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NEW HAMPSHIRE
GOVERNOR'S ENERGY OFFICE

JUDD GREGG
GOVERNOR

1990 - 1991

STATE HEATING OIL AND PROPANE PROGRAM

FINAL REPORT

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INTRODUCTION

The following is a report of New Hampshire's participation in the State Heating Oil and Propane Program (SHOPP) for the 1990/91 heating season. The program is a joint effort between participating states and the Department of Energy (DOE), Energy Information Administration (EIA) to collect retail price data for heating oil and propane. SHOPP is funded through matching grants from DOE and the participating state.

EIA provided the Governor's Energy Office with a list of 25 oil and 20 propane retailers in New Hampshire. In turn the GEO conducted phone surveys twice per month from October through March to determine the average retail price for each fuel. After the data had been collected the GEO transmitted the data via fax to the EIA for inclusion in the Winter Fuels Report, a bi-monthly publication that reports the results of the state retail price surveys as well as EIA price, supply and production levels for oil, propane and natural gas. The GEO plans to participate in SHOPP for the 1991/92 heating season and will be using the Petroleum Electronic Data Reporting Option (PEDRO) to transmit price data quickly and efficiently.

The survey results are also a valuable public information tool. The GEO issues press releases reporting the results of each survey. The results are regularly picked up and reported by print, radio and television media. This often results in follow-up interviews and calls from the general public.

SHOPP was initiated in response to congressional inquiries into supply problems and price spikes associated with the winter of 1989/90. During that winter record cold weather in December and early January put strains on both the supply and price of heating oil and propane. The problem was particularly acute in the New England states where propane either was not available or available only in limited quantities. Oil, while always available, was also in short supply and its cost was very high.

The GEO has participated in joint programs with EIA in the past. Most recently in 1987/88 when the GEO collected price and supply data for heating oil. Retail oil price data has been collected by the GEO on at least a monthly basis since 1976.

The GEO also collects price data on heating oil from wholesalers in New Hampshire as well as tracking price and supply data from published sources such as EIA reports, the Oil Daily, the Wall Street Journal and American Petroleum Institute reports.

The following sections will summarize data obtained from SHOPP for the 1990/91 heating season. Other data will be included where appropriate.

PROPANE PRICES

Retail propane prices in New Hampshire, which had been relatively stable for a number of years, showed major fluctuations due to external factors for the second consecutive heating season. In the 1989/90 heating season, prices rose to unprecedented levels due to extreme cold weather driving up demand, low inventories due to displacement of propane by butane, pipeline delivery problems to the Selkirk, New York facility and physical damage to the propane tanker Hesperus which was unable to deliver product to the Sea 3 terminal in Newington, New Hampshire on schedule. Although there was no formal program established to collect retail prices in place at that time, informal surveys and calls from consumers put the price in the \$1.50 per gallon range. As a result, the US Congress asked for increased monitoring of propane supply and price.

During the 1990/91 heating season, New Hampshire again saw propane prices rise to near record high levels due to uncertainty as to the consequences of the war in the Persian Gulf. New England, unlike other regions of the U.S., has to import much of its propane through waterborne terminals. Although very little propane comes via the Persian Gulf, speculation on the potential for supply disruptions during the war with Iraq pushed New Hampshire retail prices up to as high as \$1.319 on November 5. Additionally, there was concern because inventory levels were slightly lower than last year's but a shortage of product never materialized due to an unusually warm winter in New England.

As retail prices reached their peak in the beginning of November, wholesale prices had already dropped by over 12 cents from their peak of \$1.072 as markets began to stabilize. Despite this, retail prices never dropped more than three cents, according to price surveys, until the start of the war in Mid-January. Retail prices rose again in February and then receded at the end of the heating season. The average price never dropped below 1.190 during the heating season. Propane prices remained higher than usual through the spring and into the summer although the wholesale price fell to around 30 cents in Texas. This was still about 10 cents higher than last year in June. This has kept retail prices up to almost \$1.15 in June while heating oil has dropped to \$.866.

NEW HAMPSHIRE HOME HEATING OIL
WHOLESALE PRICE 1990/91

DATE	PRICE
10/01	\$1.045
10/15	\$1.072
11/05	\$0.945
11/19	\$0.900
12/03	\$0.924
12/17	\$0.831
01/07	\$0.778
01/21	\$0.804
02/04	\$0.800
02/18	\$0.789
03/04	\$0.749
03/18	\$0.699
AVERAGE SEASON	\$0.861

