PROPANE GAS
Association of New England

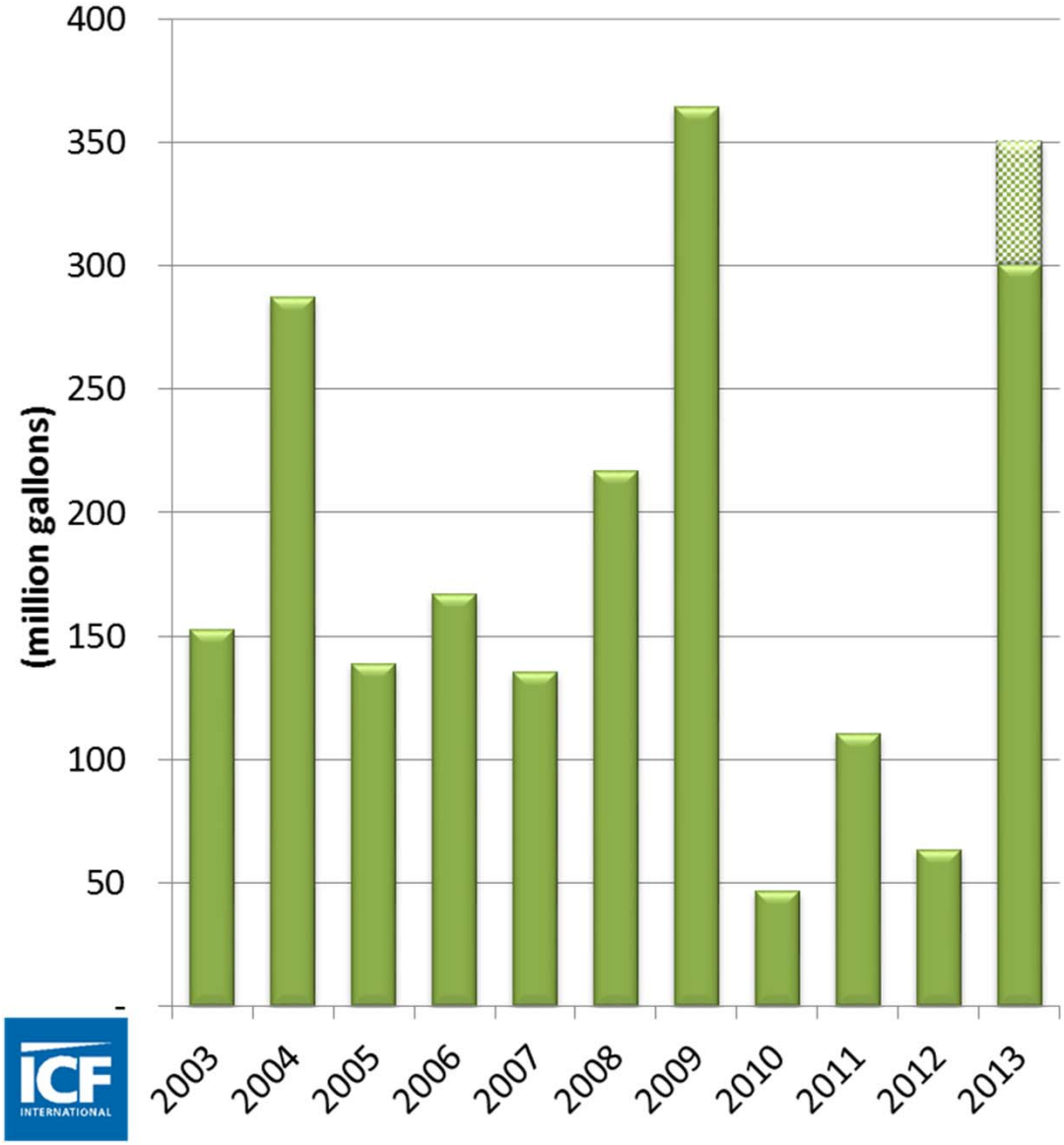
Propane Supply & Infrastructure

Prepared for Quadrennial Energy Review Home Heating Panel

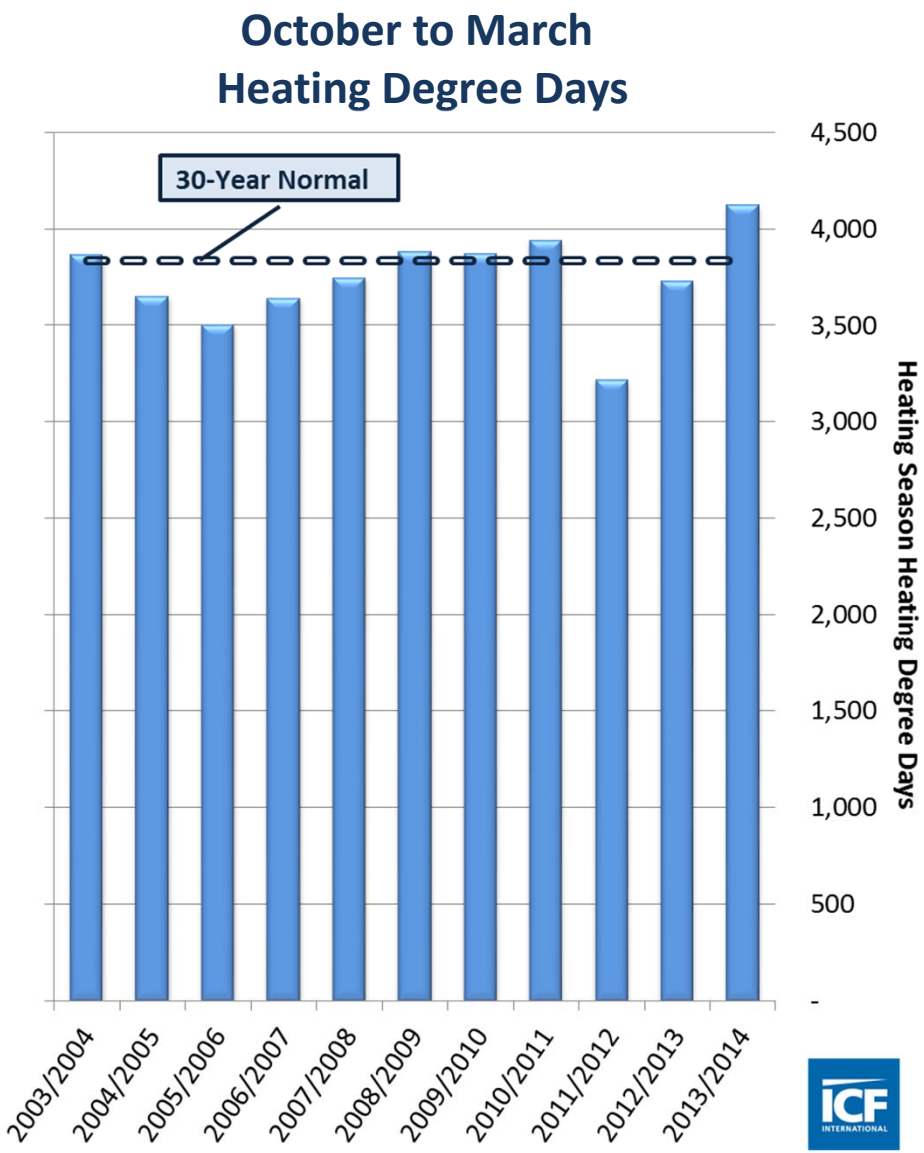
April 21, 2014

Crop Drying Demand

- Record Corn Crop
  - 13.9 billion bushels
- Cooler than normal weather in July and August delayed the harvest.
- Above-average rainfall in October
- Grain drying season started late and finished late

