

VERMONT FUEL PRICE REPORT

May 2011

EIA - Short-Term Energy Outlook

Among the major uncertainties that could push oil prices above or below our current forecast are: continued unrest in producing countries and its potential impact on supply; decisions by key OPEC-member countries regarding their production in response to the global increase in oil demand; the rate of economic growth, both domestically and globally; fiscal issues facing national and subnational governments; and China's efforts to address concerns regarding its growth and inflation rates.

■ West Texas Intermediate (WTI) crude oil spot prices averaged \$89 per barrel in February, \$103 per barrel in March, and \$110 per barrel in April. During the first week of May WTI crude oil prices fell by nearly \$17 per barrel to \$97 per barrel, along with a broad set of commodities, and then rebounded by almost \$6 per barrel yesterday. However, 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). Projected WTI spot prices average \$103 per barrel in 2011 and \$107 per barrel in 2012, reductions of about \$4 and \$6 per barrel respectively from last month's *Outlook*.

■ Despite the moderate downward revision to the outlook for oil prices, the rise in crude oil prices from last year continues to imply higher petroleum product prices this year compared with last. EIA forecasts that the annual average regular-grade retail gasoline price will increase from \$2.78 per gallon in 2010 to \$3.63 per gallon 2011 and to \$3.66 per gallon in 2012. The forecast regular-grade motor gasoline retail price averages \$3.81 per gallon during this summer's driving season (from April 1 through September 30), up from \$2.76 per gallon last summer, but 5 cents per gallon lower than last month's *Outlook*. The forecast U.S. monthly average regular gasoline price during the summer peaks in June at \$3.88 per gallon. Prices of futures and options contracts for wholesale gasoline over the 5 days ending May 5 suggest a 41-percent probability that the national monthly average retail price for regular gasoline could exceed \$4.00 per gallon during July 2011.

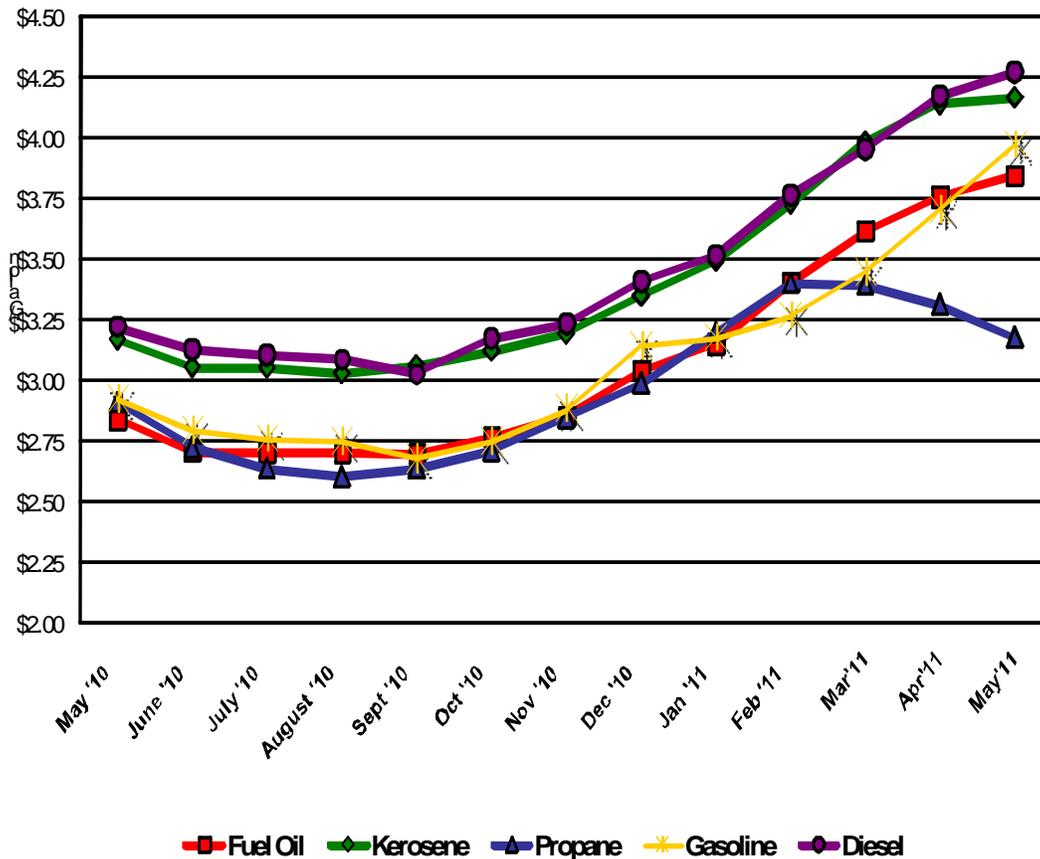
■ Natural gas working inventories ended April 2011 at 1.8 trillion cubic feet (Tcf), about 11 percent, or 230 billion cubic feet (Bcf), below the 2010 end-of-April level. EIA expects that working gas inventories will build strongly during the summer and approach record-high levels in the second half of 2011. The projected Henry Hub natural gas spot price averages \$4.24 per million British thermal units (MMBtu) in 2011, \$0.15 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 \$4.65 per MMBtu.

	Vermont Average Retail Petroleum Prices (per gallon)				
	May'11	Apr'11	%change	May '10	%change
No. 2 Fuel Oil	\$3.84	\$3.75	2.41%	\$2.84	35.29%
Kerosene	\$4.17	\$4.14	0.66%	\$3.17	31.53%
Propane	\$3.17	\$3.31	-4.10%	\$2.91	9.17%
Reg. Unleaded Gasoline	\$3.97	\$3.70	7.26%	\$2.92	35.91%
Diesel	\$4.27	\$4.17	2.33%	\$3.22	32.52%

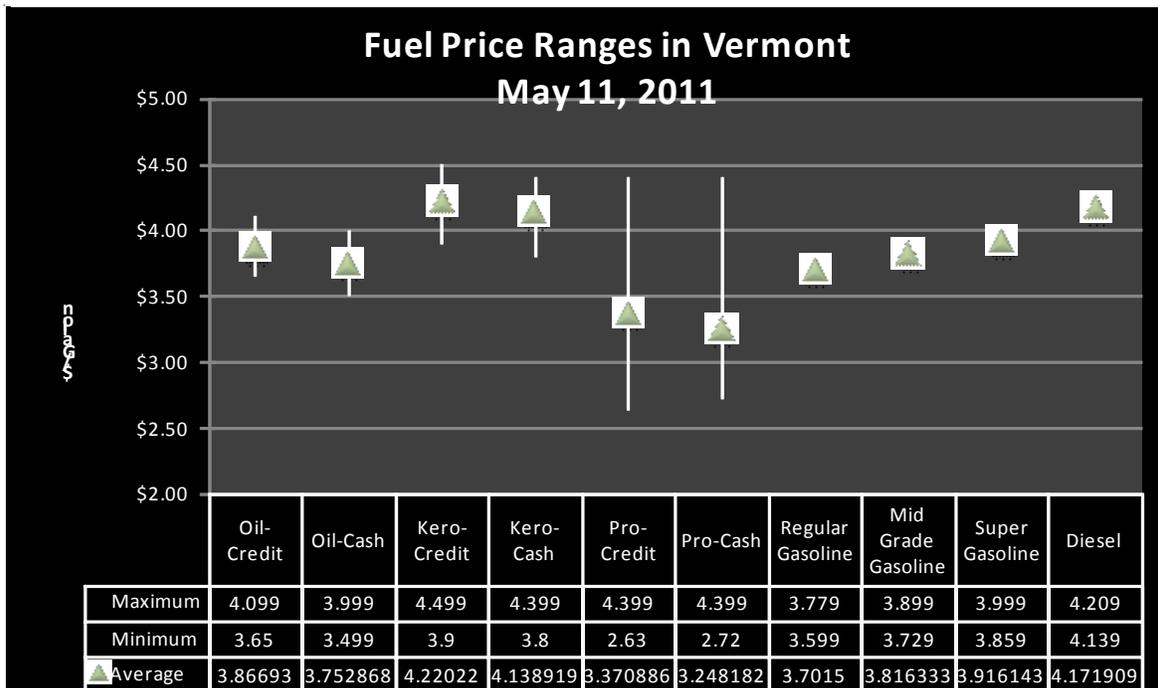
Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$3.84	\$34.76
Kerosene, gallon	136,600	80%	\$4.17	\$38.12
Propane, gallon	91,600	80%	\$3.17	\$43.31
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

Vermont One-Year Price Trend



Fuel Price Ranges in Vermont May 11, 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.