SOURCE: DEPARTMENT OF ENERGY

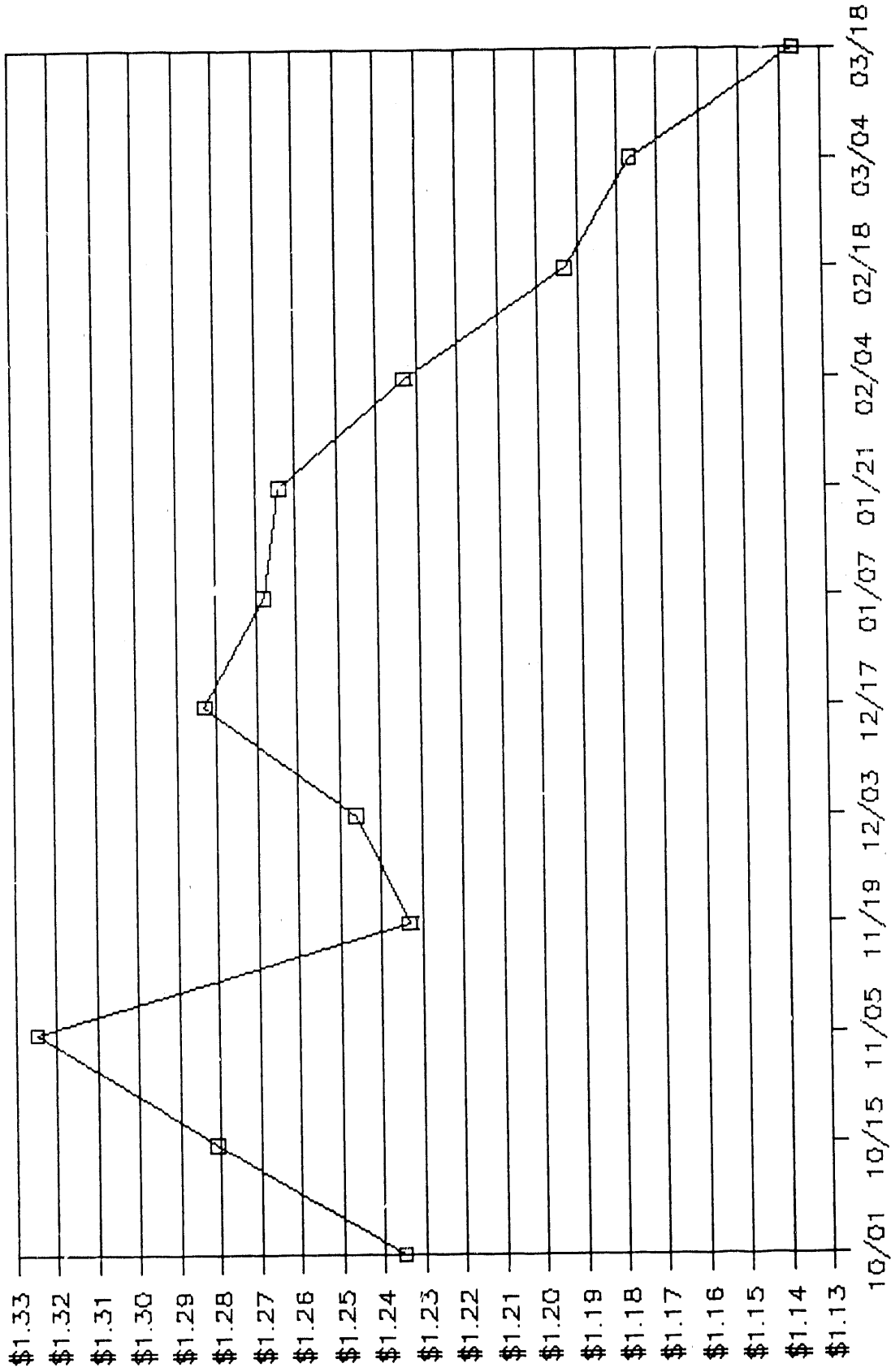
NEW HAMPSHIRE
RETAIL PROPANE PRICES
1990/91

DATE	PRICE
10/01	\$1.235
10/15	\$1.281
11/05	\$1.325
11/19	\$1.233
12/03	\$1.246
12/17	\$1.283
01/07	\$1.268
01/21	\$1.264
02/04	\$1.233
02/18	\$1.193
03/04	\$1.177
03/18	\$1.137
AVERAGE SEASON	\$1.240

SOURCE: GOVERNOR'S ENERGY OFFICE

NEW HAMPSHIRE RETAIL PROPAANE PRICES

Sources: GOVERNOR'S ENERGY OFFICE



□ 1990/91 HTG SEASON + RETAIL PRICE

Price Per Gallon

WHOLESALE PROPANE PRICES
EAST COAST (PADD 1)
1990/91

DATE	PRICE
10/01	\$0.648
10/15	\$0.665
11/05	\$0.570
11/19	\$0.553
12/03	\$0.542
12/17	\$0.457
01/07	\$0.483
01/21	\$0.455
02/04	\$0.383
02/18	\$0.389
03/04	\$0.384
03/18	\$0.390
AVERAGE SEASON	\$0.493