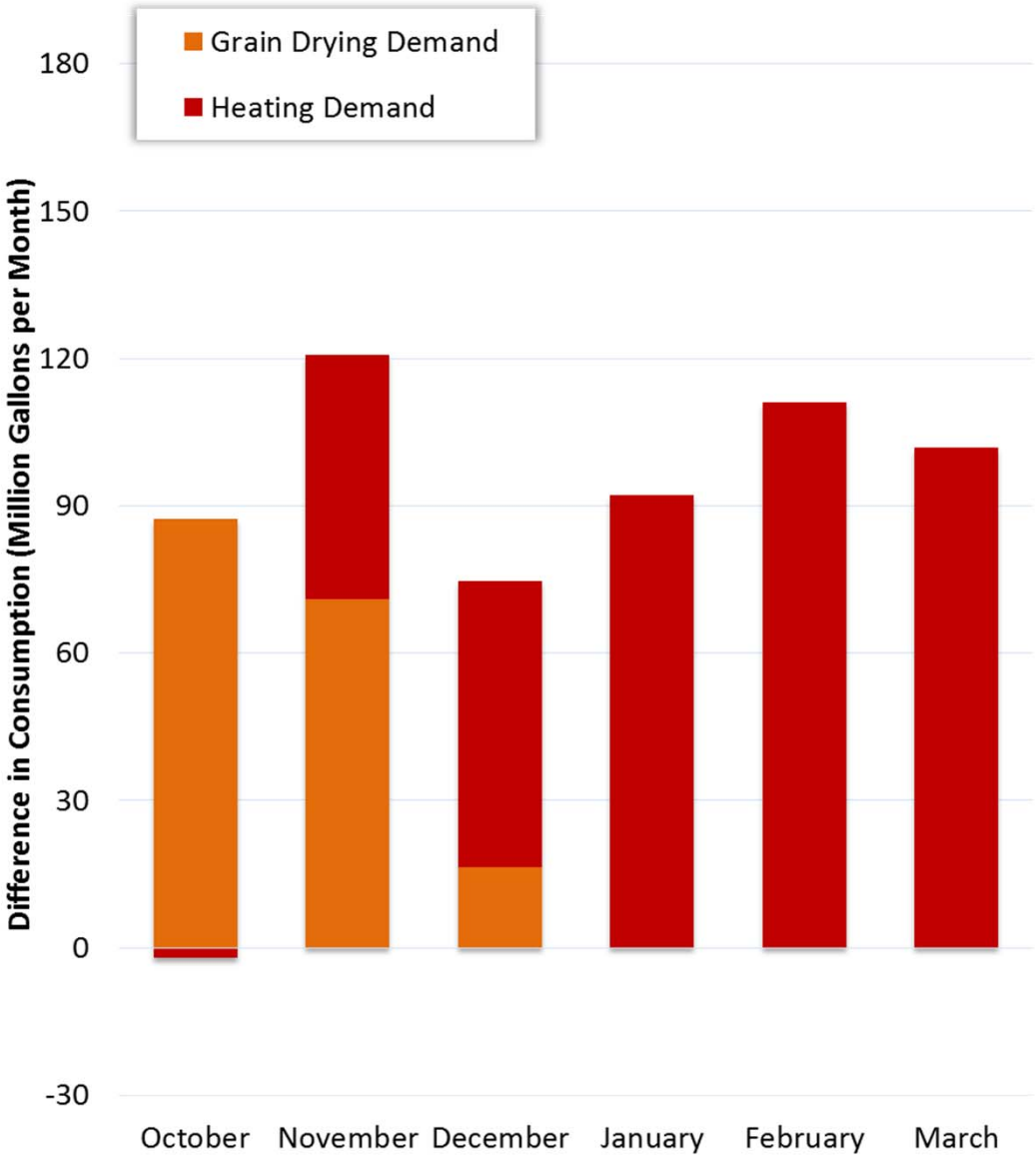


Colder than Normal Weather



- The 2013/2014 winter was:
  - 7.5 percent colder than 30-year normal weather
  - 10.5 percent colder than last winter
  - 27.9 percent colder than the winter of 2011/2012

