



ENERGY SITUATION ANALYSIS REPORT



May 6, 2002

(next scheduled update: May 7, 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 6, 2002)

West Texas Intermediate (WTI) oil prices for June (near-month) delivery rose 38 cents per barrel Friday on the NYMEX, to close at \$26.62 per barrel. Even with this increase, WTI ended down 49 cents per barrel for the week. On Sunday, Iraq announced that it would resume oil exports on May 8 after a unilateral 30-day embargo. This could eventually add over 2 million barrels per day to the world market, though it is unlikely that even Iraq's 2002 pre-embargo export average of 1.7 million barrels per day will be achieved before the current "Oil-for-Food" program phase expires on May 29. The scheduled renewal of Iraqi exports, combined with a reduction in Middle East tensions resulting from reports that a deal is close to being reached to end the standoff in Bethlehem, have contributed to crude oil for June delivery trading below \$26 per barrel on the NYMEX this morning. London's International Petroleum Exchange (IPE) is closed for a holiday today.

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

- On Friday, Iraq and the United Nations (UN) ended three days of talks on disarmament programs without an agreement on the return of UN weapons inspectors to Iraq. The UN Security Council is expected to vote this week on a revision of Iraqi sanctions regulations for the next six-month phase of the "Oil-for-Food" program. The five permanent members of the Security Council are reported to have already agreed to a revised program for sanctions on Iraq.
- On Sunday, Qatari Oil Minister Abdullah al-Attiyah asserted that world oil supply is ample and that there is no need for OPEC to increase its production quotas at the organization's June 26th meeting.
- On Friday, Nigerian police fired in the air to disperse militants who had besieged Eni-subsiary Agip's offices. Ethnic Ijaw militants have threatened reprisal attacks on oil companies operating in the Niger Delta area that do not change their "unfavorable employment policies."

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

- As of May 6, the [U.S. Strategic Petroleum Reserve](#) (SPR) contained 566.7 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.
- 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 reported that the repairs were completed on Friday and all interruptible and firm services have been restored. With high temperatures predicted for much of the South, traders bid up natural gas prices for many trading locations. The average Henry Hub cash price for weekend delivery rose 6 cents per MMBtu to \$3.71 per MMBtu. Prices in the West, however, showed weakness again on Friday.
- Lower demand contributed to lower electricity prices in the Northeast, with both the ISO New England and the New York ISO reporting lower prices.
- U.S. coal supplies are more than adequate for anticipated needs. U.S. spot coal prices have been relatively steady since February 2002.

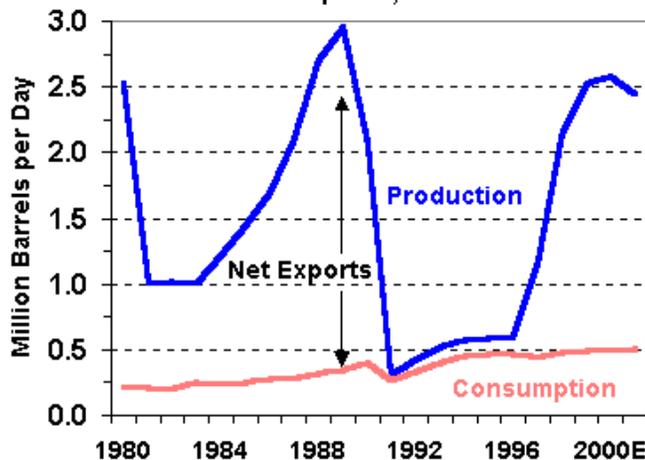
Special Topic -- Basic Facts on [Iraq](#)

(updated May 6, 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. According to the Iraqi government, the oil export embargo will end at midnight, May 7, 2002. 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.

