

Vermont Fuel Price Report

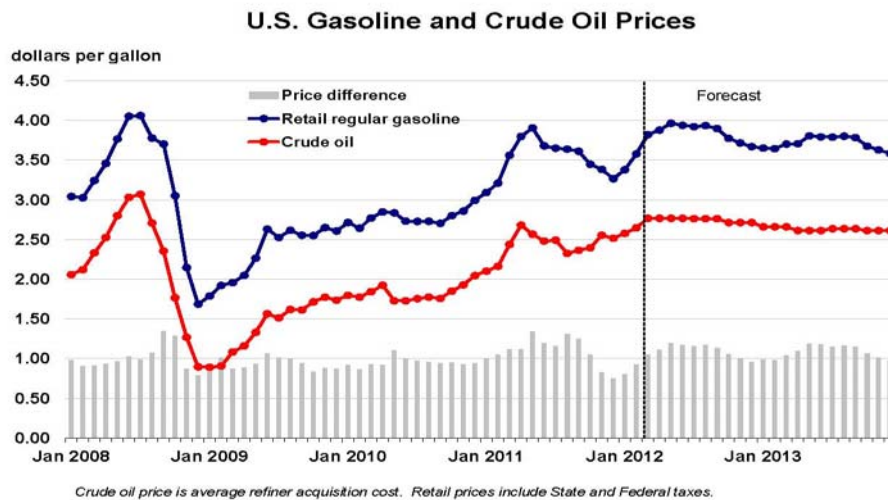
April 2012

What do I pay for in a gallon of regular gasoline?

The rising gasoline prices are of concern to us all and the Public Service Department receives numerous inquiries as to why the prices rise. The largest factor impacting the price of gasoline is the price of crude oil. The figure below shows the correlation of gasoline price to crude oil price. As crude rises and falls so does the price of gasoline.

The national average retail price of a gallon of regular gasoline in February 2012 was \$3.58. The four main components of the retail price of a gallon of gasoline, and their approximate share of the total price in February are:

1. **Crude Oil: 72%.** The cost of crude oil as a share of the retail price varies over time and among regions of the country. Refiners paid an average of about \$108.00 per barrel of crude oil, or about \$2.58 per gallon, in February 2012.
2. **Refining Costs and Profits: 12%**
3. **Distribution, Marketing, and Retail Costs and Profits: 5%**
4. **Taxes: 11%.** Federal excise taxes were 18.4 cents per gallon and State excise taxes averaged 22.68 cents per gallon.



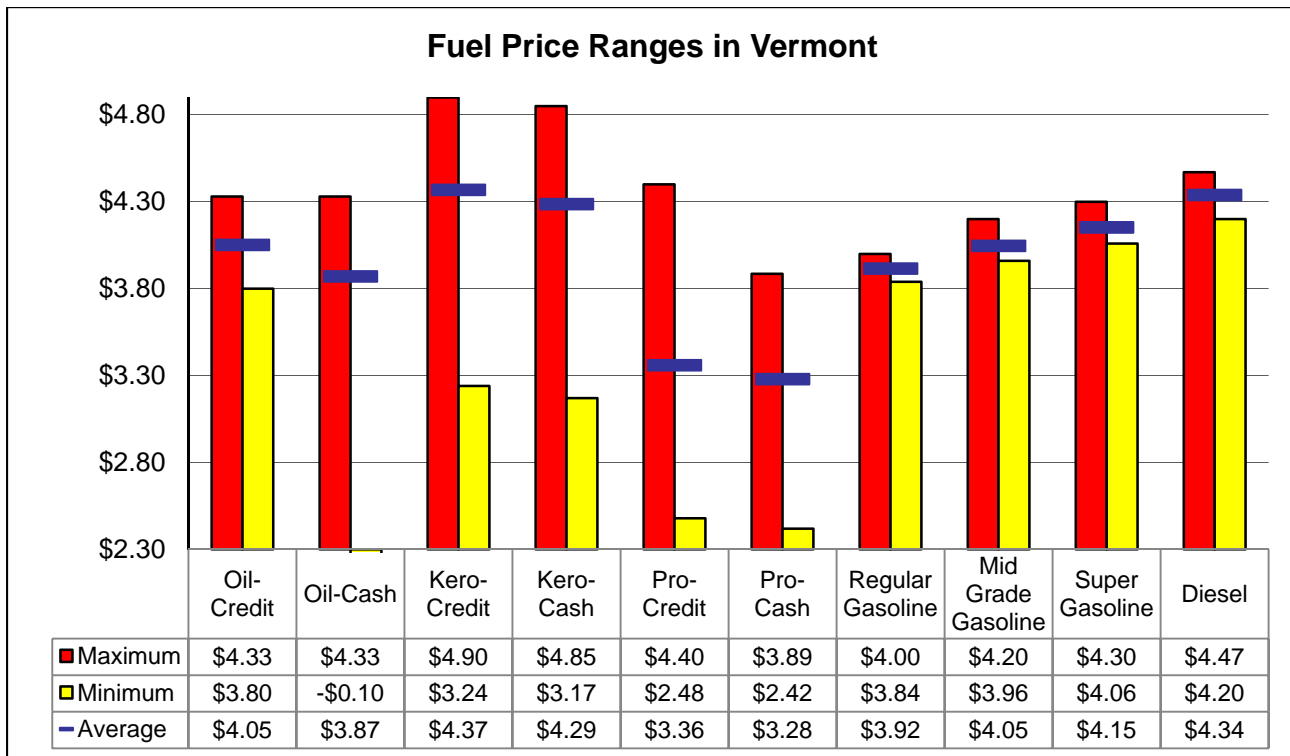
Source: Short-Term Energy Outlook, March 2012

