



ENERGY SITUATION ANALYSIS REPORT



May 3, 2002

(next scheduled update: May 6, 2002)

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

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

Latest Energy Market Developments

(updated May 3, 2002)

West Texas Intermediate (WTI) oil prices for June (near-month) delivery fell 51 cents per barrel Thursday on the NYMEX, to close at \$26.24 per barrel. WTI prices rallied on Friday to close at \$26.62 per barrel, but even with this increase the week ended down 48 cents per barrel. Overall, oil prices still remain relatively strong due to OPEC oil output cuts, Middle Eastern tensions, and a recovering U.S. economy.

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

- Iraq's unilateral 30-day embargo of its U.N.-sanctioned "Oil-for-Food" oil exports is in its fourth week. Iraq has stated that it intends to review its policy next Tuesday on whether to extend its embargo beyond 30 days.
- Although prices fell in response to confirmation late Wednesday that Israeli troops had withdrawn from the West Bank city of Ramallah, an Israeli pre-dawn raid on a Hamas hideout in the West Bank town of Nablus early Friday served as a reminder that the situation is still tense and can change quickly.
- Nigeria deployed soldiers Thursday in the central town of Jos in response to political clashes that reportedly left 20 residents dead, raising fears that the crisis could spread in advance of the first scheduled elections since 15 years of military rule ended in 1999.

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

- Hawaiian lawmakers approved a bill Thursday to regulate the maximum price of gasoline, creating the first government cap on gasoline prices since 1981. The regulation won't take effect until 2004 at the earliest. Spokeswoman Jackie Kido said that Governor Benjamin Cayetano is expected to sign the bill within weeks.
- At an EIA-estimated level of 1,675 billion cubic feet, total U.S. natural gas stocks as of April 26 were nearly 39 percent greater than the 5-year average. The Florida Gas Transmission (FGT) pipeline declared a force majeure situation on Thursday, May 2, after discovering a small leak on its 36-inch mainline, south of Tallahassee, Florida.

FGT has reported that the repairs have been completed and full service will be restored on Friday, May 3.

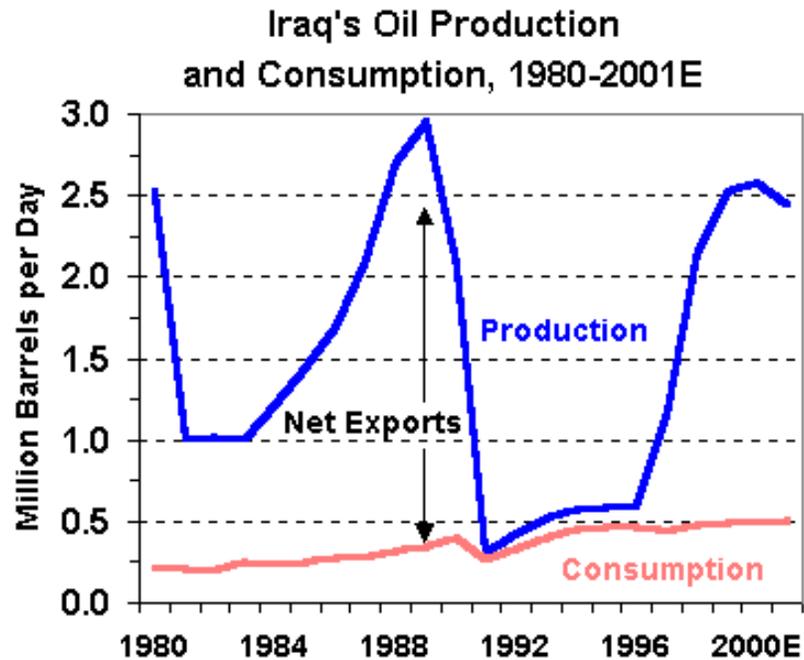
- Western U.S. wholesale electricity prices decreased Thursday as electricity demand dropped across the region. Spot electricity prices across the Northeast U.S. were mixed as generating units came back on-line, but cool weather increased heating demand.
- U.S. coal supplies are more than adequate for anticipated needs. U.S. spot coal prices have been relatively steady since February 2002.

Special Topic -- Basic Facts on Iraq

(updated April 30, 2002)

While Iraq's weekly export levels fluctuate, the country remains an important world oil player, with U.N. "Oil-for-Food" exports from January 1, 2002 through April 8, 2002 averaging 1.7 million barrels per day. "Oil-for-Food" exports ceased on April 8, when the country declared an embargo. 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.

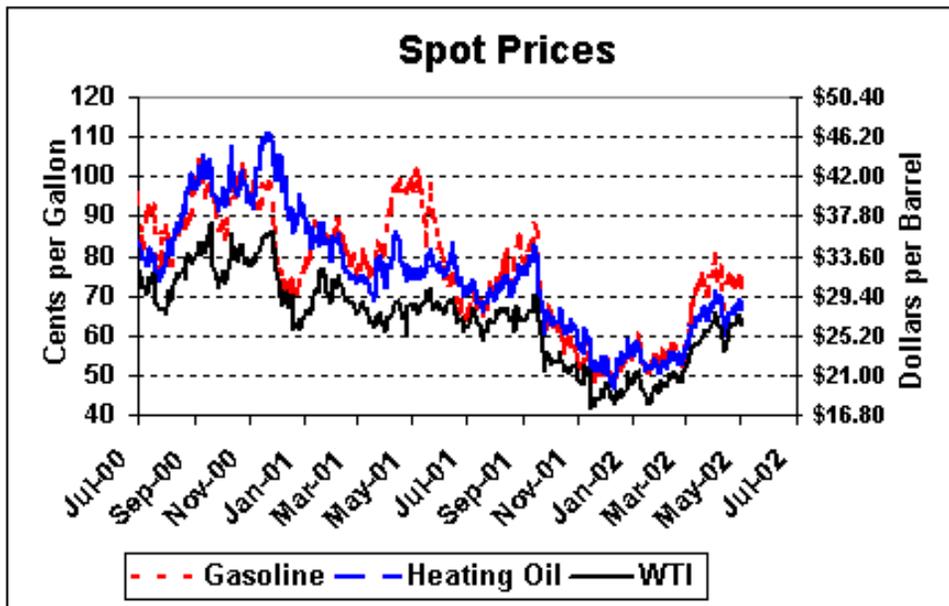
The current phase of the "Oil-for-Food" program expires at the end of May 2002. Temporary downturns in Iraqi exports in association with program rollovers are common.