SOURCE: DEPARTMENT OF ENERGY

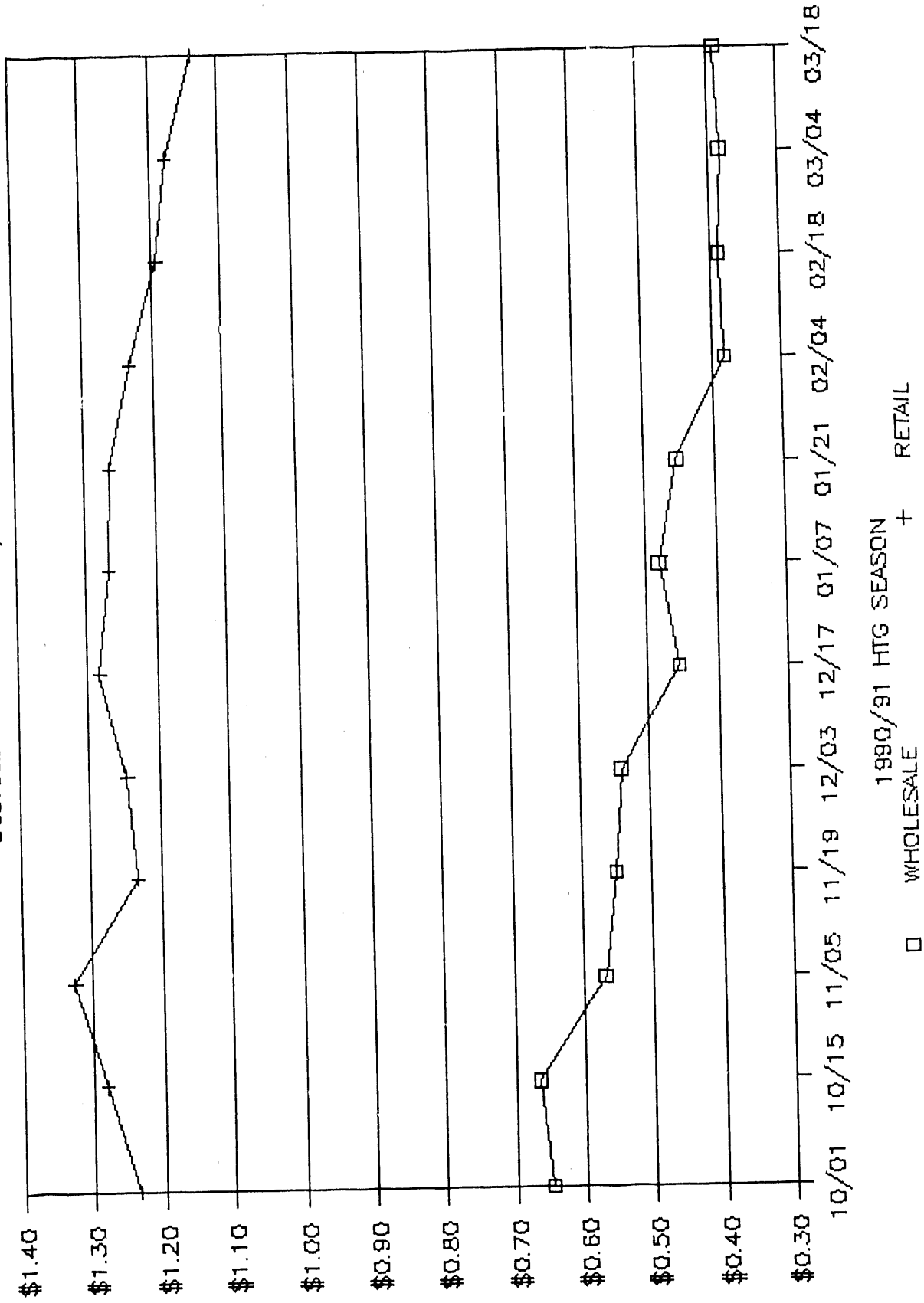
NEW HAMPSHIRE
 WHOLESALE VS. RETAIL PROPANE PRICES
 1990/91

DATE	WHOLESALE PADD 1	RETAIL NH	MARGIN
10/01	\$0.648	\$1.235	\$0.587
10/15	\$0.665	\$1.281	\$0.616
11/05	\$0.570	\$1.325	\$0.755
11/19	\$0.553	\$1.233	\$0.680
12/03	\$0.542	\$1.246	\$0.704
12/17	\$0.457	\$1.283	\$0.826
01/07	\$0.483	\$1.268	\$0.785
01/21	\$0.455	\$1.264	\$0.809
02/04	\$0.383	\$1.233	\$0.850
02/18	\$0.389	\$1.193	\$0.804
03/04	\$0.384	\$1.177	\$0.793
03/18	\$0.390	\$1.137	\$0.747
AVERAGE SEASON	\$0.493	\$1.240	\$0.746

SOURCES: GOVERNOR'S ENERGY OFFICE
 DEPARTMENT OF ENERGY

NH WHOLESALE VS. RETAIL PROPAANE PRICE

Sources: NH GEO - DOE/EIA



□ WHOLESALE + RETAIL

OIL PRICES

The retail price for #2 heating oil in the beginning of August 1990 was \$.856, about 4 cents higher than the price at the same time last year. In September, after Iraq invaded Kuwait, the price rose almost 30 cents in less than a month to \$1.139. This was also reflected in the wholesale market in New Hampshire where prices rose from \$.550 in July to \$.863 in September.

The average retail and wholesale prices peaked in mid-October at \$1.327 and \$1.072 respectively as the total embargo of Iraq and Kuwait took almost 4.3 million barrels per day off of the world market. The shortfall of crude was quickly made up and even surpassed by increased production from other oil producing countries

Even crude oil available from other sources, the December 3 retail and wholesale price of oil dropped only to \$1.259 and \$.919 respectively as speculation persisted on the damage Iraq's military might inflict on Saudi oil fields.

Prices continued dropping throughout December and the beginning of January. Prices again began to rise as a shooting war became imminent. After the shooting war started, markets reacted almost immediately and prices plunged as it became apparent that Iraq's military was not the threat that it was perceived to be.

By the end of the heating season oil prices had already dropped to under \$1.00.