EIA-Short-Term Energy Outlook – Highlights

- EIA has lowered the forecast 2012 average U.S. refiner acquisition cost of crude oil by \$2 per barrel from last month's Outlook to \$112 per barrel, still \$10 per barrel higher than last year's average price. EIA expects the price of West Texas Intermediate (WTI) crude oil to average about \$106 per barrel in 2012, the same as in last month's Outlook but \$11 per barrel higher than the average price last year. Constraints in transporting crude oil from the U.S. midcontinent region contribute to the expected discount for WTI relative to other world crude oil prices. EIA expects WTI prices to remain relatively flat in 2013, averaging about \$106 per barrel, while the average U.S. refiner acquisition cost of crude oil averages \$110 per barrel.

- During the April-through-September summer driving season this year, regular gasoline retail prices are forecast to average about \$3.95 per gallon, peaking in May at a monthly average price of \$4.01 per gallon. EIA expects regular gasoline retail prices to average \$3.81 per gallon in 2012 and \$3.73 per gallon in 2013, compared with \$3.53 per gallon in 2011. The June 2012 New York Harbor Reformulated Blendstock for Oxygenate Blending (RBOB) futures contract averaged \$3.28 per gallon for the five trading days ending April 5. Based on the market value of futures and options contracts, there is a 40 percent probability that its price at expiration will exceed \$3.35 per gallon, consistent with a monthly average regular-grade gasoline retail price exceeding \$4.00 per gallon in June.
- The warmer-than-normal weather this past winter contributed to high natural gas working inventories that continue to set new record seasonal highs, with March 2012 ending at an estimated 2.48 trillion cubic feet (Tcf), about 57 percent above the same time last year. EIA's average 2012 Henry Hub natural gas spot price forecast is \$2.51 per million British thermal units (MMBtu), a decline of \$1.49 per MMBtu from the 2011 average spot price. EIA expects that Henry Hub spot prices will average \$3.40 per MMBtu in 2013.

For additional energy related information and data visit the EIA website at <http://www.eia.gov/>



NOTE: The Vermont Fuel Price Report is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Monday of each month and reflect dealer discounts for cash or self-service, except propane prices, which are an average of the credit and discount price. Propane prices are based on 1,000 + gallons. For more information please contact Mike Kundrath at (802) 828-4081 or by email at michael.kundrath@state.vt.us.

Vermont Average Retail Petroleum Prices (per gallon)

	Apr'12	Mar'12	%change	Apr'11	%change
No. 2 Fuel Oil	\$3.961	\$3.986	-0.63%	\$3.75	5.54%
Kerosene	\$4.327	\$4.375	-1.11%	\$4.14	4.54%
Propane	\$3.281	\$3.342	-1.84%	\$3.31	-0.87%
Reg. Unleaded Gasoline	\$3.915	\$3.848	1.76%	\$3.70	5.78%
Diesel	\$4.338	\$4.232	2.51%	\$4.17	3.98%

Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$3.96	\$35.82
Kerosene, gallon	136,600	80%	\$4.33	\$39.59
Propane, gallon	91,600	80%	\$3.32	\$45.30
Natural Gas, therm	100,000	80%	\$1.64	\$20.51
Electricity, kwh	3,412	100%	\$0.15	\$43.46
Wood, cord (green)	22,000,000	60%	\$190.00	\$14.39
Pellets, ton	16,400,000	80%	\$247.00	\$18.83

* The natural gas price is based on the rate effective 1/23/12

*Wood green updated 11/16/11

If you are looking for possible savings on your heating costs consider replacing your less efficient unit with a high efficiency furnace/ boiler. Contact your local fuel dealer for more information. The table below is illustrative of theoretical potential savings of Standard Efficiency v. High Efficiency furnaces/boilers. Contact your local fuel dealer for more information.

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