2019/20 Winter Propane Market Update

March 18, 2020 | Washington, DC
(Inventory data as of 03/13/20; residential heating fuel prices as of 03/16/20)

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

Source: EIA, Weekly Petroleum Status Report, data through March 13, 2020

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

PADD 1B propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through March 13, 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 March 13, 2020

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

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

Source: EIA, Weekly Petroleum Status Report, data through March 13, 2020

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

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

PADD 3 propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through March 13, 2020
*propane/propylene for fuel use only
PADD 3 (Gulf Coast) propane inventories above 5-year average levels

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

Source: EIA, Weekly Petroleum Status Report, data through March 13, 2020

*propane/propylene for fuel use only
Propane spot prices at 20-year lows. Conway, KS propane spot price discount to Mt. Belvieu widening as end of heating season nears

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

Source: EIA, Bloomberg, data through March 17, 2020
NOAA’s projected temperatures:
March 23 – Mar. 27, 2020, and March 25 – Mar. 31, 2020

- NOAA projects above-normal temperatures along the Gulf Coast and stretching up through New England, with a chance of below-normal temperatures throughout the west.
- With share of propane-heated households highest in New England and the Great Lakes states, warmer temperatures in PADDs 1 and 2 will lead to lower aggregate propane demand, while the cooler-than-normal temperatures in PADDs 4 and 5, may increase heating fuel demand above normal levels across the west.

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

Source: NOAA, March 17, 2020
Northeast propane price premium, generally dictated by TEPPCO* tariff, now at tariff parity, and insufficient to attract overseas cargos

propane spot prices
dollars per gallon

propane price spread
dollars per gallon

*TEPPCO = Enterprise TE Products Pipeline Company LLC
Source: EIA, Bloomberg, data through March 17, 2020; Enterprise Products Partners L.P., Effective Tariffs, FERC No. 54.49.0
PADD 2 regional prices falling along with benchmark Mt. Belvieu, TX and Conway, KS spot prices

Source: EIA, Bloomberg, data through March 17, 2020
Announced U.S./Canada border closures due to COVID-19 are not expected to impact shipments of propane from Canada to the Midwest.

Source: EIA, Bloomberg, data through March 17, 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
- New England
- Connecticut
- New Hampshire
- Massachusetts
- North Carolina

PADD 2: Midwest
- Indiana
- Iowa
- Nebraska
- Minnesota
- Michigan

PADD 3: Gulf Coast
- Alabama
- Florida
- Georgia
- Louisiana

PADD 4: Rocky Mountain
- Arizona
- Colorado

PROpane

PADD 1: East Coast
- New England
- Connecticut
- New Hampshire
- Massachusetts
- North Carolina

PADD 2: Midwest
- Indiana
- Iowa
- Nebraska
- Minnesota
- Michigan

PADD 3: Gulf Coast
- Alabama
- Florida
- Georgia
- Louisiana

PADD 4: Rocky Mountain
- Arizona
- Colorado

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 March 16, 2020
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