

VERMONT FUEL PRICE REPORT

July 2011

EIA - Short-Term Energy Outlook

World crude oil prices initially fell following the June 23 announcement by the International Energy Agency (IEA) that its member countries would release up to 60 million barrels from strategic reserves but then rose above the pre-announcement levels in late June and early July. Although the IEA release will provide some additional supply, EIA expects oil markets to tighten through 2012. Given projected world oil demand growth and slowing growth in supply from countries that are not members of OPEC, the projected U.S. average refiner acquisition cost of crude oil rises from \$102 per barrel in 2011 to \$108 per barrel in 2012, about \$1 per barrel below last month's Outlook.

The crude oil price outlook remains uncertain. Among the major uncertainties that could push oil prices above or below our current forecast are: risk of additional supply disruptions in producing regions, such as possible unrest in Sudan; the willingness and ability of key OPEC-member countries to increase and sustain higher production in response to the global increase in oil demand; the rate of global economic growth; and fiscal issues facing national and sub-national governments.

The regular-grade gasoline monthly average retail price fell from \$3.91 per gallon in May to \$3.68 per gallon in June, reflecting the decline in crude oil prices from their April peak and a recovery from unexpected refinery outages and Mississippi River flooding. EIA expects regular-grade gasoline prices will average \$3.62 per gallon and \$3.51 per gallon over the third and fourth quarters of 2011, respectively.

EIA expects that on-highway diesel fuel retail prices, which averaged \$2.99 per gallon in 2010, will average \$3.86 per gallon in 2011 and \$3.95 per gallon in 2012, relatively unchanged from the previous Outlook. Projected U.S. refining margins on diesel fuel increase from an average \$0.38 per gallon in 2010 to \$0.62 per gallon in 2011, then fall to \$0.55 per gallon in 2012.

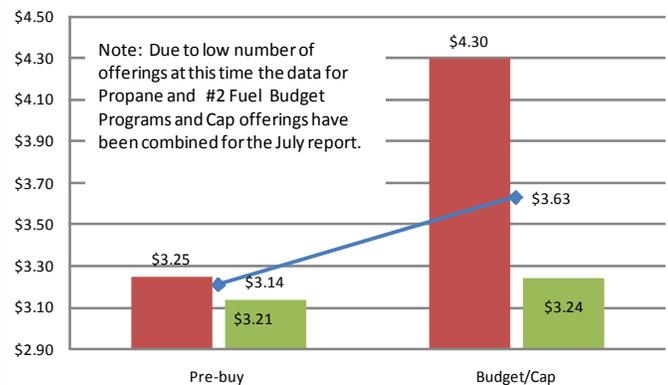
Vermont Average Retail Petroleum Prices (per gallon)					
	July '11	Jun'11	%change	July '10	%change
No. 2 Fuel Oil	\$3.582	\$3.74	-4.35%	\$2.705	32.43%
Kerosene	\$3.954	\$4.17	-5.26%	\$3.050	29.62%
Propane	\$3.015	\$3.13	-3.67%	\$2.637	14.37%
Reg. Unleaded Gasoline	\$3.748	\$3.85	-2.65%	\$2.758	35.92%
Diesel	\$4.113	\$4.14	-0.68%	\$3.102	32.57%

Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$3.58	\$32.39
Kerosene, gallon	136,600	80%	\$3.95	\$36.18
Propane, gallon	91,600	80%	\$3.02	\$41.15
Natural Gas, therm	100,000	80%	\$1.55	\$19.40
Electricity, kwh	3,412	100%	\$0.15	\$43.46
Wood, cord (green)	22,000,000	60%	\$180.00	\$13.64
Pellets, ton	16,400,000	80%	\$247.00	\$18.83

PRICE PROTECTION PROGRAMS Many fuel dealers offer their customers "price protection" programs. With "Pre-Buy" programs, customers can purchase a specified volume of fuel at a discounted price by paying for the heating season's fuel in advance. In "Fixed Price" programs, a pre-determined price per unit is set for all of the fuel delivered during the heating season. In "Cap" programs, the fuel price will not exceed a pre-determined value and may go down based on market conditions at time of delivery. Cap and Fixed Price programs may be part of "Budget" programs, in which the customer agrees to make equal monthly payments, often for 10 to 12 months. Price protection programs can be beneficial, as they provide a degree of certainty, and customers are better able to budget their finances and thus are not caught short during the heating season. However, price protection programs don't guarantee savings, so consumers need to consider their options carefully. Many dealers indicated at the time of the survey that they had not yet issued their programs therefore the data for July is based on a small sample. The charts to the right show the availability and average price per gallon for price protection programs as of July 6th

