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Short-Term Energy Outlook

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Overview (Figures 1 and 2)

Warnings from previous Outlooks about the potential adverse impacts of an active hurricane season on domestic energy supply and prices are unfortunately being reflected in the challenging realities brought about by Hurricanes Katrina and Rita.

The impact of the hurricanes on oil and natural gas production, oil refining, natural gas processing, and pipeline systems have further strained already-tight natural gas and petroleum product markets on the eve of the 2005-2006 heating season (October through March). This combined Short-Term Energy and Winter Fuels Outlook provides a current view of domestic energy supply and prices and provides projections for average household heating expenditures this winter by fuel and by region; baseline forecasts for domestic fuel markets; and projections for international petroleum demand, supply, and price.

Energy market projections are subject to considerable uncertainty. Price projections are particularly uncertain, because small shifts in either supply or demand, which are both relatively insensitive to price changes in the current market environment, can necessitate large price movements to restore balance between supply and demand. On the supply side, this Outlook reflects a "Medium Recovery" baseline scenario for recovery of energy operations in the Gulf of Mexico based on information available to EIA as of the end of the first week of October. On the demand side, the baseline projections incorporate the mean values for heating degree-days by Census Division as provided by the National Oceanic and Atmospheric Administration's (NOAA) [Climate Prediction Center](#). EIA also examines 10-percent colder and 10-percent warmer winter cases to provide a range of heating fuel market outcomes.

Highlights from this Outlook include:

Average Winter Heating Expenditures. This winter, residential space-heating expenditures are projected to increase for all fuel types compared to year-ago levels. On average, households heating primarily with natural gas are expected to spend about \$350 (48 percent) more this winter in fuel expenditures. Households heating primarily with heating oil can expect to pay, on average, \$378 (32 percent) more this winter. Households heating primarily with propane can expect to pay, on average, \$325 (30 percent) more this winter. Households heating primarily with electricity can expect, on average, to pay \$38 (5 percent) more. Should colder weather prevail, expenditures will be

Price Summary

	Year				Percent Change		
	2003	2004	2005	2006	03-04	04-05	05-06
WTI Crude^a (\$/barrel)	31.12	41.44	57.60	64.50	33.2	39.0	12.0
Gasoline^b (\$/gal)	1.56	1.85	2.34	2.45	18.8	26.6	4.6
Diesel^c (\$/gal)	1.50	1.81	2.45	2.58	20.3	35.2	5.5
Heating Oil^d (\$/gal)	1.36	1.54	2.08	2.34	13.5	35.4	12.5
Natural Gas^d (\$/mcf)	9.51	10.74	12.93	15.25	12.9	20.5	17.9

^a West Texas Intermediate. ^b Average regular pump price.

^c On-highway retail. ^d Residential average.

Detailed STEO Information

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Short-Term Energy Spreadsheet

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significantly higher. These averages provide a broad guide to changes from last winter, but fuel expenditures for individual households are highly dependent on local weather conditions, the size and efficiency of individual homes and their heating equipment, and thermostat settings.

Energy Product Prices. Prices for petroleum products and natural gas will remain high due to tight international supplies of crude and hurricane-induced supply losses. Under the baseline weather case, Henry Hub natural gas prices are expected to average around \$9.00 per thousand cubic feet (mcf) in 2005 and around \$8.70 per mcf in 2006. Retail gasoline prices are expected to average close to \$2.35 per gallon in 2005 and about \$2.45 in 2006. Residential electricity prices are expected to average 9.3 cents per kilowatthour (kwh) in 2005 and about 9.5 cents per kwh in 2006, with significant regional differences depending on the fuel mix used to generate electricity in each region of the country. Under a colder weather scenario, prices for natural gas and all petroleum products are projected to be somewhat higher.

Crude Oil Prices. The price of West Texas Intermediate (WTI) crude oil is projected to average close to \$58 per barrel in 2005 and \$64-\$65 per barrel in 2006. Continued high crude oil prices had been expected prior to Hurricanes Katrina and Rita.

Hurricane Recovery. Complete recovery of energy infrastructure from hurricane damage will take many months. However, considerable recovery should occur by the end of 2005. The restart of two major refineries in Western Louisiana and another in Pascagoula, Mississippi over the past week is particularly encouraging as is the resumed although limited operation of the Henry Hub.

