

# VERMONT FUEL PRICE REPORT

June 2011

## EIA - Short-Term Energy Outlook

World benchmark crude oil prices reached their highest level of this year at the end of April, fell by about 10 percent by May 9 and have changed very little since then. EIA still 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 the Organization of the Petroleum Exporting Countries (OPEC). The projected U.S. refiner crude oil average acquisition cost rises from \$104 per barrel in 2011 to \$108 per barrel in 2012, about the **Crude Oil Prices**. WTI crude oil spot prices averaged \$103 per barrel in March, \$110 per barrel in April, and \$101 per barrel in May. The WTI crude oil price was \$113 per barrel at the beginning of May but fell to \$97 per barrel by the end of the first week of the month. For the remainder of May, WTI prices fluctuated within a relatively narrow range of between \$96 and \$103 per barrel. EIA still expects oil markets to tighten as growing liquid fuels demand in the emerging economies and slowing growth in non-OPEC supply maintain upward pressure on oil prices. EIA expects that WTI spot prices, which averaged \$79 per barrel in 2010, will average \$102 per barrel in 2011 and \$107 per barrel in 2012, about the same as expected in last month's *Outlook* same as last month's *Outlook*.

Regular-grade retail gasoline price averaged about \$3.96 per gallon during the first half of May as unexpected refinery outages and disruptions in distribution caused by the flooding of the Mississippi River and its tributaries temporarily counterbalanced the impact of lower crude oil prices. In recent weeks, gasoline prices have been falling, however, as the refinery situation has begun to recover. EIA expects the May average price of \$3.91 per gallon will be the peak monthly average price this driving season. Still, EIA forecasts that the regular-grade motor gasoline retail price will average \$3.75 per gallon during this summer's driving season (from April 1 through September 30), up from \$2.76 per gallon last summer, but 6 cents per gallon lower than last month's *Outlook*.