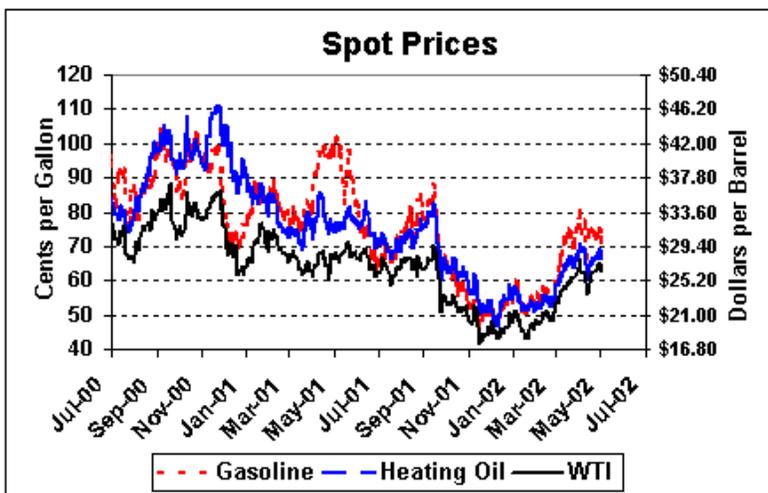
Iraq's Oil Production and Consumption, 1980-2001E



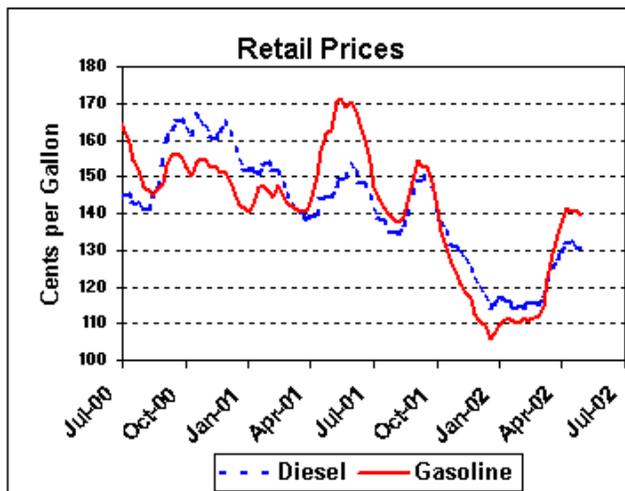
Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.

U.S. Petroleum Prices

(updated May 6, 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		¢/gal	cents per gallon		cents per gallon	
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		
5/3/2002	\$26.75	\$26.62	70.78	78.77	66.40	66.53	68.28	41.07	38.63		

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% 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 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.

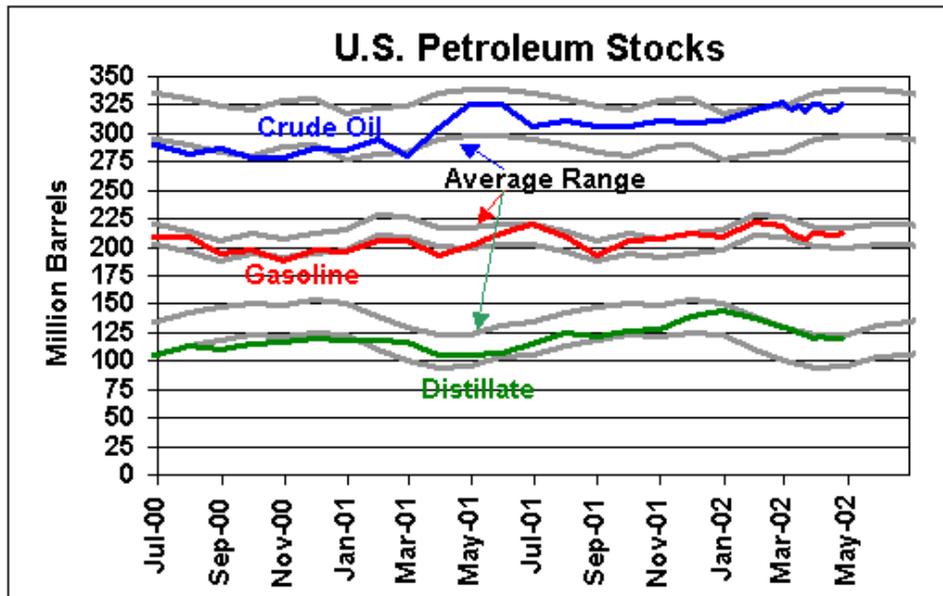
Retail diesel fuel prices fell for a third straight week by 0.2 cents per gallon, to a national average of 130.2 cents per gallon as of April 29.