Weather Forecast. NOAA projects a 0.4-percent colder winter in the lower-48 States, in terms of heating degree-days, relative to normal winter weather, which would be 3.2 percent colder than last winter.

U.S. Energy Demand. Total U.S. energy demand is projected to decline from 25.2 quadrillion Btu in the third quarter of 2005 to 25.1 quadrillion Btu in the fourth quarter due to hurricane-related destruction and higher energy prices. Total energy demand is projected to increase 0.3 percent between 2004 and 2005, compared with 1.5 percent from 2003 to 2004. Demand growth is projected to rebound in 2006.

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Figure 1. 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 (\$)	585	742	954	1,096	1,242	29.6	47.6	67.3
Heating Oil								
Price (\$/gallon)	1.35	1.92	2.34	2.54	2.60	21.7	32.0	45.4
Expenditures (\$)	865	1,199	1,326	1,577	1,693	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

Hurricanes Katrina and Rita

The loss of a considerable amount of crude oil and natural gas production from the Gulf of Mexico region and significant disruptions to the nearly half of the U.S. refining industry located in the region following Hurricanes Katrina and Rita have resulted in significantly higher natural gas and petroleum product prices in U.S. markets than were anticipated in mid-summer. These developments are expected to carry very high prices for heating fuels (and other products) into the coming heating period compared to the situation last winter

Hurricane Rita made landfall on September 24, 2005, just as the Gulf was well into recovery from Hurricane Katrina. See EIA's September Short-Term Energy Outlook for discussion of the impacts of Hurricane Katrina. As Hurricane Rita approached, 16 refineries along the Gulf Coast shut down as a precautionary measure and to allow employees to evacuate. Damage to some of these refineries, and the lack of electrical power supply to others, prevented their immediate return to service.

Hurricane Rita resulted in over a dozen natural gas processing plants going off-line owing either to flooding, lack of supplies, an inability to move stored liquids, or safety precautions. Natural gas pipelines sustained significant damage and the Sabine Pipeline, operator of the Henry Hub, implemented a force majeure.

Hurricane recovery is underway but it will take many months for a complete recovery. As of October 11, three refineries are still shut down from Hurricane Katrina, and 4 from Hurricane Rita, amounting for a total of about 1.9 million barrels per day of refining capacity that is currently off-line (11 percent

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of the Nation's refinery capacity) due to hurricane-related outages.

According to Minerals Management Service (MMS) data and EIA data, as of October 11, shut-in Federal Gulf of Mexico crude production has declined to about 1.1 million barrels of oil per day, about 67 percent of normal Gulf of Mexico crude oil production. Shut-in natural gas production has declined to 6.0 billion cubic feet (bcf) of natural gas, about 60 percent of normal Federal Gulf of Mexico natural gas production. There are also significant outages of natural gas and oil production remaining in areas under Louisiana's jurisdiction. The MMS reports a cumulative loss of crude oil and natural gas production in the Federal Gulf of Mexico from August 26 through October 11 of 55 million barrels, with a loss of 272 bcf of natural gas production over the same period.

As of October 6, there are 20 natural gas processing plants in Texas, Louisiana, and Mississippi each with capacities equal to or greater than 100 million cubic feet per day, which are not active. A number of the inactive plants are expected to be operating within 4 weeks.

By October 11, the Department of Energy's Office of Electricity Delivery and Energy Reliability reports that about 181,290 customers in Louisiana and Texas remain without electric power, down from a peak of 2.7 million.

EIA's baseline projections in this Outlook reflect a scenario of continued recovery of energy infrastructure in the Gulf region through the end of the year. In this scenario, Gulf of Mexico shut-ins for December 2005 are projected to average 33.1 percent for crude oil (10.4 percent of total U.S. production) and 20.6 percent for natural (4.2 percent of total U.S. natural gas production). For refinery capacity, 1.7 percent is projected to be offline.

International Petroleum Markets

Prices. The WTI crude oil price averaged about \$66 per barrel in September, with an average price of about \$64 per barrel projected for October under the baseline weather scenario, accounting for hurricane damage. Quarterly averages for the WTI price are projected to remain above \$63 per barrel for the rest of 2005 and 2006. Continued high crude oil prices had been expected prior to Hurricanes Katrina and Rita.

