

EIA's Winter Fuels Outlook

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U.S. Average Winter Fuel Expenditures Are Expected To Be Significantly Higher

Fuel	Winter of		Winter of 05-06			% Change from last Winter		
	Average 99-04	04-05	Warmer	Base	Colder	Warmer	Base	Colder
Natural Gas								
Price (\$/mcf*)	8.41	11.13	15.32	15.95	16.68	37.7	43.4	49.9
Expenditures (\$)	586	742	964	1,096	1,242	29.8	47.6	67.3
Heating Oil								
Price (\$/gallon)	1.35	1.92	2.34	2.54	2.80	21.7	32.0	45.4
Expenditures (\$)	865	1,199	1,326	1,577	1,893	10.6	31.5	57.9
Propane								
Price (\$/gallon)	1.29	1.64	1.91	2.05	2.25	16.0	24.8	37.0
Expenditures (\$)	885	1,102	1,215	1,427	1,700	10.3	29.5	54.3
Electricity								
Price (\$/kwh**)	0.08	0.09	0.09	0.09	0.09	3.4	3.4	3.3
Expenditures (\$)	685	717	719	755	791	0.3	5.4	10.4
Average Expenditures	668	786	929	1,044	1,176	18.1	32.9	49.6

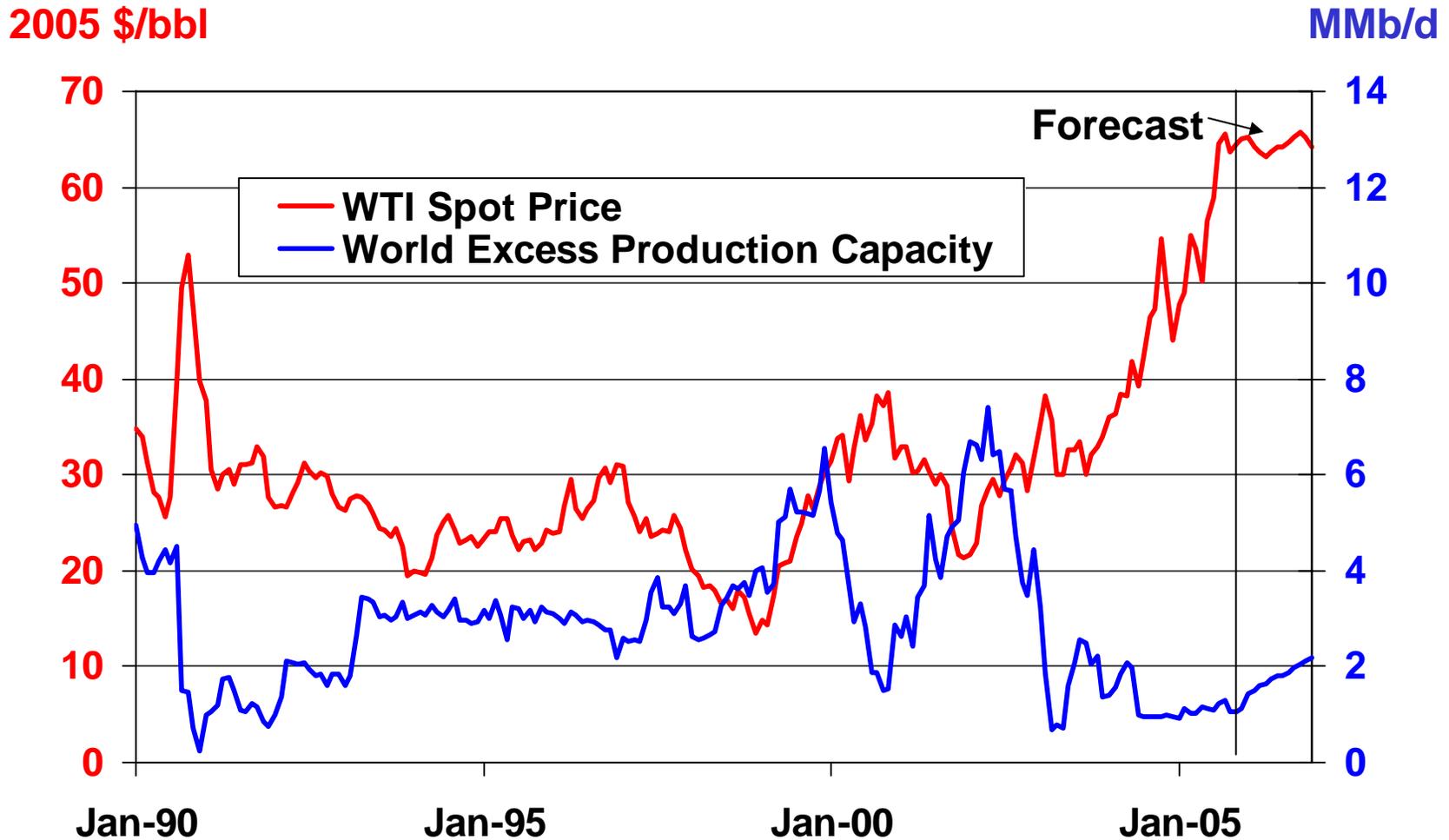
Expenditures are based on typical per-household consumption.

