



# ENERGY SITUATION ANALYSIS REPORT



April 29, 2002

(next scheduled update: April 30, 2002)

Energy Information Administration  
US Department of Energy  
Washington, DC 20585  
(202) 586-8800

[Petroleum](#) [Natural Gas](#) [Coal](#) [Electricity](#)

## Latest Energy Market Developments

(updated April 29, 2002)

Crude oil futures on the NYMEX on Friday were up 38 cents per barrel to close at \$27.11 per barrel. Although supply appears to be ample in the physical oil market, oil prices strengthened as there was uncertainty about the Middle East over the weekend. This morning, Brent futures in London were trading down 19 cents per barrel. Israel and the Palestinians appear to have agreed to a U.S.-British plan to end the siege of Yasser Arafat's headquarters in Ramallah, reducing tensions. However, new Israeli military operations in Hebron and reports in major U.S. newspapers over the weekend that preparations for an eventual U.S. invasion of Iraq continue, indicate a continued bullish effect on oil prices due to geopolitical concerns.

Other topics affecting **world oil markets** include:

- The U.S. Commerce Department reported on Friday that the U.S. economy grew at an annual rate of 5.8% in the first quarter of 2002. This was higher than many economists had expected, and overall the continued economic recovery tends to indicate some recovery in oil product demand.
- On Friday, tanker tracker consultancy Petrologistics released estimates of OPEC's crude oil production in April. The statistics show that OPEC-10's (i.e. excluding Iraq) production averaged 22.6 million barrels per day in April, down 100,000 barrels per day from the March average but still 900,000 barrels per day in excess of OPEC's output quotas that took effect January 1, 2002.
- On Saturday, European Union (EU) Energy Commissioner Loyola de Palacio stated that OPEC Secretary-General Ali Rodriguez had told her that OPEC is "ready to maintain commitments that price should not shoot up but would be kept within the agreed bands." OPEC has a target range of \$22 to \$28 per barrel based on a basket of crudes. The OPEC basket price averaged \$25.01 per barrel for the week ending April 25.
- Iraq's unilateral embargo of its U.N.-sanctioned "Oil-for-Food" oil exports continues, and Iraqi President Saddam Hussein reportedly is considering an extension. In addition, Iraq has called upon other Arab producers to cut output by 50%, and to cut exports to the United States and Israel altogether. To date, no other country has joined the Iraqi oil embargo.

Other recent developments in **U.S. energy markets** include:

- In the aftermath of last Wednesday's AGA report of a large storage injection, natural gas spot prices fell 21 cents at the Henry Hub and more at some

other market locations. Prices at New York and Chicago were down about 15 cents per million British thermal units (MMBtu) last Friday with the spot price falling to \$3.66 per MMBtu and \$3.33 per MMBtu, respectively. In the West, the price of natural gas dropped 40 cents or more per MMBtu at many locations in the last two trading sessions. The price for the futures contract for June delivery traded higher than the expiring May contract and closed last Friday at \$3.372 per MMBtu.

- Electricity prices have been stable in the past few days as weather in the Northeast has returned to normal. Planned maintenance outages left the New England price higher than the New York price over the weekend.
- U.S. coal supplies are more than adequate for anticipated needs. U.S. coal prices have either fallen or held relatively steady in recent weeks.

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## Special Topic -- Basic Facts on [Iraq](#)

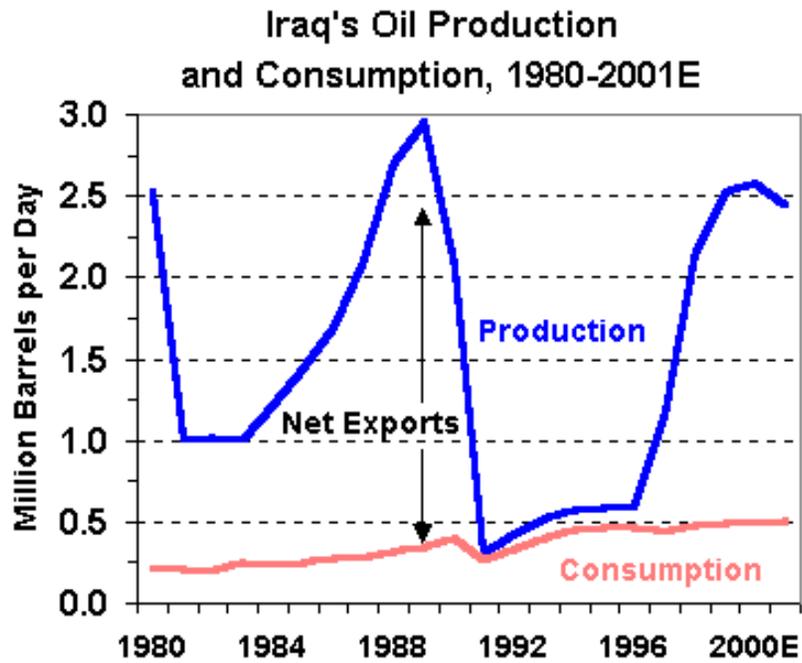
(updated April 9, 2002)

While Iraq's weekly export levels fluctuate, the country remains an important world oil player, with net exports so far this year of about 1.7 million barrels per day. The United States is the largest single market for Iraqi oil, with almost half of Iraqi oil exports bound for the United States in 2001. Imports from Iraq accounted for an average 8% of total U.S. imports in 2001. In 2001, Iraq was the sixth-largest source of U.S. crude oil imports, behind Saudi Arabia, Mexico, Canada, Venezuela, and Nigeria.

The current phase of the "Oil-for-Food" program expires at the end of May 2002. Temporary downturns in Iraqi exports in association with program rollovers are common. Iraqi efforts to generate oil revenues outside the United Nations' "Oil-for-Food" program continue. A U.S./U.K. effort to end Iraq's practice of adding a surcharge on top of the sales price for its oil appears to be having an effect. Iraq had been charging a sales price low enough that its crude oil would still be priced competitively with a small surcharge added. Only the sales price would go into the UN "Oil-for-Food" account, while the surcharge could support the Iraqi government.