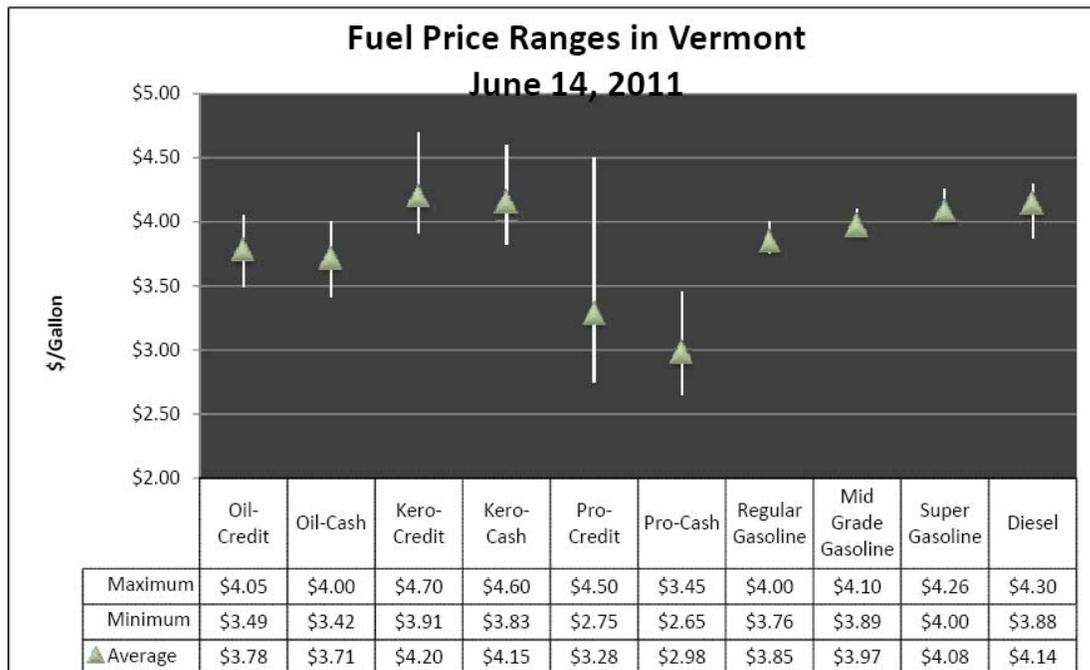
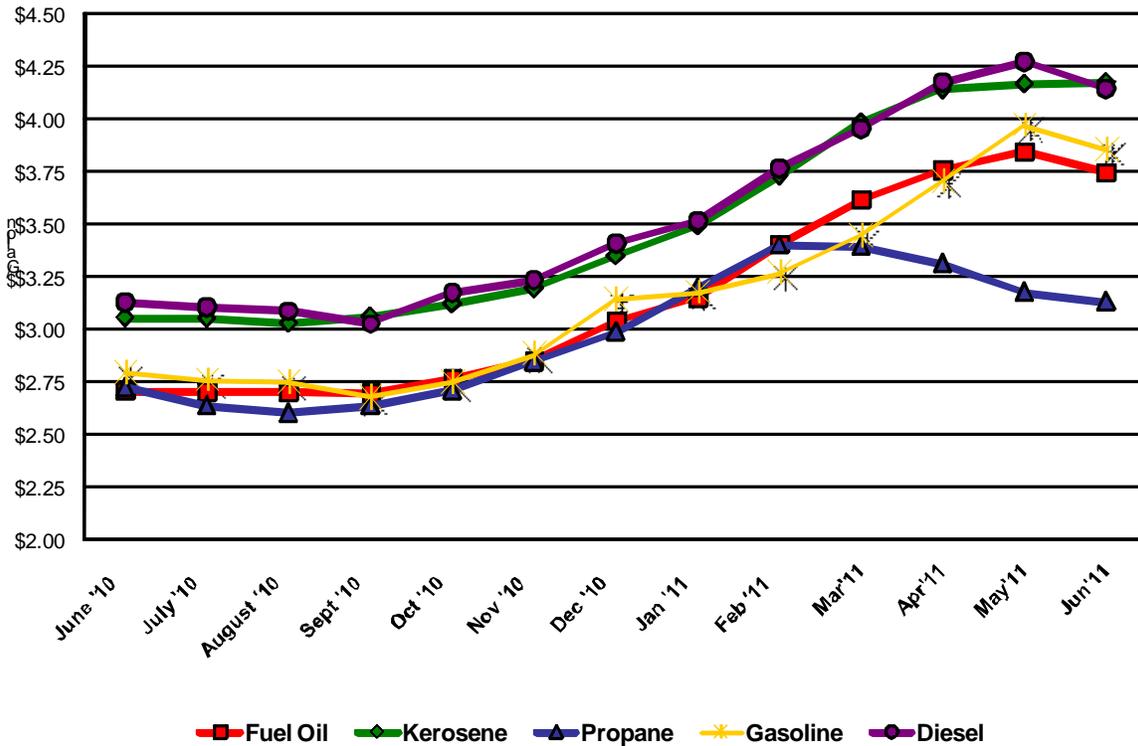
Natural gas working inventories ended May 2011 at 2.2 trillion cubic feet (Tcf), about 10 percent, or 245 billion cubic feet (Bcf), below the 2010 end-of-May level. EIA expects that working gas inventories will build strongly during the summer and approach record-high levels in the second half of 2011. The projected Henry Hub natural gas spot price averages \$4.25 per million British thermal units (MMBtu) in 2011, \$0.13 per MMBtu lower than the 2010 average. EIA expects the natural gas market to begin tightening in 2012, with the Henry Hub spot price increasing to an average of \$4.58 per MMBtu.

	Vermont Average Retail Petroleum Prices (per gallon)				
	Jun'11	May'11	%change	June '10	%change
No. 2 Fuel Oil	\$3.74	\$3.84	-2.57%	\$2.71	38.31%
Kerosene	\$4.17	\$4.17	0.18%	\$3.05	36.67%
Propane	\$3.13	\$3.17	-1.38%	\$2.72	14.95%
Reg. Unleaded Gasoline	\$3.85	\$3.97	-3.02%	\$2.79	37.90%
Diesel	\$4.14	\$4.27	-3.00%	\$3.13	32.43%

Comparing the Cost of Heating Fuels				
Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$3.74	\$33.87
Kerosene, gallon	136,600	80%	\$4.17	\$38.19
Propane, gallon	91,600	80%	\$3.13	\$42.72
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

Editors Note: beginning in July the Public Service Department's Fuel Survey will be gathering price information from dealers for their pre-buy and budget programs for the up coming heating season. This information will be reported in *Vermont Fuel Price Reports* beginning in July.

### Vermont One-Year Price Trend



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.