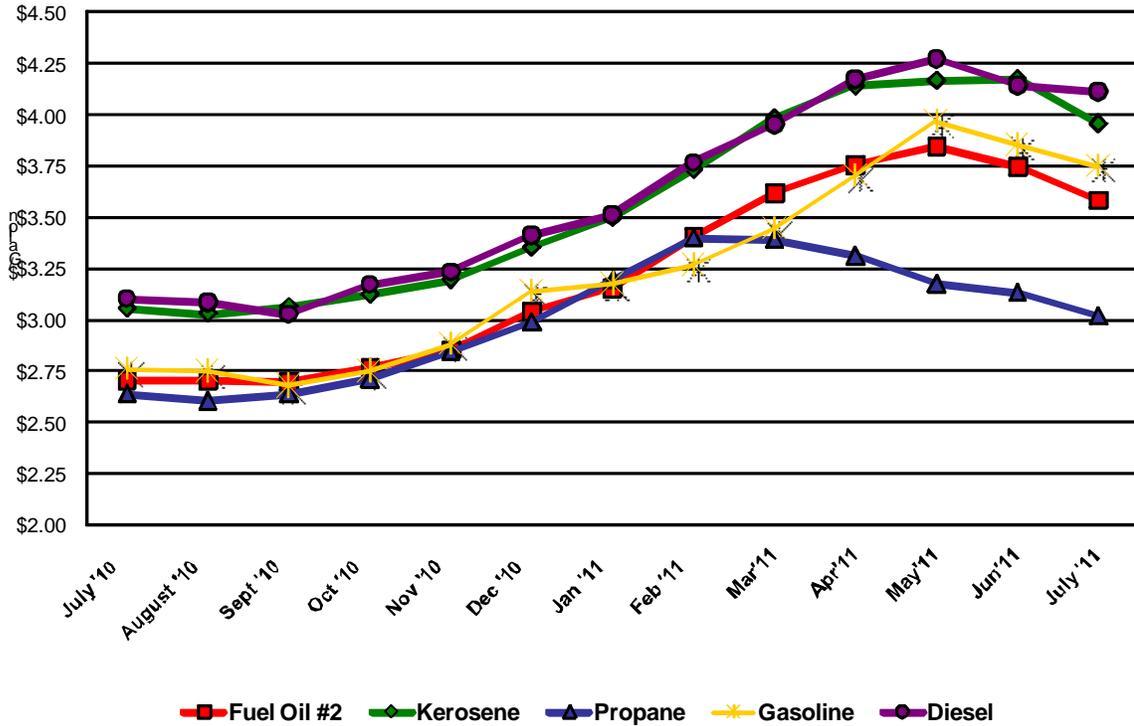
Propane - Programs



#2 - Heating Oil - Programs

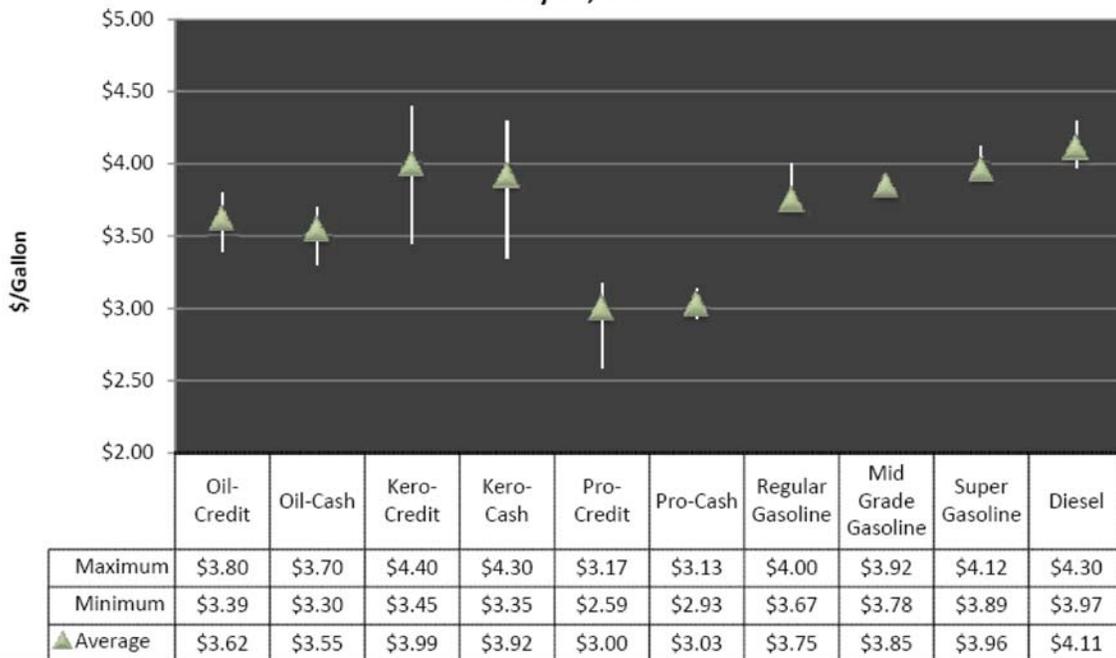


Vermont One-Year Price Trend



Fuel Price Ranges in Vermont

July 14, 2011



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.