2019/20 Winter Propane Market Update

January 29, 2020 | Washington, DC
(Inventory data as of 01/24/20; residential heating fuel prices as of 01/27/20)

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

PADD 1A propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through January 24, 2020

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

PADD 1B propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through January 24, 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 24, 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

Source: EIA, Weekly Petroleum Status Report, data through January 24, 2020

*propane/propylene for fuel use only
Selected state propane\(^*\) inventories

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

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

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

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


*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 24, 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 January 24, 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 28, 2020
NOAA's projected temperatures:
February 3 – Feb. 7, 2020, and February 5 – Feb. 11, 2020

- NOAA forecasts a chance of above-normal temperatures along the East Coast, especially in the Mid-Atlantic region. There is some probability of below-normal temperatures in the Rocky Mountains and Pacific Northwest, gradually moving eastward to also envelop the Great Lakes region later in the forecast, with the rest of the U.S. at near-normal temperatures.
- With most propane space heating demand concentrated around the Great Lakes and the Northeast, demand in PADD 1 should decrease relative to normal levels for this time of year, while cooler weather in PADDs 2, 4, and 5 may result in above-normal consumption in those regions.

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

Source: NOAA, Jan. 28, 2020
Northeast propane price premium, generally dictated by TEPPCO* tariff, remains sufficiently elevated to warrant imports from overseas

propane spot prices
dollars per gallon

propane price spread
dollars per gallon

Source: EIA, Bloomberg, data through January 28, 2020; Enterprise Products Partners L.P., Effective Tariffs, FERC No. 54.49.0

TEPPCO = Enterprise TE Products Pipeline Company LLC

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PADD 2 regional prices are now on trend, with intra-regional spreads at or near historical averages.

Source: EIA, Bloomberg, data through January 28, 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
New Hampshire
Rhode Island
Vermont

PADD 1B: Central Atlantic
District of Columbia
Delaware
Iowa
Kentucky
Maryland
Minnesota
Nebraska
New Jersey
New York
Ohio
Pennsylvania
Virginia

PADD 2: Midwest
Indiana
Iowa
Kentucky
Louisiana
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
Pennsylvania
Virginia

PADD 3: Gulf Coast

PADD 4: Rocky Mountain

PROpane
PADD 1: East Coast
PADD 1A: New England
Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

PADD 1B: Central Atlantic
Delaware
District of Columbia
Florida
Georgia
Indiana
Kentucky
Maryland
North Carolina
Ohio
Pennsylvania
Virginia

PADD 1C: Lower Atlantic
New Jersey
North Carolina

PADD 2: Midwest
Illinois
Indiana
Iowa
Kansas
Kentucky
Missouri
Nebraska
North Dakota
Ohio
Oklahoma
South Dakota
Tennessee
Texas
Virginia

PADD 3: Gulf Coast

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 27, 2020
Various days-of supply/disposition measures

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

Note: *disposition = domestic product supplied + exports
Source: U.S. Energy Information Administration, Weekly Petroleum Status Report, data through January 24, 2020
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
Energy Explained – Hydrocarbon Gas Liquids |
   http://www.eia.gov/energyexplained/index.cfm?page=hgls_home
Annual Energy Outlook | www.eia.gov/aeo
International Energy Outlook | www.eia.gov/ieo
Monthly Energy Review | www.eia.gov/mer