In order to prevent this practice, the U.S./U.K. launched an initiative to price Iraqi crude retroactively. The one-month time lag allows the UN to know exactly how much should be paid for any given shipload of Iraqi crude. However, it also requires traders to buy and begin to transport the oil before they know how much the shipment will be worth. This could explain Iraq's reduced exports in recent weeks. In February, retroactive pricing for Asian delivery was dropped, while it remains in effect for European and American delivery.

In addition to the pricing scheme, Iraqi methods of circumventing UN sanctions reportedly include secretly piping oil to Syria. Suspicions continue that the long-dormant pipeline between Iraq and Syria now is in use to export Iraqi oil, unobserved by the UN.

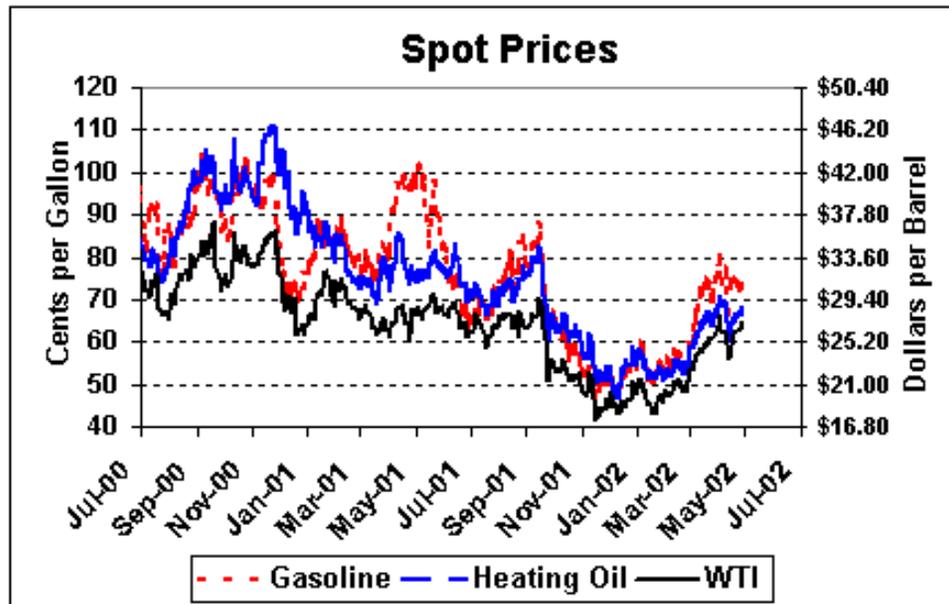


*Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.*

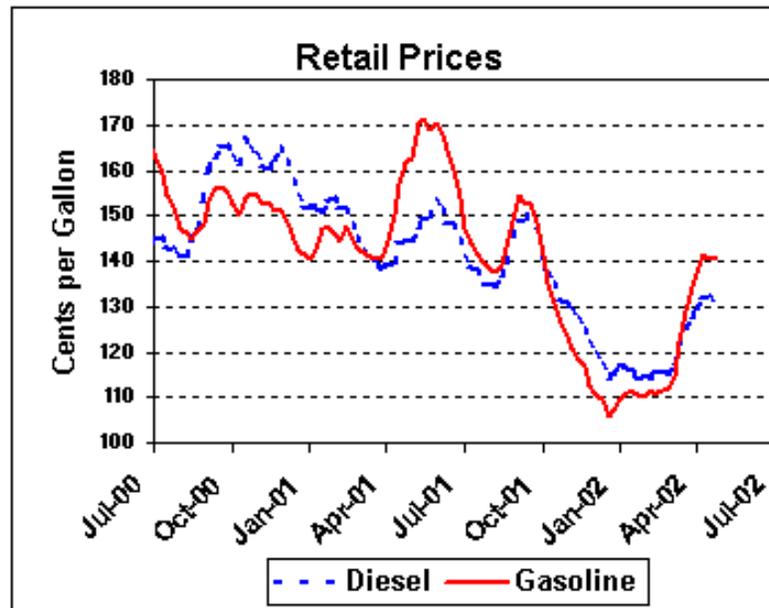
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## U.S. Petroleum Prices

(updated April 29, 2002)



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		c/gal	cents per gallon		cents per gallon	
3/11/2002	\$24.36	\$24.31	70.34	79.10	62.85	63.45	64.25	38.63	35.13	122.3	121.6
3/12/2002	\$24.55	\$24.20	72.38	78.54	64.40	63.49	65.60	37.88	35.25		
3/13/2002	\$24.14	\$24.16	71.63	79.20	64.15	64.82	65.43	37.82	34.63		
3/14/2002	\$24.48	\$24.56	71.85	79.95	63.73	65.70	65.18	37.88	34.88		
3/15/2002	\$24.47	\$24.51	72.63	80.90	64.28	64.76	65.73	38.26	35.32		
3/18/2002	\$25.03	\$25.11	75.28	83.36	66.00	66.48	67.40	38.07	35.75	128.8	125.1
3/19/2002	\$25.02	\$24.88	74.23	83.16	66.20	66.12	67.30	39.63	37.13		
3/20/2002	\$24.92	\$24.90	72.30	81.92	65.60	66.57	66.60	39.82	37.57		
3/21/2002	\$25.74	\$25.61	73.88	82.93	66.80	67.14	67.80	38.69	37.00		
3/22/2002	\$25.56	\$25.35	70.82	80.08	64.83	65.27	65.45	39.69	38.25		
3/25/2002	\$25.69	\$24.99	69.55	78.81	63.60	64.16	64.60	39.00	37.75	134.2	128.1
3/26/2002	\$25.75	\$25.36	70.81	80.08	65.23	65.68	66.26	39.75	38.25		
3/27/2002	\$25.79	\$25.87	74.55	82.05	66.40	66.72	67.80	40.50	39.63		
3/28/2002	\$26.21	\$26.31	74.88	82.49	67.05	66.89	67.95	40.63	41.00		
3/29/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
4/1/2002	\$26.82	\$26.88	78.25	84.90	68.40	68.69	68.05	42.38	41.88	137.1	129.5
4/2/2002	\$27.75	\$27.71	80.15	86.98	70.65	70.95	72.75	44.82	44.63		
4/3/2002	\$27.55	\$27.56	76.35	84.84	70.40	70.83	72.50	44.38	44.25		
4/4/2002	\$26.64	\$26.58	74.75	82.33	68.40	68.66	70.50	44.01	44.50		
4/5/2002	\$26.21	\$26.21	73.70	81.70	68.15	68.22	70.05	43.00	42.19		
4/8/2002	\$26.16	\$26.54	77.57	84.19	69.57	69.30	71.20	43.82	42.94	141.3	132.3
4/9/2002	\$25.45	\$25.82	75.13	83.39	66.80	67.80	68.50	41.19	40.13		
4/10/2002	\$26.15	\$26.13	76.00	83.44	67.35	67.84	68.98	41.00	40.13		
4/11/2002	\$24.93	\$24.99	72.53	78.87	64.73	64.71	66.50	39.00	37.69		
4/12/2002	\$23.51	\$23.47	66.48	72.96	60.03	60.05	61.93	38.07	36.63		
4/15/2002	\$24.53	\$24.57	73.00	78.63	63.07	63.34	65.09	39.50	38.00	140.4	132.0
4/16/2002	\$24.92	\$24.75	74.73	79.29	64.23	63.78	66.25	39.50	38.00		
4/17/2002	\$25.94	\$25.94	74.70	80.77	65.10	65.40	67.25	40.25	38.75		
4/18/2002	\$25.86	\$26.18	74.57	81.13	65.30	65.58	67.25	41.13	39.13		
4/19/2002	\$26.43	\$26.38	73.95	80.40	65.65	65.91	67.75	40.38	37.88		
4/22/2002	\$26.28	\$26.27	72.82	79.02	65.55	65.81	67.65	41.00	38.50	140.4	130.4
4/23/2002	\$26.28	\$26.62	74.11	80.16	66.40	66.53	69.07	41.69	39.32		
4/24/2002	\$26.28	\$26.38	71.89	78.76	66.10	66.12	68.28	41.13	39.19		
4/25/2002	\$26.36	\$26.73	72.50	79.37	66.70	67.20	69.10	41.50	39.69		
4/26/2002	\$27.12	\$27.11	74.00	81.39	67.60	67.90	70.00	40.69	39.25		