* thousand cubic feet, ** kilowatthour

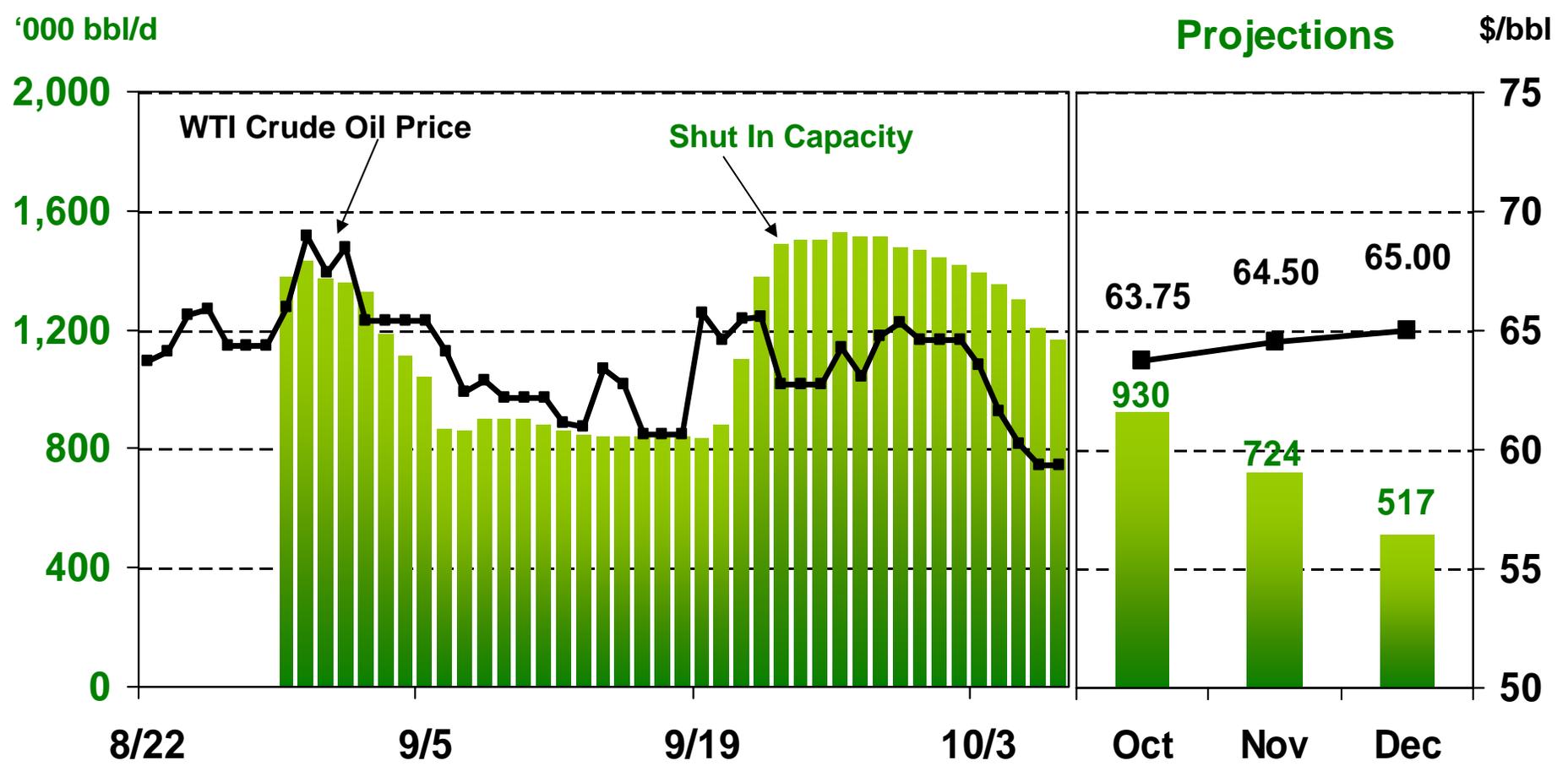
Several Factors Are Driving Higher Expenditures

- International factors such as low spare crude oil capacity and political tensions contribute to uncertainty and low supply growth for crude oil.
- Recent hurricanes and associated disruptions exacerbate already tight markets in oil, petroleum products, and natural gas.
- NOAA predicts colder weather nationally for the 2005/06 winter – 3.2% colder than last winter and 0.4% colder than the 30-year average.

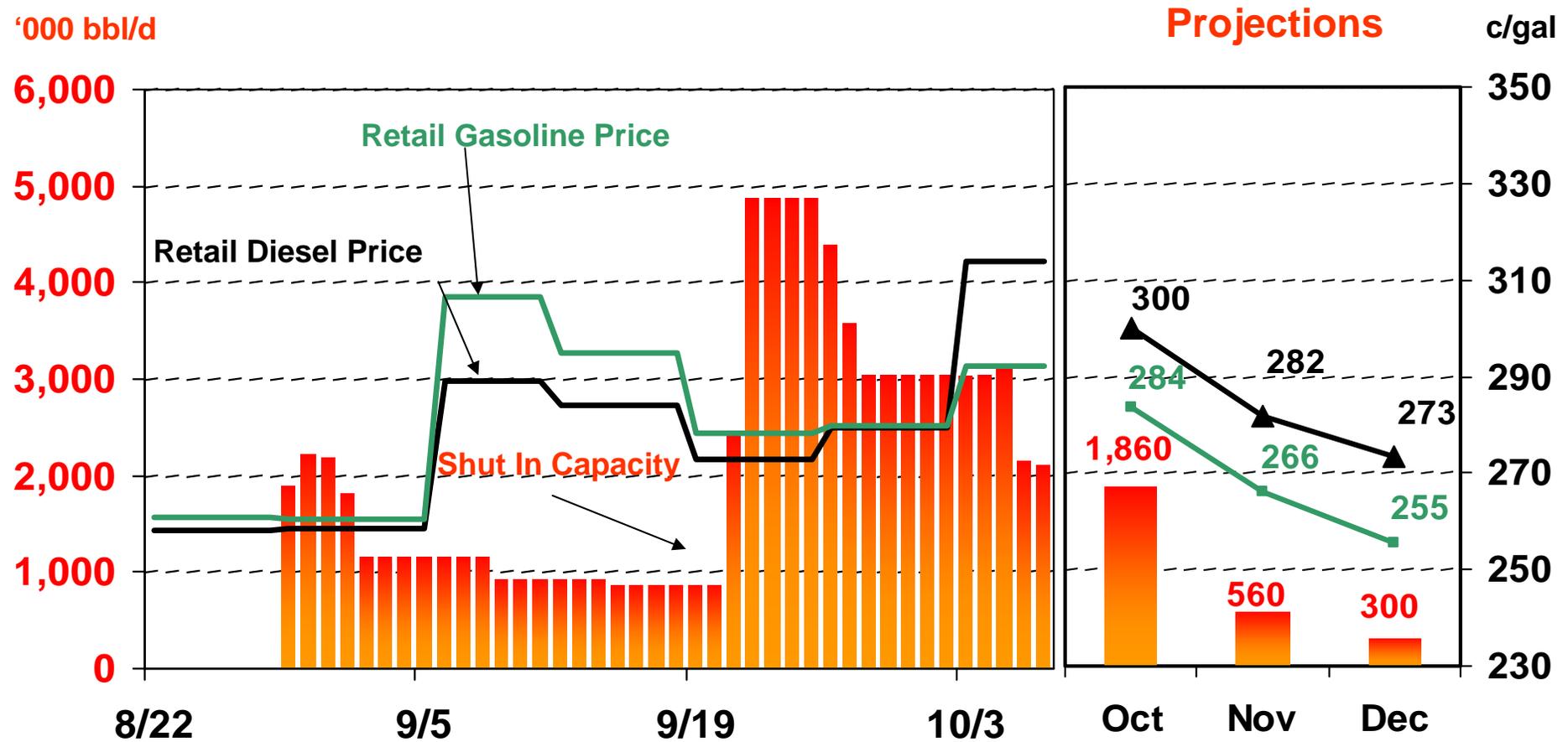
Tight Global Markets Result in High Crude Prices and Strained Supply