Under the baseline weather scenario, the projected fourth-quarter average WTI price of \$64.40 per barrel is approximately \$16 per barrel above the year-ago level, but is about \$3 per barrel lower than in the previous Outlook, which was made prior to the additional loss of crude oil production and refining capacity resulting from Hurricane Rita. While oil product prices rose in response to the resulting product shortages, the loss of operable refining capacity from Rita (which was more than twice as large as the shut-in crude production resulting from Katrina) reduced the demand for crude oil, moderating WTI prices. Should 10-percent colder weather prevail in the United States this winter, WTI prices are projected to be \$ 4 per barrel higher than the baseline. Should the U.S. winter be 10 percent milder, WTI prices are expected to be \$3 per barrel lower this winter. WTI prices will also be significantly impacted by demand in other parts of the world, which is sensitive to both weather and economic conditions, and by global supply developments.

Demand. Worldwide petroleum demand growth is projected to slow from 2004 levels, but still remain

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strong during 2005 and 2006, averaging 1.8 percent per year over the 2-year period, compared with 3.2 percent in 2004. This reflects a downward revision from the previous Outlook. The average annual worldwide oil demand growth is now projected to be about 1.2 million barrels per day in 2005, down from the 1.7-million-barrels-per-day growth projected for 2005 in the previous Outlook.

Production. Moreover, only weak production growth in countries outside of the Organization of Petroleum Exporting Countries (OPEC) is expected. With the loss of production in the Gulf of Mexico from the hurricanes, production declines in the North Sea, and the slowdown in growth in Russian oil production, non-OPEC supply is projected to increase by an annual average of only 0.1 million barrels per day during 2005 before increasing by 0.9 million barrels per day in 2006. In addition, worldwide spare production capacity is at its lowest level in 3 decades; and in reality, only Saudi Arabia has any spare crude oil production capacity available. Lastly, the continued geo-political risks, such as the insurgency in Iraq and potential troubles in Nigeria and Venezuela, have boosted the level of uncertainty in world oil markets.

High levels of production from OPEC members contributed to inventory builds in the Organization for Economic Cooperation and Development (OECD) countries in the first half of 2005, with these stocks moving above the upper end of the 5-year historical range. However, OECD stocks have not grown as quickly in terms of days' supply (the number of days that inventories would satisfy demand) because demand has grown rapidly as well. In addition, stocks were drawn down in the aftermath of hurricanes Katrina and Rita, with OECD inventories moving back towards the middle of the 5-year historical range.

U.S. Petroleum Markets

Total petroleum demand in the United States in 2005 is projected to average 20.5 million barrels per day, or 0.9 percent less than in 2004. This demand level is 290,000 barrels per day less than that projected in the previous Outlook. Average demand for the first half of 2005 was at about the same level as during the first half of 2004 because rapidly rising prices constrained motor gasoline demand growth, weather factors depressed heating oil demand, and relative price factors lowered residual fuel oil and propane demand. Hurricane-related disruptions combined with increased prices result in a lower projected demand for petroleum products relative to pre-hurricane predictions. Petroleum demand in 2006 is expected to average 21 million barrels per day, or 2.2 percent over 2005.

Distillate

Inventories. For the week ending September 30, distillate fuel inventories fell by 5.6 million barrels, and are just above the middle of the average range for this time of year. A sharp drop in low-sulfur (diesel fuel) distillate fuel more than compensated for a slight rise in high-sulfur (heating oil) distillate fuel. Fourth quarter distillate inventories are projected to be 1.9 million barrels above third-quarter levels; in 2004, the fourth-quarter build was 3.2 million barrels. The average over the last 5 years was 7.5 million barrels. Although distillate inventories are expected to remain within the previous 5-year range this winter under baseline assumptions, a 10- percent colder winter could push inventories to the low end of the range or lower during the first quarter of 2006.

Prices. In October, retail diesel fuel prices are expected to hit their highest average monthly level

ever, at over \$3.00 per gallon. This price is also the highest diesel price in more than 50 years, adjusted for inflation. Fourth quarter diesel fuel prices are projected to average \$2.85 per gallon, an increase of 29 cents over the third quarter prices. Prices could be significantly higher if winter weather is colder than currently predicted. Retail diesel fuel prices are projected to remain high throughout the forecast period, averaging \$2.45 in 2005 and \$2.58 in 2006.