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%
Stocks (Million Barrels)				
	4/26/2002	4/26/2001	vs. Year Ago	
			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 May 6, 2002)

According to second quarter 2002 estimates, the world holds about 6.8 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

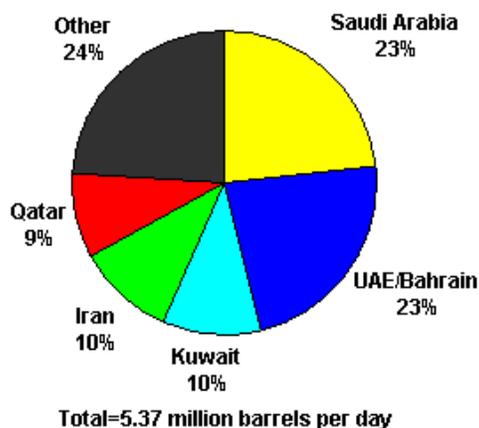
4)	Iran	2.74
5)	Venezuela	2.60
6)	United Arab Emirates	2.09
7)	Nigeria	2.00
8)	Iraq	2.00
9)	Kuwait	1.80
10)	Mexico	1.65
11)	Libya	1.24
12)	Algeria	1.24

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

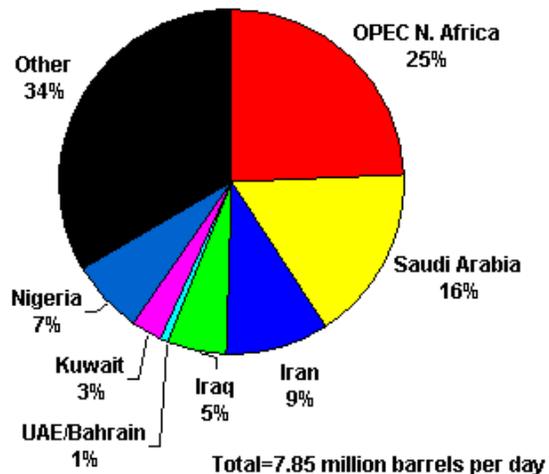
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

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 6, 2002)

Industry/Market Developments

Force Majeure on the Florida Gas Transmission (FGT) pipeline: FGT reported on Friday that it had completed the repair of a small leak on its 36-inch mainline, south of Tallahassee, Florida. FGT declared a force majeure situation on Thursday, May 2, after discovering the leak. All interruptible and firm services have been restored.

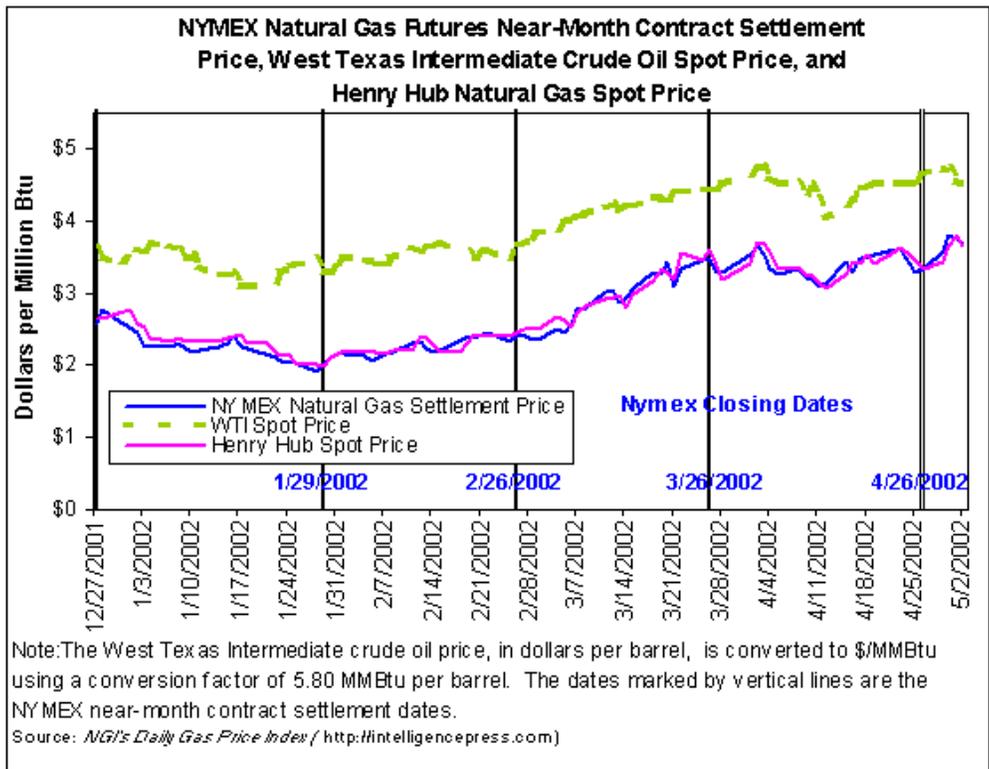
EIA Weekly Storage Data Series: EIA released the report [Methodology for EIA Weekly Underground Natural Gas Storage Estimates](#) on Wednesday, May 1, which discusses the methods and procedures that will be used by EIA to prepare weekly estimates of working gas in storage. The paper describes the new 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.

