2019/20 Winter Propane Market Update

January 15, 2020 | Washington, DC

(Inventory data as of 01/10/20; residential heating fuel prices as of 01/13/20)

By

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

PADD 1A propane* inventories
million barrels

Aug-19 Sep-19 Oct-19 Nov-19 Dec-19 Jan-20

Source: EIA, Weekly Petroleum Status Report, data through January 10, 2020

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

PADD 1B propane\(^*\) inventories

million barrels

Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20

5-year range
inventory level
rolling 5-year Avg

Source: EIA, Weekly Petroleum Status Report, data through January 10, 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 10, 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

Source: EIA, Weekly Petroleum Status Report, data through January 10, 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 10, 2020

*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 January 10, 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 10, 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)

Source: EIA, Bloomberg, data through January 14, 2020
NOAA’s projected temperatures:
January 20 – January 24, 2020, and January 22 – Jan. 28, 2020

- NOAA forecasts a high chance of below-normal temperatures east of the Missouri to the East Coast. Above-average temperatures are likely along the West Coast, with near-normal temperatures throughout the Rockies. By the last weeks of January, the highest probability of below-normal temperatures are forecasted for the Gulf Coast.

- With most propane space heating demand concentrated around the Great Lakes and the Northeast, demand in PADDs 1 and 2 should increase with the cooler weather; demand in PADDs 4 and 5 is likely to equal or fall below the average for this time of year.

Source: NOAA, Jan. 14, 2020

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

U.S. Energy Information Administration
Northeast propane price premium, generally dictated by TEPPCO* tariff, remains sufficiently elevated to warrant imports from overseas

TEPPCO = Enterprise TE Products Pipeline Company LLC
Source: EIA, Bloomberg, data through January 14, 2020; Enterprise Products Partners L.P., Effective Tariffs, FERC No. 54.42.0
PADD 2 regional prices are now on trend, with intra-regional spreads at or near historical averages.

Source: EIA, Bloomberg, data through January 14, 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 14, 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

Source: EIA, Heating Oil and Propane Update

U.S. Energy Information Administration
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 13, 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
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