Residential retail heating oil prices (including State and local taxes) averaged \$1.92 per gallon during the 2004-2005 heating season, which was a 33-percent increase from the winter of 2003-2004. Prices are expected to be \$2.54 per gallon this winter season, a 32-percent increase, reflecting not only high crude oil prices, but also strong demand in the international market for distillate fuels. Colder weather this winter would increase residential heating oil prices. Residential retail heating oil prices vary by region; for example, average winter season prices range from \$2.46 per gallon in the Midwest (where 3 percent of households rely on heating oil as their primary fuel) to \$2.63 per gallon in the West (where 1 percent of households rely on heating oil). Prices in the Northeast, where 30 percent of households rely primarily on heating oil are projected to average \$2.55 per gallon this winter.

Overall, projected gasoline, diesel fuel, and heating oil prices in this Outlook are somewhat higher than those in the previous edition, notwithstanding the fact that projected crude oil prices are generally slightly lower. The higher estimated refiner margins on petroleum products primarily reflect the impact of Hurricanes Katrina and Rita on refinery operations in the Gulf region. The resulting shortfall, both past and anticipated, in the supply of refined products has dramatically increased the need for product imports to balance U.S. supply and demand. For imports to increase, wholesale prices in the U.S. must rise relative to offshore market prices by an amount sufficient to justify product shipments from foreign refining centers to U.S. markets. Finally, because the balance between supply and demand for petroleum products is so tight, small changes in demand, imports, or the supply of products from domestic refineries could result in prices that differ significantly from those in our baseline forecast.

Gasoline

Inventories. For the week ending September 30, total motor gasoline inventories dropped by 4.3 million barrels, putting them just above the lower end of the average range. The drop in gasoline inventories came despite a record level of imports as well as refiners and blenders making as much gasoline as possible. Some refineries that are shut down have been able to bring imported petroleum products, such as gasoline, directly into their refinery docks, instead of crude oil, which they can't currently refine, in order to help replace some of the lost supply. Year-end 2005 motor gasoline inventories are projected to be 6.5 percent below the year-end 2004 level. Gasoline inventories, which are currently tight, are expected to improve as the heating season progresses. However, an abnormally cold winter could discourage gasoline output and tighten supplies for next spring.

Prices. Average retail regular gasoline prices increased after Hurricane Rita and are expected to average close to \$2.84 per gallon for October. The average pump price for the third quarter of 2005 is now expected to be about \$2.56 per gallon, up \$0.67 per gallon from the third quarter of last year. National average pump prices are expected to increase to \$2.68 per gallon for the fourth quarter due, in part, to the effect of the hurricanes on refinery capacity. However, hurricane recovery should result in price decreases by the first quarter of 2006. Gasoline prices are projected to average \$2.34 in

2005 and \$2.45 in 2006. Should colder weather prevail, retail gasoline prices are projected to be 10-14 cents per gallon higher, on average, during the winter months. The real price of gasoline (in inflation adjusted 2005 dollars) remains below the 1981 peak.

While all regions of the country are paying more for gasoline, pump prices vary across the United States. The West Coast, particularly California, typically pays more than other regions. California's higher prices are related to the State's reformulated gasoline program, and limited suppliers and higher State and local sales taxes.

Propane

Inventories. U.S. inventories of propane continued to build on strong imports that more than offset a decline in production, with inventories moving up to an estimated 68.6 million barrels as of end of the third quarter. Moreover, even the recent hurricane activity failed to limit the monthly stockbuild that showed inventories slightly above the most recent 5-year average during September. The seasonal stockbuild that typically spans the April through September period totaled about 41.4 million barrels this year, a level more than 8 percent (or 3.1 million barrels) higher than the 5-year average for this period. Propane inventories managed to surpass the 5-year average build during each month this year, except during August, with inventories reaching their highest pre-heating season level (September 30) since 2002. Propane inventories are projected to decline to 53.3 million barrels in the fourth quarter as seasonal draws increase.