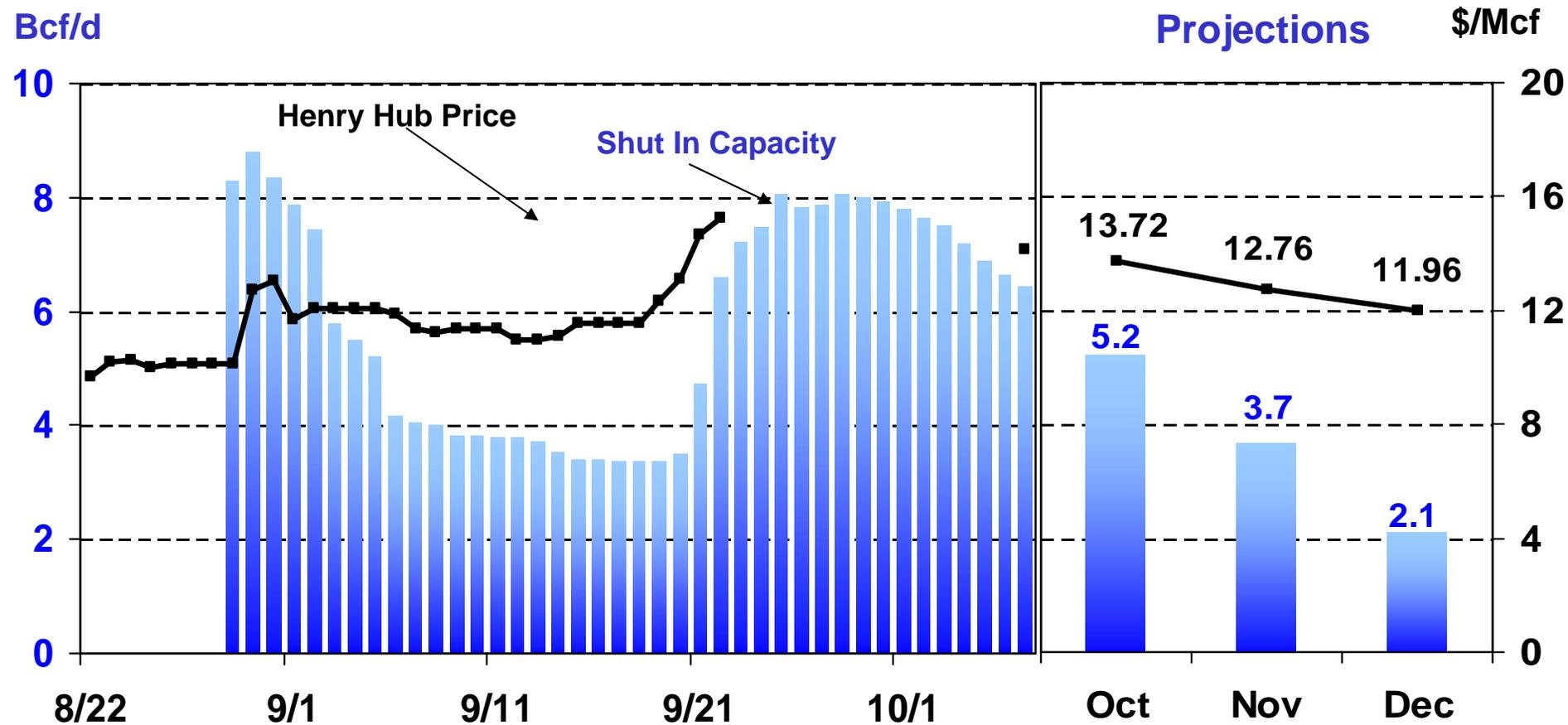
Hurricanes Katrina and Rita Shut In Significant Gulf Crude Oil Production