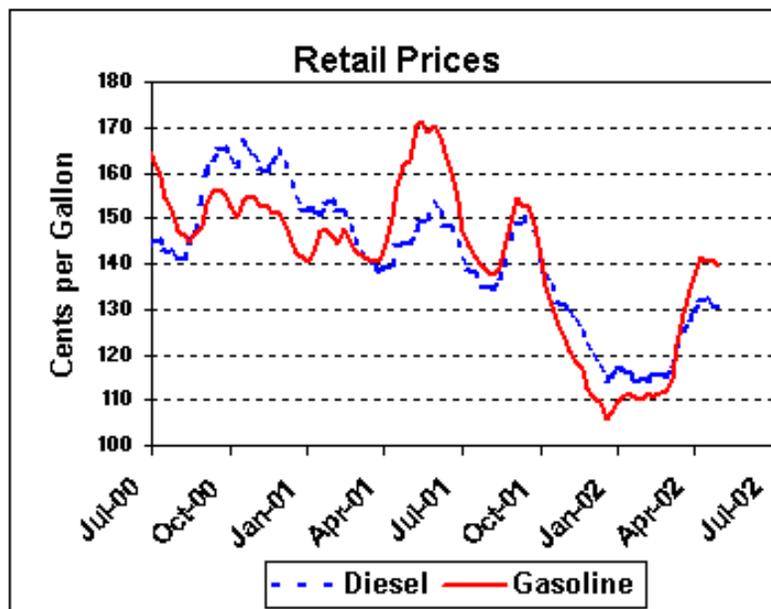
Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.

U.S. Petroleum Prices

(updated May 3, 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. Behvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
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		
4/29/2002	\$27.45	\$27.57	74.95	83.36	68.95	69.20	71.20	41.57	39.25	139.3	130.2
4/30/2002	\$27.32	\$27.29	74.93	82.30	68.65	68.90	70.90	42.00	39.88		
5/1/2002	\$26.58	\$26.75	72.75	80.48	67.33	67.42	69.65	41.63	39.51		
5/2/2002	\$26.31	\$26.24	71.73	78.49	66.38	66.07	68.48	41.09	38.50		

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

Latest U.S. Weekly EIA Petroleum Information

(updated May 1, 2002)

Bulls vs. Bears

Following the breakneck 5.8% growth rate (measured as Gross Domestic Product or GDP) registered for the U.S. economy during the first quarter 2002, some economists are now suggesting more moderate growth in the range of 3% to 3.5% during the second quarter, and perhaps for the remainder of the year. How will these projections bode for U.S. petroleum markets in the months ahead? Taking either a bullish or bearish position with respect to the level of GDP growth may only determine the speed at which oil markets will tighten up. Even with this week's increase in crude oil inventories, it does appear inevitable that, in the near future, crude oil inventories will fall. As a result, diminishing crude oil supplies may have the effect of causing added tightness in gasoline, and possibly jet fuel markets in the run-up to the summer travel season.

The unexpectedly large jump in economic activity during the first quarter of 2002, when combined with the modest 1.7% rebound in GDP during the fourth quarter of 2001, now strongly confirms the view held here that seemingly weak U.S. oil demand levels apparent over the winter now ended were not structurally rooted. Most, if not all, of the deficit seen in monthly comparisons with last year now can be attributed to short-term factors, all but dissipated - near record warm weather, dramatically lower natural gasoline prices, and September 11's impact jet fuel demand. Should economic growth continue to run at 3% or higher (which seems plausible, even over the second quarter of 2002, since continued slowing in de-stocking in the business sector is anticipated), the masking effect of these factors will be evident all too soon in solid petroleum demand growth rates and inventory declines.

Indeed, largely unaffected by these special factors, demand for finished motor gasoline set a first quarter record, averaging 8.4 million barrels per day, 2.3% higher than first quarter 2001. Demand for jet fuel, although trailing more than 10% below the same first quarter period last year, continues to rebound from the effects of the September 11 terror attacks. For example, over the most recent four-week period, jet fuel demand is just 1.4 percent less than during the same period last year, while motor gasoline has shown a growth rate of 2.7% over this period. Again, if demand for these fuels remains strong, crude oil and petroleum product inventories would be expected to trend lower over the next few months. While an inventory cushion currently exists for motor gasoline, jet fuel inventories remain close to year-ago levels. For the week ending April 26, inventories of motor gasoline stood at 211.9 million barrels, more than 12 million barrels above year-ago levels. Inventories of jet fuel totaled 39.7 million barrels during this same period, 0.8 million barrels below the prior year level.

