

Energy Situation Analysis Report

Last Updated: February 27, 2003

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Latest Oil Market Developments

West Texas Intermediate (WTI) crude oil near-month futures prices on the New York Mercantile Exchange (NYMEX) rose sharply on Wednesday, February 26, on data released by EIA showing a significant decline in U.S. stocks of petroleum products for the week ending February 21. WTI closed up \$1.64 per barrel at \$37.70 per barrel. This price represents a 12-year peak -- the highest NYMEX futures price level since October 1990 at the height of the previous Persian Gulf crisis. WTI prices on the NYMEX continued to climb in early trading Thursday, reaching an intraday peak of \$39.99 per barrel, before falling sharply to close at \$37.20 per barrel. [more...](#)

Latest U.S. Weekly EIA Petroleum Information

Residential heating oil prices rose slightly for the period ending February 24, 2003. The average residential heating oil price was 175.2 cents per gallon, up 2.1 cents per gallon from the previous week, and is 59.3 cents per gallon higher than last year at this time. Meanwhile, wholesale heating oil prices increased by 4.6 cents per gallon this week, reaching 120.7 cents per gallon. U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 1.0 million barrels, and are 53.1 million barrels below the level last year at this time. [more...](#)

World Oil Market Highlights

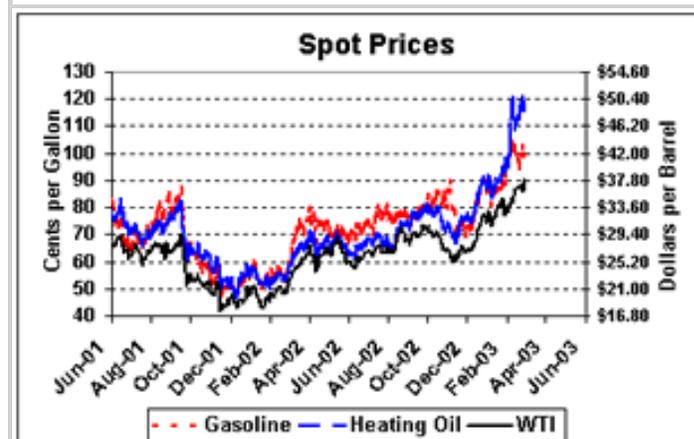
As of early February 2003, EIA estimates that OPEC countries excluding Iraq and Venezuela hold between 2 and 2.5 million barrels per day of excess oil production capacity that could be brought online. Around 70 percent of this spare capacity is located in one country -- Saudi Arabia -- with nearly all the rest located in other Persian Gulf countries. [more...](#)

Latest U.S. Weekly Natural Gas Information

Energy Prices*

Petroleum Futures (near month)	2/26/03	2/25/03	Change
WTI (\$/Bbl)	37.70	36.06	+1.64
Gasoline (c/gallon)	101.83	100.78	+0.05
Heating Oil (c/gallon)	115.49	112.26	+3.23
Natural Gas (\$/MMBtu)			
Henry Hub	10.36	18.85	-8.49
California	7.55	9.55	-2.00
New York City	13.35	25.67	-12.32
Electricity (\$/Megawatthour)			
COB	78.00	120.50	-42.50
PJM West	105.02	123.50	-18.48
NEPOOL	145.83	142.14	+3.69
Average	94.41	125.61	-31.20

[*Definitions](#)



Source: Closing quote as reported by Reuters News Service

After reaching a record high of \$18.85 per MMBtu on Tuesday (February 25), the Henry Hub natural gas spot price dropped \$8.49 per MMBtu yesterday (Wednesday, February 26) to \$10.36 per MMBtu. The decrease in the Hub spot price has been mirrored through much of the country following the release of updated forecasts showing a warming trend across the Midwest and East this weekend. In New England, the spot price for delivery off the Algonquin Gas Transmission pipeline system rose to \$31.94 per MMBtu on Tuesday, only to fall to \$12.89 per MMBtu yesterday. Price fluctuations have been less severe in the Midwest, where the week-high at the Chicago citygate was \$18.19 per MMBtu on Tuesday before dropping \$8.49 to an average of \$10.62 per MMBtu yesterday. However, prices remain well above historical norms, owing in part to large withdrawals of gas this winter that have resulted in lower-than-average inventories with five weeks still left in the traditional heating season.

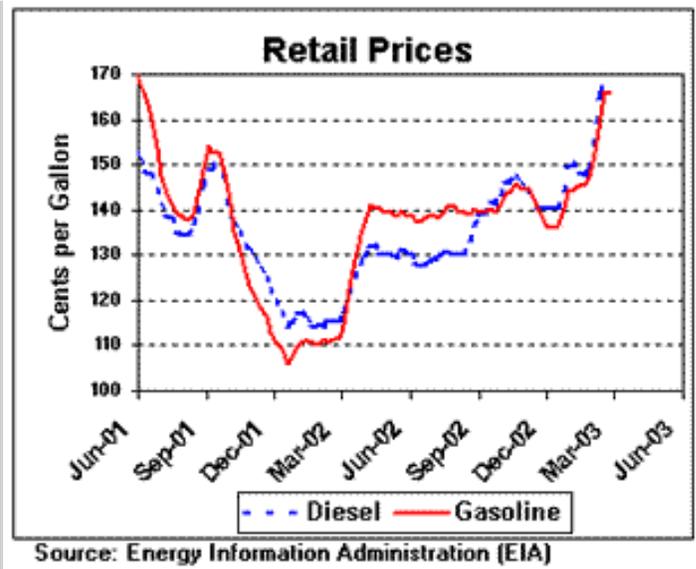
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Latest U.S. Coal Information

Last week, over-the-counter (OTC) prices rose sharply for Central Appalachian coal. Spot coal prices for the Central Appalachia/Big Sandy-Kanawha 12,500-Btu product tracked by EIA traded at \$34.25 per short ton in the week ended February 21st. This was \$3.00 higher than in the prior week (see graph below) - the sharpest 1-week upsurge since the week ended February 2, 2001 - coinciding with a period when spot natural gas prices doubled or more than tripled, depending on demand region. [more...](#)

Latest U.S. Electricity Information

In the Western United States, the steady increases in natural gas prices and an increase in heating demand put strong upward pressure on electricity prices throughout the region on February 24 and 25. However, prices dropped on February 26 in reaction to warmer weather, which is expected to bring customer demand into its normal range for this time of the year. At Mid-Columbia, a benchmark for the Northwest, prices increased to \$115.08 per megawatthour on February 25, which is higher than it has been in over a year, and then decreased to \$75.53 per megawatthours on February 26. In the Northeast, electricity prices were generally higher on February 25, but lower on February 26. Surging natural gas prices were the primary factor causing the steep increase. In New York City, prices reached a record high of \$170 per megawatthour on February 25 after remaining at \$94 per megawatthour from February 20 until February 24. [more...](#)



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Latest Oil Market Developments

(updated February 27, 2003)

West Texas Intermediate (WTI) crude oil near-month futures prices on the New York Mercantile Exchange (NYMEX) rose sharply on Wednesday, February 26, on data released by EIA showing a significant decline in U.S. stocks of petroleum products for the week ending February 21. WTI closed up \$1.64 per barrel at \$37.70 per barrel. This price represents a 12-year peak -- the highest NYMEX futures price level since October 1990 at the height of the previous Persian Gulf crisis. WTI prices on the NYMEX continued to climb in early trading Thursday, reaching an intraday peak of \$39.99 per barrel, before falling sharply to close at \$37.20 per barrel.

Mediation efforts continue in an effort to resolve the strike in [Venezuela](#), now in its 87th day, without much apparent progress. Government and opposition sources continue to cite widely varying figures for the country's current oil production. Dissident workers from PdVSA who joined the stoppage and were later fired by Chavez put current output at nearly 1.6 million barrels per day. PdVSA President Ali Rodriguez earlier this week said production was up to 2.0 million barrels per day, and was expected to reach 2.5 million barrels per day by the end of the week. More than one-third of the company's employees have been terminated since the beginning of the strike, and President Hugo Chavez has said that they would not be rehired.

Oil prices have been pushed sharply higher in recent months (up over 50% since mid-November) by generally falling commercial crude oil stocks in the United States and continued fears that a war with Iraq could adversely affect Middle Eastern oil supplies as well. Iraq's oil exports under the U.N. "Oil-for-Food" program were at 1.63 million barrels per day last week. Oil markets fear that if a war with Iraq were to occur while Venezuelan oil exports remain far below normal levels, this could strain the world's existing spare oil output capacity (estimated at 2.0-2.5 million barrels per day) to its limit. Nearly all of this "excess capacity" is located in OPEC member countries, particularly Saudi Arabia (1.3-1.8 million barrels per day) the UAE (300,000 barrels per day), and Qatar (110,000 barrels per day), all of which are located in the Persian Gulf region.