Hurricanes Katrina and Rita Initially Shut Down Most Gulf Refinery Capacity

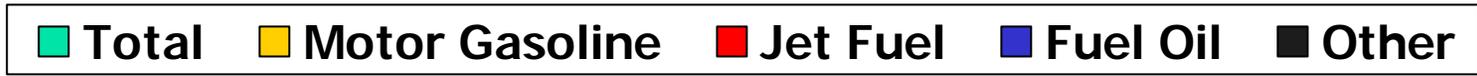
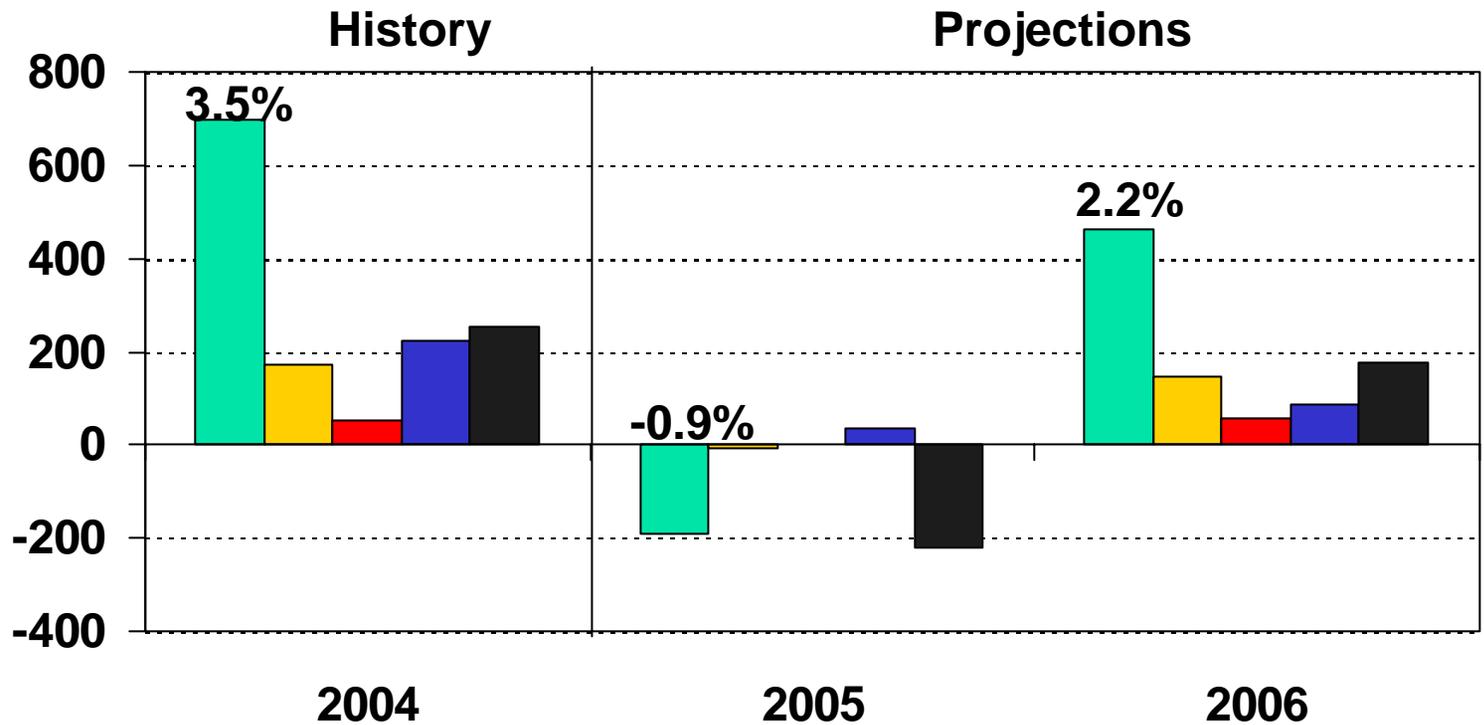