U.S. reported commercial crude oil inventories surprised analysts by increasing 4.6 million barrels last week. Although a small rise in crude oil imports explains some of the gain, the additional increase in reported inventories is in the nature of weekly data. Sometimes changes in reported inventories lag changes in imports, as the timing of imports is critical with weekly data. Nevertheless, despite this increase, commercial crude oil inventories remain less than 4 million barrels above the level at the same time last year. Moreover, crude oil imports over the last four weeks have averaged 8.9 million barrels per day, down about 9% from the same period last year. If product demand continues to remain relatively strong for gasoline in particular, the current inventory cushion will be needed to supply the market temporarily. However, once this cushion is reduced, refiners will need to increase production, putting added pressure on crude oil inventories.

Retail Gasoline Takes a Slide

The retail price for regular motor gasoline fell this week, losing 1.1 cents per gallon to end at 139.3 cents per gallon. This price is 23.3 cents per gallon lower than last year. Prices have been flat or falling for the past three weeks. Prices were down throughout the country, except for in the Rocky Mountains, which saw an increase of 0.8 cents per gallon. The largest price decrease occurred in the Midwest, where prices dropped 2.4 cents per gallon. Gasoline inventories rose last week, remaining 6.2% above last year's level and 2.3% above the 5-year average. Total gasoline imports were up last week, at a level 23.3% higher than this time last year. However, continuing daily conflicts in the Middle East and OPEC's reluctance to raise its production quota have the potential to disrupt crude oil and product markets.

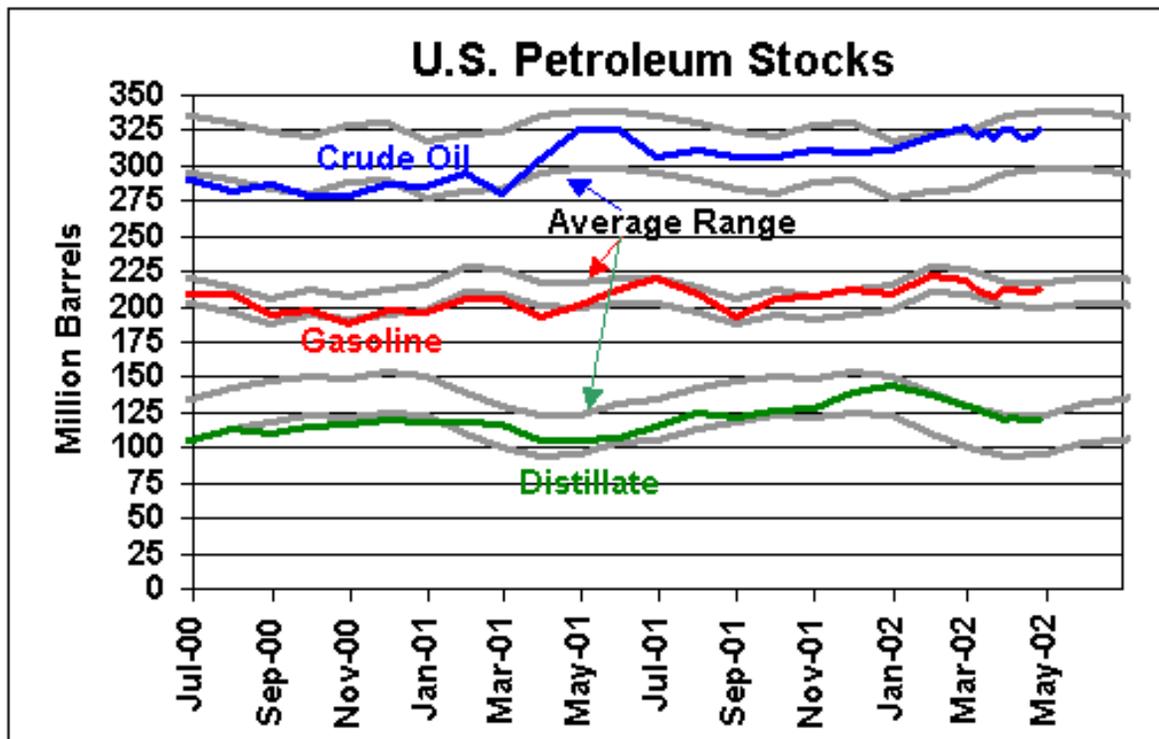
Retail diesel fuel prices fell for a third straight week by 0.2 cents per gallon, to a national average of 130.2 cents per gallon as of April 29.

Total Gasoline Imports Reach Record Levels

Total gasoline imports (including blending components) averaged nearly 1.1 million barrels per day for the week ending April 26, which is more than 100,000 barrels per day higher than the previous record set during the week ending September 28, 2001. Even with this record level of imports, gasoline inventories only increased by 1.3 million barrels. If imports had been just 200,000 barrels per day less (which still would have represented a high level), gasoline inventories would have been drawn down slightly.