Prices. Spot propane prices are primarily determined by crude oil and natural gas wellhead prices. Retail propane prices are influenced by heating oil and natural gas prices, alternative petrochemical feedstocks, and other factors, such as weather. Continuing tightness in crude oil and natural gas markets is expected to keep crude oil and wellhead natural gas prices elevated, resulting in increased residential propane prices for the upcoming winter season. They are projected to average \$2.05 per gallon compared to \$1.64 per gallon last winter. The average U.S. residential propane price (including State taxes) is projected to be \$1.80 per gallon for 2005, 29 cents above the 2004 average. Prices are expected to average \$2.07 cents per gallon in 2006. Regional residential prices for the upcoming season range from \$2.18 per gallon in the Midwest to \$2.27 per gallon in the Northeast.

U.S. Natural Gas Markets

Demand. Total natural gas demand is projected to fall by 1.2 percent from 2004 to 2005 due mainly to higher prices, but recover by 3.0 percent in 2006 due to an assumed return to normal weather and a recovery in consumption by the industrial sector, which is projected to increase by about 6 percent over 2005 levels. Residential demand is projected to decline slightly from 2004 to 2005 mostly because of relatively weak heating-related demand during the first quarter, while industrial demand is estimated to decline by nearly 8 percent over the same period due to the much higher prices for natural gas as a fuel or feedstock. By 2006, both end-use sectors recover somewhat with residential demand estimated to increase 2.6 percent from 2005 levels and industrial demand increasing by 6 percent. The industrial rebound in 2006 is partly because of assumed reactivation of damaged industrial plants in the Gulf of Mexico region but also reflects renewed fuel demand growth as domestic industrial plants adjust to higher prices. Power sector demand growth continues through the forecast period along with electricity demand growth. The pace is slower than the 5.7 percent rate projected for 2005 because an unusually hot summer and high cooling demand boosted 2005 growth

significantly.

Production. Domestic dry natural gas production in 2005 is expected to decline by 3.0 percent (due in large part to the major disruptions to infrastructure in the Gulf of Mexico from both Hurricanes Katrina and Rita), but increase by 4.2 percent in 2006. Net imports of natural gas (pipeline and liquefied natural gas (LNG)) are expected to increase only slightly in 2005 (0.1 percent over 2004) but increase by 10.4 percent between 2005 and 2006. Imports of LNG appear to have exhibited little change through the first half of 2005 compared to year-ago levels. High natural gas prices in other world markets during the first three quarters of 2005 have served to attract available supplies of LNG that might otherwise have been directed to the United States, although fourth quarter imports are estimated to increase in response to high U.S. prices. Currently, total LNG imports for 2005 are expected to be approximately 680 bcf compared to 650 bcf in 2004; LNG imports are projected to be just over 1,000 bcf in 2006.

Prices. The Henry Hub natural gas price is expected to average about \$9.00 per mcf in 2005 and \$8.70 per mcf in 2006. In September, the Henry Hub natural gas spot price averaged \$12.40 per mcf, as hot weather in the East and Southwest increased natural gas-fired electricity generation for cooling demand, crude oil prices increased, and Katrina hit. The natural gas market is likely to stay tight over the next couple of months, particularly in light of the supply impacts from Katrina and Rita. Henry Hub prices are likely to remain above \$12 per mcf until peak winter demand is over.

Depending on the region of the country, residential natural gas price increases from 2004 to 2005, on an annual average basis, are expected to range from 14 percent (New England region) to 27 percent (East South Central). Similarly, for industrial users, the natural gas price increases are expected to range from 16 percent (Mountain region) and 40 percent (Pacific and West North Central) between 2004 and 2005. Pressure on delivered natural gas prices may be exacerbated in regions where heating demands are likely to increase the most, particularly during the heating season.

Given that the opportunity to offset the market impact of a weather-related increase in demand through an increase in imports is far more limited for natural gas than for oil products (net natural gas imports are estimated to account for about 15 percent of total U.S. demand in 2005 and 16 percent in 2006), weather conditions in the United States have an even larger impact on U.S. natural gas markets than on petroleum product markets. Consequently, retail natural gas prices are expected to be significantly higher should winter weather be 10 percent colder than predicted.

