



Current Heating Oil Outlook & Trends



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Price Movements

- Price of Crude Has Driven Heating Oil to New Highs – Declined Yesterday
- Futures Market – Heating Oil Steady Around 2.20 Per Gallon
- Perspective on Price Increase
 - Heating Oil Increase Since 2000
 - Compared to Europe – Role of Euro/Euro Taxes

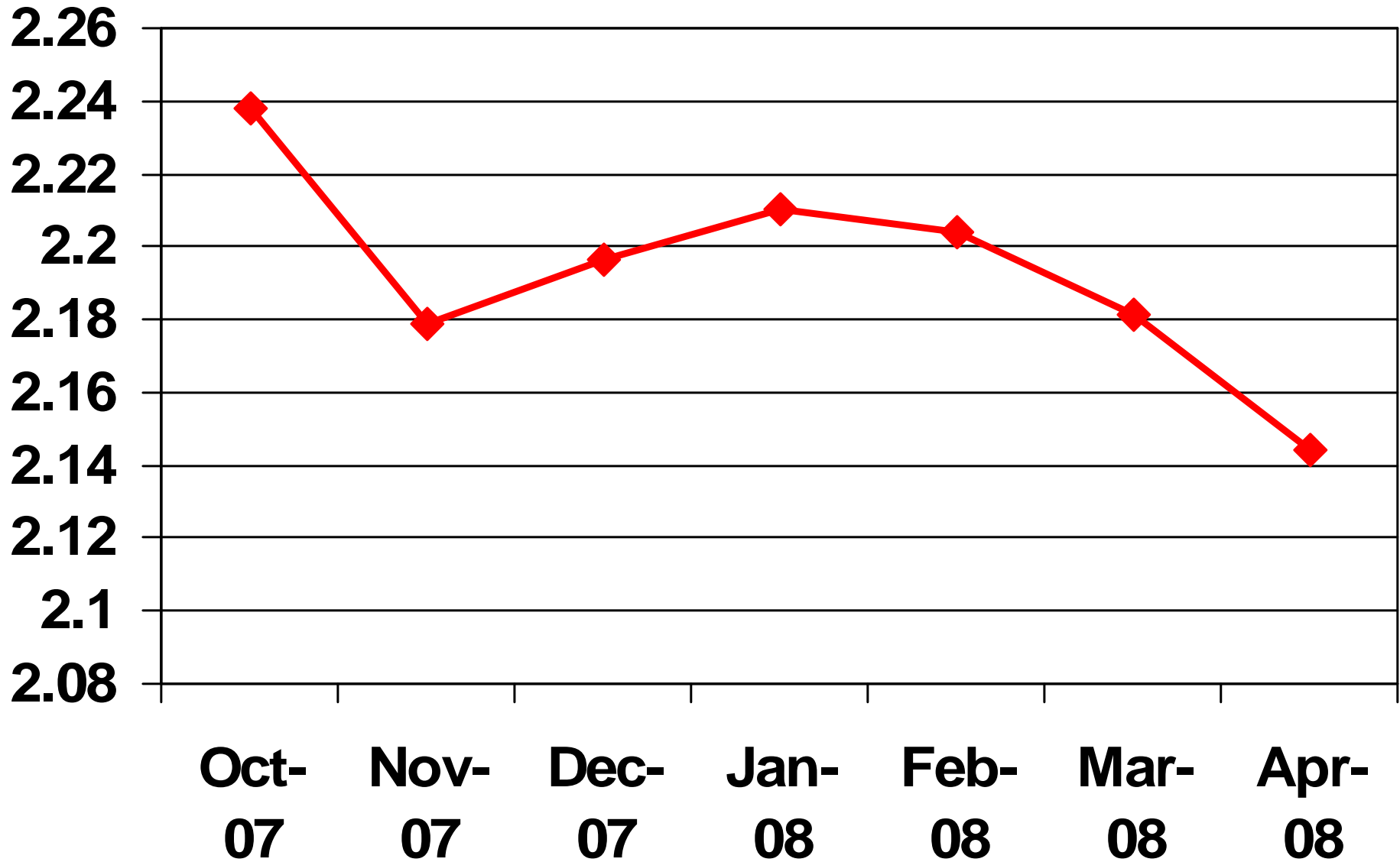


Changes in Distillate

- Currently Three Distillates

- Ultra-Low Sulfur 15 ppm +8-12
 - On Road Vehicles
- Low Sulfur 500 ppm +4
 - On Road Vehicles
 - Off Road Vehicles
- Heating Oil
 - Most Stationary Applications

Forward Pricing



● ● ● | Role of Hedges/Fixed Price Contracts

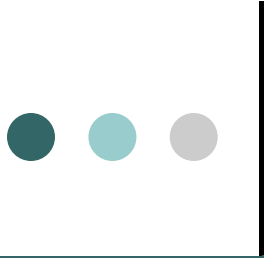
- Last Year Price Declined Over the Winter
- Dealers and Customers Less Enthusiastic
- Price of Contracts \$.06
- Down Substantially, Perhaps 50%





Low Sulfur Distillate Inventories

	Week ended 9/28 Million Barrels	Week ended 9/21 Million Barrels	% Δ from Last Week	Year Ago Million Barrels	% Δ from Last Year
National	65.9	68.6	-3.9%	49.8	32.5%
East Coast	15.0	15.9	-5.9%	9.5	58.1%
Midwest	21.1	20.8	1.1%	14.8	42.7%



High Sulfur Distillate Inventories (Heating oil)

	Week ended 9/28 Million Barrels	Week ended 9/21 Million Barrels	Year Ago Million Barrels	% Δ from Last Year	Year 2002-2006 Million Barrels	% Δ from Last Year
National	43.1	42.7	60.4	-29.6%	55.2	-22.0%
East Coast	33.5	33.5	45.6	-26.6%	37.1	-9.8%
New England	9.2	9.1	11.0	17.0%	9.4	-2.4%
Mid-Atlantic	21.1	20.8	28.7	26.3%	22.6	-6.4%



DISTILLATE AND DIESEL INVENTORIES

	Week ended 9/28 Million Barrels	Year Ago Million Barrels	% Δ from Last Year	Year 2002-2006 Million Barrels	% Δ from Last Year
National	133.3	146.6	-9.00%	130.5	2.10%
East Coast	56.5	67.1	-15.80%	56.4	0.30%
New England	12.2	13.4	-9.30%	11.8	3.10%
Mid-Atlantic	32.8	40.1	-18.20%	32.3	1.40%



HIGH SULFUR DISTILLATE INVENTORIES

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● ● ● | WEATHER/CONSERVATION/ IMPORTS

- LAST THREE WINTERS WARM
- CONSERVATION
- IMPORTS BALANCE THE MARKET



- ● ● | Energy Efficiency Testing

- NORA and NYSERDA Testing on Combined Appliances

- Still Room for Significant Efficiency Improvements

- Outreach by NORA

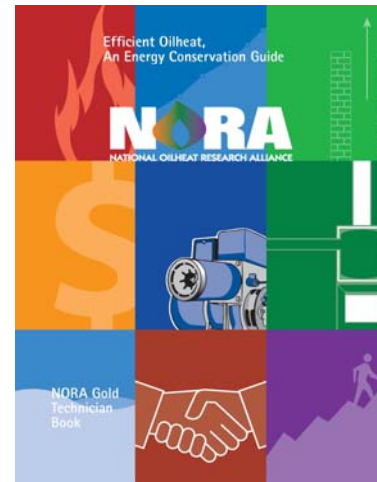
- ● ● | New Developments

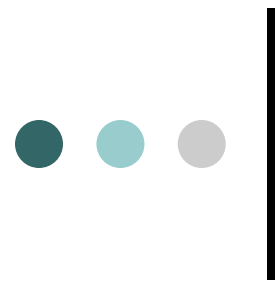


- Equipment

- Training

- Efficient Oilheat: *A Guide to Energy Conservation*





Mane-Vu Sulfur Reductions

- Proposal

- Inner Markets

- 2012 -500, 2016 – 15

- Outer Markets

- 2014 -500, 2018 – 15

- Right Level for Sulfur ? Equipment/PM-2.5

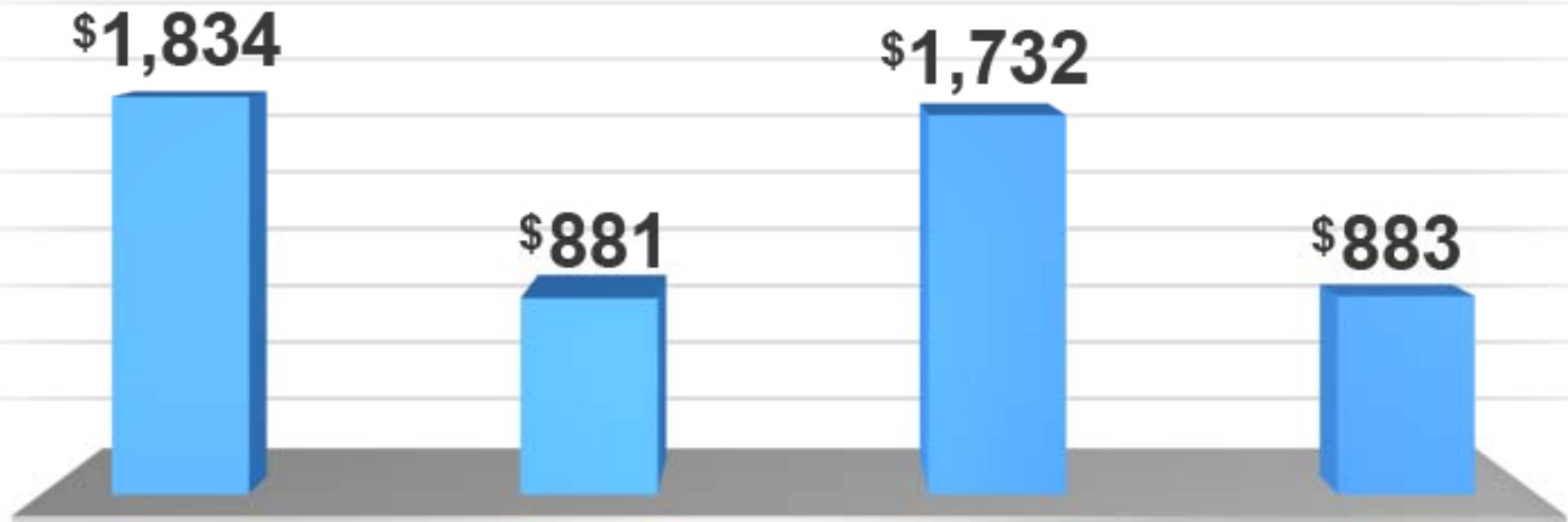
EIA Projected Cost

Oilheat

Natural
Gas

Propane

Electricity



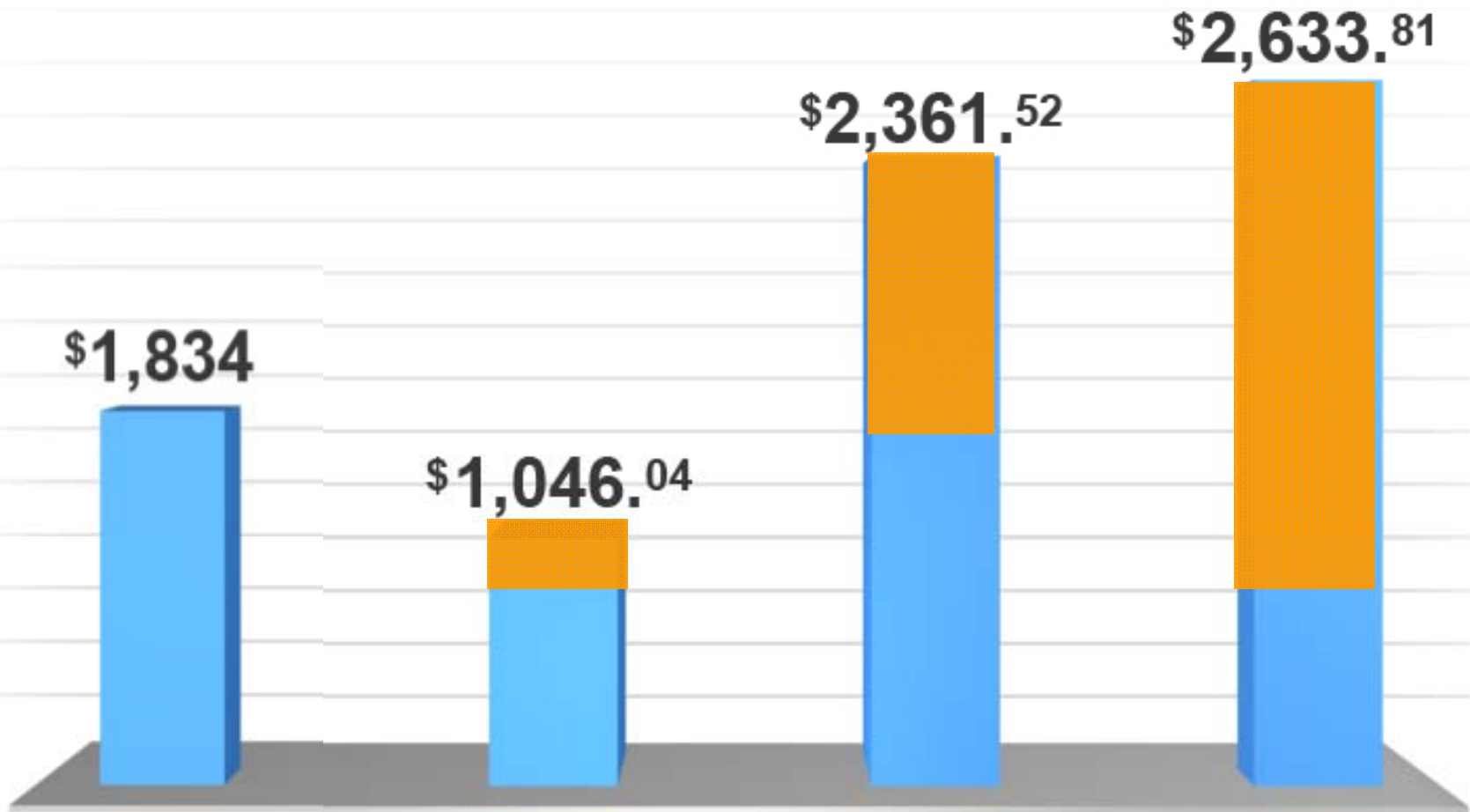
Corrected for Weather

Oilheat

Natural
Gas

Propane

Electricity



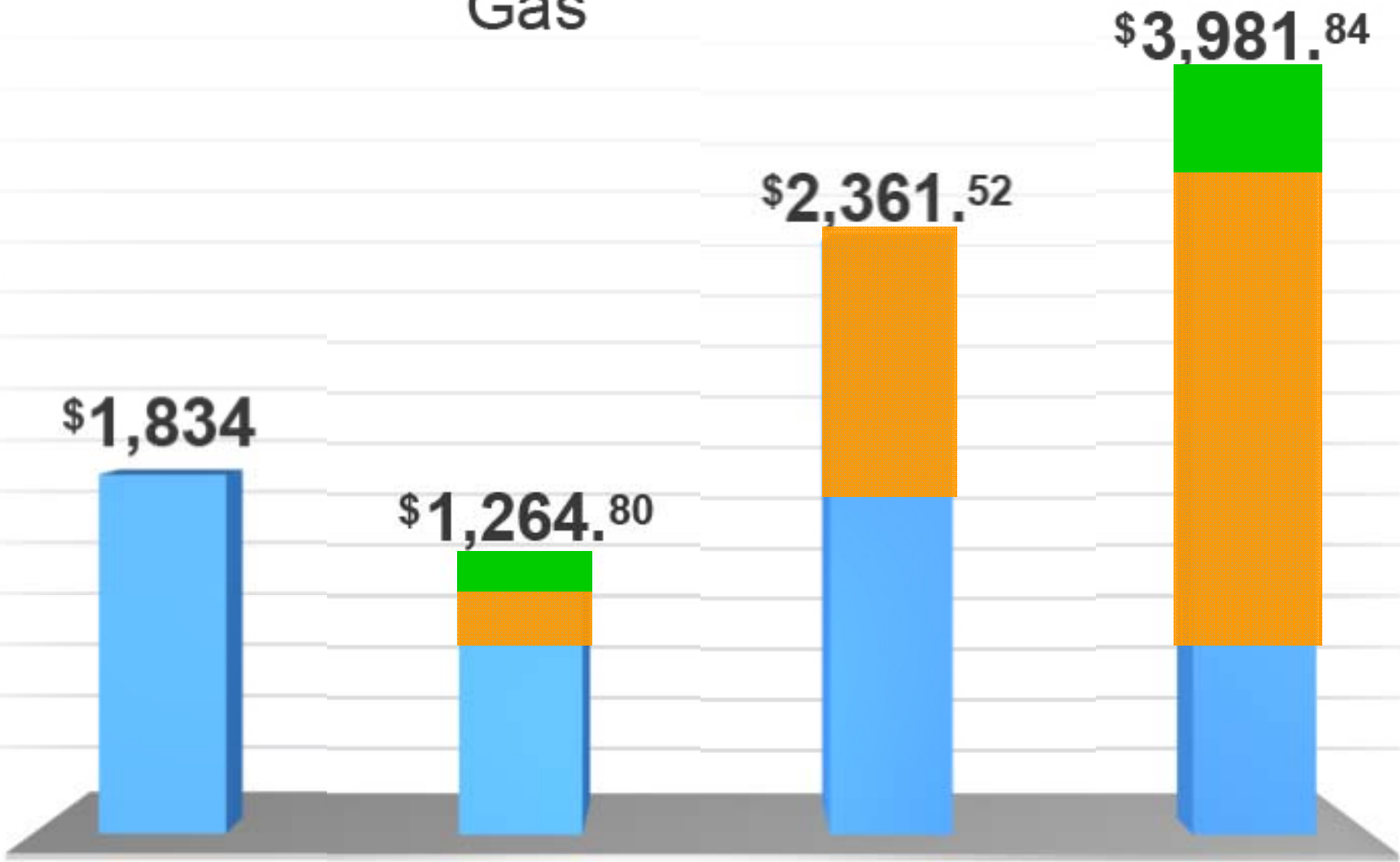
Reflects Prices in Cold State

Oilheat

Natural Gas

Propane

Electricity





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