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	4/26/2002	4/26/2001	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,140	15,441	-301	-1.9%
Operable Capacity	16,800	16,636	164	1.0%
Operable Capacity Utilization (%)	89.9%	94.2%	-4.3%	
Production				
Motor Gasoline	8,408	8,395	13	0.2%
Jet Fuel	1,497	1,543	-46	-3.0%
Distillate Fuel Oil	3,628	3,633	-5	-0.1%
Imports				
Crude Oil (incl. SPR)	8,914	9,785	-871	-8.9%
Motor Gasoline	885	760	125	16.5%
Jet Fuel	123	152	-29	-19.2%
Distillate Fuel Oil	196	306	-110	-36.0%
Total	11,293	12,271	-978	-8.0%
Exports				
Crude Oil	33	8	25	291.5%
Products	938	941	-3	-0.3%
Total	971	950	21	2.2%
Products Supplied				
Motor Gasoline	8,772	8,539	233	2.7%
Jet Fuel	1,633	1,656	-23	-1.4%
Distillate Fuel Oil	3,656	3,845	-189	-4.9%
Total	19,467	19,623	-156	-0.8%
vs. Year Ago				
Stocks (Million Barrels)				
	4/26/2002	4/26/2001	Diff.	% Diff.
Crude Oil (excl. SPR)	325.5	321.9	3.6	1.1%
Motor Gasoline	211.9	199.6	12.3	6.2%
Jet Fuel	39.7	40.5	-0.8	-2.0%
Distillate Fuel Oil	120.2	105.0	15.2	14.5%
Total (excl. SPR)	1,004.3	968.1	36.2	3.7%



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

World Oil Market Highlights

(updated April 30, 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.

Major Sources of U.S. Petroleum Imports, 2001*			
(all volumes in million barrels per day)			
	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.79	1.32	0.47
Saudi Arabia	1.66	1.61	0.05

Venezuela	1.54	1.28	0.26
Mexico	1.42	1.38	0.04
Nigeria	0.86	0.81	0.04
Iraq	0.78	0.78	0.00
Norway	0.33	0.27	0.06
Angola	0.32	0.31	0.07
United Kingdom	0.31	0.23	0.08
Total Imports	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.

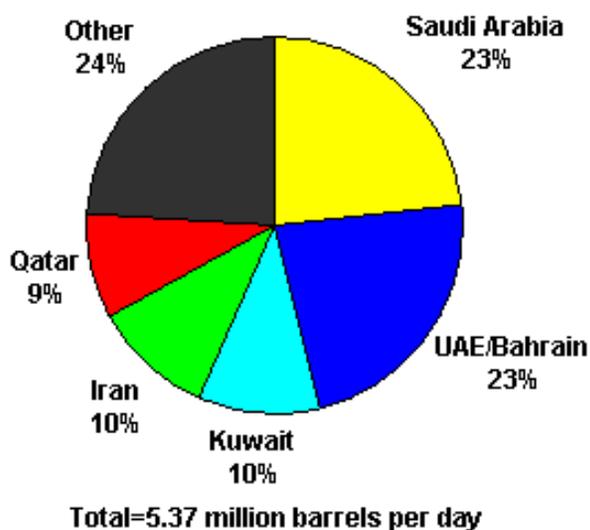
Top World Oil Net Exporters, 2001*		
	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	7.38
2)	Russia	4.76
3)	Norway	3.22
4)	Iran	2.74
5)	Venezuela	2.60
6)	United Arab Emirates	2.09
7)	Nigeria	2.00
8)	Iraq	2.00
9)	Kuwait	1.80
10)	Mexico	1.65
11)	Libya	1.24
12)	Algeria	1.24

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

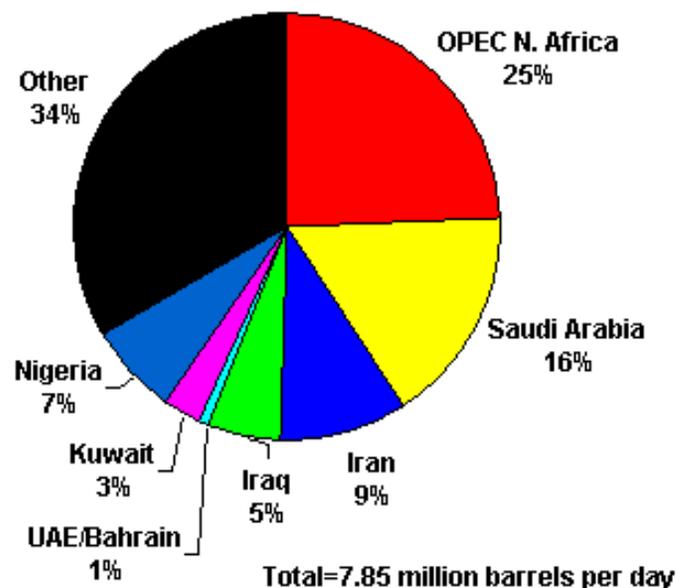
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During 2001, about 35% 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, 2001



OECD European Net Oil Imports by Country, 2001



Latest U.S. Weekly Natural Gas Information

(updated May 3, 2002)

Industry/Market Developments

Force Majeure on the Florida Gas Transmission (FGT) pipeline: FGT declared a force majeure situation on Thursday, May 2, after discovering a small leak on its 36-inch mainline, south of Tallahassee, Florida. All interruptible services and a pro rata portion of firm services were curtailed, reducing deliveries approximately 1,115 million cubic feet yesterday while the company investigated the leak and repaired the pipeline. FGT has reported that the repairs have been completed and full service will be restored on Friday, May 3, with scheduled deliveries of up to 1,950 million cubic feet per day.

EIA Weekly Storage Data Series: EIA released the report [Methodology for EIA Weekly Underground Natural Gas Storage Estimates](#) on Wednesday, May 1,

which discusses the methods and procedures that will be used by EIA to prepare weekly estimates of working gas in storage. The paper describes the new weekly survey form (EIA-912) and survey processing procedures, the methodology for sample selection and estimation, and procedures relating to revisions and data security. General information on the weekly storage survey, including weekly release time, a sample of the presentation format, and EIA's policy on the use of automated retrieval programs (or robots) against the EIA web site, is available at <http://tonto.eia.doe.gov/oog/info/ngs/information.html>. A second paper, comparing the AGA and EIA surveys and methods, will be available through this web site on May 9, 2002.