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

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## Latest U.S. Weekly EIA Petroleum Information

(updated April 24, 2002)

When Up Is Down

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) rose by 1.5 million barrels last week. Total commercial petroleum inventories increased by 5.0 million barrels. So how do these increases actually represent a declining inventory situation? It is by looking at the shrinking surplus to year-ago levels. Even with these increases, the petroleum inventory surplus that has existed in the United States for over a year is shrinking fast.

U.S. crude oil inventories, which were about 40 million barrels above year-ago levels as recently as the week ending March 1, stand at just 3.9 million barrels above year ago levels for the week ending April 19. Because of the nearly 21 million barrel increase in crude oil inventories last April, unless crude oil inventories increase about another 1 million barrels next week, we will see the first deficit to year-ago levels since the week ending March 16, 2001. How has the situation turned so dramatically in recent weeks? Crude oil imports into the United States continue to track well below year-ago levels. Even with an increase of 0.9 million barrels per day last week to average over 9.1 million barrels per day, U.S. crude oil imports over the last four weeks have averaged just 8.8 million barrels per day, or nearly 850,000 barrels per day less than over the same period last year. With OPEC 10 (excluding Iraq) crude oil production in the first quarter of 2002 averaging 22.6 million barrels per day, this is the lowest quarterly average since the second quarter of 1992! With less crude oil being produced by these countries after a series of cuts in production quotas, they are exporting less, and so it is no surprise to see the world's largest importing country experiencing declining imports. Of course, with the large stock surpluses that were in the United States earlier this year, this was not a concern, since inventories were available to supply refineries. However, now that the crude oil inventory surplus is all but gone, how much longer can the system rely on inventories before U.S. refiners need to go out and bid against European and Asian refiners for more imports, thus putting increased pressure on prices?

The situation is similar when looking at total commercial petroleum inventories (commercial crude oil plus refined product inventories). A surplus to year-ago levels that was as high as 87.7 million barrels as of the week ending January 4, and was as high as 83 million barrels as recently as the week ending February 8, is now just 38 million barrels above the level last year. With large increases in commercial petroleum inventories last April and May, this surplus could also disappear by next month. With the peak of the gasoline season still ahead, the year-over-year inventory surpluses we've become accustomed to may be fading away.

### **Retail Gasoline Prices Stay Put**

The retail price for regular motor gasoline was static this week, staying at \$1.404 per gallon after dropping to that level last week. This price is 21.5 cents per gallon lower than last year. Prior to last week's drop, prices had been flat or rising for the previous eight weeks. Prices remained rather stable throughout the country, with New England and the Central Atlantic seeing slight increases (1.0 and 0.8 cents per gallon, respectively), while the rest of the country stayed flat or saw slight decreases. Prices in the Midwest stayed flat at \$1.379 per gallon. While inventories are currently above last year's level, they are just slightly above the 5-year average level, and experienced a decline last week. In addition to inventory levels, ongoing strife in major crude oil producing regions such as the Middle East and Venezuela, as well as OPEC's reluctance to raise their quota in the coming months, have the potential to disrupt crude oil and product markets. For further information, see the [Summer Motor Gasoline Outlook](#), released on April 8, which anticipates that gasoline prices are likely to rise further, although they are expected at this time to remain below levels seen the last two years. However, with the season just beginning, it is difficult to know how events will unfold this summer. Last year, after rising in the spring and then falling in the middle of summer, gasoline prices rose again towards the end of summer.