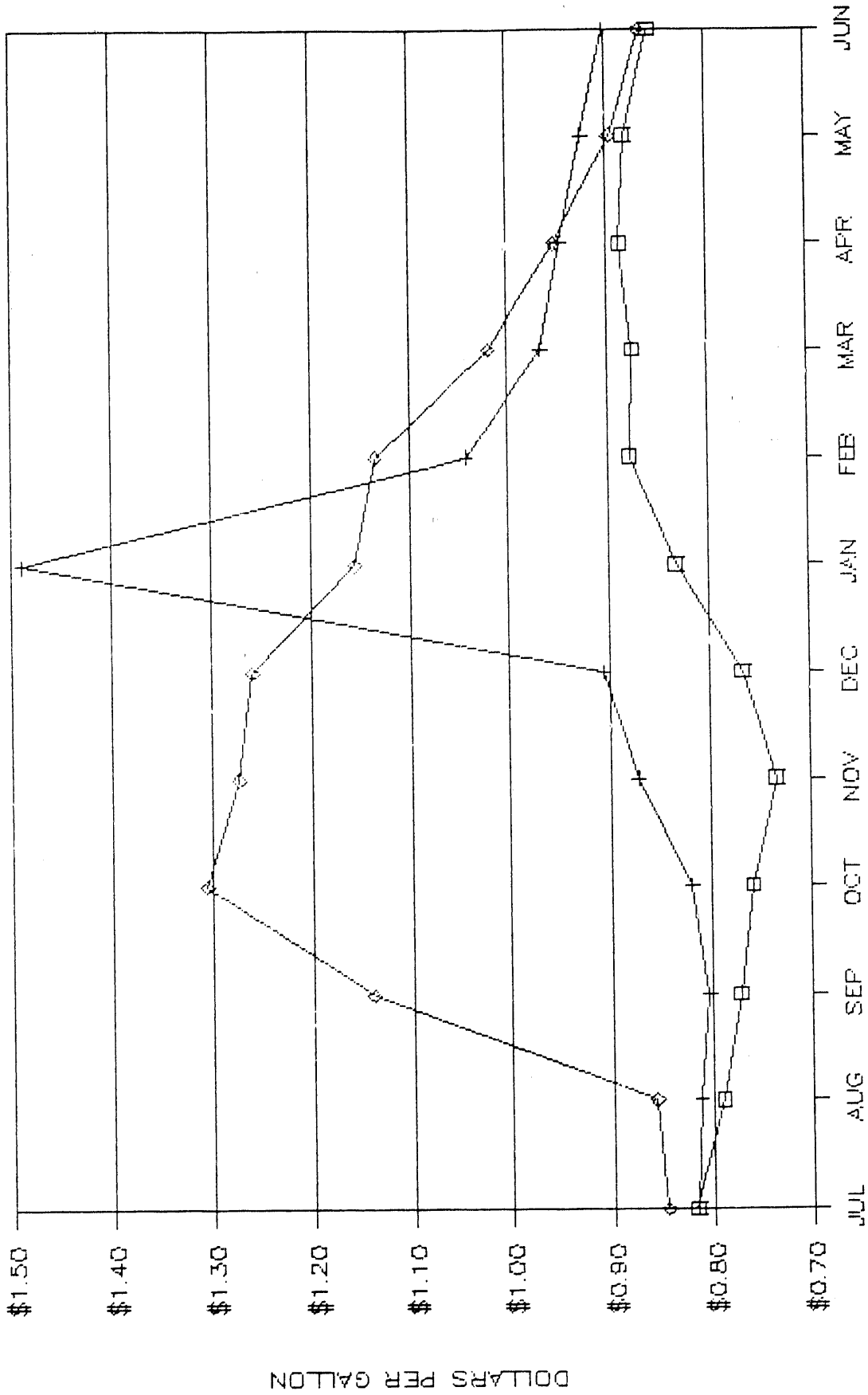
Jun-91

NEW HAMPSHIRE GOVERNOR'S ENERGY OFFICE NUMBER 2 FUEL OIL SURVEY
Average statewide full service credit price; 36 dealers surveyed

YEAR	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
MONTH																
JAN	N/A	\$0.459	\$0.494	\$0.548	\$0.927	\$1.183	\$1.268	\$1.203	\$1.073	\$1.044	\$1.136	\$0.757	\$0.860	\$0.833	\$1.490	\$1.156
FEB	N/A	\$0.467	\$0.494	\$0.577	\$0.976	\$1.287	\$1.256	\$1.150	\$1.250	\$1.054	\$1.014	\$0.811	\$0.872	\$0.878	\$1.042	\$1.134
MAR	N/A	\$0.469	\$0.494	\$0.607	\$0.993	\$1.291	\$1.200	\$1.065	\$1.147	\$1.052	\$0.905	\$0.796	\$0.838	\$0.874	\$0.967	\$1.019
APR	N/A	\$0.471	\$0.494	\$0.639	\$1.002	\$1.281	\$1.155	\$1.030	\$1.079	\$1.062	\$0.871	\$0.796	\$0.832	\$0.887	\$0.948	\$0.953
MAY	N/A	\$0.471	\$0.495	\$0.662	\$1.004	\$1.275	\$1.148	\$1.068	\$1.107	\$1.057	\$0.783	\$0.781	\$0.839	\$0.882	\$0.924	\$0.897
JUN	N/A	\$0.471	\$0.494	\$0.705	\$1.019	\$1.273	N/A	\$1.059	\$1.097	\$1.031	\$0.737	\$0.792	\$0.836	\$0.856	\$0.902	\$0.866
JUL	N/A	\$0.472	\$0.493	\$0.751	\$1.020	\$1.256	N/A	\$0.970	\$1.107	\$0.993	\$0.710	\$0.796	\$0.817	\$0.816	\$0.846	
AUG	\$0.414	\$0.473	\$0.494	\$0.815	\$1.023	\$1.254	N/A	\$1.031	\$1.053	\$0.967	\$0.669	\$0.801	\$0.789	\$0.812	\$0.856	
SEP	\$0.417	\$0.477	\$0.501	\$0.838	\$1.022	\$1.253	N/A	\$1.049	\$1.040	\$0.982	\$0.667	\$0.810	\$0.771	\$0.803	\$1.139	
OCT	\$0.424	\$0.480	\$0.511	\$0.855	\$1.022	\$1.252	\$1.224	\$1.035	\$1.050	\$1.041	\$0.664	\$0.807	\$0.758	\$0.819	\$1.306	
NOV	\$0.435	\$0.482	\$0.527	\$0.865	\$1.028	\$1.252	\$1.247	\$1.032	\$1.053	\$1.091	\$0.661	\$0.830	\$0.734	\$0.872	\$1.273	
DEC	\$0.448	\$0.491	\$0.536	\$0.883	\$1.059	\$1.268	\$1.222	\$1.047	\$1.051	\$1.134	\$0.698	\$0.846	\$0.767	\$0.906	\$1.259	
AVERAGE	\$0.428	\$0.474	\$0.502	\$0.729	\$1.008	\$1.260	\$1.215	\$1.062	\$1.092	\$1.042	\$0.793	\$0.802	\$0.809	\$0.853	\$1.079	\$1.004
% CHANGE		10.75%	6.05%	45.10%	38.31%	25.05%	-3.60%	-12.63%	2.86%	-4.54%	-23.94%	1.14%	0.95%	5.40%	26.51%	-6.96%
1982 \$ *	\$0.678	\$0.704	\$0.696	\$0.927	\$1.176	\$1.341	\$1.215	\$1.022	\$1.014	\$0.937	\$0.695	\$0.682	\$0.667	\$0.676	\$0.821	\$0.744
% CHANGE		3.84%	-1.14%	33.28%	26.85%	14.01%	-9.39%	-15.91%	-0.77%	-7.55%	-25.87%	-1.79%	-2.21%	1.23%	21.50%	-9.31%
HEATING SEASON AVERAGE		'76-7	'77-8	'78-9	'79-80	'80-1	'81-2	'82-3	'83-4	'84-5	'85-6	'86-7	'87-8	'88-9	'89-90	90-91
		\$0.450	\$0.489	\$0.551	\$0.917	\$1.145	\$1.249	\$1.185	\$1.097	\$1.051	\$1.053	\$0.731	\$0.842	\$0.807	\$1.016	\$1.191
% CHANGE			8.62%	12.64%	66.33%	24.93%	9.11%	-5.14%	-7.41%	-4.25%	0.26%	-30.58%	15.15%	-4.11%	25.83%	17.24%
1982 \$ *		\$0.714	\$0.727	\$0.763	\$1.166	\$1.336	\$1.329	\$1.185	\$1.056	\$0.976	\$0.947	\$0.633	\$0.707	\$0.652	\$0.789	\$0.889
% CHANGE			1.84%	5.00%	52.79%	14.58%	-0.52%	-10.83%	-10.89%	-7.63%	-2.90%	-33.16%	11.63%	-7.78%	21.09%	12.65%