Prices

After a short one-day respite on Thursday, natural gas spot prices once again showed upward momentum during last Friday's (May 3) trading session. With

high temperatures predicted for much of the South, traders bid up prices for many trading locations. The average Henry Hub cash price for weekend delivery rose 6 cents per MMBtu to \$3.71 per MMBtu. Chicago and New York citygate prices increased moderately with the price at each location averaging only a couple cents higher than in the previous session. However, the price recovery late last week failed to reach the West. With PG&E notifying customers of possible transportation restrictions due to oversupply and continuing large price swings in the Rockies, cash prices in the West showed weakness again on Friday. The California composite price fell to \$2.91 per MMBtu during last Friday's trading session, the first time since the previous week that the price had fallen below \$3.00 per MMBtu.

On the NYMEX, an increase in the price for the futures contract for June delivery more than made up for a slight decline in trading during the previous session. The near-month contract on Friday rose 6.1 cents per MMBtu to close at \$3.745 per MMBtu, near its high earlier in the week of \$3.795 per MMBtu. The futures contract for July delivery closed the week at \$3.787 per MMBtu.



All prices in \$ per MMBtu	California Composite				NYMEX futures contract-	NYMEX futures contract-
	Average Price*	Henry Hub	New York City	Chicago	June delivery	July delivery
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
5/3/2002	2.91	3.71	3.92	3.69	3.745	3.787

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

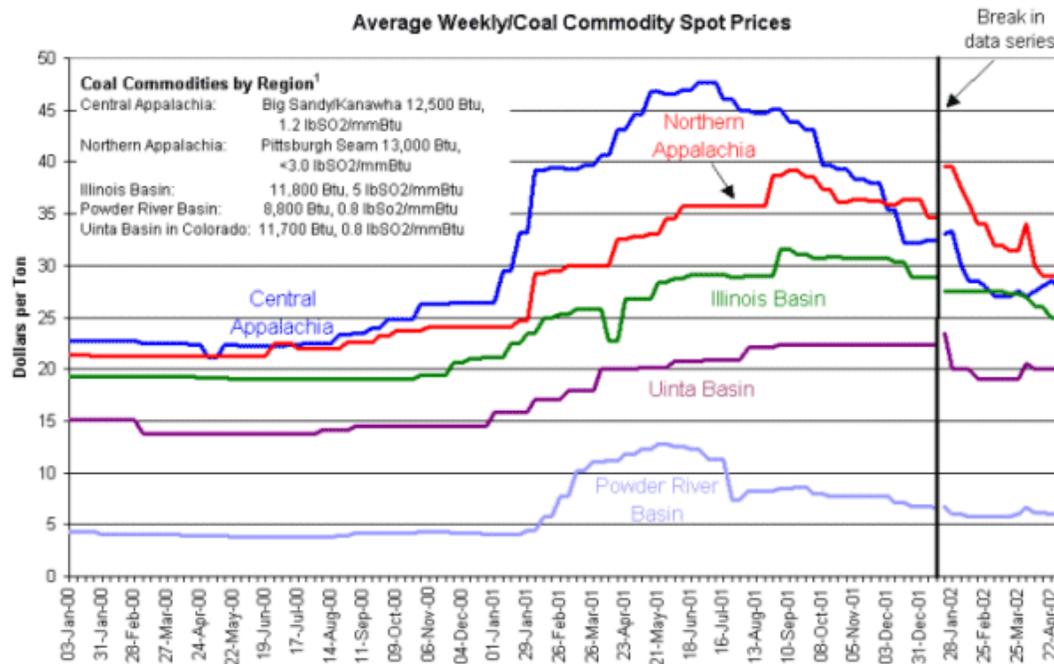
Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