### **Jet Fuel Demand Maintains Status Quo**

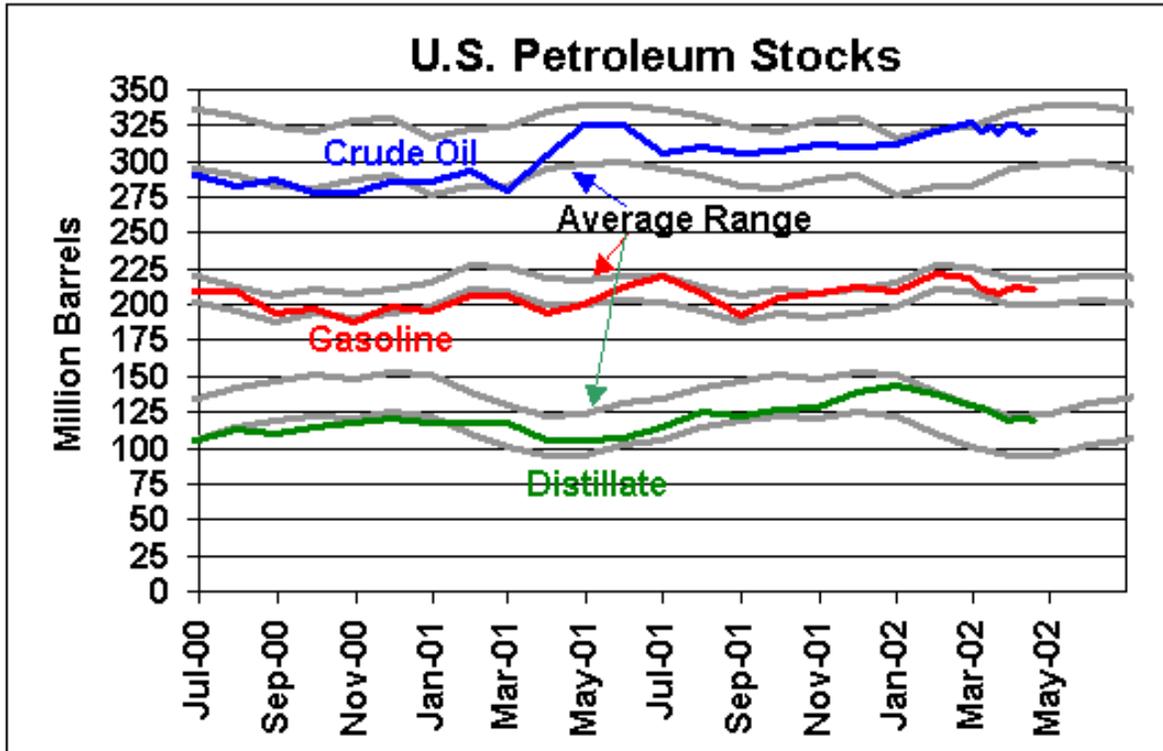
Despite the week over week drop in jet fuel demand, the overall picture remains robust as the most recent four week period continues to show demand trailing less than 4% below the comparable period last year. Jet fuel demand over the four-week period ending April 19, 2002, maintained the 1.6-million-barrel-per-day average reported the previous week. Continuation of cheap airfares appears to be one of the drivers behind the recent rebound seen over the past several weeks. But it is still uncertain whether the upward trend can be maintained during the summer travel season if major airlines abandon this practice and return to more normal pricing policies.

Over the last four weeks, total demand for petroleum products was less than 2% below the same period last year, continuing a trend of declining differentials that started during the first quarter of the year as petroleum demand began approaching year-ago levels.

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## U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	4/19/2002	4/19/2001	Diff.	% Diff.
<b>Refinery Activity</b>				
Crude Oil Input	14,984	15,218	-234	-1.5%
Operable Capacity	16,800	16,639	161	1.0%
Operable Capacity Utilization (%)	89.9%	92.8%	-2.9%	
<b>Production</b>				
Motor Gasoline	8,377	8,274	103	1.2%
Jet Fuel	1,487	1,535	-48	-3.1%
Distillate Fuel Oil	3,572	3,592	-20	-0.6%
<b>Imports</b>				
Crude Oil (incl. SPR)	8,844	9,698	-854	-8.8%
Motor Gasoline	814	725	89	12.3%
Jet Fuel	130	150	-20	-13.4%
Distillate Fuel Oil	226	317	-91	-28.6%
<b>Total</b>	<b>11,240</b>	<b>12,179</b>	<b>-939</b>	<b>-7.7%</b>
<b>Exports</b>				
Crude Oil	33	16	17	100.9%
Products	928	933	-5	-0.5%
<b>Total</b>	<b>961</b>	<b>949</b>	<b>12</b>	<b>1.3%</b>
<b>Products Supplied</b>				
Motor Gasoline	8,694	8,522	172	2.0%
Jet Fuel	1,606	1,671	-65	-3.9%
Distillate Fuel Oil	3,748	3,923	-175	-4.5%
<b>Total</b>	<b>19,404</b>	<b>19,699</b>	<b>-295</b>	<b>-1.5%</b>
<b>vs. Year Ago</b>				
<b>Stocks</b> (Million Barrels)	<b>4/19/2002</b>	<b>4/19/2001</b>	<b>Diff.</b>	<b>% Diff.</b>
Crude Oil (excl. SPR)	320.9	317.0	3.9	1.2%
Motor Gasoline	210.6	197.9	12.7	6.4%
Jet Fuel	40.0	40.2	-0.2	-0.5%
Distillate Fuel Oil	119.7	105.0	14.7	14.0%
<b>Total (excl. SPR)</b>	<b>997.3</b>	<b>958.8</b>	<b>38.5</b>	<b>4.0%</b>



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

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## World Oil Market Highlights

(updated April 29, 2002)

According to second quarter 2002 estimates, the world holds about 7 million barrels per day of excess oil production capacity outside of Iraq, over 90% of which lies in OPEC countries. As of April 29, the [U.S. Strategic Petroleum Reserve](#) (SPR) contained 565.5 million barrels of oil. The SPR has a maximum drawdown capability of 4.18 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown.

### Major Sources of U.S. Petroleum Imports, 2001\*

(all volumes in million barrels per day)

	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports

<b>Canada</b>	1.79	1.32	0.47
<b>Saudi Arabia</b>	1.66	1.61	0.05
<b>Venezuela</b>	1.54	1.28	0.26
<b>Mexico</b>	1.42	1.38	0.04
<b>Nigeria</b>	0.86	0.81	0.04
<b>Iraq</b>	0.78	0.78	0.00
<b>Norway</b>	0.33	0.27	0.06
<b>Angola</b>	0.32	0.31	0.07
<b>United Kingdom</b>	0.31	0.23	0.08
<b>Total Imports</b>	11.62	9.15	2.47

\* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in 2001.

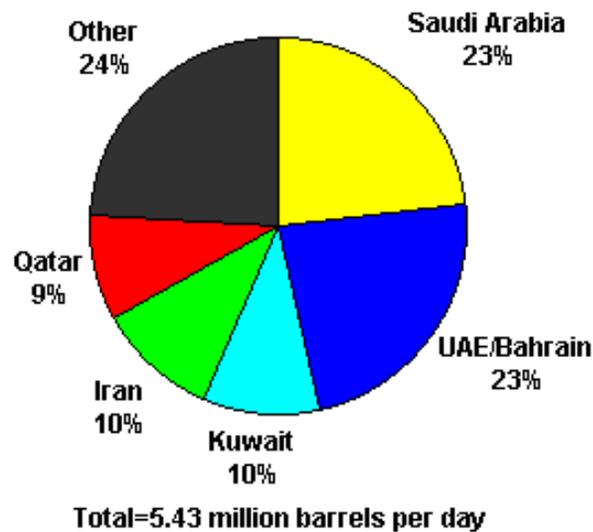
<b>Top World Oil Net Exporters, 2001*</b>		
	<b>Country</b>	<b>Net Exports (million barrels per day)</b>
1)	Saudi Arabia	7.38
2)	Russia	4.76
3)	Norway	3.22
4)	Iran	2.74
5)	Venezuela	2.60
6)	United Arab Emirates	2.09
7)	Nigeria	2.00
8)	Iraq	2.00
9)	Kuwait	1.80
10)	Mexico	1.65
11)	Libya	1.24
12)	Algeria	1.24

*\*Table includes all countries with net exports exceeding 1 million barrels per day in 2001.*

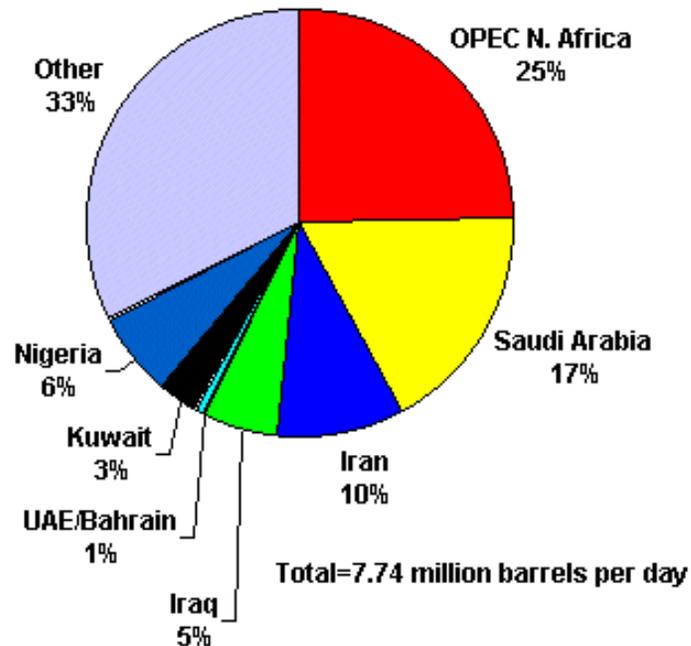
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During the first nine months of 2001, about 36% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around one-third from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. 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.

**Japanese Net Oil Imports by Country, January-September 2001**



**OECD European Net Oil Imports by Country, January-September 2001**



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## Latest U.S. Weekly Natural Gas Information

(updated April 29, 2002)

### [Industry/Market Developments](#)

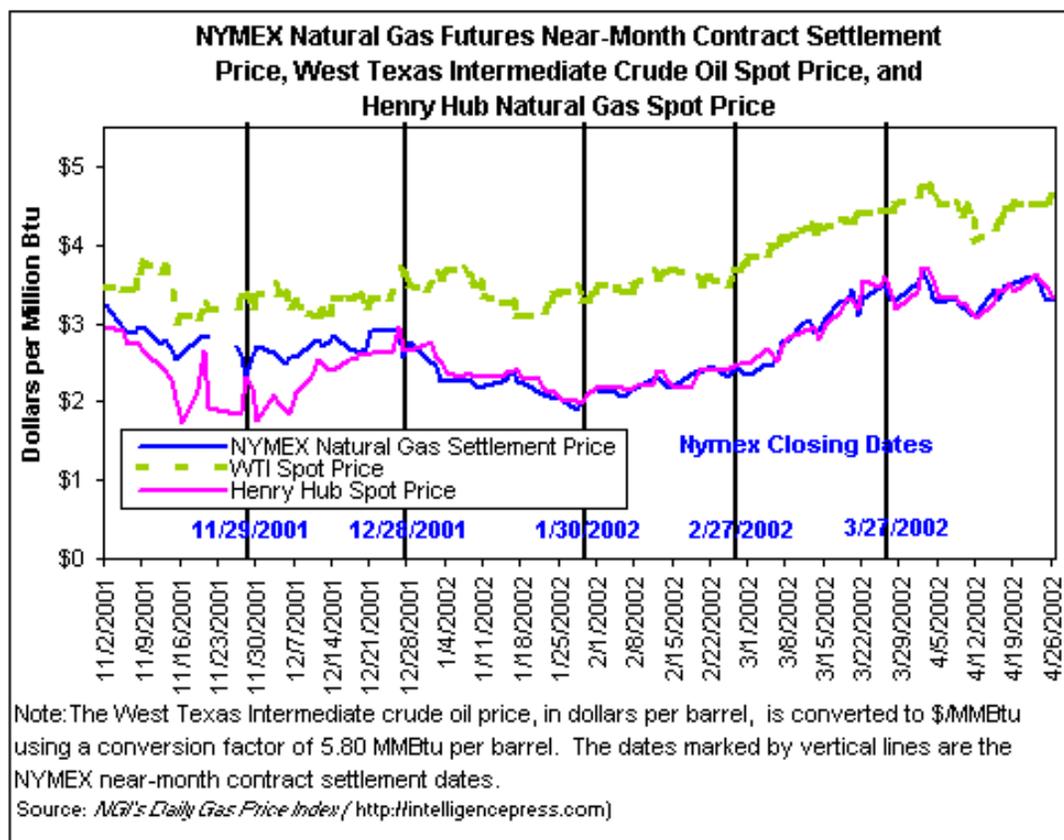
*Gas drilling activity:* The number of rotary rigs drilling gas prospects rose for the third week in a row, to 634, according to the latest Baker Hughes rig count released Friday, April 26. This is the first time in nearly a year that the natural gas rig count has recorded consecutive weekly increases. Since reaching its all-

time high of 1,068 rigs running for the week ended July 13, 2001, the rig count has fallen quite consistently, recording only 4 weekly increases in the 36 weeks through April 5. As of that date, the rig count had dropped to 591-its lowest level since October 15, 1999 when it reached 579. Despite the recent increases in gas drilling, the monthly average gas rig count declined from 617 in March 2002 to 612 in April.