AVERAGE MONTHLY #2 FUEL PRICES

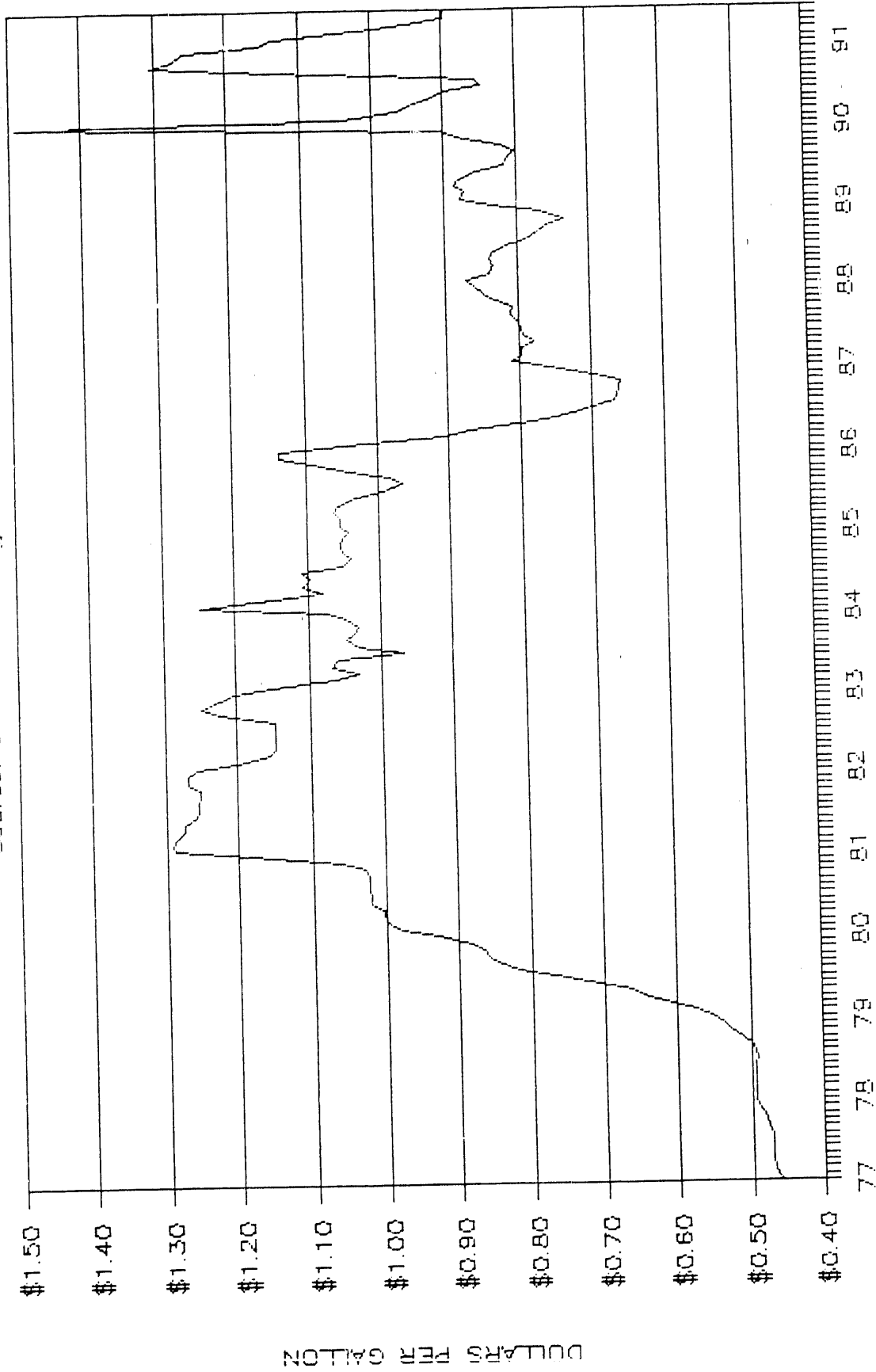
Source: Governor's Energy Office



1988-89
 1989-90
 1990-91

AVERAGE MONTHLY #2 FUEL PRICES

Source: Governor's Energy Office



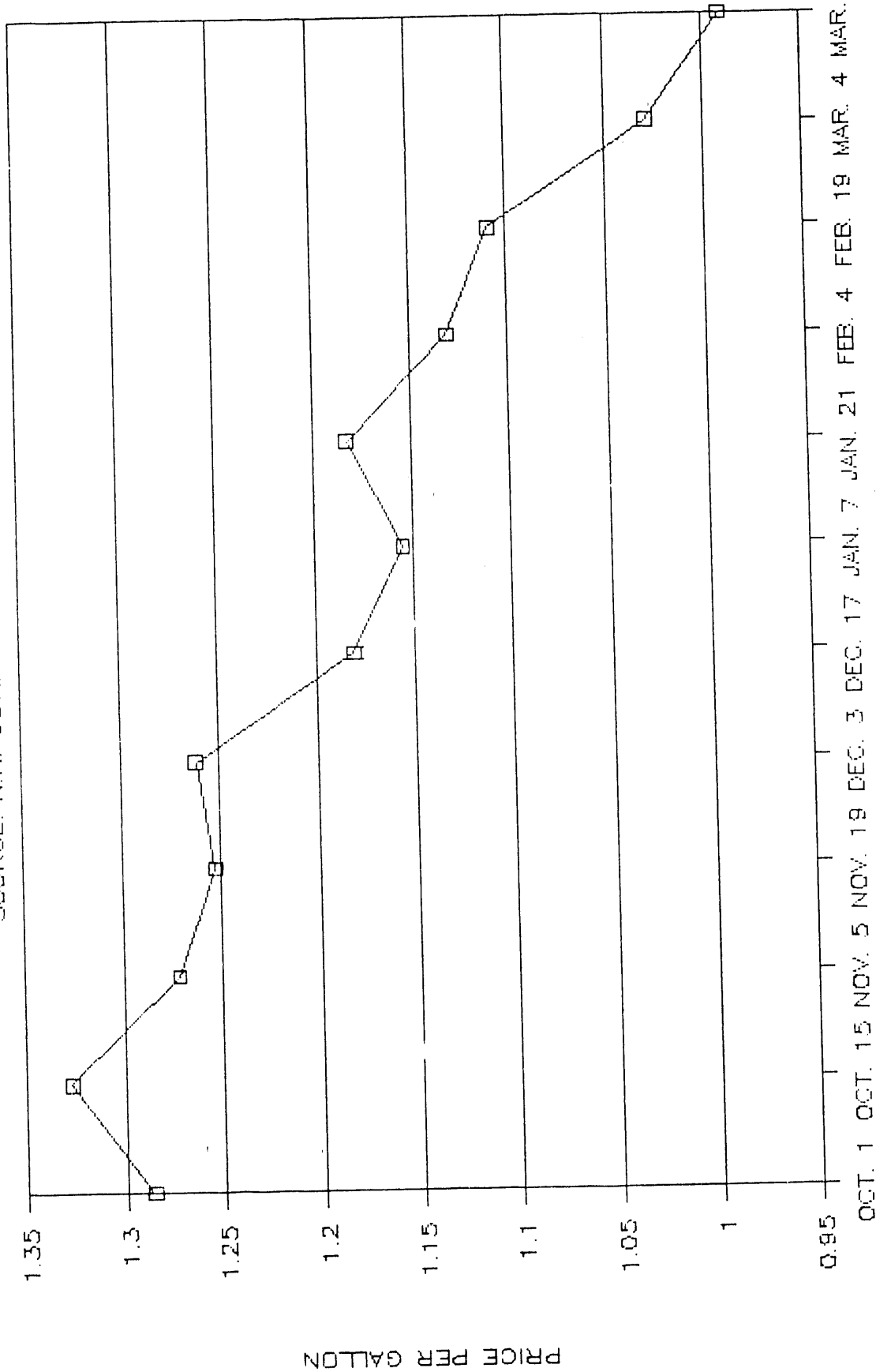
NEW HAMPSHIRE
 AVERAGE RETAIL HEATING OIL PRICE
 1990/91

DATE	PRICE	% CHANGE
OCT. 1	\$1.286	
OCT. 15	\$1.327	3.19%
NOV. 5	\$1.272	-4.14%
NOV. 19	\$1.253	-1.49%
DEC. 3	\$1.262	0.72%
DEC. 17	\$1.181	-6.42%
JAN. 7	\$1.155	-2.20%
JAN. 21	\$1.183	2.42%
FEB. 4	\$1.131	-4.40%
FEB. 18	\$1.109	-1.95%
MAR. 4	\$1.029	-7.21%
MAR. 18	\$0.991	-3.69%
AVERAGE	\$1.182	