Storage. Working gas in storage as of September 30 was estimated at 2.93 trillion cubic feet (tcf), a level 151 bcf below a year-ago but still 1.4 percent above the 5-year average, and about 122 bcf above last month's projection. Although natural gas storage remains above the 5-year average, the double blows of Hurricanes Katrina and Rita reduced the peak storage achievable over the remainder of the injection season from what was expected previously. Expected working gas in storage at the end of the fourth quarter is expected to be about 2.5 tcf, 200 bcf below year-ago levels and about 50 bcf above the 5-year average.

End-of-year storage levels are expected to decline 7.3 percent between 2004 and 2005 but increase about 5.2 percent in 2006 over 2005 levels. However, storage levels will be very sensitive to weather and the return of domestic natural gas production following the recent hurricanes. For example, each 3.3 bcf of daily supply reduction sustained over the course of a month translates into a supply loss of

roughly 100 bcf. Recovery profiles that differ from the scenario used for this month's baseline forecast would significantly affect the storage forecast.

Electricity

Demand. Electricity demand is expected to increase by 3.5 percent in 2005 and about 1.0 percent in 2006 due largely to weather conditions as well as continuing economic growth. Very hot weather conditions generated a large increase in demand in the third quarter of 2005. Thus, year-over-year electricity demand growth rates are expected to be particularly strong, as cooling and heating demands are likely to be higher than in the mild third and fourth quarters of 2004. Regional demand exhibits increases for nine out of the ten regions (Alaska and Hawaii, treated as one region, are the exception) in 2005 compared with 2004. Commercial and industrial demand also increases across most regions, but the rate of growth tends to be smaller compared with residential demand.

Prices. Estimated 2005 prices for delivered electricity across all end uses range from 6.4 cents per kwh in the West North Central region to nearly 12 cents per kwh in New England. Due primarily to increased utility fuel prices, average electricity prices for all end uses are estimated to increase by 8.9 percent in New England and 8.2 percent in West South Central, but less than 6 percent for all other regions between 2004 and 2005. End-use electricity prices - residential, commercial, and industrial - also exhibit regional variability. For example, 2005 estimated residential prices range from 7.3 cents per kwh in East South Central to 13 cents per kwh in New England. Estimated 2005 industrial prices range from a low of 4.2 cents per kwh in East South Central to 8.1 cents per kwh in New England.

Coal

Demand. Coal demand in the electric power sector is expected to increase by 4.5 percent in 2005 and remain at about 2005 levels in 2006. Power sector demand for coal continues to increase as oil and natural gas prices continue to rise. U.S. coal production is expected to grow by 2.6 percent in 2005 and by an additional 1.6 percent in 2006.

Winter Fuel Expenditures by Fuel and Region

Natural Gas. Nation-wide, 55 percent of all households depend on natural gas as their primary heating fuel. Households in all regions will pay significantly more for natural gas this winter, due to both increased consumption and increased prices. For example, in the Midwest, about 75 percent of households rely on natural gas to heat their homes. This winter, these households can expect to pay nearly 61 percent more in natural gas expenditures relative to last winter. Increased expenditures in this region are caused primarily by the projected 55-percent increase in price but also are attributed to a 4.2-percent increase in consumption relative to last winter. In the West, about 62 percent of all households rely on natural gas - these households can expect to pay 34 percent more in natural gas expenditures this winter, also due to both increased consumption and increased price.

Heating Oil. Nationwide, only 7 percent of U.S. households depend on heating oil for winter fuel. Households in the Northeast where 30 percent of households use heating oil as their primary heating fuel, are projected to pay about 30 percent more in heating oil expenditures compared to last winter. Midwest households relying on heating oil can expect to pay 41 percent more than last winter, but

relatively few households in the Midwest -3 percent - use heating oil as their primary fuel.

Propane. Only 4 percent of U.S. households use propane as their primary heating fuel. Households heating with propane can expect to pay 20 percent (Northeast) to 36 percent (Midwest) more this year in propane expenditures.

Electricity. Twenty-nine percent of all U.S. households rely on electricity as their primary heating fuel. Electricity is the primary heating fuel for 28 percent of households in the West, 49 percent of households in the South, 11 percent in the Northeast, and 10 percent in the Midwest. While winter electricity expenditure increases are not as high as expenditures for natural gas and heating oil, households in the South are projected to pay about 9 percent more this winter on electricity bills due to increased consumption and prices relative to last winter.

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