Hurricanes Katrina and Rita Shut In Significant Gulf Natural Gas Production

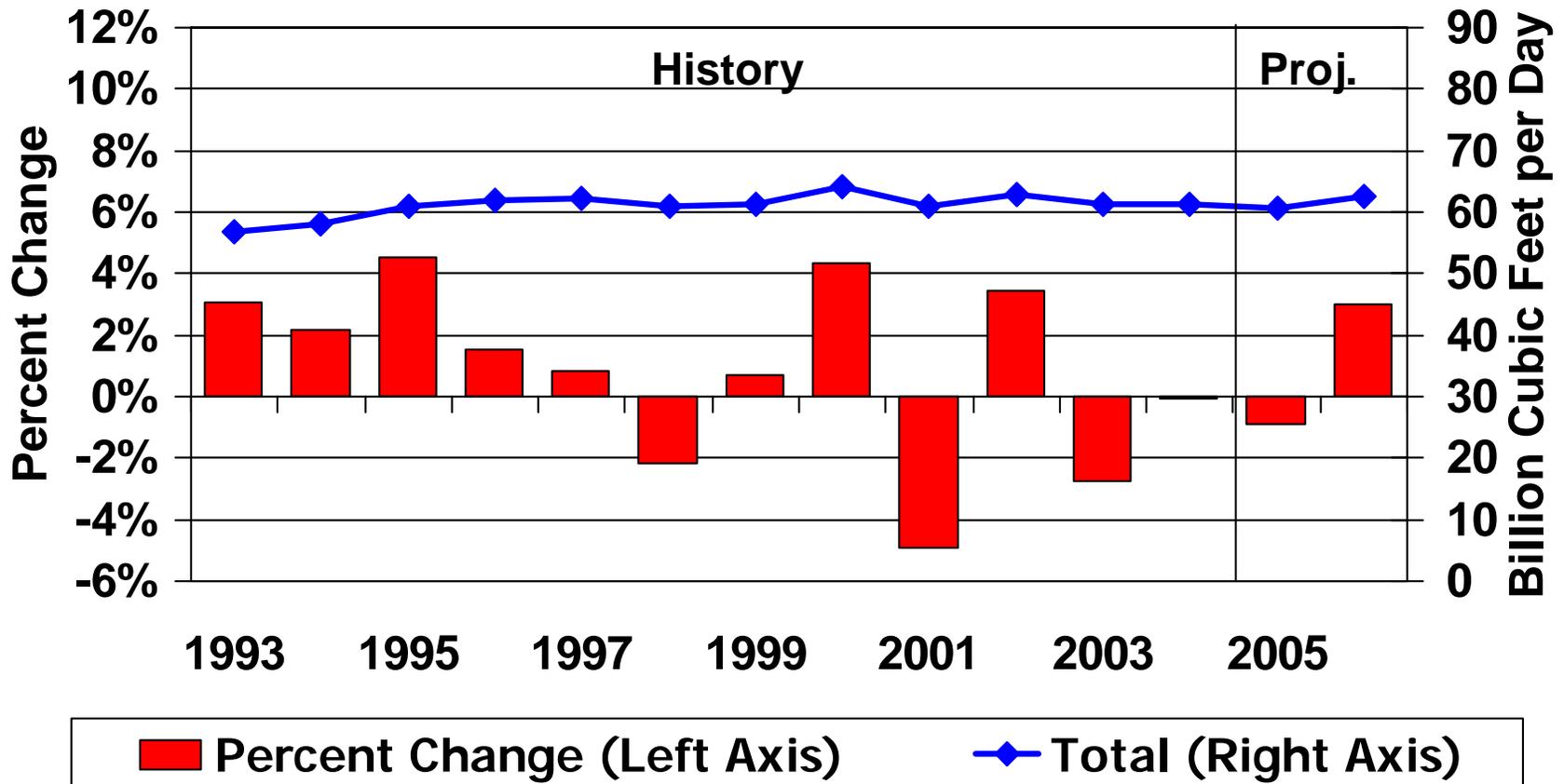


U.S. Petroleum Products Demand Growth (Change from Previous Year)

