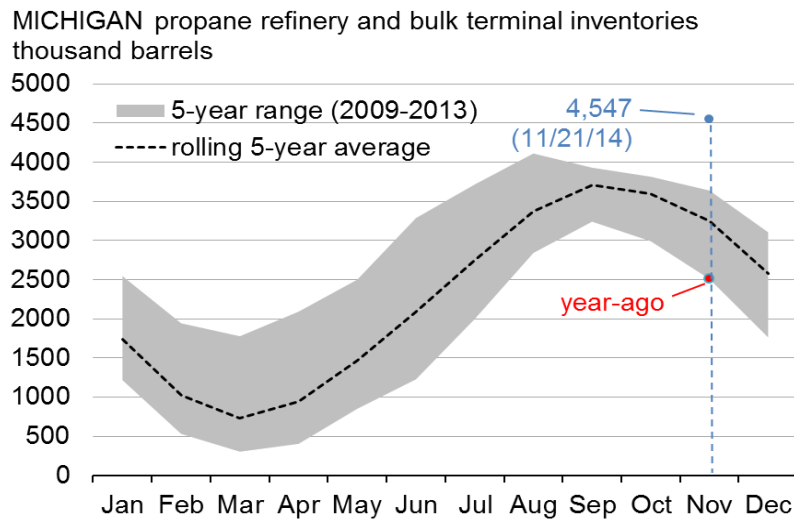
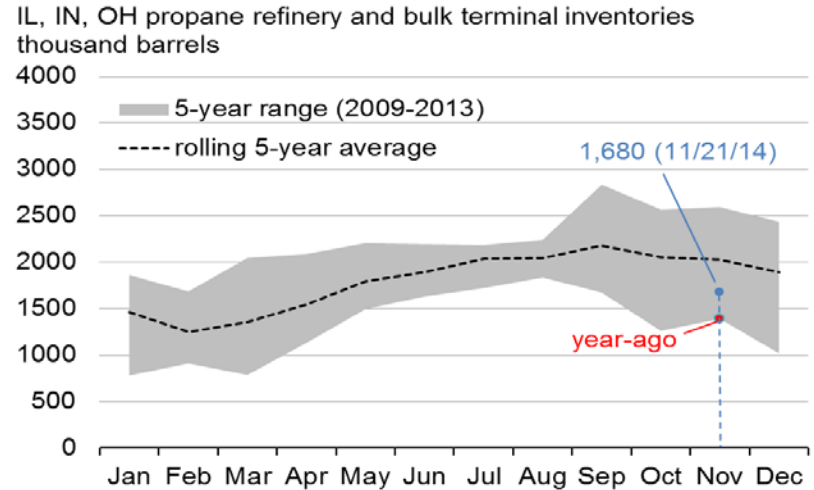
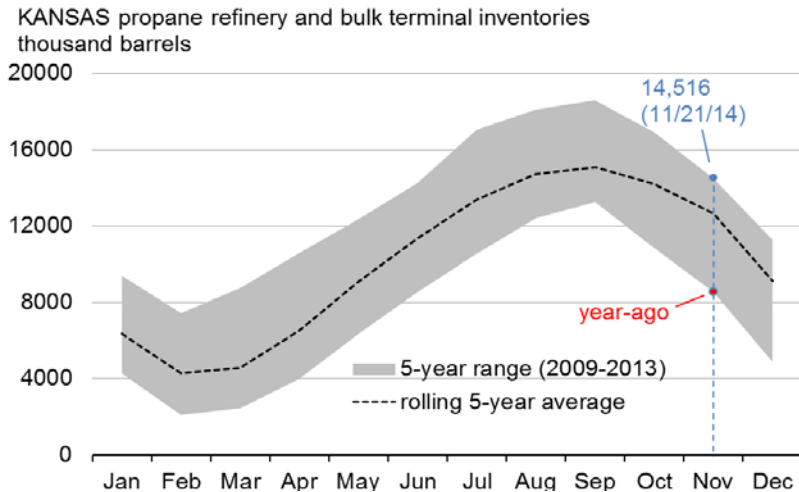
- Winter (Oct-Mar) propane consumption averages 40,000 barrels/day higher in the 10% colder case
- In the cold-weather case, higher residential demand is partly offset by lower industrial use because of higher propane spot prices

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

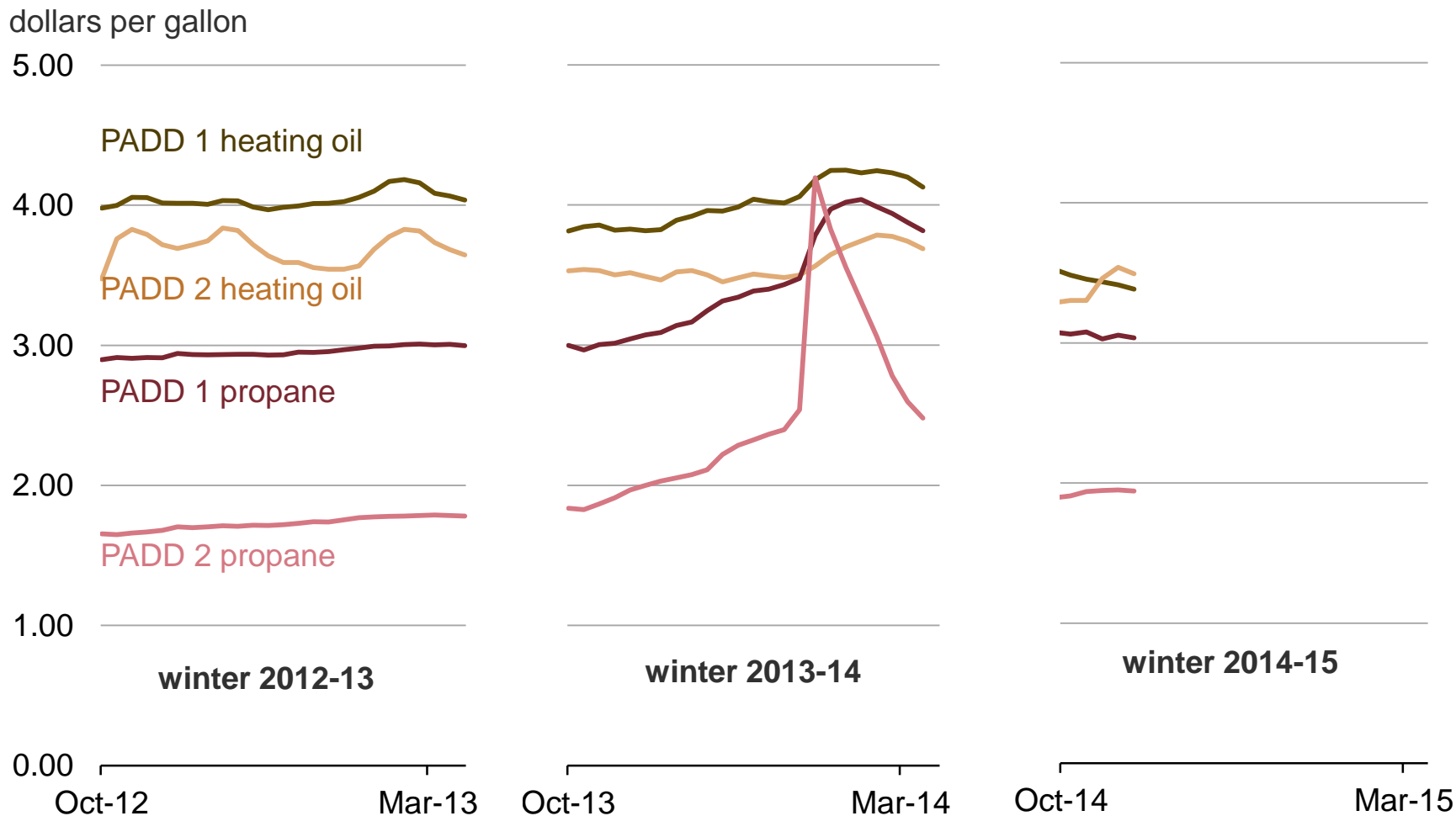
- **ILLINOIS** – retailers indicate the majority of end-users have filled tanks, record corn crop could mean large demand for drying.
- **IOWA** – retailers' storage full including significant storage additions, many customers opted for summer fill, corn harvest expected to start second week in October.
- **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.

Current propane inventories for key individual states



Source: EIA Weekly Petroleum Status Report, data through November 21

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



Source: State Heating Oil and Propane Program, data through November 17, 2014

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/