Storage:

Net injections of working gas into storage were 38 Bcf for the week ended April 26, according to American Gas Association (AGA) estimates. This is 17 percent less than the 5-year (1997-2001) average of 46 Bcf for this week. Net injections in the East region were 63 percent below the 5-year average, while net injections in the West were 44 percent above the 5-year average. However, at an EIA-estimated level of 1,675 billion cubic feet (Bcf), total stocks as of April 26 were nearly 39 percent greater than the 5-year average.

	Current Stocks (Fri,4/26)	Estimated Prior 5-Year (1997-2001) Average	Percent Difference from 5 Year Average	Net Change from Last Week	One-Week Prior Stocks (Fri, 4/19)*
All Volumes in Bcf					
East Region	808	615	31.4%	9	799
West Region	276	184	50.5%	13	263
Producing Region	591	409	44.3%	16	575
Total Lower 48	1,675	1,208	38.7%	38	1,637

Note: Net change data are estimates published by AGA on Wednesday of each week.

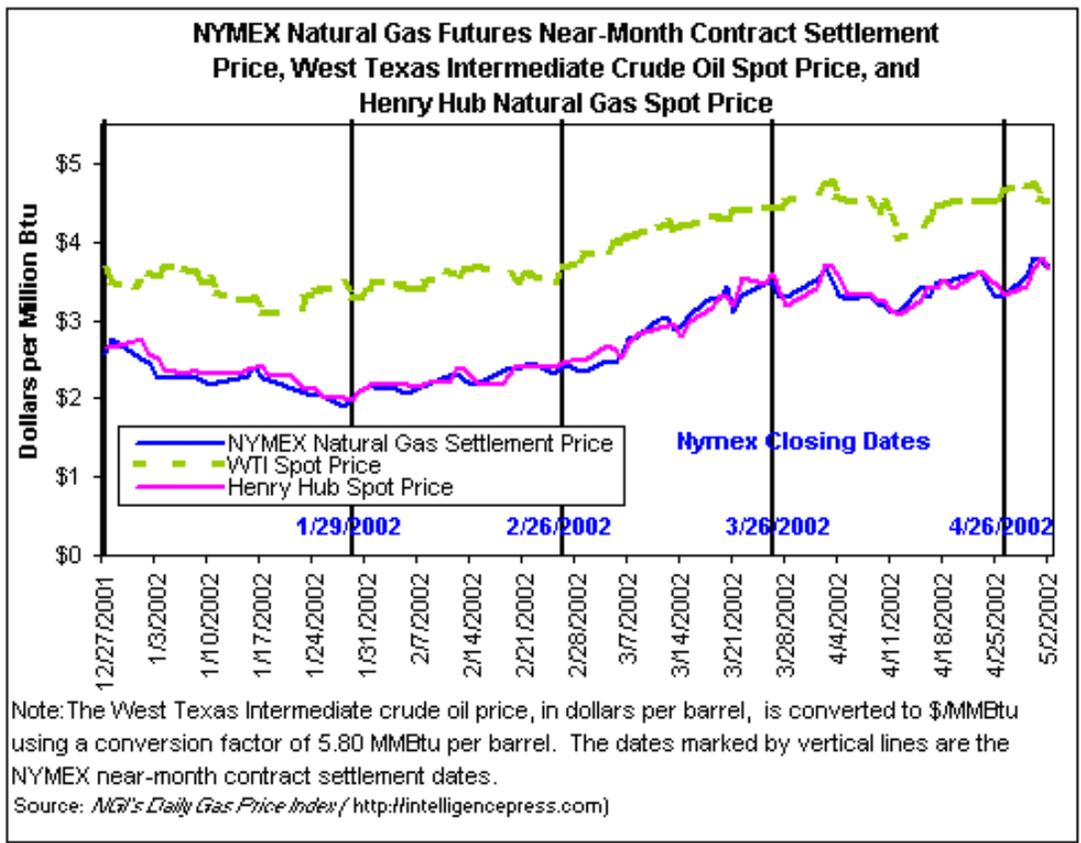
All stock-level figures are EIA estimates based on EIA monthly survey data and weekly AGA net-change estimates. Column sums may differ from Totals because of independent rounding.

**Revised to incorporate EIA survey data for February 2002.*

Prices

Spot prices moved down between 10 and 27 cents per MMBtu at nearly all market locations on Thursday, May 2, snapping a run of three consecutive days of price increases. At the Henry Hub, the average spot price fell 14 cents to \$3.65 per MMBtu. Declines of 11 to 18 cents per MMBtu at market locations for Northeast delivery brought prices at most of these locations below \$4 per MMBtu. Prices in the Rocky Mountains region remained quite variable, falling between 17 and 43 cents per MMBtu at most locations, while rising between 21 and 28 cents per MMBtu at a few other points. The Florida Gas Transmission (FGT) citygate price continued to lead the nation, climbing 35 cents to \$5.70 per MMBtu. In addition to high temperatures, concerns about a leak on the FGT 36-inch mainline contributed to yesterday's price spike.

On the NYMEX, the futures contract for June delivery at the Henry Hub declined about 5 cents per MMBtu to settle at \$3.684. Likewise, prices of the futures contracts for delivery during each of the months remaining in the year fell between 1 and 5 cents per MMBtu.