### Prices:

Natural gas prices traded last Friday (April 26) down more than a dime per MMBtu at most market locations in the country. In the aftermath of last Wednesday's AGA report of a large storage injection, prices have tumbled 21 cents per MMBtu at the Henry Hub and more at most other market locations. Prices at New York and Chicago were down about 15 cents per MMBtu last Friday with the spot price falling to \$3.66 per MMBtu and \$3.33 per MMBtu, respectively. In the West, the price of natural gas dropped 40 cents or more per MMBtu at many locations in the last two trading sessions. On Friday, the composite average California spot price was \$2.70 per MMBtu.

On the NYMEX, the price of a futures contract for May delivery closed at \$3.319 per MMBtu, up a slight \$0.024 per MMBtu from the previous day. Last Friday marked the expiration of the May contract, which traded as the front month contract in a range between \$3.10 and \$3.65 per MMBtu. The price for the futures contract for June delivery traded higher than the expiring month and closed last Friday at \$3.372 per MMBtu.



<i>All prices in \$ per MMBtu</i>	<b>Composite California Average</b>	<b>Henry Hub</b>	<b>New York City</b>	<b>Chicago</b>	<b>NYMEX futures contract- May delivery</b>	<b>NYMEX futures contract- June delivery</b>
4/8/2002	3.23	3.36	3.72	3.40	3.327	3.365
4/9/2002	3.14	3.25	3.59	3.28	3.201	3.240
4/10/2002	3.15	3.25	3.59	3.28	3.184	3.223
4/11/2002	3.04	3.14	3.56	3.17	3.103	3.141
4/12/2002	2.68	3.08	3.35	3.09	3.125	3.163
4/15/2002	3.11	3.27	3.74	3.30	3.430	3.465
4/16/2002	3.31	3.43	3.88	3.44	3.294	3.329
4/17/2002	3.23	3.40	3.76	3.38	3.477	3.511
4/18/2002	3.31	3.51	3.81	3.50	3.485	3.523
4/19/2002	3.01	3.40	3.68	3.41	3.527	3.562
4/22/2002	3.32	3.58	3.97	3.59	3.596	3.616
4/23/2002	3.31	3.63	3.97	3.64	3.591	3.615
4/24/2002	3.14	3.53	3.85	3.55	3.419	3.431
4/25/2002	3.14	3.47	3.81	3.49	3.295	3.306
4/26/2002	2.70	3.32	3.66	3.33	3.319	3.372
<i>Source: NGL's Daily Gas Price Index (<a href="http://intelligencepress.com">http://intelligencepress.com</a>)</i>						

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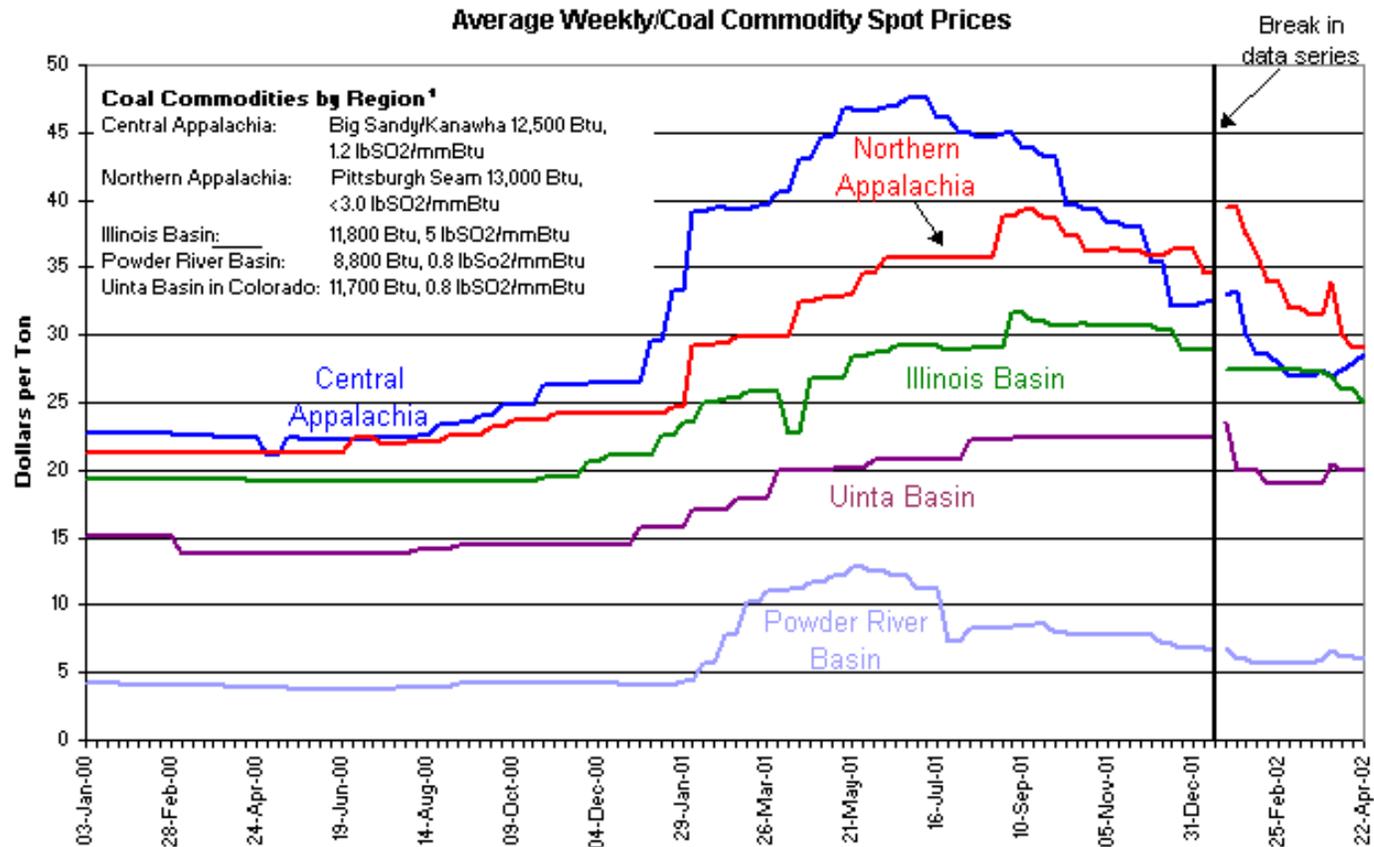
## Latest U.S. Coal Information