Other issues related to **world oil markets** include:

- OPEC Secretary General Alvaro Silva said on Thursday that he was confident that producers could make up for any production shortfall caused by a possible disruption of Iraqi exports.
- The chief United Nations weapons inspector for Iraq, Hans Blix, said on Wednesday that Iraq was not fully cooperating, despite the handover of new documents on its weapons programs last

weekend. Blix is due to make a written interim report to the United Nations Security Council on Friday, February 28.

- According to press reports, Turkish authorities have taken action this week to shut down the import of crude oil from Iraq via tanker trucks. The export pipeline from northern Iraq to the Turkish port of Ceyhan remains in operation.
- As of February 27, 2003, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 599.3 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million bbl/d for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.2 million bbl/d from days 91-120, to 2.2 million bbl/d for days 121-150, and to 1.3 million bbl/d for days 151-180.

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Latest U.S. Weekly EIA Petroleum Information

(last complete update: February 27, 2003)

Petroleum Inventories

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 1.0 million barrels, and are 53.1 million barrels below the level last year at this time. Crude oil inventories in PADD II (Midwest) also fell, and are the lowest ever since EIA has kept regional inventory data. Distillate fuel inventories fell by 4.5 million barrels, with most of the decline in high-sulfur distillate fuel (heating oil). Total distillate fuel inventories are below 100 million barrels for the first time since May 2000. Motor gasoline inventories fell by 3.1 million barrels last week and are below the low end of the normal range. Total commercial petroleum inventories, at 898.0 million barrels, are 124.3 million barrels less than last year at this time.

After falling to the lowest level since EIA has kept PADD-specific inventory levels (dating back to August 1989) during the week ending February 14, crude oil inventories in PADD II (Midwest) fell further last week and are once again the lowest level since at least August 1989. This is important because PADD II includes Cushing, Oklahoma, where physical barrels are traded for West Texas Intermediate (WTI) crude oil, the U.S. benchmark crude oil. If inventories get particularly tight at Cushing then upward pressure on prompt WTI prices could develop, which may lead to higher prompt prices for other crude oils in the United States and elsewhere in the Americas.

Cold weather continued to whittle away at U.S. inventories of propane last week with a stockdraw that measured 2.9 million barrels, leaving the nation's stockpile of propane at an estimated 23.0 million barrels as of the week ending February 21, 2003. U.S. propane inventories continued to move further below the average range and now stand at a level that is only 4.5 million barrels above the Lower Operational Inventory (LOI). The LOI is a level that is indicative of a situation where inventory-related supply flexibility could be constrained. Regional declines last week were mostly limited to the Midwest and Gulf Coast regions that reported nearly identical stockdraws measuring about 1.4 million barrels each. East Coast inventories remained flat during this same period. Moreover, last week marked the first time in several years that U.S. and regional inventories in the East Coast, Midwest and Gulf Coast simultaneously remained below their respective average ranges.

Petroleum Imports

U.S. crude oil imports (including imports going into the Strategic Petroleum Reserve) averaged 8.3 million barrels per day last week, a decline of 400,000 barrels per day from the previous week. Crude oil imports have averaged nearly 8.2 million barrels per day over the last four weeks, or about 500,000 barrels per day less than averaged during the same four-week period last year. Although the origins of weekly crude oil imports are very preliminary and thus not published, imports from Venezuela continue to be much lower than normal. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged 600,000 barrels per day last week, while distillate fuel imports averaged 400,000 barrels per day.

Monthly data on the origins of U.S. crude oil imports in December 2002 has been released and it shows that three countries each exported more than 1.4 million barrels per day of crude oil to the United States (see table below). The top sources of U.S. crude oil imports in December 2002 were Saudi Arabia (1.815 million barrels per day), Mexico (1.734 million barrels per day), and Canada (1.490 million barrels per day). This is the largest monthly amount of crude oil imported from Saudi Arabia since August 2001. Rounding out the top ten sources, in order, were Venezuela (0.652 million barrels per day), Nigeria (0.625 million barrels per day), United Kingdom (0.376 million barrels per day), Iraq (0.366 million barrels per day), Angola (0.312 million barrels per day), Colombia (0.248 million barrels per day), and Kuwait (0.190 million barrels per day). Imports from Venezuela were slightly more than half of what was averaged during the first 11 months of the year, as Venezuelan exports were severely curtailed for much of December following the general strike in that country. Total crude oil imports averaged 8.619 million barrels per day in December, a decline of more than 900,000 barrels per day from November, and represents the lowest level since February 2001. The top three origins accounted for 58 percent of these U.S. crude oil imports in December, while the top ten sources accounted for nearly 91 percent of all U.S. crude oil imports.

Refinery Inputs and Production

U.S. crude oil refinery inputs increased to nearly 14.5 million barrels per day during the week ending February 21, an increase of about 600,000 barrels per day over the last three weeks. Some of the increase in crude oil refinery inputs last week resulted in an increase in distillate fuel and jet fuel refinery output, but motor gasoline refinery production decreased by more than 200,000 barrels per day.

Petroleum Demand

Total product supplied over the last four-week period averaged 20.1 million barrels per day, or about 3.7 percent more than the same period last year. Over the last four weeks, motor gasoline demand is down 0.8 percent, but distillate fuel demand is up 20.9 percent compared to the same period last year. Kerosene-type jet fuel demand last week, partly due to snowstorms temporarily shutting down some Northeast airports, was at its lowest level since the week ending September 21, 2001.

Spot Prices (updated February 25)

The average world crude oil price on February 21, 2003 was \$31.22 per barrel, \$0.23 more than last week and \$12.86 more than last year. The spot price for conventional gasoline in the New York Harbor was 98.48 cents per gallon, 5.90 cents below last week but 41.08 cents higher than a year ago. The spot

price for No. 2 heating oil in the New York Harbor was 112.70 cents per gallon, 7.80 cents lower than last week but 57.37 cents more than last year.

Average U.S. Retail Gasoline Price Ends Its Ten Week Climb

The U.S. average retail price for regular gasoline fell last week after rising for ten weeks in a row, decreasing by 0.2 cent per gallon as of February 24 to end at 165.8 cents per gallon, which is 54.2 cents per gallon higher than a year ago. Does this decline in weekly retail prices represent a pause, or are still higher prices ahead? While the outlook could go either way, strong gasoline demand ahead of the normal seasonal increase, extensive refinery maintenance, and still tight crude oil supply, may be pointing to added price pressure in the months ahead. Prices were mixed throughout the country, with the largest increase occurring on the West Coast, where prices rose 6.1 cents to end at 184.7 cents per gallon. California saw prices hit 192.2 cents per gallon, which is the highest it has been since June 18, 2001. Prices fell on the East Coast and in the Midwest, with prices in the Midwest falling by 4.1 cents to end at 162.4 cents per gallon.

Retail diesel fuel prices increased for the sixth straight week, rising 0.5 cent per gallon to a national average of 170.9 cents per gallon as of February 24. This was the highest diesel price since EIA began recording this data, topping last week's record price. Retail diesel prices were up throughout most of the country, with the largest price increase occurring in the Rocky Mountains, where prices rose 3.0 cents per gallon to end at 166.8 cents per gallon. Prices dropped on the East Coast by 0.2 cent, but prices in New England still rose by 0.3 cent to hit 188.8 cents per gallon, the highest price in the nation.