Winter Demand vs. Normal



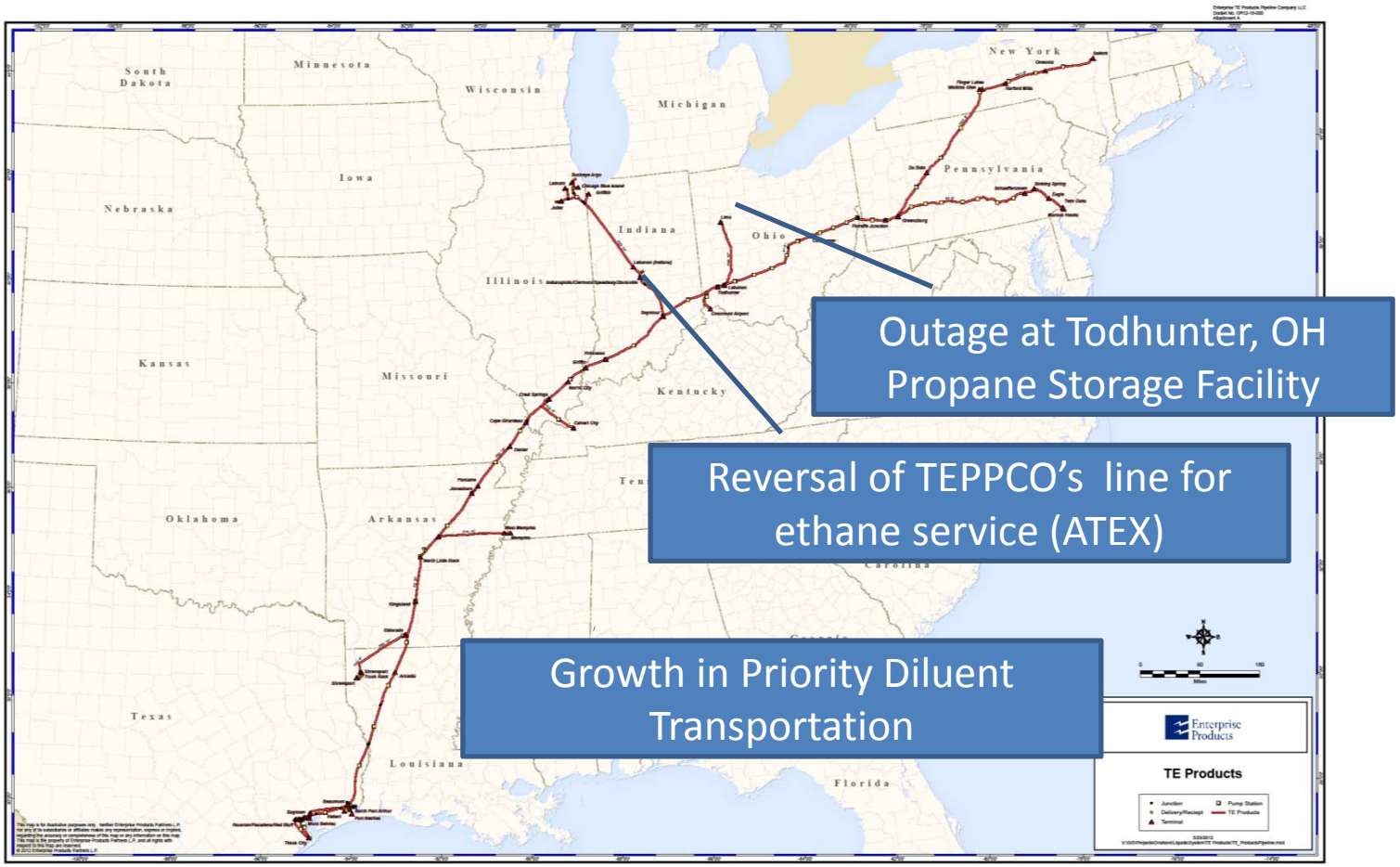
- Nationally, ICF estimates that between October 2013 and March 2014, propane demand came in about 570 million gallons higher than it would have been with "normal" weather:
  - Grain Drying: 160 million gallons
  - Cold Weather: 410 million gallons

Increasing Reliance on Rail?

RRPictureArchives.NET Image Contributed by Joe Rogers

Weather Slows Train Delivery

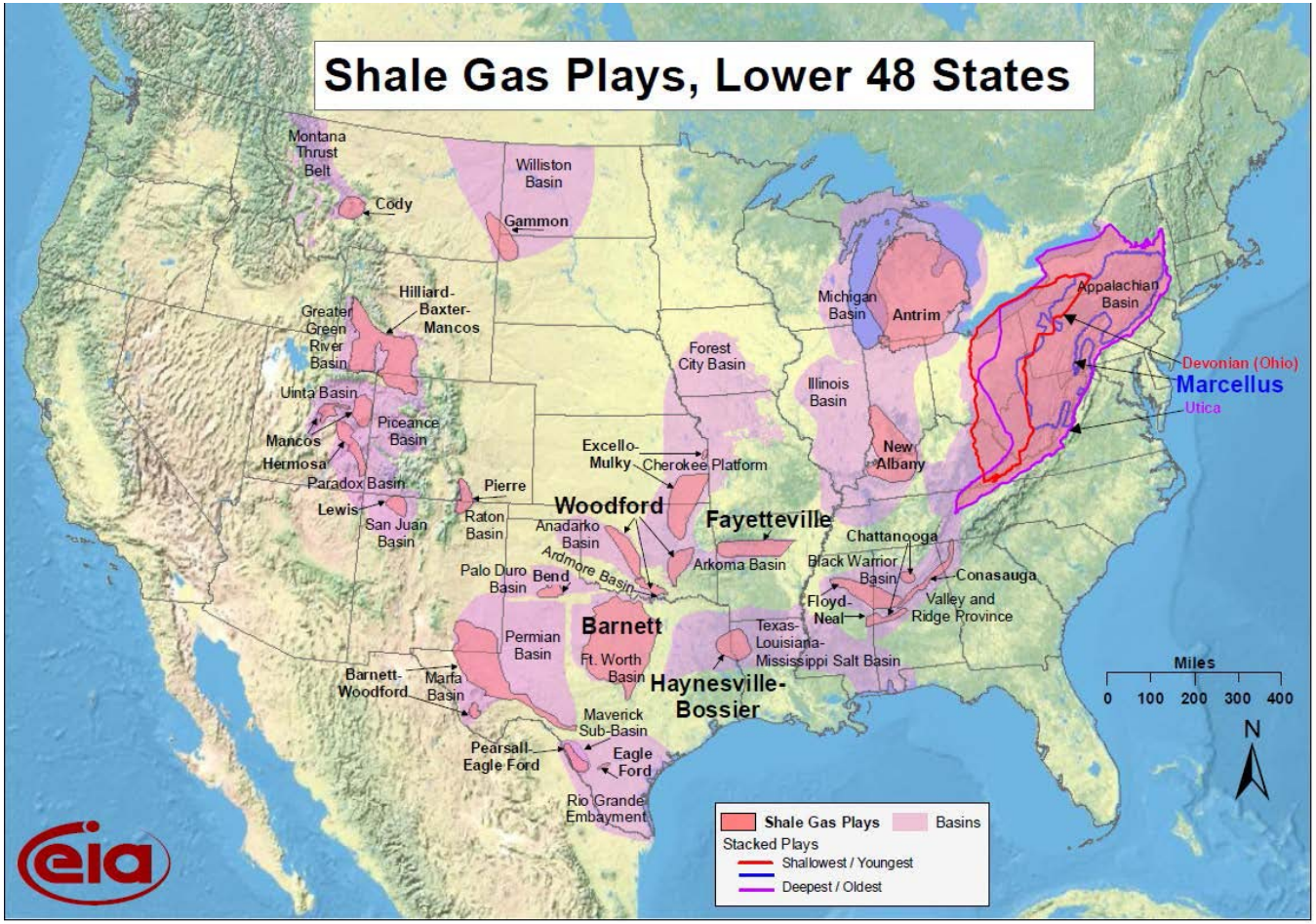
Changes to the TEPPCO System



Source: "Answer of Enterprise TE Products Pipeline Company LLC to Complaint of Thrifty Propane, Inc.", *United States of America Before the Federal Energy Regulatory Commission, Thrifty Propane vs. Enterprise TE Products Pipeline Company LLC*. May 21, 2012. Appendix A

American Shale Production

- Growth in NGL transportation requirements to the Gulf Coast.
- Growth in propane petrochemical and export demand from the Gulf Coast.
- Growth in Canadian demand for diluent (Pentanes+) demand for the oil sands industry.



In 2013, U.S. Propane Production Increased by 1.4 Billion Gallons. So Why are We Short of Supply?

1) **Crop Drying**
   - +260 million gallons
2) **Colder Weather**
   - +850 million gallons
3) **Cargo Exports**
   - +2.0 billion gallons
4) **Change in Inventories**
   - -1.4 billion gallons

Changes in Propane Supply Balance Between 2012 and 2013 (Million Gallons)

	2012	2013 (Prel.)	Change
Total Propane Supplied	**16,265**	**19,237**	**2,973**
U.S. Natural Gas Plant Production	10,950	12,394	1,445
U.S. Refinery Production	4,227	4,346	119
U.S. Propane Imports	1,644	1,633	(11)
U.S. Propane Stock Drawdown	(556)	864	1,420
Total Propane Consumption	**13,644**	**14,610**	**965**
U.S. Consumer Demand (excl. Grain Drying)	7,674	8,527	853
U.S. Grain Drying Demand	65	325	260
U.S. Petrochemical Demand (Est.)	5,905	5,757	(148)
Propane Exports	**2,620**	**4,628**	**2,007**

Note: Improvements in efficiency and other market changes offset about 80 million gallons of consumer propane demand in 2013.

Thank You

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