<i>All prices in \$ per MMBtu</i>	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX	NYMEX
					futures contract- June delivery	futures contract- July delivery
4/4/2002	3.45	3.56	4.08	3.61	3.371	3.409
4/5/2002	3.14	3.31	3.80	3.34	3.313	3.357
4/8/2002	3.23	3.36	3.72	3.40	3.365	3.410
4/9/2002	3.14	3.25	3.59	3.28	3.240	3.283
4/10/2002	3.15	3.25	3.59	3.28	3.223	3.264
4/11/2002	3.04	3.14	3.56	3.17	3.141	3.181
4/12/2002	2.68	3.08	3.35	3.09	3.163	3.205
4/15/2002	3.11	3.27	3.74	3.30	3.465	3.500
4/16/2002	3.31	3.43	3.88	3.44	3.329	3.367
4/17/2002	3.23	3.40	3.76	3.38	3.511	3.546
4/18/2002	3.31	3.51	3.81	3.50	3.523	3.558
4/19/2002	3.01	3.40	3.68	3.41	3.562	3.595
4/22/2002	3.32	3.58	3.97	3.59	3.616	3.646
4/23/2002	3.31	3.63	3.97	3.64	3.615	3.645
4/24/2002	3.14	3.53	3.85	3.55	3.431	3.465
4/25/2002	3.14	3.47	3.81	3.49	3.306	3.341
4/26/2002	2.70	3.32	3.66	3.33	3.372	3.407
4/29/2002	3.14	3.44	3.79	3.48	3.561	3.589
4/30/2002	3.27	3.65	3.95	3.67	3.795	3.823
5/1/2002	3.32	3.79	4.06	3.81	3.735	3.767
5/2/2002	3.15	3.65	3.91	3.66	3.684	3.721

* 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>)

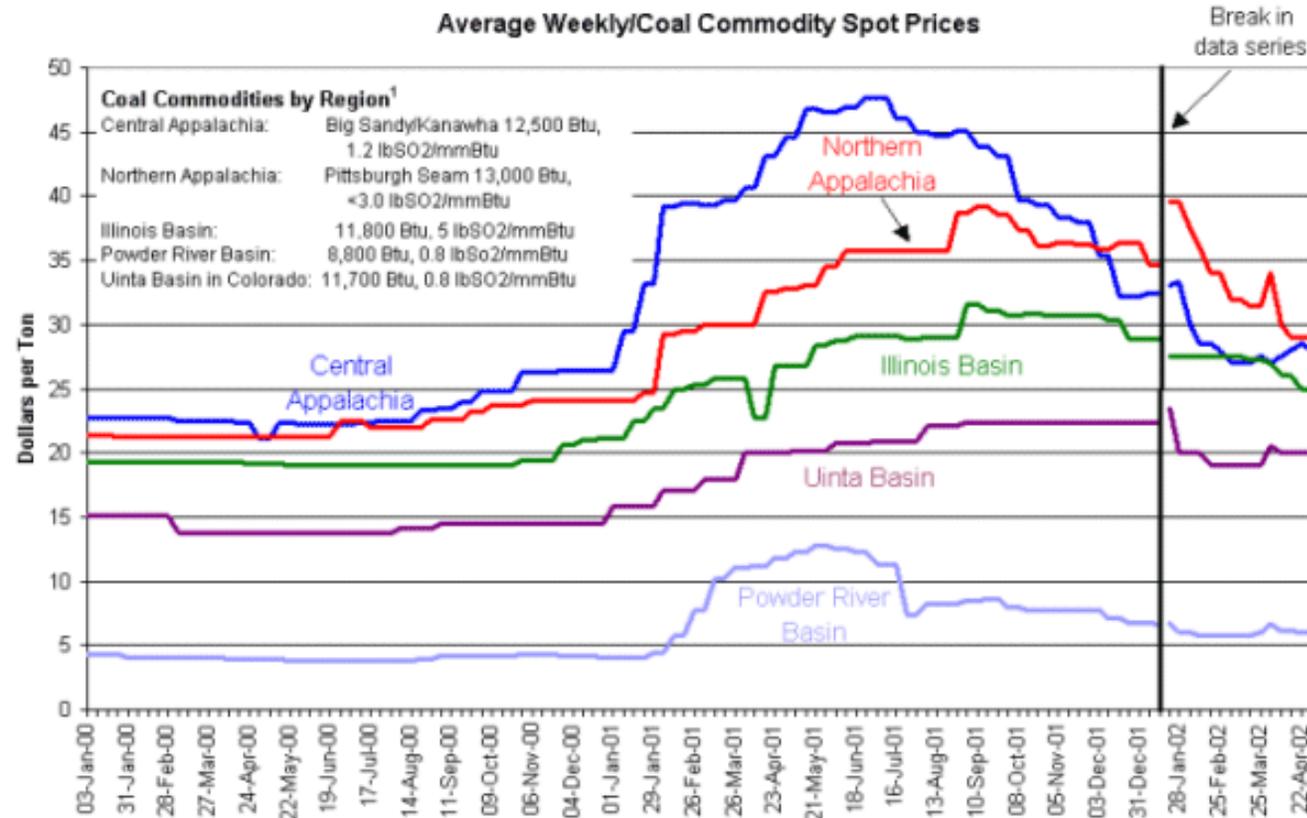
Latest U.S. Coal Information

(updated May 2, 2002)

U.S. coal supplies are more than adequate for anticipated needs. For the week ending April 27, EIA estimates U.S. [coal production](#) at 20.2 million short tons (mst). This was 7% lower than in the comparable week in 2001. Year-to-date as of April 27, rail car loadings of coal and national coal production have fallen by 4.5% and 5.3%, respectively, compared to their levels a year ago. Year-to-date, western U.S. coal production is 1.4% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 9.5% 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

