2019/20 Winter Propane Market Update

January 23, 2020 | Washington, DC
(Inventory data as of 01/17/20; residential heating fuel prices as of 01/20/20)

By

U.S. Energy Information Administration
PADD 1A (New England) propane inventories within the 5-year range

PADD 1A propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

*propane/propylene for fuel use only
PADD 1B (Mid-Atlantic) propane inventories within the 5-year range

PADD 1B propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

*propane/propylene for fuel use only
PADD 2 (Midwest) propane inventories within the 5-year range

PADD 2 propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

* propane/propylene for fuel use only
PADD 2 (Midwest) propane inventories near 5-year-average levels

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

inventory level (difference from 5-year average)

above 5-year average
below 5-year average

Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

*propane/propylene for fuel use only
Selected state propane* inventories

Kansas propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines) million barrels

Michigan propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines) million barrels

Illinois, Indiana, Ohio propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines) million barrels

Iowa, Minnesota, Wisconsin propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines) thousand barrels


Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

*propane/propylene for fuel use only
PADD 3 (Gulf Coast) propane inventories above the 5-year range

Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

*propane/propylene for fuel use only
PADD 3 (Gulf Coast) propane inventories above 5-year average levels

Source: EIA, Weekly Petroleum Status Report, data through January 17, 2020

*propane/propylene for fuel use only
Conway, KS propane spot prices at discount to Mt. Belvieu at approximately the north-to-south pipeline tariff

Propane spot prices (Conway, KS and Mont Belvieu, TX)
dollars per gallon

Source: EIA, Bloomberg, data through January 22, 2020
NOAA’s projected temperatures:
January 28 – Feb. 1, 2020, and January 30 – Feb. 5, 2020

• NOAA forecasts a high chance of above-normal temperatures across much of the country, especially around the Great Lakes and Pacific Northwest. During the first week of February, warm temperatures are expected to continue across the lower-48, with the highest probability of above average temperatures in Southern California and the Northeast. Temperatures in Alaska are projected to remain below normal through the forecast period.

• With most propane space heating demand concentrated around the Great Lakes and the Northeast, demand in PADDs 1 and 2 should decrease with the warmer weather; demand in PADDs 4 and 5 is likely to continue to be below the average for this time of year.

A = temperatures above normal
N = equal chance that temperatures are above normal, normal, or below normal
B = temperatures below normal

Source: NOAA, Jan. 22, 2020
Northeast propane price premium, generally dictated by TEPPCO* tariff, remains sufficiently elevated to warrant imports from overseas

U.S. Energy Information Administration

*TEPPCO = Enterprise TE Products Pipeline Company LLC

Source: EIA, Bloomberg, data through January 22, 2020; Enterprise Products Partners L.P., Effective Tariffs, FERC No. 54.49.0
PADD 2 regional prices are now on trend, with intra-regional spreads at or near historical averages.

Source: EIA, Bloomberg, data through January 22, 2020
Canadian propane inventories starting 2020 at or near historical lows

propane inventories in Eastern Canada
million barrels

propane inventories in Western Canada
million barrels

Source: Canada’s National Energy Board, January 20, 2020
Edmonton, AB spot prices are again below Conway, KS, though at a much-reduced discount relative to historical trend.

Source: EIA, Bloomberg, data through January 22, 2020
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 expanded SHOPP in October 2014 to include 14 additional states in propane price data collection. In 2016, EIA added 10 new states to its wholesale propane price publication. This should be taken into consideration when comparing the average prices for the U.S., PADD 1, PADD 1B, PADD 1C, and PADD 2 averages.

- EIA has been providing more granular inventory data to states on a weekly basis since the 2016/2017 heating season.

- EIA implemented two new samples for residential heating oil and propane in October 2019. Under the new sampling methodology EIA is publishing standard errors for SHOPP prices.
Maps of states participating in Winter Fuels Survey

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

Petroleum Administration for Defense Districts
Winter Heating Fuels Survey — PADD 1, 2, 3, and 4 represented States

HEATING OIL

PADD 1: East Coast
PADD 1A: New England
Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont
PADD 1C: Lower Atlantic
North Carolina
Virginia

PADD 1B: Central Atlantic
Delaware
Dist. of Columbia
Maryland
New Jersey
New York
Ohio
Pennsylvania
Virginia
West Virginia
Wisconsin

PADD 2: Midwest
Indiana
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
Ohio
Pennsylvania
Wisconsin

Source: EIA, Heating Oil and Propane Update

PROPANE

PADD 1: East Coast
PADD 1A: New England
Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont
PADD 1B: Central Atlantic
Delaware
Dist. of Columbia
Maryland
New Jersey
New York
Pennsylvania
Virginia
West Virginia
Wisconsin

PADD 2: Midwest
Illinois
Indiana
Iowa
Kansas
Kentucky
Michigan
Minnesota
Nebraska
North Dakota
Ohio
Oklahoma
South Dakota
Tennessee
Wisconsin

PADD 3: Gulf Coast
Alabama
Mississippi
Arkansas
Louisiana
Texas

PADD 4: Rocky Mountain
Colorado
Montana
Idaho
Utah

Source: EIA, Heating Oil and Propane Update
Retail propane prices this heating season below prices for the same week last year in PADDs 1 and 2

Source: State Heating Oil and Propane Program, data through January 20, 2020

U.S. Energy Information Administration
Various days-of supply/disposition measures

U.S. weekly stocks of propane/propylene
days of supply & disposition

Note: *disposition = domestic product supplied + exports
For more information, please see EIA’s webinar on Propane Market Indicators and Measures of Supply Adequacy
For more information


State Energy Portal | www.eia.gov/state

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

Movements of Propane by Rail | http://www.eia.gov/dnav/pet/pet_move_railNA_a_EPLLPA_RAIL_mbbl_m.htm

Today in Energy | www.eia.gov/todayinenergy

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