(updated April 25, 2002)

U.S. coal supplies are more than adequate for anticipated needs. For the week ending April 20, EIA estimates U.S. [coal production](#) at 20.0 million short tons (mst). This was 8% lower than in the comparable week in 2001. Year-to-date as of April 20, rail car loadings of coal and national coal production have fallen by 4.4% and 5.2%, respectively, compared to their levels a year ago. Year-to-date, western U.S. coal production is 1.3% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 9.4% below last year's level. The estimated production for the first quarter of 2002 was 268.8 mst. Restrained production at this time accommodates higher-than-usual coal stockpiles at consuming facilities, coinciding with the spring period of low seasonal demand.

While crude oil prices have fluctuated, mostly upward, in recent weeks, U.S. coal prices have either fallen or held relatively steady. Although price criteria changed since last summer, Illinois, Uinta, and Powder River Basin coals are continuing the level-to-slowly-declining price profiles established with the 2001 spot data. Since summer 2001 peaks, Central and Northern Appalachian coal prices have fallen significantly (by about \$19.00 and 10.00 per short ton, respectively). The latest prices, \$28.50 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are 28% and 36% above prices in the summer of 2000, prior to escalation. Spot prices currently indexed are about 25% and 40% above the summer 2000 baseline, respectively, for

Central and Northern Appalachia, and about 10% for the Uinta Basin, 20% for the Illinois Basin, and 50% for the Powder River Basin, above summer 2000 levels. In the latest week, coal prices either did not change or moved down by small percentages, with the exception of Central Appalachian coal, which has extended a 3-week rise totaling \$1.50 per short ton. Uncertainty over the course of events in the Middle East continues to add a security margin to other energy prices. Although [NYMEX](#) trade volumes are nominal and erratic, the trend since mid-November 2001 has been toward lower prices, with a recent leveling off of prices since early February 2002.



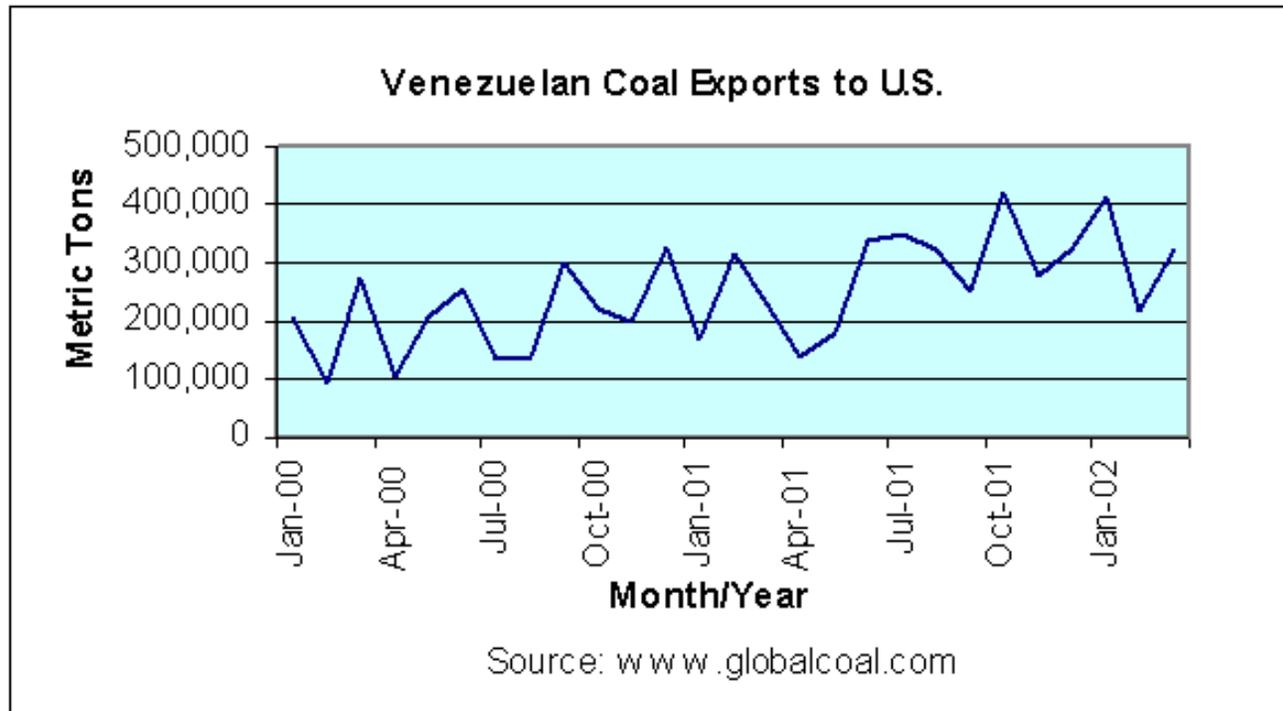
Source: with permission, selected from listed prices in Platts Coal Outlook, "Weekly Price Survey"

<sup>1</sup>Prior to January 14, 2002 EIA averaged 12-month "forward" spot prices for several coal specifications; after that date, the values shown are based on a single specification in each region for delivery by the end of the next quarter.

Principals from the over-the-counter (OTC) markets say the wide volatility of coal prices during the past 2 years indicates the need for a "more mature" OTC trading market, according to Platts Coal Trader, April 23, 2002. The prices tracked in the Average Weekly Coal Commodity Spot Prices (above) are estimated from near-term OTC spot prices, for delivery by the end of the coming quarter, or generally within 30 to 120 days.

Although the United States can produce sufficient coal for domestic needs, 12.5 mst were imported in 2000, about 1% of consumption. A few electric power generators situated near the Atlantic and Gulf coasts purchase imported coal because their location allows them to cash in on low mine-level prices and ocean shipping rates and because the imported coals are low in sulfur, with high heat content. In 2000, 2.0 mst of coal was imported from Venezuela. If disruptions of

these coal shipments were to occur, the national impact would be insignificant. In any case, unlike with recent strikes against Venezuelan oil exports, we have seen no curtailment of Venezuelan coal shipments.



A March 28 ruling by U.S. District Judge James Robertson, of the federal district court in Washington, DC, would restrict underground coal mining under national parks, inhabited residences, and other protected areas. The court ruled in favor of the Citizens Coal Council, an environmental advocacy group, in its suit challenging the way the Department of the Interior has allowed permitting of underground coal mining that may cause ground subsidence in specified protected areas. The effect of this ruling would negate permitting practices that have been followed, but challenged, almost since the initiation of the Surface Mining Control and Reclamation Act of 1977. The National Mining Association, which along with Gale Norton, Secretary of the Interior, is one of the Defendants, claims that the ruling ignores long-standing interpretation of the 1977 statute and would devastate eastern U.S. coal production. It pledges to appeal the ruling.

In the long term, however, EIA expects domestic coal supplies to be more than adequate for projected consumption. Most coal is still sold under multi-year contracts, and average prices for all coal supply contracts, incorporating spot and long-term, are projected to stabilize at well below current spot prices. EIA's projections of average coal prices decline slightly in inflation-adjusted dollars because nominal prices rise more slowly than the rate of inflation between 2000 and 2020.

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## Latest U.S. Electricity Information

(updated April 29, 2002)

**Selected Wholesale Electricity Prices (April 22 – April 28):** With warm weather forecasts and anticipation of weekend routine maintenance outages, ISO New England wholesale electricity spot prices increased over the past week going from \$30.31 per megawatthour on Monday April 22 to \$35.46 per megawatthour on Friday April 26. New York ISO prices over the same days were relatively stable ranging between \$36.38 and \$34.21 per megawatthour.

### Weighted Average Wholesale Electricity Prices at Major Trading Centers (Dollars per megawatthour)

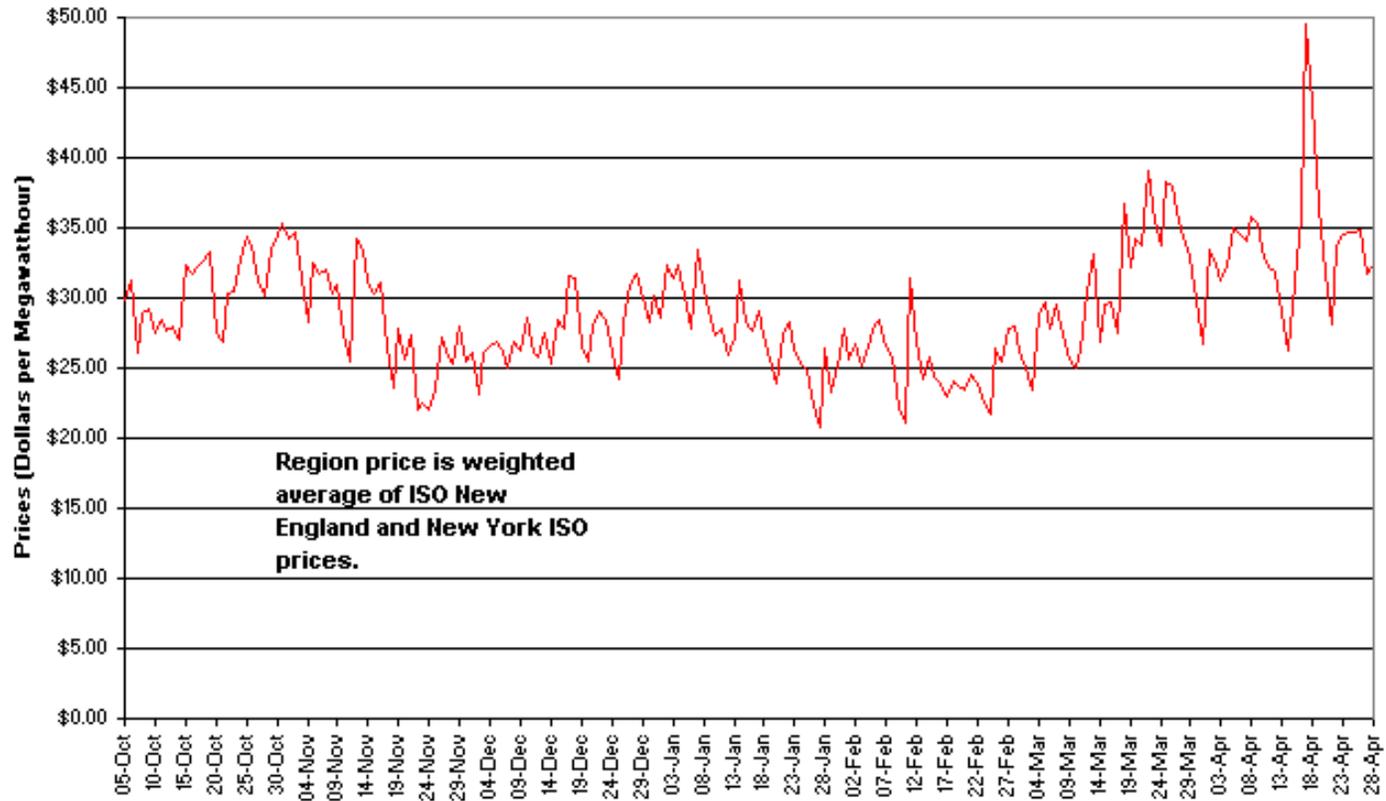
Trading Centers								Price Range		
	4/22/02	4/23/02	4/24/02	4/25/02	4/26/02	4/27/02	4/28/02	Max	Min	Average
<b>ISO New England</b>	30.31	33.07	33.57	32.53	35.46	32.36	35.22	35.46	30.31	33.19
<b>New York ISO</b>	36.38	35.61	35.63	36.49	34.21	31.18	29.72	36.49	29.72	34.33

**Source:** ISO New England (<http://www.iso-ne.com>), and New York ISO (<http://www.nyiso.com>) web pages.

**ISO New England:** Average price of electricity traded at the ISO New England.

**New York ISO:** Average price of electricity traded at the New York ISO.

### Weighted Average Wholesale Electricity Prices in the Northeast Region



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