'000 bbl/d

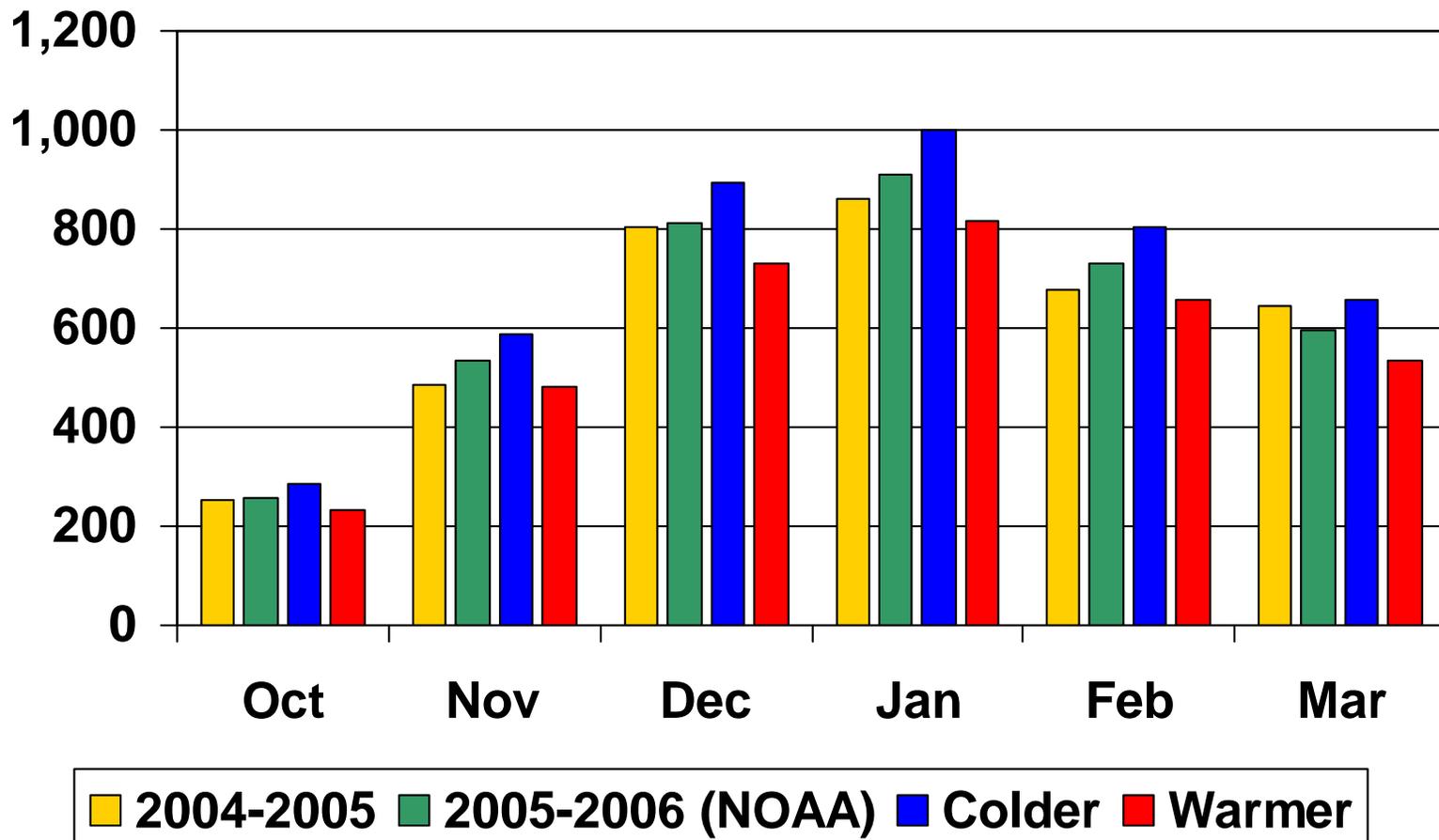


Total U.S. Natural Gas Demand Growth



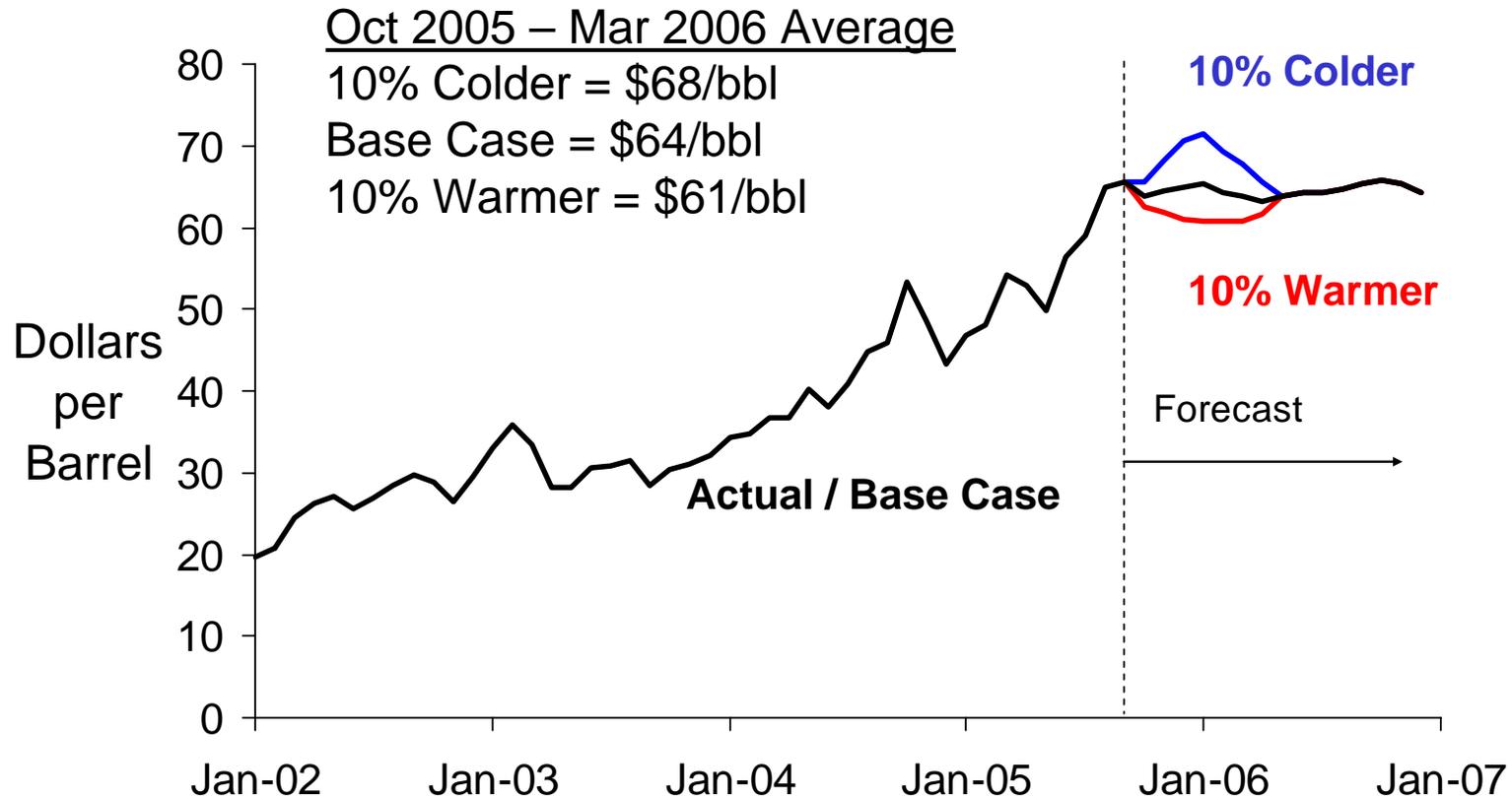
A Slightly Colder Winter is Projected for the Lower-48 States

U.S. Heating Degree-Days Population-Weighted



WTI* Crude Oil Price

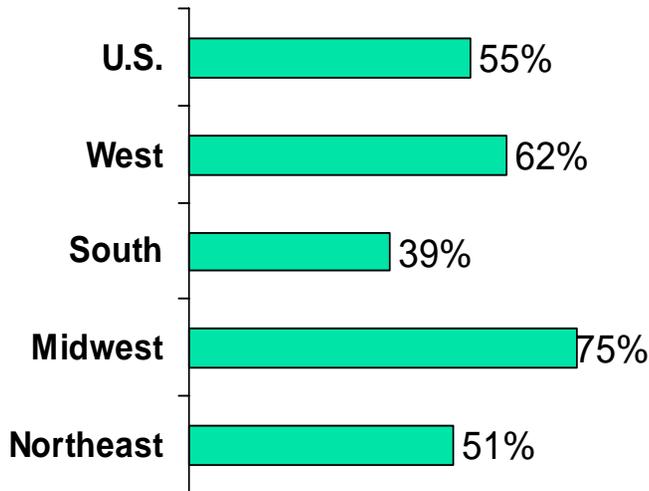
Baseline, Colder, Warmer Cases



* West Texas Intermediate

Natural Gas Heating Bills Are Projected to Rise by Between 32% and 61%

Households using natural gas as primary heating fuel



% Change from Last Winter (Projected)

	Consumption	Average Price	Total Expenditures
West	+ 4 %	+ 29 %	+ 34 %
South	+ 5 %	+ 48 %	+ 56 %
Midwest	+ 4 %	+ 55 %	+ 61 %
Northeast	- 1 %	+ 33 %	+ 32 %

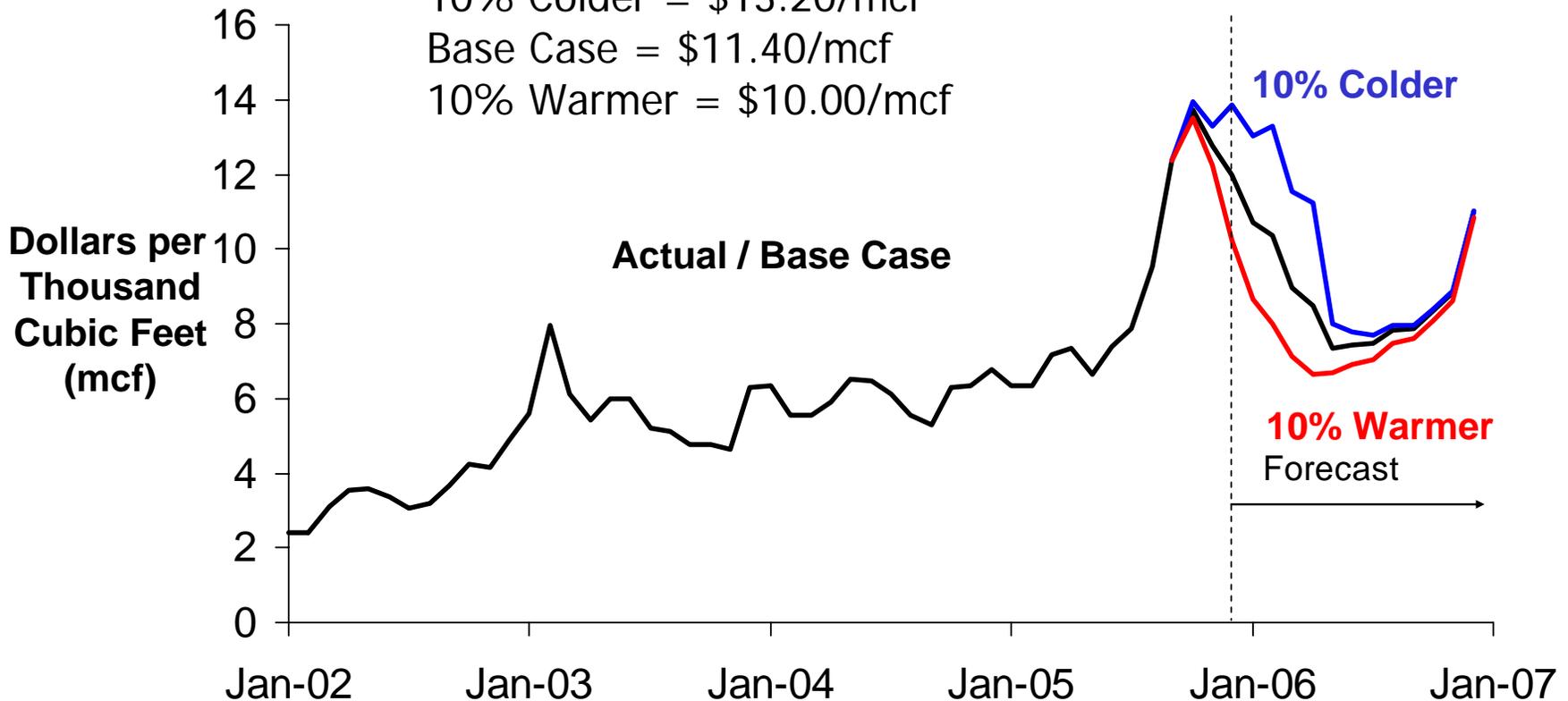
Natural Gas Spot Prices (Henry Hub): Baseline, Warmer, Colder Cases

Oct 2005 – Mar 2006 Average

10% Colder = \$13.20/mcf

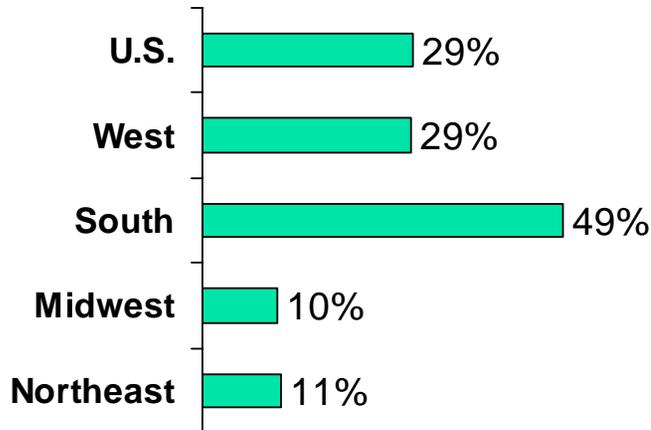
Base Case = \$11.40/mcf

10% Warmer = \$10.00/mcf



Winter Electricity Expenditures Are Projected Up By Less Than 4%, Except in the South

Households using electricity as primary heating fuel

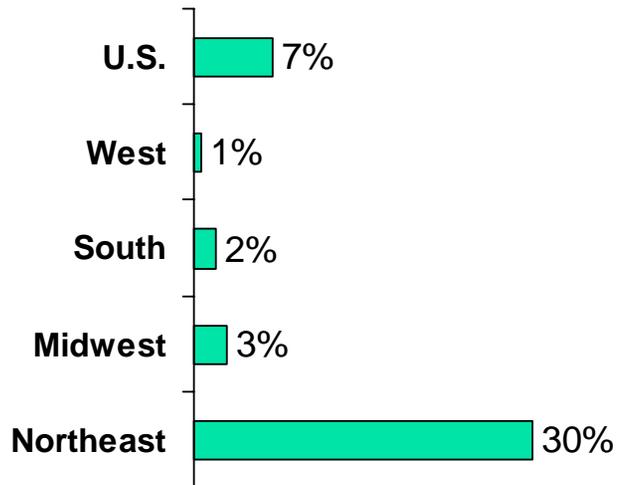


% Change from Last Winter (Projected)

	Consumption	Average Price	Total Expenditures
West	+ 2 %	+ 2 %	+ 4 %
South	+ 3 %	+ 7 %	+ 9 %
Midwest	+ 3 %	+ 0 %	+ 3 %
Northeast	- 1 %	+ 3 %	+ 2 %

