2019/20 Winter Propane Market Update

December 27, 2019 | Washington, DC
(Inventory data as of 12/20/19; residential heating fuel prices as of 12/23/19)

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

PADD 1A propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through December 20, 2019

*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 December 20, 2019
*propane/propylene for fuel use only
PADD 2 (Midwest) propane inventories below the 5-year range

PADD 2 propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through December 20, 2019

*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 December 20, 2019

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

PADD 3 propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through December 20, 2019

*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 December 20, 2019

*propane/propylene for fuel use only
Mt. Belvieu, TX and Conway, KS prices close to parity, as Midwest heating demand causes product to remain in the region

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

Source: EIA, Bloomberg, data through December 26, 2019

U.S. Energy Information Administration
NOAA’s projected temperatures:

- NOAA forecasts a high probability of above-normal temperatures across much of the country, especially along the East Coast, with the Southwest and Alaska experiencing normal to below-normal temperatures. Further into the forecast, normal to below normal temperatures are expected across the west and north, with a slight chance of above-normal temperatures across the southern Plains and South Atlantic states.

- Propane demand in the Lower-48 states should fall relative to normal levels for this time of year, as relatively warmer weather and end of the grain drying season allow consumers to pull back, allowing retailers to catch up on deliveries.

Source: NOAA, Dec. 26, 2019
Northeast propane prices, generally dictated by tariff on TEPPCO* pipeline, currently sufficiently high to warrant imports from overseas

propane spot prices

propane price spread

dollars per gallon
dollars per gallon

$1.80

$1.60

$1.40

$1.20

$1.00

$0.80

$0.60

$0.40

$0.20

$0.00


Mont Belvieu, TX (non-LST)

Selkirk, NY

Mt. Belvieu to Selkirk spread (RS)

approx. TX-NY TEPPCO tariff (RS)

TEPPCO = Enterprise TE Products Pipeline Company LLC

Source: EIA, Bloomberg, data through December 26, 2019; Enterprise Products Partners L.P., Effective Tariffs, FERC No. 54.42.0
PADD 2 regional wholesale prices gradually tapering off their recent highs

Propane spot prices
dollars per gallon

Source: EIA, Bloomberg, data through December 26, 2019
Canadian propane inventories at the start of December at lowest levels since December 2013

Source: Canada’s National Energy Board, December 18, 2019
Exports from Canada’s west coast remain a major driver of Edmonton propane spot prices, which are now at a premium to Conway, KS

Source: EIA, Bloomberg, data through December 26, 2019
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

Heating Oil

- PADD 1: East Coast
  - Massachusetts
- PADD 2: Midwest
  - Indiana
  - Iowa
  - Minnesota
  - Nebraska
  - North Dakota
- PADD 3: Gulf Coast
  - Alabama
  - Florida
  - Georgia
  - Mississippi
  - Tennessee
- PADD 4: Rocky Mountain
  - Idaho

Proppane

- PADD 1: East Coast
  - Connecticut
  - Maryland
  - New Hampshire
  - New Jersey
  - New York
  - Rhode Island
- PADD 2: Midwest
  - Illinois
  - Indiana
  - Kansas
  - Kentucky
  - Michigan
  - Minnesota
  - Missouri
  - North Dakota
- PADD 3: Gulf Coast
  - Texas

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, with PADD 2 tapering down after November increases.

Source: State Heating Oil and Propane Program, data through December 23, 2019
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 December 20, 2019
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