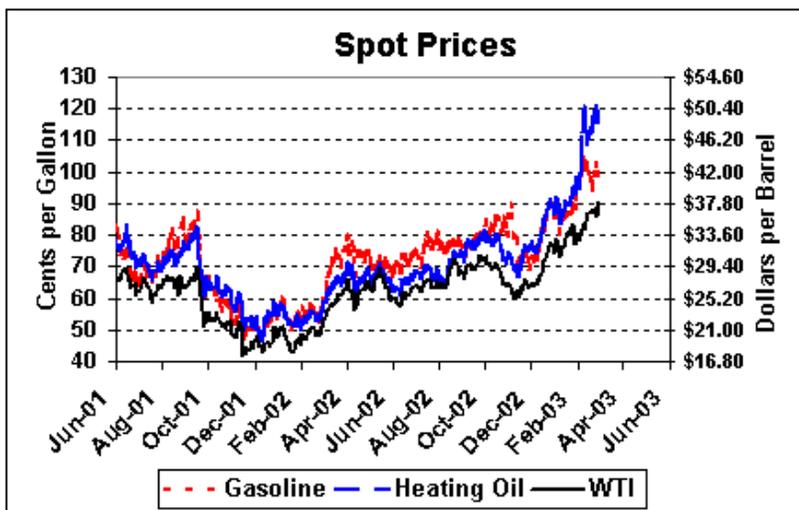
Heating Fuels Prices Continue Upward But At A Slower Rate

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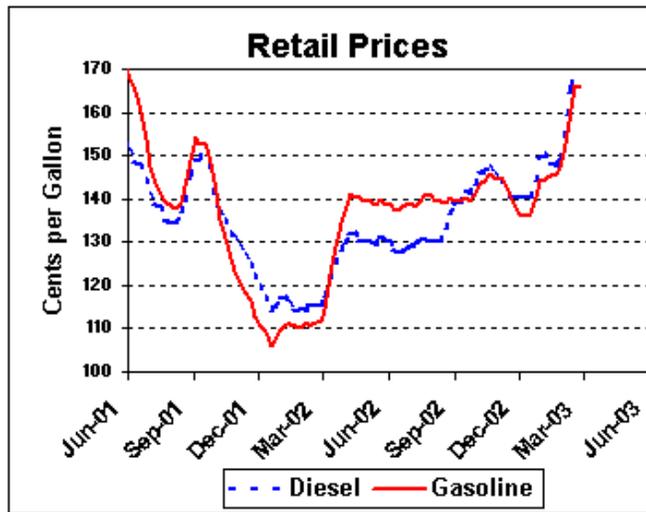
Residential propane prices increased 0.7 cent per gallon from 149.7 cents per gallon to 150.4 cents per gallon, and are 37.9 cents higher than one year ago. Meanwhile, wholesale propane prices increased 5.0 cents per gallon, from 76.3 cents per gallon to 81.3 cents per gallon. However, this rise does not include the latest increases seen over the last couple of days in propane spot prices.

U.S. Petroleum Prices

(updated February 27, 2003)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

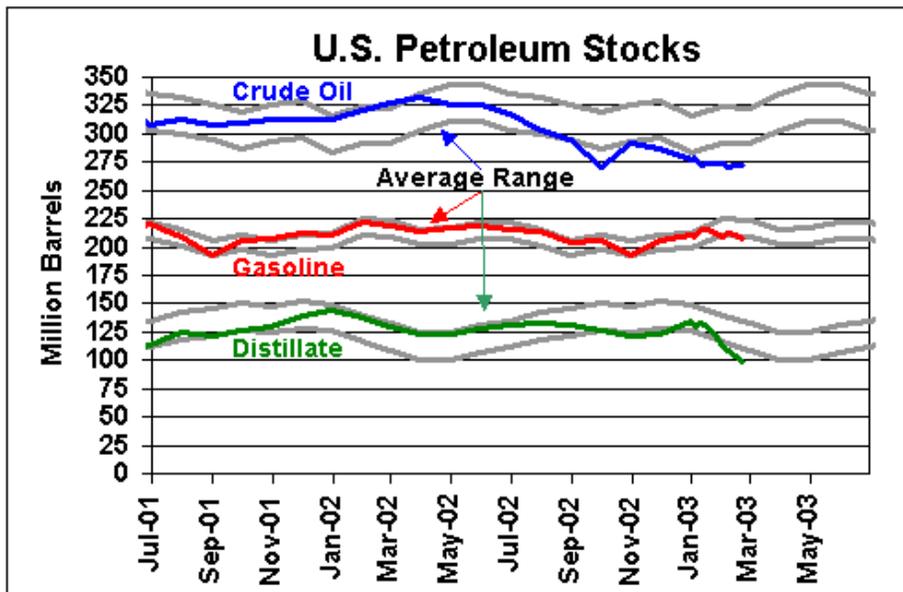
Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon	cents per gallon	cents per gallon	cents per gallon	c/gal	cents per gallon	cents per gallon	cents per gallon	cents per gallon
1/9/2003	\$31.95	\$31.99	86.98	89.25	87.28	87.50	88.03	55.50	53.63		
1/10/2003	\$31.59	\$31.68	84.48	87.19	86.10	86.53	86.75	55.50	53.75		
1/13/2003	\$32.08	\$32.26	86.03	89.90	87.78	88.38	89.13	56.63	54.00	145.4	147.8
1/14/2003	\$32.42	\$32.37	86.18	89.16	89.25	89.16	90.38	57.13	55.57		
1/15/2003	\$33.23	\$33.21	86.70	90.43	90.36	90.86	90.71	58.82	57.19		
1/16/2003	\$33.58	\$33.66	87.15	90.76	89.09	89.67	90.37	60.13	60.38		
1/17/2003	\$33.88	\$33.91	87.30	91.11	89.25	89.86	90.48	60.25	59.94		
1/20/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	145.9	148.0
1/21/2003	\$34.62	\$34.61	86.80	90.10	89.27	89.47	89.92	59.57	57.75		
1/22/2003	\$34.32	\$32.85	86.40	89.93	91.00	91.19	91.73	59.75	57.44		
1/23/2003	\$33.90	\$32.25	86.75	89.81	91.50	91.53	92.23	60.19	58.38		
1/24/2003	\$34.98	\$33.28	89.78	92.25	94.75	95.02	95.63	61.38	58.94		
1/27/2003	\$32.43	\$32.29	88.35	90.15	93.73	93.43	94.38	60.00	58.88	147.3	149.2
1/28/2003	\$32.70	\$32.67	90.95	92.72	93.00	93.04	93.60	68.25	61.25		
1/29/2003	\$33.54	\$33.63	95.59	97.13	96.73	97.13	96.75	77.00	64.69		
1/30/2003	\$33.78	\$33.85	97.05	98.69	98.08	98.05	98.48	71.38	64.88		
1/31/2003	\$33.51	\$33.51	95.60	97.56	95.83	95.88	96.33	72.38	65.57		
2/3/2003	\$32.84	\$32.76	94.69	95.68	94.85	91.81	96.55	65.38	65.25	152.7	154.2
2/4/2003	\$33.61	\$33.58	98.80	100.06	99.05	96.19	101.93	67.25	67.25		
2/5/2003	\$33.91	\$33.93	101.30	103.15	103.80	99.40	106.55	70.19	69.25		
2/6/2003	\$34.36	\$34.16	101.00	102.83	112.50	102.71	115.38	70.19	69.25		
2/7/2003	\$35.05	\$35.12	104.38	106.70	120.50	109.57	122.00	74.25	74.25		
2/10/2003	\$34.46	\$34.48	100.53	102.75	114.48	104.43	116.35	72.25	72.25	160.7	166.2
2/11/2003	\$35.43	\$35.44	103.50	105.59	112.71	105.76	115.08	69.25	68.25		
2/12/2003	\$35.83	\$35.77	100.85	103.36	108.58	103.05	108.51	64.50	64.50		
2/13/2003	\$36.63	\$36.36	100.48	103.14	110.28	105.28	110.53	62.75	61.88		
2/14/2003	\$36.61	\$36.80	98.48	102.23	112.70	106.07	113.70	64.69	62.75		
2/17/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	166.0	170.4
2/18/2003	\$36.88	\$36.96	96.78	99.45	113.24	106.54	114.54	64.69	62.75		
2/19/2003	\$37.02	\$37.16	97.00	100.22	116.73	109.93	117.93	67.13	64.13		
2/20/2003	\$36.45	\$36.79	94.08	96.58	112.40	105.87	115.90	68.75	68.00		
2/21/2003	\$36.76	\$35.58	98.75	101.28	117.00	110.85	120.50	72.00	69.25		
2/24/2003	\$37.29	\$36.48	102.93	104.75	120.73	114.67	123.60	81.00	73.25	165.8	170.9
2/25/2003	\$36.06	\$36.06	98.48	100.78	115.50	112.26	119.25	94.50	81.50		
2/26/2003	\$37.96	\$37.70	99.63	101.83	119.00	115.49	122.75	105.00	87.50		

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	2/21/2003	2/21/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	14,146	14,325	-179	-1.2%
Operable Capacity	16,800	16,793	7	0.0%
Operable Capacity Utilization (%)	85.3%	86.7%	-1.4%	
Production				
Motor Gasoline	7,920	8,135	-215	-2.6%
Jet Fuel	1,420	1,458	-38	-2.6%
Distillate Fuel Oil	3,378	3,492	-114	-3.3%
Imports				
Crude Oil (incl. SPR)	8,166	8,643	-477	-5.5%
Motor Gasoline	734	729	5	0.7%
Jet Fuel	88	100	-12	-11.9%
Distillate Fuel Oil	434	248	186	74.7%
Total	10,467	10,791	-324	-3.0%
Exports				
Crude Oil	10	6	4	66.7%
Products	889	1,041	-152	-14.6%
Total	899	1,048	-149	-14.2%
Products Supplied				
Motor Gasoline	8,433	8,499	-66	-0.8%
Jet Fuel	1,478	1,545	-67	-4.3%
Distillate Fuel Oil	4,550	3,764	786	20.9%
Total	20,097	19,388	709	3.7%
vs. Year Ago				
Stocks (Million Barrels)	2/21/2003	2/21/2002	Diff.	% Diff.
Crude Oil (excl. SPR)	271.9	325.0	-53.1	-16.3%
Motor Gasoline	208.1	219.2	-11.1	-5.1%
Jet Fuel	40.5	41.0	-0.5	-1.2%
Distillate Fuel Oil	99.1	132.2	-33.1	-25.0%
Total (excl. SPR)	898.0	1,022.3	-124.3	-12.2%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly

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World Oil Market Highlights

(updated February 11, 2003)

As of early February 2003, EIA estimates that OPEC countries excluding Iraq and Venezuela hold between 2 and 2.5 million barrels per day of excess oil production capacity that could be brought online. Around 70% of this spare capacity is located in one country -- Saudi Arabia -- with nearly all the rest located in four Persian Gulf countries: UAE, Qatar, Kuwait, and Iran. The estimates included in the table below incorporate the 1.5 million-barrel-per-day increase to the OPEC-10 production ceiling announced on January 12, 2003, as well as recent unrest in Venezuela.

OPEC Crude Oil Production ¹ (Thousand barrels per day)						
	December 2002 Production	January 2003 Production	February 2003 Production	2/01/03 Quota ²	Production Capacity ³	February Surplus Capacity ³
Algeria	1,000	1,050	1,050	782	1,100	50
Indonesia	1,050	1,025	1,025	1,270	1,050	25
Iran	3,560	3,600	3,700	3,597	3,750	50
Kuwait ⁴	1,970	2,000	2,125	1,966	2,200	75
Libya	1,350	1,350	1,370	1,312	1,400	30
Nigeria	2,050	2,100	2,225	2,018	2,300	75
Qatar	700	700	740	635	850	110
Saudi Arabia ⁴	8,100	8,500	8,700	7,963	10,000- 10,500 ⁵	1,300-1,800 ⁵
UAE ⁶	2,040	2,050	2,200	2,138	2,500	300
Venezuela ⁷	1,100	614	1,400	2,819	1,400	0
OPEC 10 Crude Oil Total	22,920	22,989	24,535	24,500	26,550- 27,050⁵	2,015-2,515⁵
Iraq ⁸	2,315	2,455	2,315	N/A	2,900	585
OPEC Crude Oil Total	25,235	25,444	26,850	N/A	29,450- 29,950⁵	2,600-3,100⁵
Other Liquids ⁹	2,761	2,761	2,761	N/A		
Total OPEC Production	27,996	28,205	29,611	N/A		

NA: Not Applicable

1Crude oil does not include lease condensate or natural gas liquids.

2Quotas are based on crude oil production only.

3Maximum sustainable production capacity, defined as the maximum amount of production that: 1) could be brought online within a period of 30 days; and 2) sustained for at least 90 days.

4Kuwaiti and Saudi Arabian figures each include half of the production from the Neutral Zone between the two countries. Saudi Arabian production also includes oil produced from its offshore Abu Safa field on behalf of Bahrain.

5 Saudi Arabia is the only country with the capability to further increase its capacity significantly within 90 days. Saudi Arabia can increase its sustainable production capacity to 10 million barrels per day within 30 days and to 10.5 million barrels per day within 90 days. As a result, the estimates for Saudi Arabia are as shown as a range, with the lower figure using the 30 days' definition and the upper end reflecting Saudi Arabia's 90 days' capability. OPEC's surplus capacity estimates are also shown as a range for this reason.

6The UAE is a federation of seven emirates. The quota applies only to the emirate of Abu Dhabi, which controls the vast majority of the UAE's economic and resource wealth.

7Venezuelan capacity and production numbers exclude extra heavy crude oil used to produce Orimulsion. It has been estimated that it would take 4 months from the end of the current crisis for Venezuela to restore its pre-strike production capacity. Venezuelan production projections assume production remains at current levels.

8Iraqi oil exports are approved by the United Nations under the oil-for-food program for Iraq established by Security Council Resolution 986 (April 1995) and subsequent resolutions. As a result, Iraqi production and exports have not been a part of any recent OPEC agreements.

9Other liquids include lease condensate, natural gas liquids, and other liquids including volume gains from refinery processing.

Major Sources of U.S. Petroleum Imports, Jan.-November 2002*			
(all volumes in million barrels per day)			
	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.93	1.42	0.51
Saudi Arabia	1.53	1.49	0.04
Mexico	1.51	1.47	0.04
Venezuela	1.44	1.25	0.19
Nigeria	0.59	0.56	0.03
United Kingdom	0.48	0.41	0.07
Iraq	0.45	0.45	0.00
Norway	0.39	0.35	0.04
Angola	0.33	0.32	0.01
Total Imports	11.39	9.09	2.30

* Table includes all countries from which the U.S. imported more than 300,000 barrels per day of total oil in Jan.-Nov. 2002.

Top World Oil Net Exporters, Jan.-Nov. 2002*	
Country	Net Exports (million barrels per day)

1)	Saudi Arabia	6.90
2)	Russia	5.07
3)	Norway	3.14
4)	Iran	2.48
5)	Venezuela	2.48
6)	United Arab Emirates	1.93
7)	Nigeria	1.86
8)	Mexico	1.68
9)	Kuwait	1.64
10)	Iraq	1.56
11)	Algeria	1.26
12)	Libya	1.20

**Table includes all countries with net exports exceeding 1 million barrels per day in Jan.-Nov. 2002.*

During the first eleven months of 2002, about half of U.S. crude oil imports came from the Western Hemisphere (17% from South America, 16% from Canada, 16% from Mexico, 1% from the Caribbean), while nearly one-fourth came from the Persian Gulf region (16% from Saudi Arabia, 5% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than does the United States. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Having provided this information, it is important to stress that oil is a "fungible" (interchangeable, traded on a world market) commodity, that a disruption of oil flows anywhere will affect the price of oil everywhere, and that the specific suppliers of oil to a particular country or region are not of enormous significance, at least from an economic point of view.

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Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

Average - average price of electricity traded at all locations.



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Latest U.S. Weekly Natural Gas Information

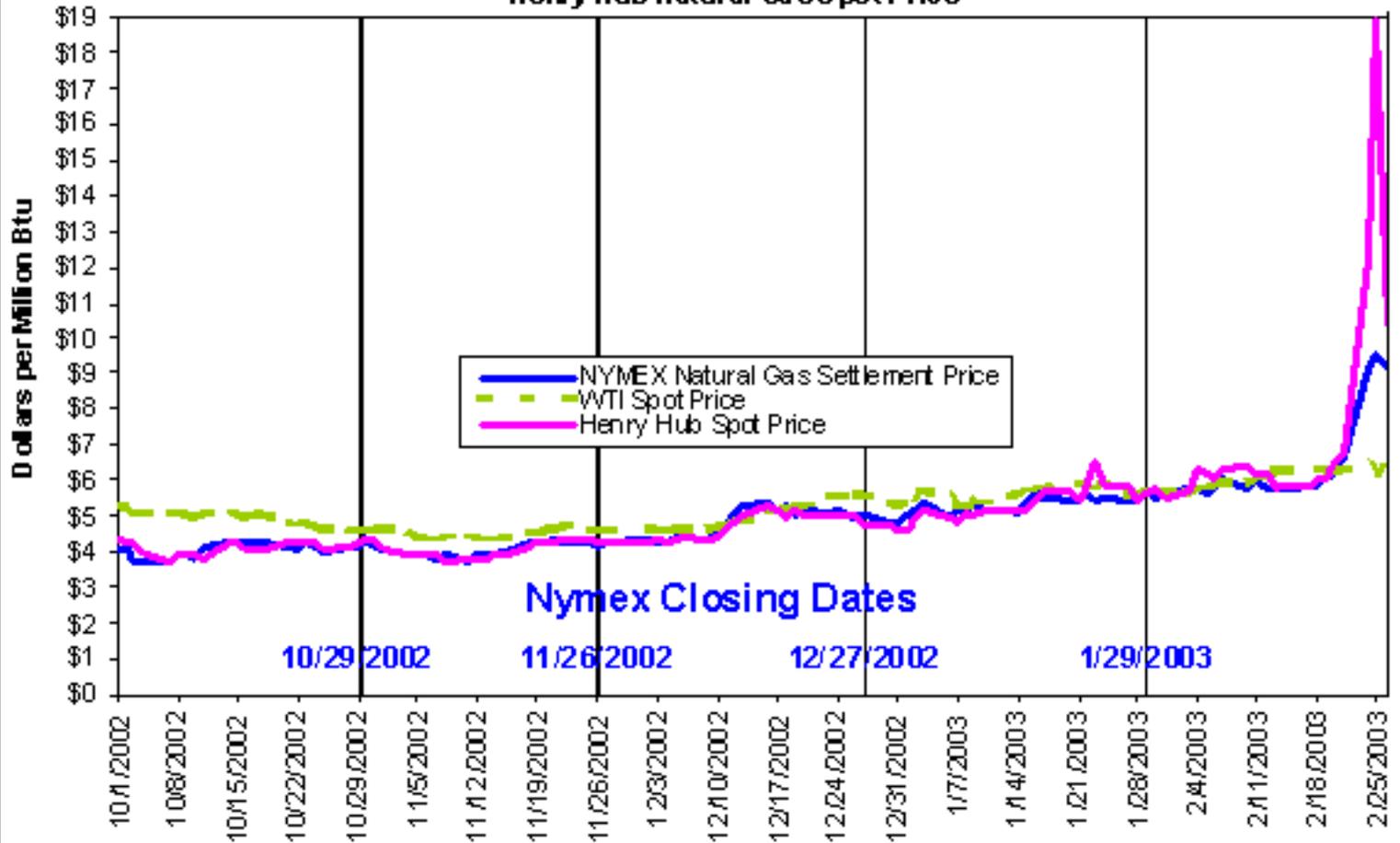
(February 27, 2003)

[Prices](#)

After reaching a record high of \$18.85 per MMBtu on Tuesday (February 25), the Henry Hub spot price dropped \$8.49 per MMBtu yesterday (Wednesday, February 26) to \$10.36 per MMBtu. The decrease in the Hub spot price has been mirrored through much of the country following the release of updated forecasts showing a warming trend across the Midwest and East this weekend. In New England, the spot price for delivery off the Algonquin Gas Transmission pipeline system rose to \$31.94 per MMBtu on Tuesday, only to fall to \$12.89 per MMBtu yesterday. Price fluctuations have been less severe in the Midwest, where the week-high at the Chicago citygate was \$18.19 per MMBtu on Tuesday before dropping \$8.49 per MMBtu to an average of \$10.62 per MMBtu yesterday. However, prices remain well above historical norms, owing in part to large withdrawals of gas this winter that have resulted in lower-than-average inventories with five weeks still left in the traditional heating season. (A discussion of the contributing factors behind the record prices is in the Other Markets Developments section.)

At the NYMEX, the futures contract for March delivery at the Henry Hub expired on Wednesday (February 26) at \$9.133 per MMBtu. During its term as the near-month contract, the March contract generally traded between \$5-\$6 per MMBtu until Monday's trading session, when the daily settlement price soared approximately \$2.53 per MMBtu to a little less than \$9.14 per MMBtu. The contract traded in wide ranges Tuesday and Wednesday, but its closing prices for the sessions remained somewhat consistent at \$9.577 and \$9.133 per MMBtu, respectively. Prices of NYMEX contracts with deliveries for later this year trend lower, signaling traders' expectations that prices of the past week will be unsustainable as winter comes to close. On the week, the 12-month strip, or the average price of gas contracts over the next year, rose a little more than \$0.54 per MMBtu to \$6.159.

NYMEX Natural Gas Futures Near-Month Contract Settlement Price, West Texas Intermediate Crude Oil Spot Price, and Henry Hub Natural Gas Spot Price



Note: The West Texas Intermediate crude oil price, in dollars per barrel, is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.
 Source: NGI's *Daily Gas Price Index* (<http://intelligencepress.com>)

Trade Date (All prices in \$ per MMBtu)	California Composite Average Price*				NYMEX futures contract-March delivery	NYMEX futures contract-April delivery
	Henry Hub	New York City	Chicago			
1/29/2003	4.90	5.62	7.37	5.50	5.629	5.234
1/30/2003	5.10	5.76	7.42	5.62	5.583	5.270
1/31/2003	4.93	5.58	6.41	5.45	5.605	5.345
2/3/2003	5.02	5.72	6.53	5.70	5.766	5.485
2/4/2003	5.24	6.26	8.02	6.27	5.762	5.512
2/5/2003	5.27	6.24	7.39	6.25	5.644	5.414
2/6/2003	5.19	6.08	7.15	6.11	5.828	5.578
2/7/2003	5.30	6.29	7.70	6.30	6.043	5.780
2/10/2003	5.42	6.34	8.25	6.40	5.852	5.617
2/11/2003	5.39	6.19	9.87	6.38	5.977	5.722
2/12/2003	5.43	6.20	10.92	6.27	5.785	5.560
2/13/2003	5.27	5.84	9.30	5.88	5.740	5.550
2/14/2003	5.25	5.87	10.49	5.92	5.851	5.644
2/18/2003	5.41	6.10	10.11	6.12	5.911	5.710
2/19/2003	5.38	6.10	7.88	6.12	6.134	5.909
2/20/2003	5.61	6.39	7.75	6.39	6.162	5.980
2/21/2003	5.83	6.74	9.65	7.48	6.606	6.318
2/24/2003	9.03	12.26	24.91	14.41	9.137	7.622
2/25/2003	9.55	18.85	25.67	18.19	9.577	6.584
2/26/2003	7.55	10.36	13.35	10.62	9.133	7.390

* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

Natural Gas Storage

Working gas in storage was 1,014 Bcf or 33.4 percent below the 5-year average for the week ending February 21, according to EIA's Weekly Natural Gas Storage Report. The implied net withdrawal was 154 Bcf, which is 73 Bcf more than the 5-year average withdrawal of 81 Bcf for the week. Inventories in the East continued a rapid decline with a 95 Bcf withdrawal and are now 499 Bcf, or almost 42 percent lower than the 5-year average. Although storage inventories in the East have fallen below 500 Bcf by the end of the heating season twice before in the 9 years of weekly data, this is the earliest date that stocks have passed that mark. Five weeks remain in the traditional heating season.

All Volumes in Bcf	Current Stocks 2/21/2003	Estimated Prior 5-year (1998-2002) Average	Percent Difference from 5-Year Average	Implied Net Change from Last Week	One- Week Prior Stocks 2/14/2003
East Region	499	858	-41.8%	-95	594
West Region	224	206	8.7%	-17	241
Producing Region	291	458	-36.5%	-42	333
Total Lower 48	1,014	1,522	-33.4%	-154	1,168

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database.

Industry/Market Developments

Winter (2002-2003) Conditions Have Resulted in Record Price Levels: A number of factors have played major roles in the relatively high gas prices in recent months:

- **Weather:** Cold temperatures led to higher demand for heating. Most regions outside the far western portion of the country experienced temperatures that have been much colder than last winter, and also significantly colder than normal in some regions. For example, heating-degree-days (HDDs) in the Middle Atlantic region through February 22, 2003, were almost 8 percent higher than normal and more than 36 percent above last year's level. HDDs in the entire United States have been 2.5 percent below normal in the United States (although 15 percent higher than last year) because of warm weather in the West (the Pacific and Mountain census regions).
- **Storage:** Although working gas inventories entered the heating season at 3,116 billion cubic feet (Bcf) (almost 4 percent larger than the average of the preceding 5 years), high demand resulted in a faster than usual drawdown. Net withdrawals in January, estimated at 859 Bcf, represent the largest volume for this month in 30 years of EIA monthly data. As of February 21, natural gas in storage at 1,014 Bcf was more than 33 percent below the 5-year average.
- **Production:** Production for the first 10 months of 2002 was down 2.6 percent from 2001 levels (based on preliminary data). Analysis indicates that the natural gas industry, although producing less, is producing at very high rates of capacity utilization, exceeding 90 percent, as a result of a lower rate of new well completions and the natural decline as producing wells age. Rapid well decline rates increase the continual need for new wells, which have higher production rates than old wells. The completion of new wells is essential to maintain and expand production as relatively new wells provide a disproportionately large share of total production. High production utilization rates tend to result in higher gas prices owing to the increasingly tight market conditions.
- **Imports:** Net imports of natural gas were down by 4 percent in the first 10 months of 2002. Total U.S. imports of natural gas in the first 10 months of 2002 were up 80 Bcf or slightly more than 2 percent from 2001 levels, but exports also increased. U.S. imports from Canada, which comprise roughly 94 percent of total imports, increased roughly 3 percent during the first 10 months of

2002. Imports of liquefied natural gas (LNG) provide about 6 percent of total U.S. imports, and they declined 4 percent for the entire year. Exports to other countries were up by 146 Bcf, as additional cross-border pipeline projects, such as the Vector Pipeline, came on line.

In the near-term, conditions are expected to improve as the industry and markets respond to the price signals. Drilling for natural gas projects has increased substantially in recent months. After bottoming out at 591 rigs as of April 5, 2002, rigs drilling for gas prospects have increased to 767 as of February 21, 2003. Additionally, LNG imports may increase if U.S. prices stay high relative to world prices. The Elba Island, GA, LNG facility, reopened for imports late in 2001 and just began to receive regular shipments in 2002. The Cove Point, MD, facility, which is the facility with the largest capacity, is expected to begin operations later this year. At that point, all four existing LNG import terminals (including one at Everett, MA, and another at Lake Charles, LA) will be operational and receiving shipments for the first time since the early 1980s. Capacity for all four facilities is estimated to exceed 800 Bcf per year. Given the expected improvement in supply conditions, the EIA projects the average wellhead gas price at \$4.36 per Mcf in 2003 and \$4.28 in 2004. At those levels, natural gas prices would be higher than the average for 2001, and after adjustment for inflation, the projected wellhead prices would be comparable to levels seen in the early 1980s.

Pipelines Issue Operational Flow Orders on Storage Contracts: Low storage levels and peak-day conditions this week led to severe pipeline restrictions through much of the country, but particularly in the Mid-Atlantic and New England regions, where temperatures have consistently fallen below normal. In general terms, shippers with firm transportation capacity on Columbia Gas Transmission must fully utilize their firm transportation capacity at receipt points other than storage prior to withdrawing quantities from storage. This is a significant restriction that is intended to protect the integrity of Columbia operations due to low storage levels. Across the Columbia system, no interruptible service is available. Texas Eastern (TETCO) has informed customers that as of March 1, all shippers with firm transportation and storage contracts will have to maximize flow through their transportation contracts before drawing from storage. In its announcement, TETCO said that the reason for the restriction is that, based on current operating conditions, total storage withdrawal capability will decline within five days to less than the total daily contracted firm storage withdrawal rights. Shippers found in violation could be penalized up to \$25 per MMBtu.

EIA Administrator Testifies Before Senate Committee: EIA Administrator Guy Caruso discussed current market conditions and both short- and long-term outlooks for natural gas in testimony before the Committee on Energy and Natural Resources of the United States Senate on Tuesday, February 25. Responding to recent widespread concerns about soaring natural gas prices, Caruso pointed out that they might signify that the market is working properly, and that the current "extremely tight" conditions have resulted from consumption having exceeded current supply (production plus net imports) in the past several months coupled with rapidly depleting working gas in storage. Caruso said that the high volatility of prices is likely to continue for the next 12-18 months as the industry mobilizes to increase productive capacity. Over the longer term, EIA expects natural gas consumption to increase at an average annual rate of 1.8 percent through 2025, reaching 35 trillion cubic feet (Tcf). To meet this level of demand, the industry will have to both increase imports and tap new sources of supply. According to Caruso, these

would likely include drilling deep and ultra-deep offshore projects in the Gulf of Mexico; development of unconventional production sources such as tight sands, coalbed methane, and shale deposits; and construction of major new pipelines to bring gas from both Alaska and Canada to the Lower 48 States.

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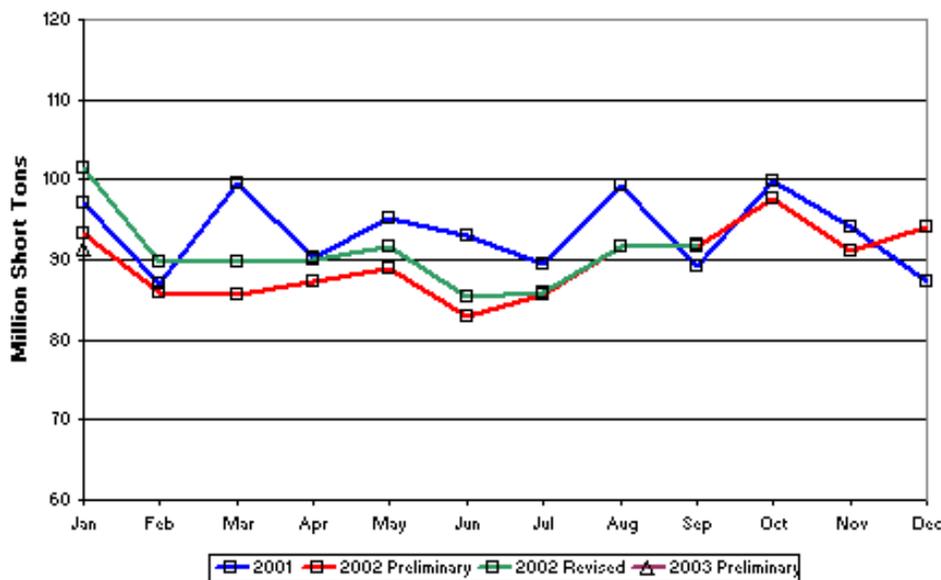
Latest U.S. Coal Information

Coal Production (Updated February 27, 2003)

For the week ended February 22, estimated coal production totaled 19.6 million short tons (mmst), 3.7 mmst lower than in the comparable week in 2002. Railcar loadings of coal were 13.1% lower than year-ago levels and estimated national coal production was 16.0% lower. The estimated production for the first month of 2003 was 91.4 mmst, 10.05% lower than the 101.5 mmst in January of 2002.

For the year to date, national coal production estimates are 11.7% lower than in 2002 - 8.0% lower west of the Mississippi and 16.0% lower in the East. The longer-term trend, for the 52 weeks ended February 22, 2003, versus the 52 weeks ended February 23 2002, shows estimated western U.S. coal production in the more recent 52 weeks at 1.1% above the levels of a year earlier. Estimated eastern U.S. coal production in the more recent period, however, is trending 7.9% below the levels a year earlier. The more recent estimate incorporates coal production survey data of the Mine Safety and Health Administration through the third quarter 2002.

U.S. Monthly Coal Production



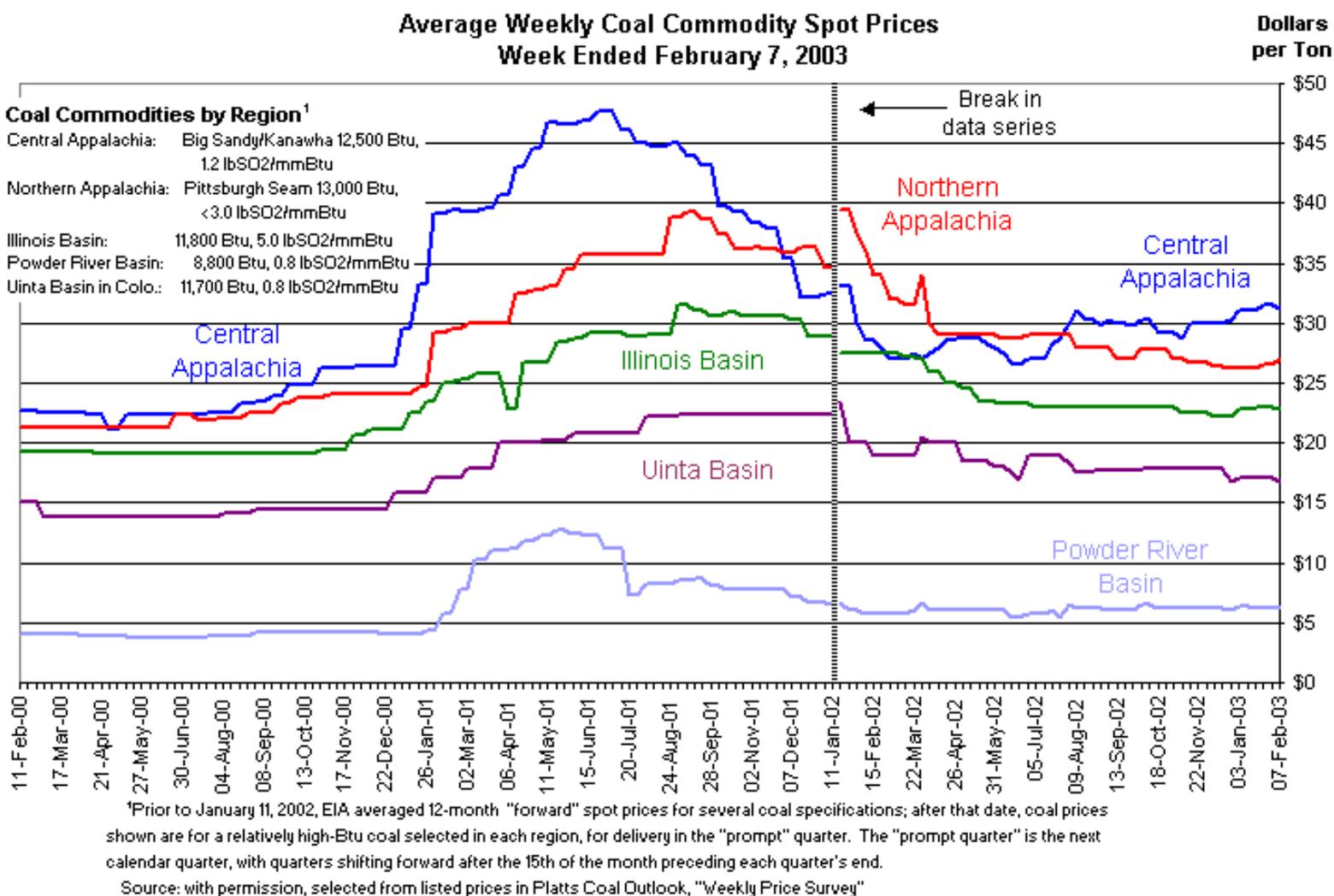
Coal Prices (Updated February 27, 2003)

Last week, over-the-counter (OTC) prices grew sharply for Central Appalachian coal. Spot coal prices for the Central Appalachia/Big Sandy-Kanawha 12,500-Btu product tracked by EIA traded at \$34.25 per short ton in the week ended February 21st. This was \$3.00 higher than in the prior week (see graph below) - the sharpest 1-week upsurge since the week ended February 2, 2001 - and it coincides with a period when spot natural gas prices doubled or more than tripled, depending on demand region. OTC coal volumes were reportedly modest, however, as brokers report that not much Central Appalachian coal is available and that current demand is limited to small contracts. "Traders uniformly spoke of the lack of excess production and what a scramble it could be if demand suddenly increases. (Platts Coal Outlook, March 24). It appears that the long-anticipated resurgence in coal prices has begun, at least in the eastern market.

The Northern Appalachian spot price lost \$0.40 per short ton, the Powder River Basin price was unchanged at \$6.20 per short

ton, and Illinois Basin and Uinta Basin prices gained \$0.50 and \$0.25 per short ton, respectively. Coal prices in all supply regions are below the peak prices of summer 2001, but the Central Appalachian prices are now only about \$13.50 per short ton lower, compared with \$16.50 lower a week earlier. Northern Appalachian coal prices are lower by about \$12.50 per short ton, or 32% lower; Powder River Basin coal prices are lower by about \$6.50, or 51%, Illinois Basin coal prices lower by about \$9.00, or 28%, and Uinta Basin coal prices lower by about \$5.50, or 25%.

Meanwhile, Bloomberg data on cash trading in eastern coal show prices in the eastern supply region that rallied to their highest level in almost a year. The reasons cited are colder than expected weather in the eastern United States and the startling jump in natural gas prices. As a result, utilities will turn toward burning more coal, and coal prices could "rise to \$35 to \$40 a ton going into the summer," according to Merrill Lynch analyst, Daniel Roling. Spurred by firmer prices, Peabody will reopen a coal mine it closed last October in West Virginia, and reacting to heightened demand and rising natural gas prices, eastern electricity generators have re-fired some of their older, less efficient coal plants (<http://quote.bloomberg.com/newsarchive/>, "Coal in Eastern U.S. Rallies as Utilities Burn More, 2003-02-24).



Coal futures trading volumes on the [NYMEX](http://www.nymex.com) became active during the week ended February 14, moderated somewhat in the following, Presidents' Day week, and added another 130 trades on February 25. The 294 near-month futures contracts settled in the prior 2 weeks exceeded cumulative NYMEX trading for the previous 9 weeks. Settled prices for near-month (March) deliveries rose from \$30.00 on February 14 to \$32.00 by February 26.

Coal Markets (Updated February 4, 2003)

Central Appalachian spot coal trades were centered on Eastern coals, with several near-term train and barge delivery trades, and one Powder River Basin trade for 2004 delivery. NYMEX look-alike coal traded at \$32.75 per short ton, for delivery in the second half of 2003 - considerably higher than NYMEX tender prices (see above).

Meanwhile, the idling of several Appalachian mines recently is likely to affect supplies and raise prices sooner or later. An OTC trader noted that closures of coal mines owned by Horizon Natural Resources, along with general uncertainty over future Appalachian production, was starting to push up prices (Platts Coal Trader, January 29 and 30). Horizon indicated it was continuing its "rightsizing" agenda. About the same time, Georgia Power announced it would purchase no new coal from an earlier Eastern coal solicitation for up to 7 mmst between 2003 and 2006 (Platts Coal Trader, January 30). This week, James River Coal announced the idling of two of its mines, worth 1.2 mmst of production last year, due to low coal prices and "adverse mining conditions" (Energy Argus Coal Daily, February 4). Eastern mine closures in December and January have been both voluntary and involuntary, due to bankruptcy, mine fire, poor returns, and possibly waiting out the low prices.

Consol Energy reported on January 28 that its 2002 net income was \$11.7 million and was down sharply from 2001 (\$151.2 million). The company closed six mines in 2002, with associated equipment removal costs, and also attributed the lower profits to higher mining costs. Not to be overlooked, sales were down as well in 2002 - from 76.5 mmst in 2001 to 67.3 mmst. Consol's Mine 84, which has been closed due to fire several weeks ago is expected to be back at full production by mid-February, but after 0.7 mmst of lost production, worth about \$8 million (Energy Argus Coal Daily, January 29).

"With prices slowly inching up, you're starting to see buyers taking a more proactive approach," one broker said. "That includes locking in some larger commitments in the likelihood that prices, particularly in the East, continue to rise." After several weeks of cold, even below average weather, in the Midwest and East, burn rates increased and some buyers were able to look toward new coal deliveries. Further, with natural gas prices high recently, many industry analysts are expecting spot prices to take an upward trend. During the week ended January 24, Consol Energy entered a 17-year agreement with FirstEnergy to provide 4.5 mmst/year from the expanding McElroy mine in West Virginia. This mine produces coal averaging 13,999 Btu/lb and 3.18% sulfur. Georgia Power issued a new solicitation for PRB coal for up to 4 mmst of coal over 2 years or up to 10 mmst over 4 years. This followed a recent PRB contract Georgia Power awarded for its Scherer station.

Future Coal Supplies (updated February 6, 2003)

On January 29, the Fourth Circuit Court of Appeals ruled in favor of the coal industry and the Department of Justice by overturning Judge Charles Haden's May 2002 ban on new valley fill permits at coal mines in West Virginia and eastern Kentucky. The three-judge panel ruled that the 2002 ruling had been "over broad" and essentially supported the existing policies that the Army Corps of Engineers has followed for many years in issuing fill permits under the Clean Water Act. This action is not, however, expected to result in an immediate increase in new permits. The Corps has not accepted most new applications during the appeal period and the normal 45-day processing time could go to several months if a flood of applications is received.

Further, a new issue has developed during the off time. Last year, the Corps introduced a new impact mitigation policy that applies to both existing and new permits. Under the Nationwide 21 program, the new Corps policy applies to the Central Appalachian coalfields of West Virginia and eastern Kentucky. Operators will be required to save a stream or wetland at another location to compensate for those it fills during coal mine operations, or to pay "in lieu" fees if compensating wetlands cannot be preserved. The most pressing issue related to this is a February 11 deadline, after which no new fill can be done. Under Congressional pressure from the affected States, and now that the Haden ruling has been overturned, the Corps is free to move ahead and may extend the February 11 deadline.

Environmental Update (Updated February 11, 2003)

On January 30, Environmental Protection Agency (EPA) Administrator Christine Todd Whitman announced a report documenting reductions in some acid rain indicators in sensitive ecosystems of the United States (Response of Surface Water Chemistry to the Clean Air Act Amendments of 1990). The data confirm a large decrease in wet sulfate deposition across broad areas of the Northeast and Upper Midwest. The amount of wet sulfate - an acidic anion - deposited to lakes and streams declined by approximately 40 percent in the 1990s. These reduced levels can be linked to declines in emissions of sulfur oxides since implementation of the 1990 Clean Air Act Amendments. Because of differences in geology and soils, however, the rates of

decline in sulfate concentrations in precipitation were generally steeper than in surface waters.

This was not unexpected and suggests that in most aquatic systems, sulfate recovery exhibits a somewhat lagged response. Further, the decline in surface waters that were acidic was more modest than the decline in wet sulfate. Just as anthropogenic acidification of surface waters did not take place all at once, recovery to natural levels will require some time. Although the study shows a 1/4 to 1/3 decline in formerly acidic surface waters, the robustness of the change (the "acid neutralizing capacity") was marginal. The study authors believe their results point toward recovery, forecasting an improvement in biologically relevant surface water chemistry. Other indicators that showed improvement include regional increases in dissolved organic carbon and decreased concentrations of toxic aluminum in some sensitive areas. Nitrogen levels and base cation levels have not yet shown significant improvements. Even if improving, reactions involving these elements may be tied up in soil and native rock chemistry for years before results are seen in surface waters (<http://www.epa.gov/ord/htm/CAA-ExecutiveSummary-1-29-03.pdf>).

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Latest U.S. Electricity Information

(updated February 27, 2003)

Selected Wholesale Electricity Prices: In the Western United States, the steady increases in natural gas prices and an increase in heating demand put strong upward pressure on electricity prices throughout the region on February 24 and 25. However, prices dropped on February 26 in reaction to warmer weather, which is expected to bring customer demand into its normal range for this time of the year. At Mid-Columbia, a benchmark for the Northwest, prices increased to \$115.08 per megawatthour on February 25, which is higher than it has been in over a year, and then decreased to \$75.53 per megawatthour on February 26. At California's NP-15 and SP-15, prices increased to weekly highs of \$116.17 and \$120.78 per megawatthour on February 25, but fell to \$81.13 and \$82.36 per megawatthour on February 26, respectively.

In the Midwest, prices increased significantly on February 24 and February 25 because of soaring natural gas prices and reductions in generating supply. Low steam-line pressure forced FirstEnergy Corporation's 810-megawatt Beaver Valley Unit 1 nuclear reactor to shut down. Despite these factors, the region's prices decreased on February 26 as milder temperatures lowered customer demand. At the Cinergy Trading Center, prices jumped to a seven-day high of \$128.23 per megawatthour on February 25. Similarly in the Southeast, electricity prices increased dramatically on February 25 as the price for natural gas increased and winter storms increased heating demand in the region. However, natural gas prices did finally fall the next trading day, February 26, and more nuclear generating capacity was brought on-line, which helped to lower the price of electricity. Prices within the SERC trading area declined from a weekly high of \$108.10 per megawatthour on February 25 to \$96.94 on February 26.

In the Northeast, electricity prices were generally higher on February 25, but lower on February 26. Surging natural gas prices were the primary factor causing the steep increase. At PJM West, prices increased to a weekly high of \$123.50 per megawatthour on February 25 and then decreased to \$105.02 per megawatthour on February 26 as warmer temperatures brought down customer demand to a level that was still above average for this time of year. In New York City, prices reached a record high of \$170 per megawatthour on February 25 after remaining at \$94 per megawatthour from February 20 until February 24. New England was the exception because prices did not fall as they did in the Mid-Atlantic States and in New York City. At Nepoch, prices rose to a seven-day high of \$145.83 per megawatthour on February 26 from \$110.50 per megawatthour on February 24.

Over the past seven days, average prices at all trading centers ranged between \$52.13 and \$125.61 per megawatthour with an overall weekly average of \$74.60 per megawatthour.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	2/18/03	2/19/03	2/20/03	2/21/03	2/24/03	2/25/03	2/26/03*	Max	Min	Average
COB	49.21	52.00	49.50	53.94	78.67	120.50	78.00	120.50	49.21	68.83
Palo Verde	49.01	48.88	48.21	54.04	73.56	119.76	77.93	119.76	48.21	67.34
Mid-Columbia	46.29	48.55	47.50	51.97	74.63	115.08	75.53	115.08	46.29	65.65
Mead/Marketplace	50.92	51.00	49.85	55.06	79.88	121.38	80.72	121.38	49.85	69.83
4 Corners	49.00	49.19	48.25	54.25	77.40	121.70	77.50	121.70	48.25	68.18
NP 15	52.24	52.56	49.51	56.79	78.72	116.17	81.13	116.17	49.51	69.59
SP 15	52.37	52.22	51.49	57.09	77.63	120.78	82.36	120.78	51.49	70.56
PJM West	65.67	56.04	43.33	59.33	82.69	123.50	105.02	123.50	43.33	76.51
NEPOOL	76.15	65.54	57.50	82.00	110.50	142.14	145.83	145.83	57.50	97.09
New York Zone J	84.00	84.00	94.00	94.00	94.00	170.00	137.50	170.00	84.00	108.21
Cinergy	49.40	45.00	38.14	55.82	81.15	128.23	n.a.	128.23	38.14	66.29
SERC	49.95	49.59	48.29	47.79	69.09	108.10	96.94	108.10	47.79	67.11
Average Price	56.18	54.55	52.13	60.17	81.49	125.61	94.41	125.61	52.13	74.60

Sources: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, Cinergy, and SERC trading centers. Used with permission from Bloomberg L.P. (www.bloomberg.com).

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.

Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.

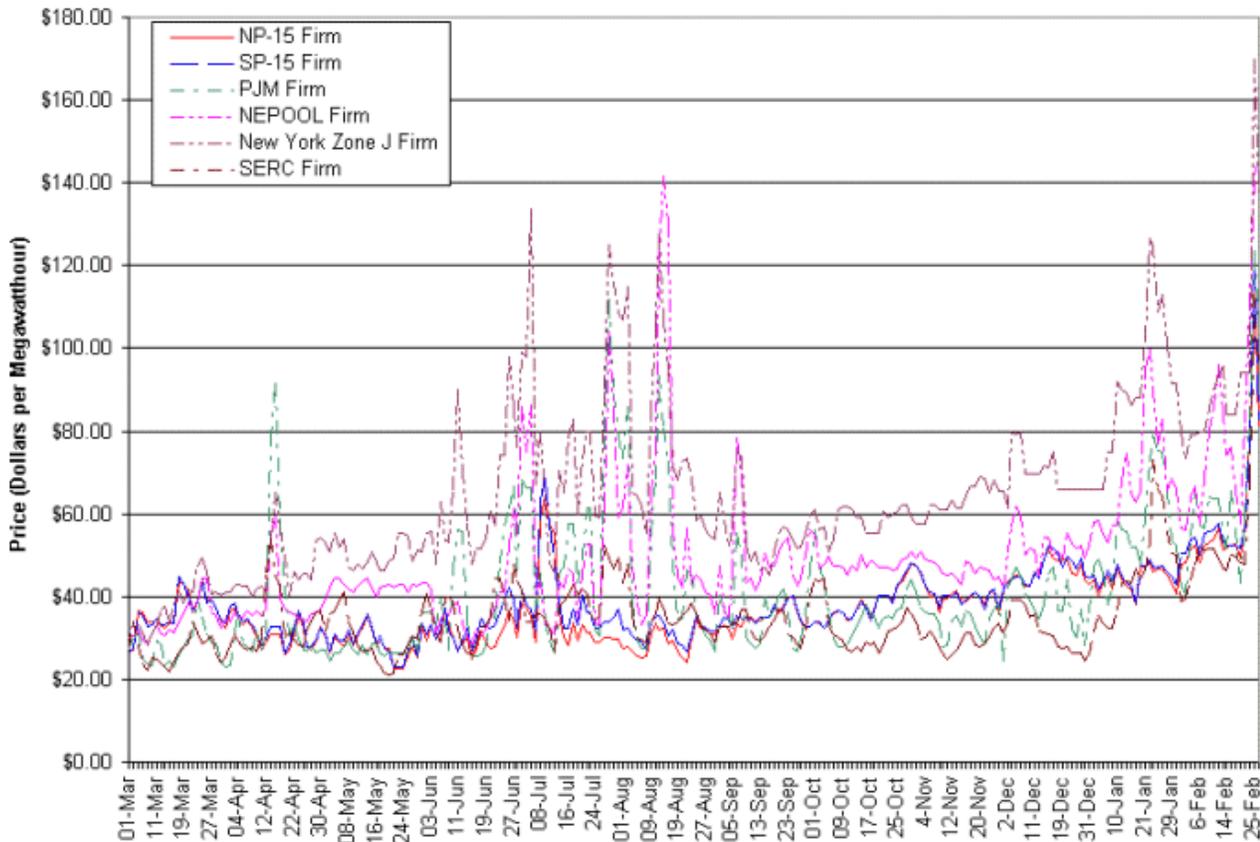
Mid-Columbia: Average price of electricity traded at Mid-Columbia.

Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.

Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15: Average price of electricity traded at NP-15.
SP-15: Average price of electricity traded at SP-15.
PJM-West: Average price of electricity traded at PJM Western hub.
NEPOOL: Average price of electricity traded at Nepoch.
New York Zone J: Average price of electricity traded at the New York Zone J - New York City.
Cinergy: Average price of electricity traded into the Cinergy control area.
SERC: Average price of electricity traded into the Southeastern Electric Reliability Council.

*Cinergy's price was not available on the February 26, 2003 edition of the Bloomberg Power Lines report.

Average Wholesale Electricity Prices in the U.S.



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