Winter Heating Oil Expenditures Are Projected to Increase by Over 30%

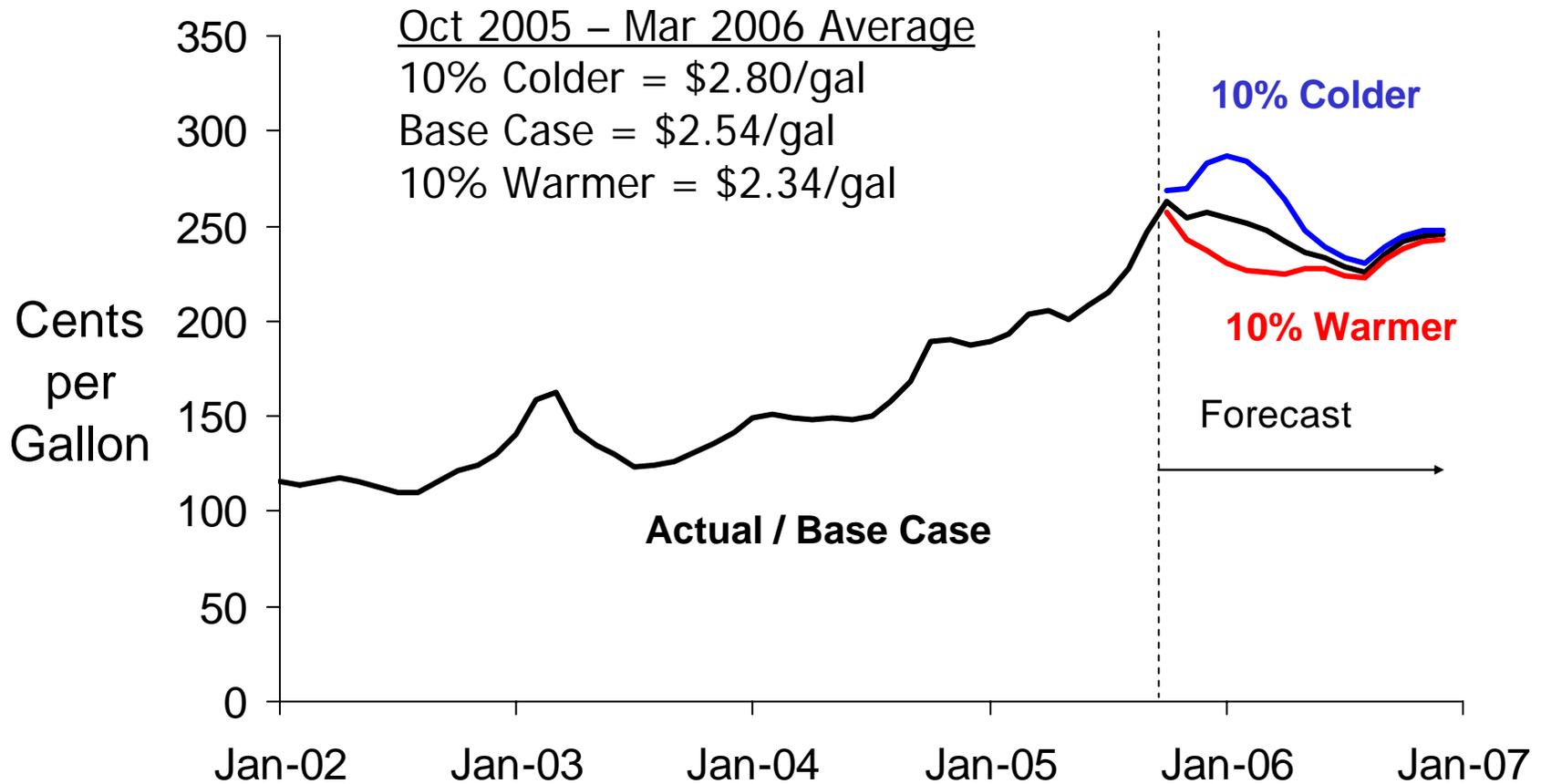
Households using heating oil as primary heating fuel



% Change from Last Winter (Projected)

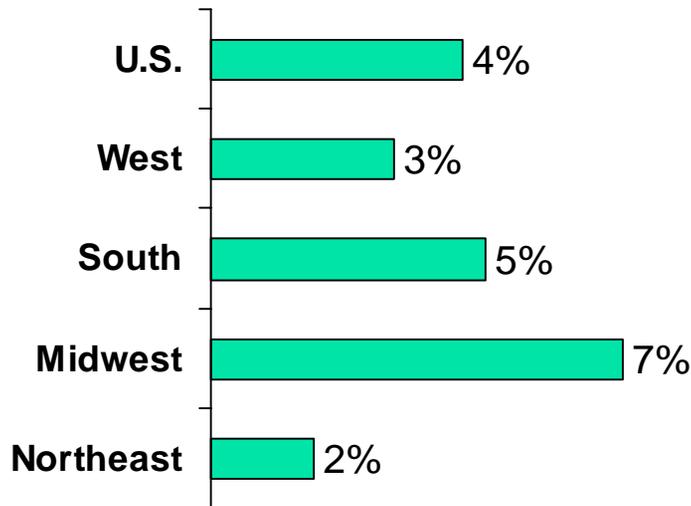
	Consumption	Average Price	Total Expenditures
West	+ 3 %	+ 33 %	+ 37 %
South	+ 2 %	+ 31 %	+ 33 %
Midwest	+ 5 %	+ 34 %	+ 41 %
Northeast	- 2 %	+ 32 %	+ 30 %

Retail Heating Oil Prices: Baseline, Colder, Warmer Cases



Propane Expenditures Are Projected Up by 20% to 36% This Winter

Households using propane as primary heating fuel



% Change from Last Winter (Projected)

	Consumption	Average Price	Total Expenditures
West	+ 4 %	+ 22 %	+ 27 %
South	+ 5 %	+ 23 %	+ 29 %
Midwest	+ 5 %	+ 30 %	+ 36 %
Northeast	- 1 %	+ 21 %	+ 20 %

Conclusions

- These projections are subject to considerable uncertainty, depending in part on the rate of recovery in the Gulf of Mexico.
- The average U.S. household will pay about \$260 more for heating this winter, mostly due to already tight supplies and the effects of the Gulf coast hurricanes.
- Under the baseline forecast, natural gas expenditures could be about \$350 (48%) higher for the average U.S. household this winter but 61% higher in the Midwest. Heating oil expenditures are projected be about \$380 (32%) higher for the average U.S. household this winter.
- A winter that is colder than expected could substantially raise estimated expenditure increases. A 10% colder winter would raise the projected expenditure increases to 67% for natural gas and 58% for heating oil.