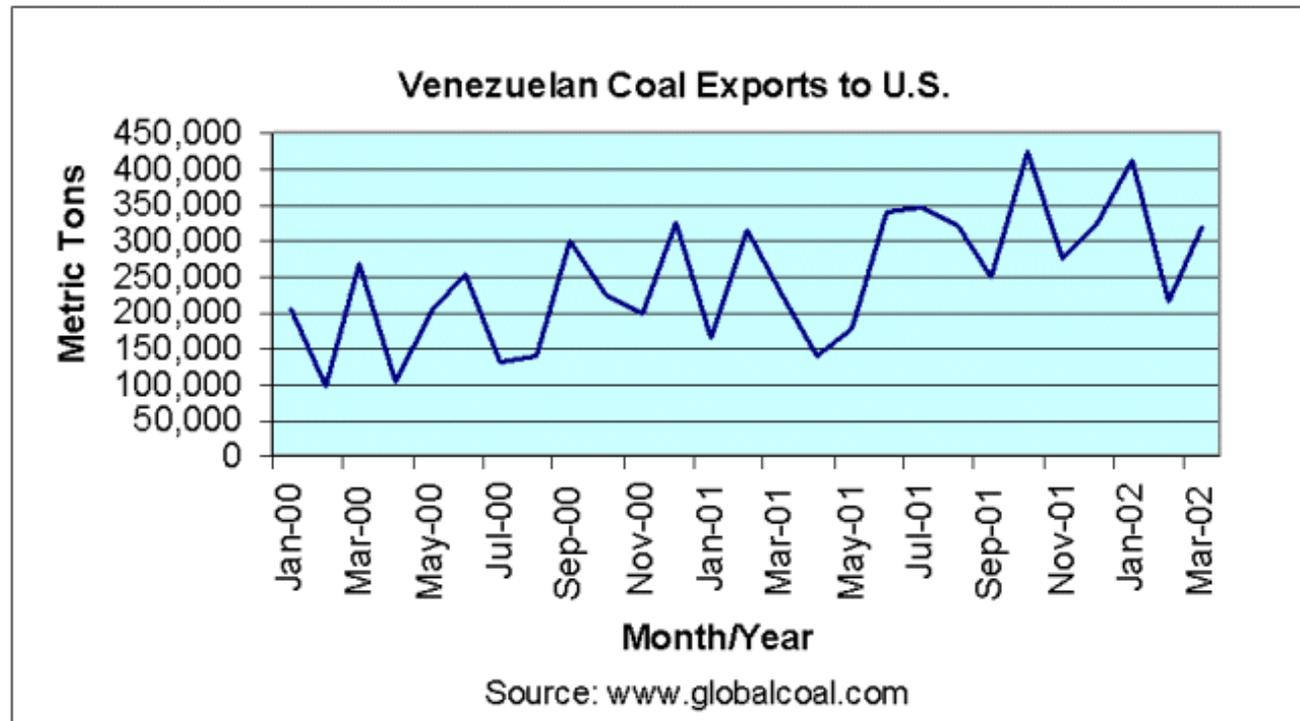
changed since last summer, Illinois, Uinta, and Powder River Basin coals are continuing the level-to-slowly-declining price profiles established with the 2001 spot data. Since summer 2001 peaks, Central and Northern Appalachian coal prices have fallen significantly (by about \$20.00 and 10.00 per short ton, respectively). The latest prices, \$28.00 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are 26% and 36% above prices in the summer of 2000, prior to escalation. Spot prices currently indexed are running 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. 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 leveling off of prices since early February 2002.



¹Prior 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.



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.

Latest U.S. Electricity Information

(updated May 3, 2002)

Selected Wholesale Electricity Prices (April 26– May 02): Western U.S. wholesale prices decreased Thursday as electricity demand dropped across the region. Prices at the California-Oregon Border have decreased 9 percent from \$29.67 per megawatthour on May 1 to \$27.13 per megawatthour on May 2. Palo Verde prices decreased from \$30.63 per megawatthour on May 1 to \$29.98 per megawatthour on May 2.

Spot electricity prices across the Northeast U.S. were mixed as generating units came back on-line, but cool weather increased heating demand. ISO New England's electricity price increased from \$34.80 per megawatthour on May 1 to \$35.42 per megawatthour on May 2. New York electricity prices decreased from \$39.32 per megawatthour on May 1 to \$37.31 per megawatthour on May 2. Prices in New York have been higher than other Northeast areas as the scheduled maintenance of a key transmission line in Western New York has reduced capacity. The maintenance will last from April 25 to May 10.

Overall the average price at all trading centers increased 8 percent over the past week from \$27.35 on April 26 to \$29.50 on May 2.