SOURCE: GOVERNOR'S ENERGY OFFICE

N.H. RETAIL HEATING OIL PRICE

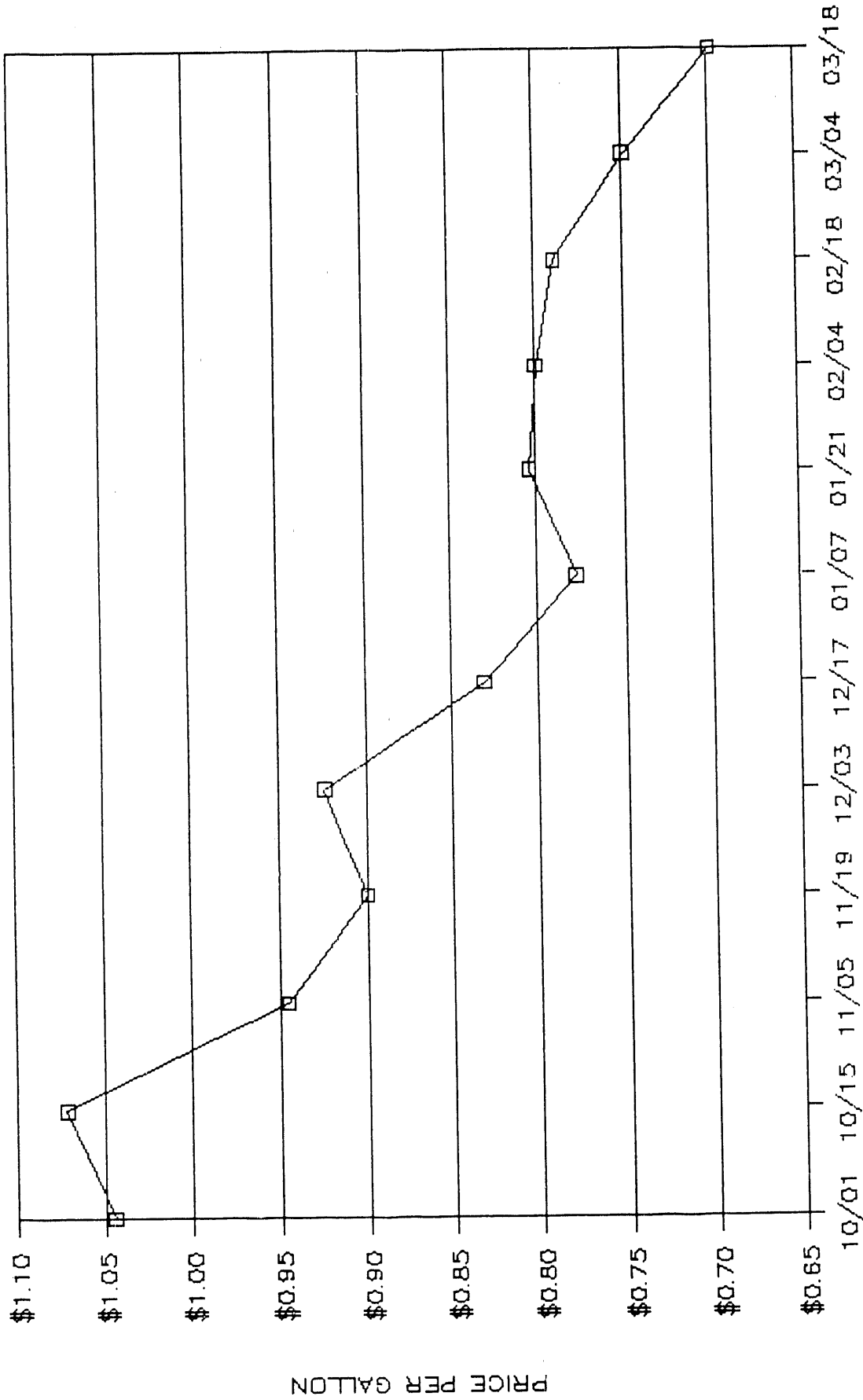
SOURCE: N.H. GOVERNOR'S ENERGY OFFICE



DATE
□ 1990-91

NEW HAMPSHIRE WHOLESALE #2 OIL PRICE

Sources: NH GEO - DOE/EIA



1990/91 HTG SEASON
□ WHOLESALE PRICE

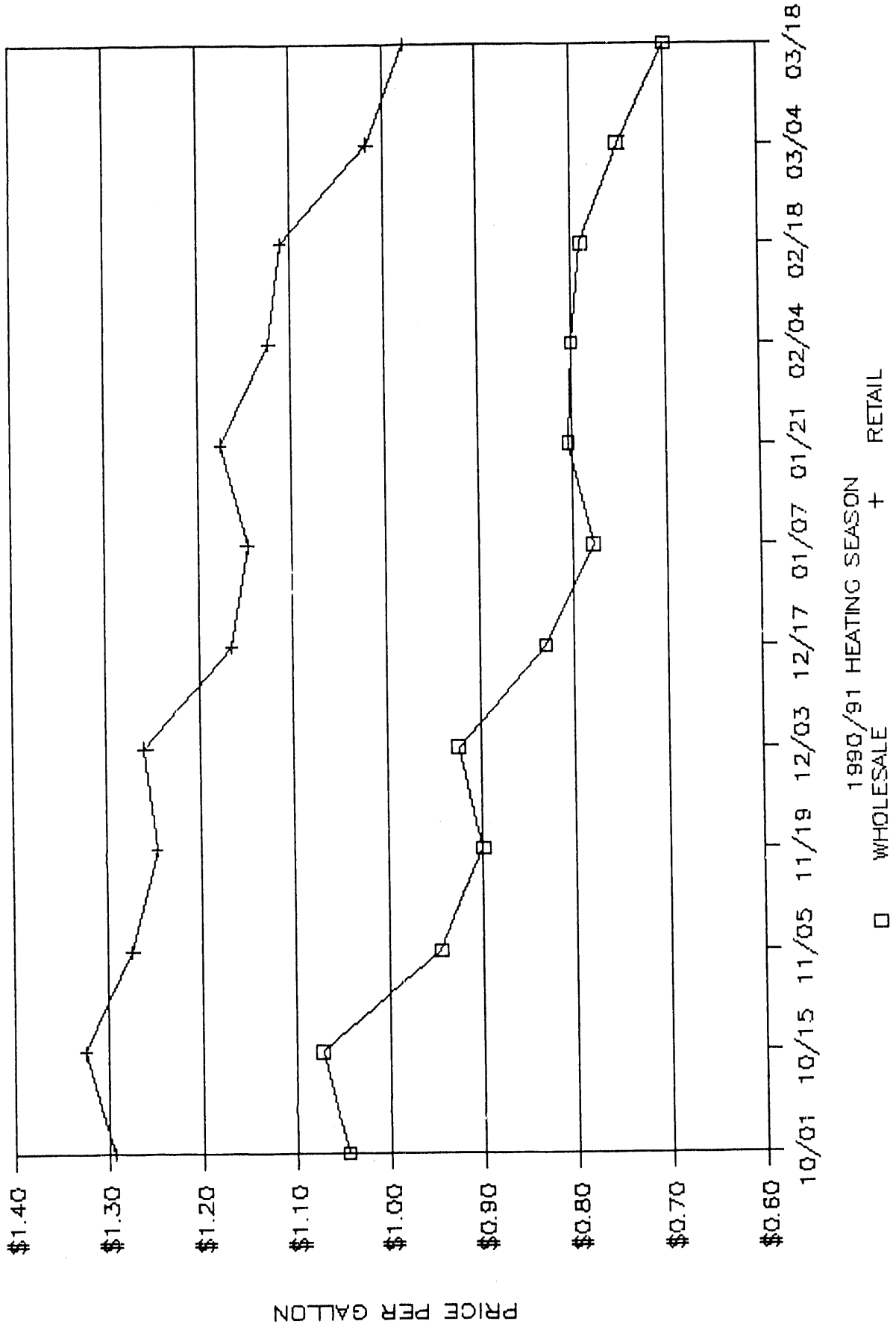
NEW HAMPSHIRE HOME HEATING OIL
 WHOLESALE VS. RETAIL PRICE
 1990/91

DATE	WHOLESALE	RETAIL	MARGIN
10/01	\$1.045	\$1.292	\$0.247
10/15	\$1.072	\$1.324	\$0.252
11/05	\$0.945	\$1.274	\$0.329
11/19	\$0.900	\$1.246	\$0.346
12/03	\$0.924	\$1.260	\$0.336
12/17	\$0.831	\$1.166	\$0.335
01/07	\$0.778	\$1.148	\$0.370
01/21	\$0.804	\$1.176	\$0.372
02/04	\$0.800	\$1.124	\$0.324
02/18	\$0.789	\$1.110	\$0.321
03/04	\$0.749	\$1.017	\$0.268
03/18	\$0.699	\$0.976	\$0.277
AVERAGE SEASON	\$0.861	\$1.176	\$0.315

SOURCES: GOVERNOR'S ENERGY OFFICE
 DEPARTMENT OF ENERGY

NH #2 OIL: WHOLESALE VS. RETAIL PRICE

Sources: NH GEO - DOE/EIA



SUMMARY

Oil, like propane rose in price during the 1990/91 heating season in response to events in the Persian Gulf precipitated by Iraq. Unlike propane, oil prices rose more quickly and went higher than propane but it also dropped below the price of propane in January and continued to fall quickly while propane dropped slowly.

It should be noted that at no time during the crisis did the situation seem out of control. On the federal level, DOE responded quickly and effectively. Secretary Watkins assisted other nations to increase their production of oil to replace Iraqi/Kuwaiti oil. DOE worked with the states to encourage energy conservation and fuel switching. Consumers responded to this by using 660,000 less barrels of oil in the fourth quarter of 1990. The SHOPP program played an important role by providing timely information to the markets and the States who in turn were able to reassure the consumers that there was no need for panic buying. At the request of President Bush, Assistant Secretary, John Easton coordinated a drawdown of the Strategic Petroleum Reserve. The drawdown did not add increase supply significantly but it did demonstrate to the the public and the markets that another petroleum source was available and could be accessed if needed for supply and price stability.

In New Hampshire, the GEO played a significant role on the state level. At the request of Governor Judd Gregg, an advisory committee made up of energy providers on the retail and wholesale level New Hampshire was established to coordinate action and request government intervention if necessary. Sub-committees were formed to study the kerosene and propane issues and make plans to assist in supply shortages. In addition to conducting twice monthly surveys for the SHOPP, the GEO also conducted weekly and even daily price surveys of heating oil and motor gasoline. Kerosene price surveys were also done on a monthly basis. The GEO is currently in the process of writing an energy emergency plan should a future fuel crisis arise.

All facets of the market worked together during this crisis with great success. Despite an initial jump in prices based more on speculation than real conditions, they quickly stabilized and then dropped as steps were taken to insure supply and to keep markets and the public informed. As a result the price of West Texas Intermediate crude peaked very early on in the crisis at around \$40.00 per barrel; far lower than the forecasts of \$60 to \$100 per barrel in the worst case scenarios. Prices dropped to pre-invasion levels after the war started. All of this serves as a testament to preparedness for which SHOPP is an integral part.

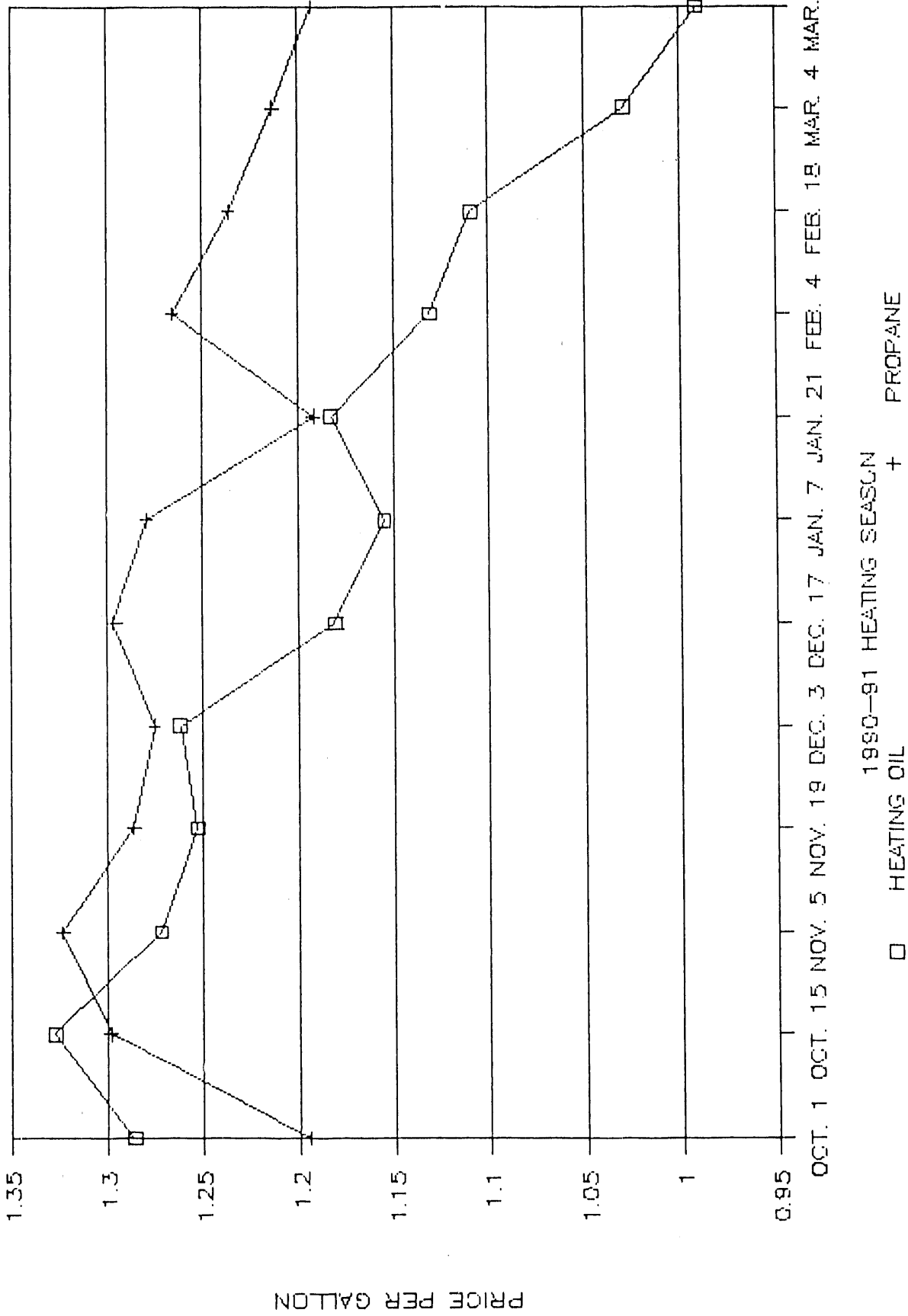
NEW HAMPSHIRE
HEATING OIL VS. PROPANE PRICE
1990/91

DATE	OIL	PROPANE	DIFFERENCE
OCT. 1	\$1.286	\$1.195	\$0.091
OCT. 15	\$1.327	\$1.298	\$0.029
NOV. 5	\$1.272	\$1.323	(\$0.051)
NOV. 19	\$1.253	\$1.286	(\$0.033)
DEC. 3	\$1.262	\$1.275	(\$0.013)
DEC. 17	\$1.181	\$1.296	(\$0.115)
JAN. 7	\$1.155	\$1.279	(\$0.124)
JAN. 21	\$1.183	\$1.192	(\$0.009)
FEB. 4	\$1.131	\$1.266	(\$0.135)
FEB. 18	\$1.109	\$1.236	(\$0.127)
MAR. 4	\$1.029	\$1.213	(\$0.184)
MAR. 18	\$0.991	\$1.193	(\$0.202)
AVERAGE	\$1.182	\$1.254	

SOURCE: GOVERNOR'S ENERGY OFFICE

N.H. RETAIL HEATING OIL VS. PROPANE

SOURCE: N.H. GOVERNOR'S ENERGY OFFICE



1990-91 HEATING SEASON

□ HEATING OIL + PROPANE

END

**DATE
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4 / 02 / 92