Latest U.S. Coal Information

(updated May 2, 2002)

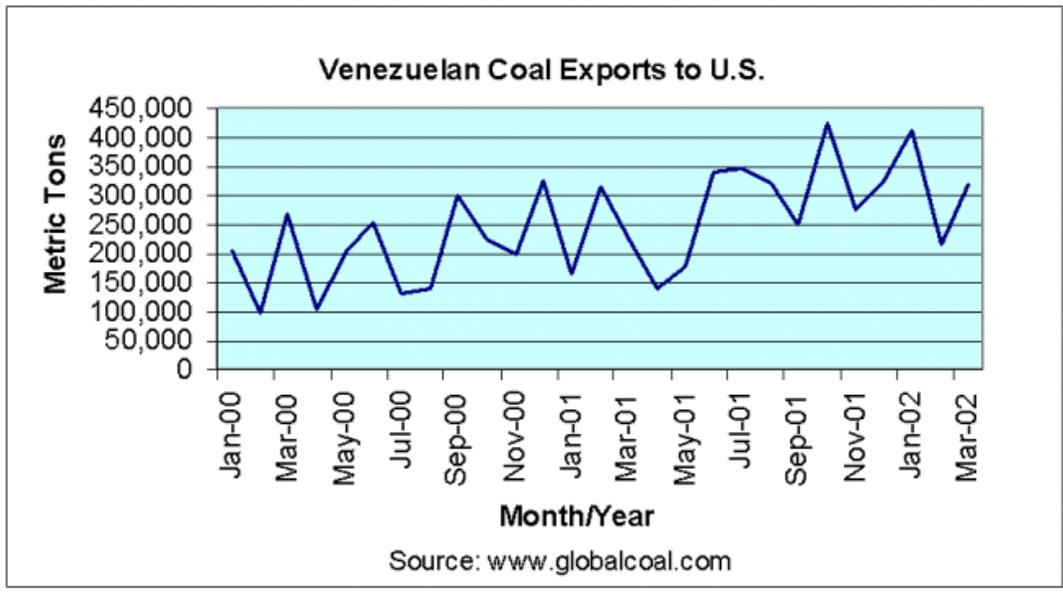
U.S. coal supplies are more than adequate for anticipated needs. For the week ending April 27, EIA estimates U.S. [coal production](#) at 20.2 million short tons (mst). This was 7% lower than in the comparable week in 2001. Year-to-date as of April 27, rail car loadings of coal and national coal production 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.



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 6, 2002)

Selected Wholesale Electricity Prices (April 29 - May 05): Lower demand contributed to lower electricity prices in the Northeast. ISO New England's electricity price decreased from \$35.40 per megawatthour on May 2, to \$30.18 per megawatthour on May 5. New York electricity prices decreased from \$37.31 per megawatthour on May 2 to \$29.99 per megawatthour on May 5.

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

Trading Centers	Date							Price Range		
	4/29/02	4/30/02	5/1/02	5/2/02	5/3/02	5/4/02	5/5/02	Max	Min	Average
COB	24.88	27.00	29.67	27.13	23.90	n.q.	n.q.	29.67	23.90	26.52
Palo Verde	27.01	27.89	30.63	29.98	25.22	n.q.	n.q.	30.63	25.22	28.15
Mid-Columbia	19.85	18.67	22.11	22.44	21.15	n.q.	n.q.	22.44	18.67	20.84
Mead/Marketplace	27.47	29.02	31.33	30.56	25.98	n.q.	n.q.	31.33	25.98	28.87
4 Corners	26.25	26.44	29.38	30.85	24.50	n.q.	n.q.	30.85	24.50	27.48
NP 15	27.17	29.06	32.63	30.58	26.34	n.q.	n.q.	32.63	26.34	29.16
SP 15	27.87	29.36	32.54	30.94	26.58	n.q.	n.q.	32.54	26.58	29.46
PJM West	28.33	26.50	27.09	27.00	24.34	n.q.	n.q.	28.33	24.34	26.65
ISO New England	32.90	31.50	34.07	35.40	35.31	32.38	30.18	35.40	30.18	33.46
New York ISO	41.57	39.98	39.32	37.31	38.56	32.79	29.99	41.57	29.99	37.04
Cinergy	24.33	22.74	23.96	22.28	20.58	n.q.	n.q.	24.33	20.58	22.78
Average Price	27.97	28.02	30.25	29.50	26.59	32.58	30.08	32.58	26.59	28.22

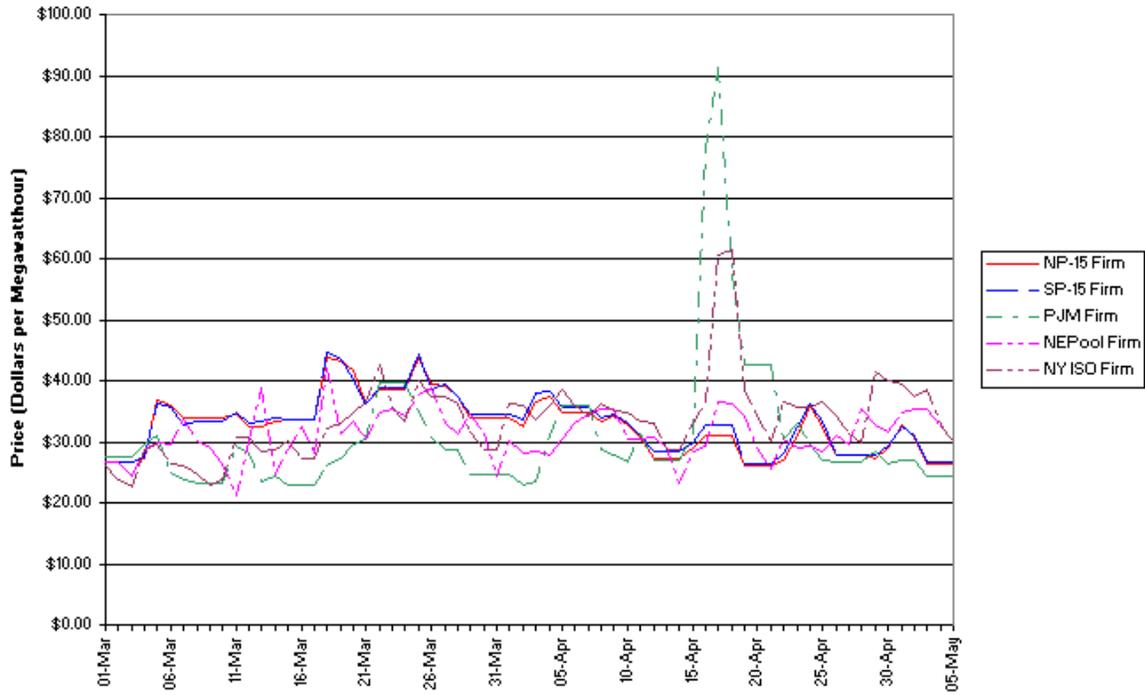
Source: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, and Cinergy trading centers, Used with Permission from Bloomberg L.P. (www.bloomberg.com), ISO New England (<http://www.iso-ne.com>), and New York ISO

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 6, 2002

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