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

Trading Centers	Date							Price Range		
	4/26/02	4/27/02	4/28/02	4/29/02	4/30/02	5/1/02	5/2/02	Max	Min	Average
COB	25.88	n.q.	n.q.	24.88	27.00	29.67	27.13	29.67	24.88	27.55
Palo Verde	26.74	n.q.	n.q.	27.01	27.89	30.63	29.98	30.63	26.74	29.39
Mid-Columbia	20.08	n.q.	n.q.	19.85	18.67	22.11	22.44	22.44	18.67	20.65
Mead/Marketplace	28.19	n.q.	n.q.	27.47	29.02	31.33	30.56	31.33	27.47	30.45
4 Corners	27.00	n.q.	n.q.	26.25	26.44	29.38	30.85	30.85	26.25	28.77
NP 15	27.89	n.q.	n.q.	27.17	29.06	32.63	30.58	32.63	27.17	30.50
SP 15	27.95	n.q.	n.q.	27.87	29.36	32.54	30.94	32.54	27.87	30.97
PJM West	26.66	n.q.	n.q.	28.33	26.50	27.09	27.00	28.33	26.50	27.63
ISO New England	32.19	29.55	35.22	32.90	31.50	34.80	35.42	35.42	29.55	31.29
New York ISO	34.21	31.18	29.72	41.57	39.98	39.32	37.31	41.57	29.72	35.74
Cinergy	24.10	n.q.	n.q.	24.33	22.74	23.96	22.28	24.33	22.28	24.45
Average Price	27.35	30.37	32.47	27.97	28.02	30.31	29.50	32.47	27.35	28.85

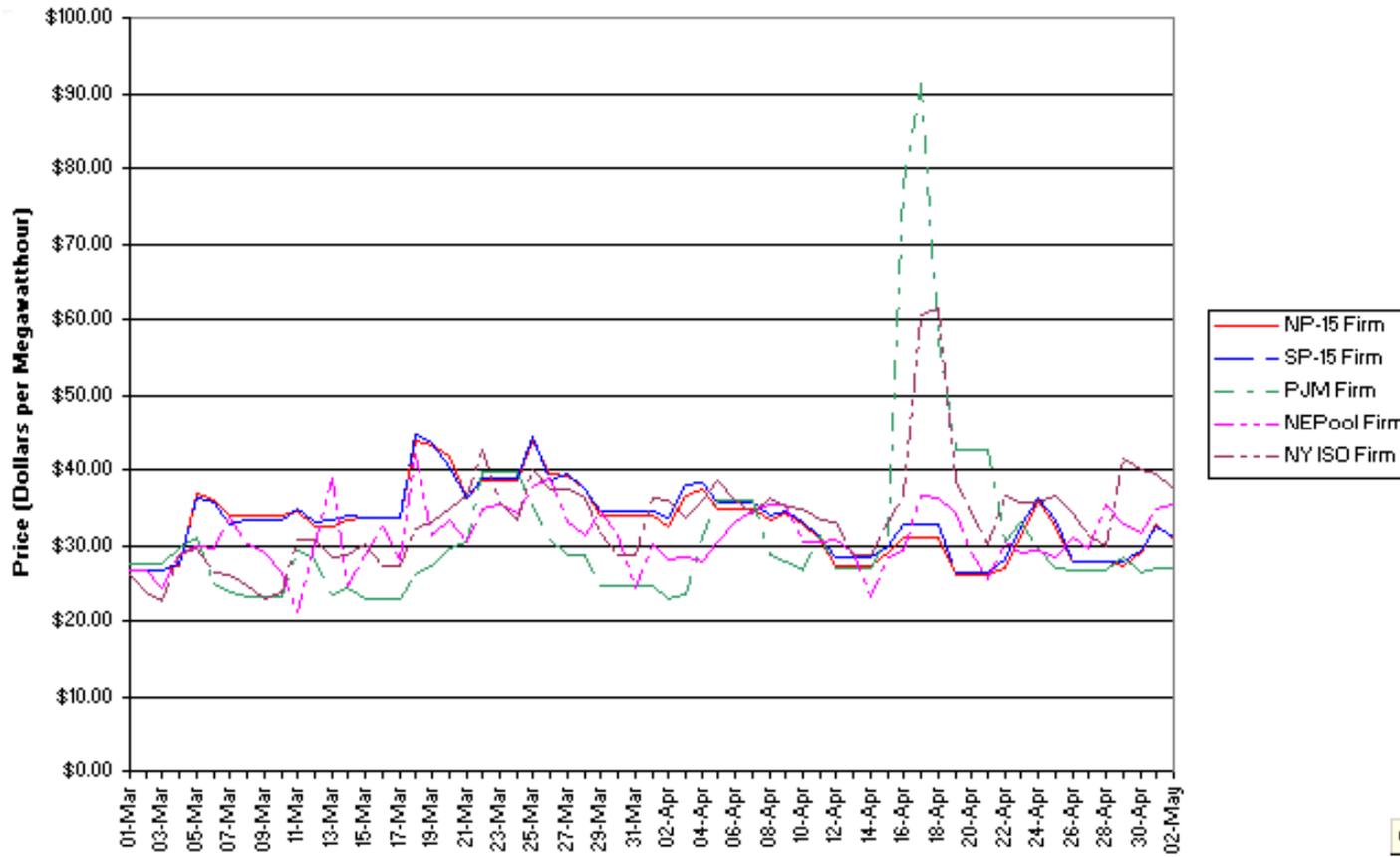
Source: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, and Cinergy trading centers, Used with Permission from Bloomberg L.P., ISO New England (<http://www.iso-ne.com>), and New York ISO (<http://www.nyiso.com>) web pages.

Notes:

n.q. - No quotes available for the day.

- 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.
- 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 the New England ISO, formerly Nepool.
- New York ISO:** Average price of electricity traded at the New York ISO.
- Cinergy:** Average price of electricity traded into the Cinergy control area.

Average Wholesale Electricity Prices in the U.S.



File last modified: May 3, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:
 Lowell Feld and Tara Billingsley
lowell.feld@eia.doe.gov
tara.billingsley@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502; Tara Billingsley: (202) 586-0172
 Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/esar.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov