Wisconsin State Energy Office Outlook for the Winter 2014-2015
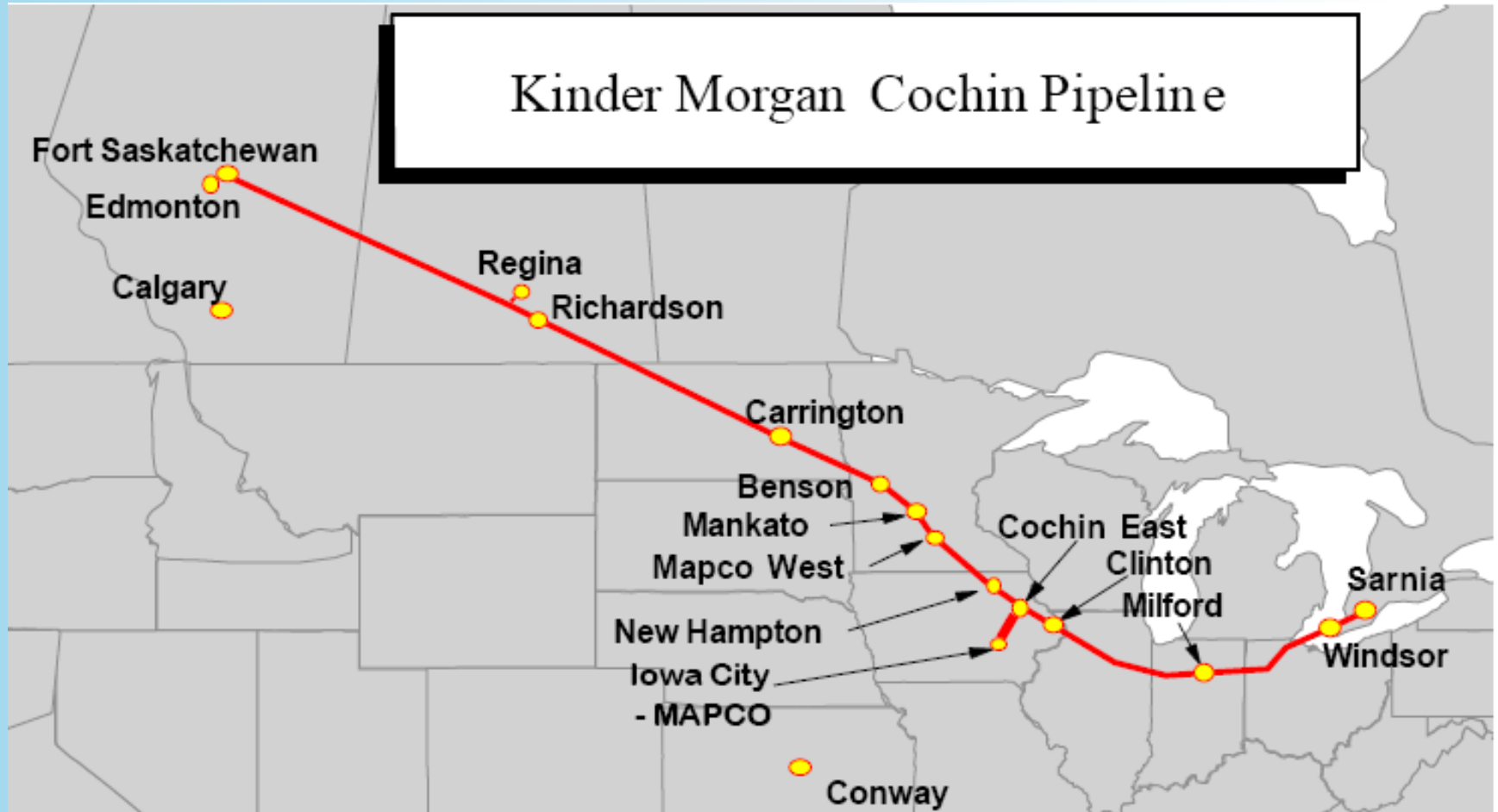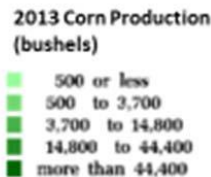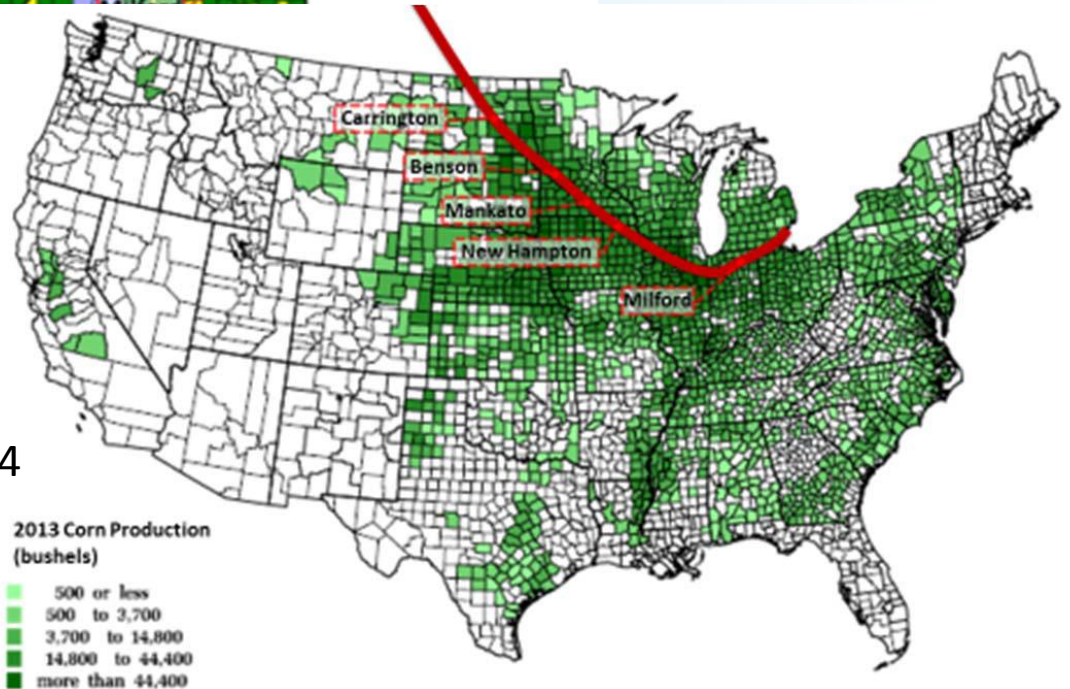
Kevin Vesperman
Administrator
Division of Energy Services

Winter Fuels Conference
October 7, 2014

www.stateenergyoffice.wi.gov

Cochin is Gone

Propane Heated Households and Corn Drying

Under 500
500 to 1,000
1,001 to 2,000
2,001 to 3,500
Over 3,500

Carrington
Benson
Mankato
New Hampton

Milford

2013 Corn Production
(bushels)

500 or less
500 to 3,700
3,700 to 14,800
14,800 to 44,400
more than 44,400
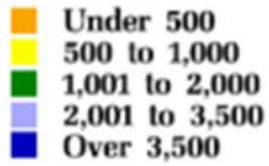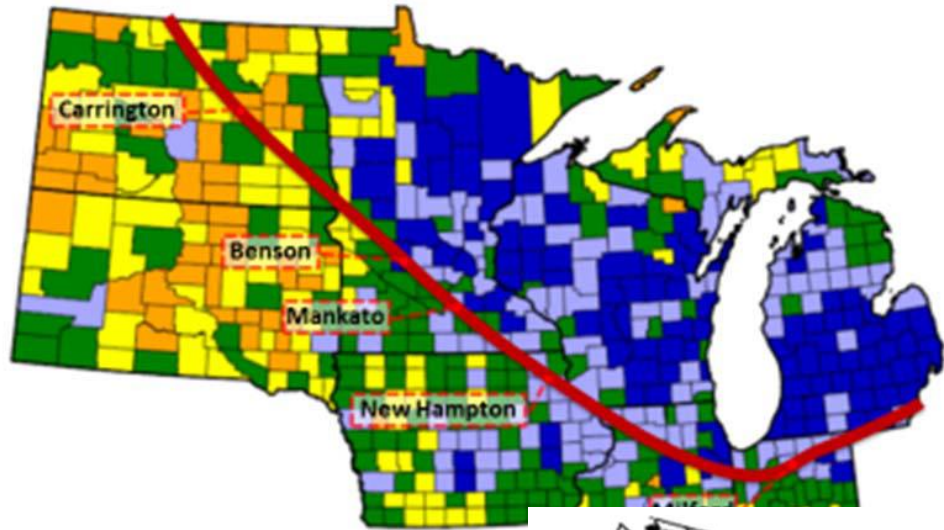
Source: PERC- ICF Report AUG 2014

Who Uses Propane?

Wisconsin: **Propane by Sector 2011**

Agriculture, 22.525, 8%

Transportation, 1.584, 1%

Industrial, 20.614, 7%

Commercial, 43.396, 15%

Residential, 197.257, 69%
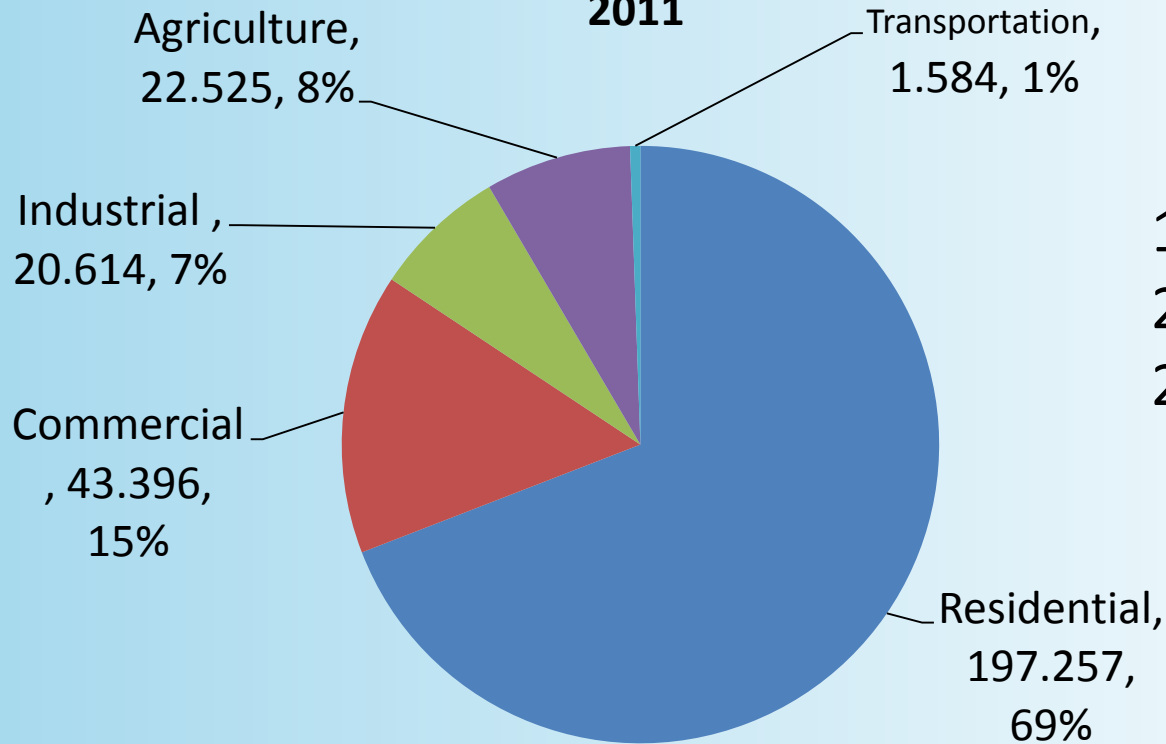
11% Residential Heat
245,000 customers
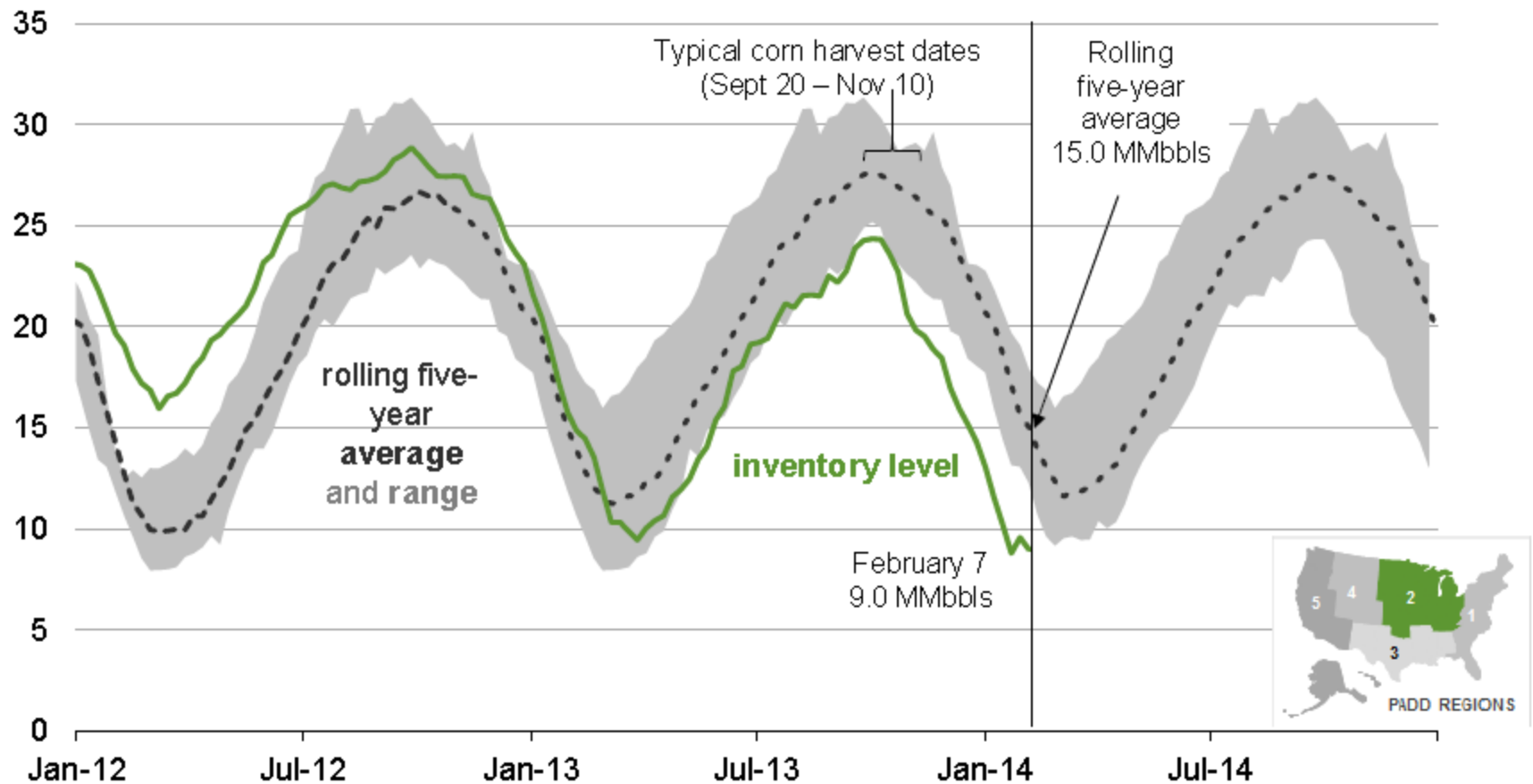26,000 low income

Propane Pipelines

What Happened?

- Bumper corn crop, harvested late and wet
  - Impact: record use of propane in November drawing down inventories
- Cochin pipeline shuts down for 6 weeks in the fall
  - Impact: supply in Minnesota and Iowa eliminated
  - Cochin provides 40% of propane to Minnesota
- Record cold and snowstorms in Upper Midwest
  - Higher use of propane
  - Truck and rail delivery is more difficult
- Conway prices lower that Mt. Belvieu
  - Impact: Pipelines to Texas are running full reducing Conway inventory

PADD 2 (Midwest) propane inventories have trended lower on strong crop drying and extremely cold temperatures

PADD 2 propane inventories
million barrels

Typical corn harvest dates (Sept 20 – Nov 10)

Rolling five-year average 15.0 MMbbls

rolling five-year **average** and **range**

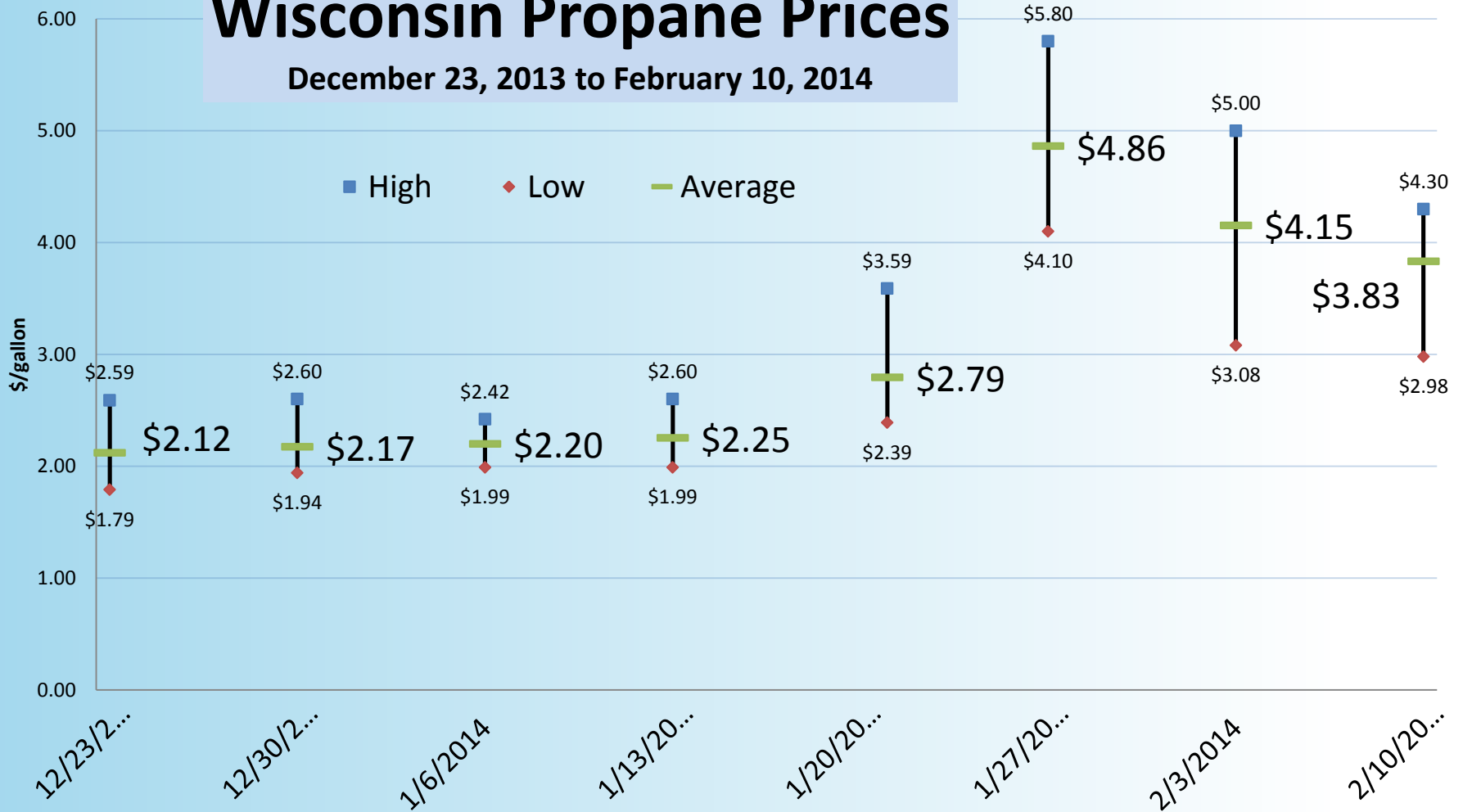inventory level

February 7 9.0 MMbbls

PADD REGIONS

Source: EIA, Weekly Petroleum Status Report, data through February 7

Residential Energy Prices

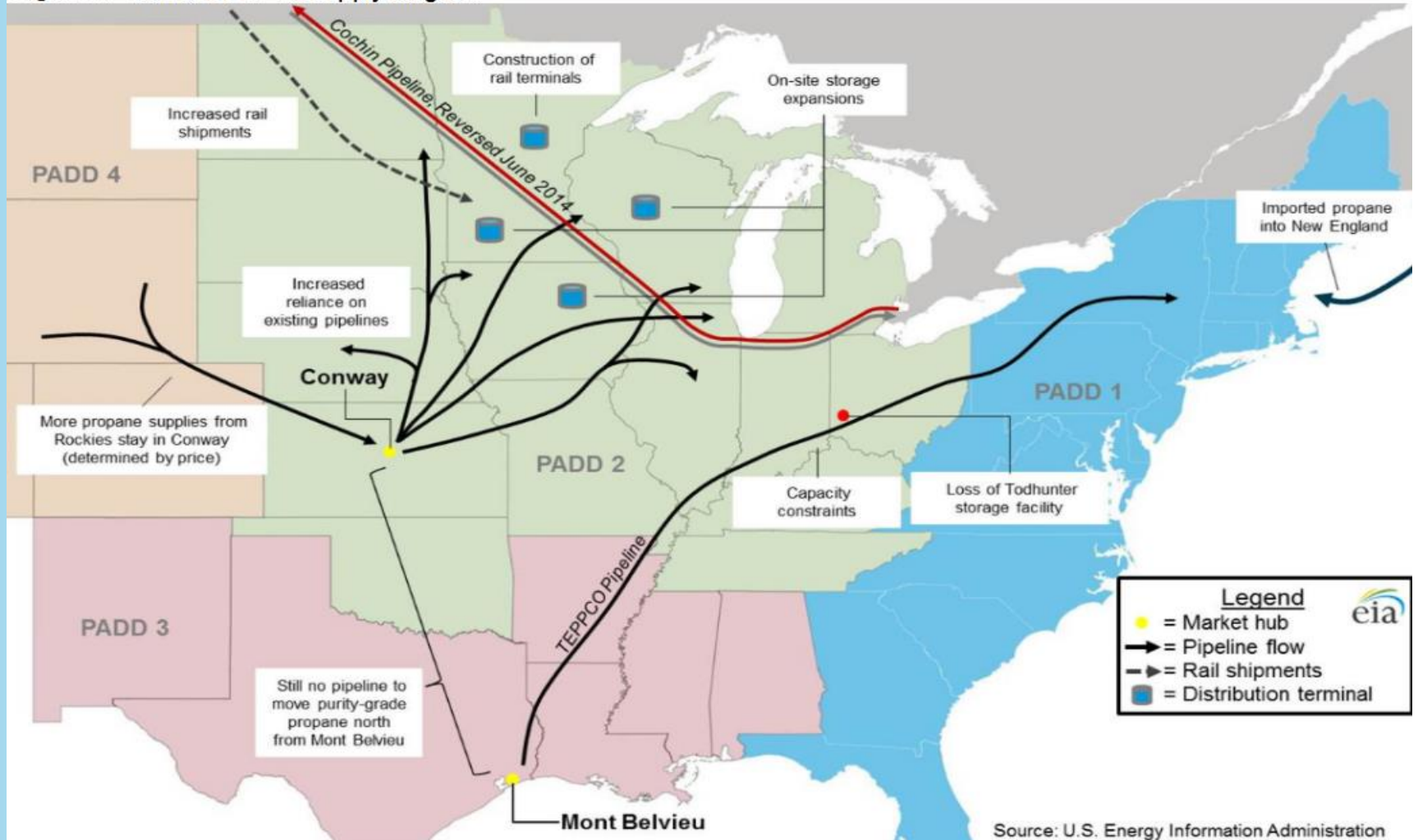
Wisconsin Propane Prices
December 23, 2013 to February 10, 2014

What is different this year?

Figure 3. Winter 2014-15 supply diagram

Source: U.S. Energy Information Administration

Conway Inventory

Midwest (PADD 2) propane inventories
million barrels

28.0
(9/26/14)

inventory level

35
30
25
20
15
10
5
0

------ rolling 5-year average
rolling 5-year range

Jan-12   May-12   Sep-12   Jan-13   May-13   Sep-13   Jan-14   May-14   Sep-14
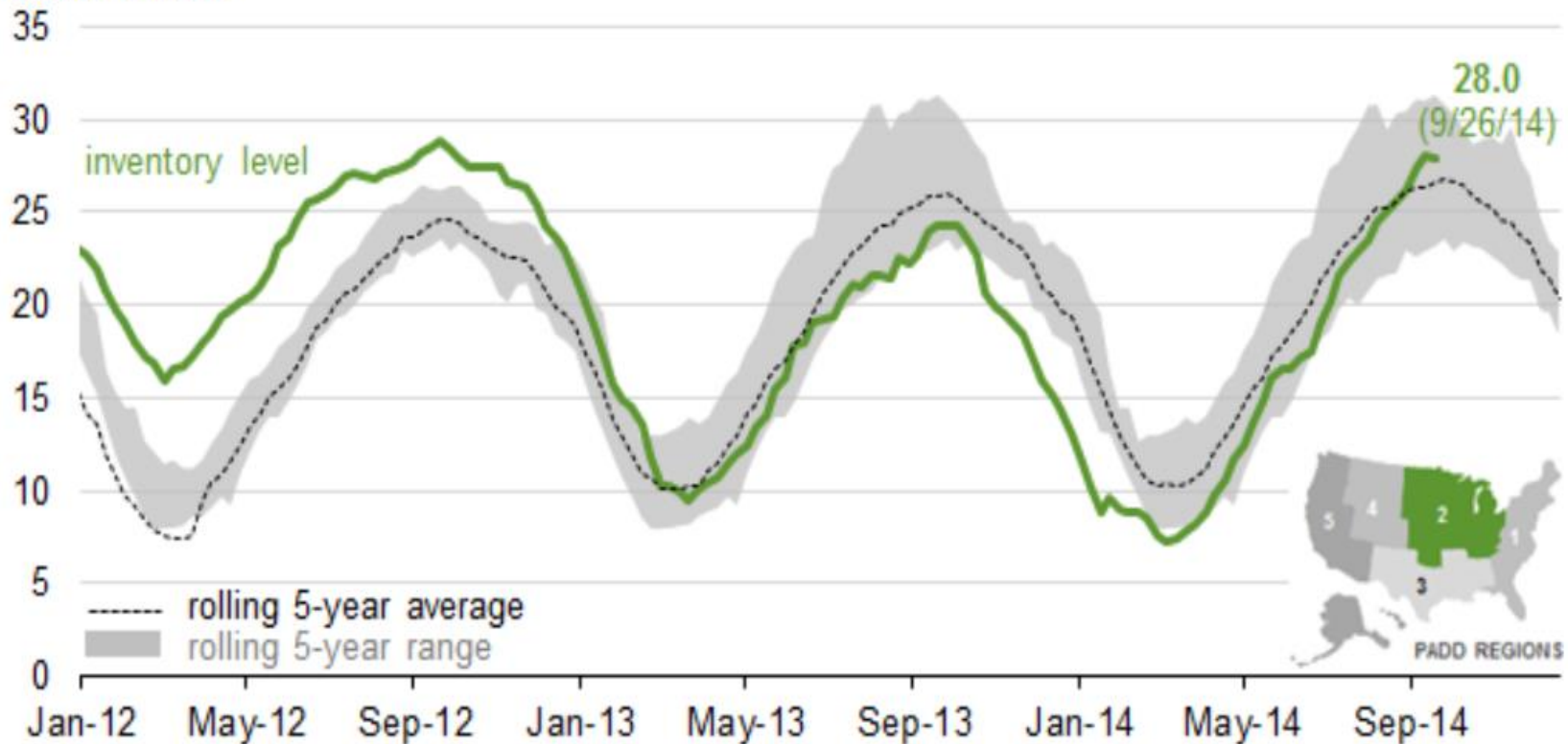
Source: U.S. Energy Information Administration

Principal contributor: Stacy MacIntyre

Replacing Chochin

- Need to rely on rail
- Trucking required

- 30 to 60 days into winter will be the critical time period

Source: PERC- ICF Report AUG 2014
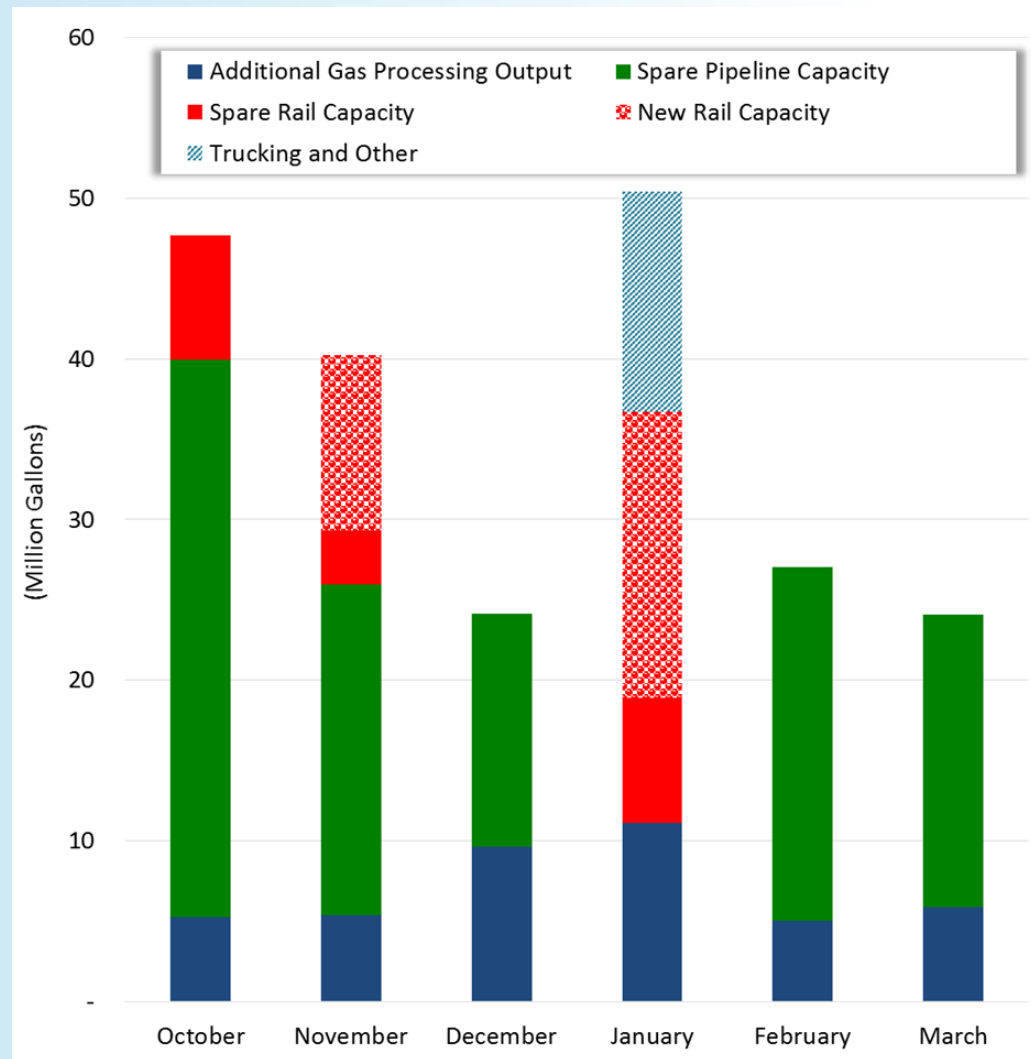
Wisconsin Preparations

- Propane Rail Terminal Additions
- Distribution Company Storage additions
- Customer Tank Swap Outs
- Summer Fills
  - Low Income: High Priority Target Clients
  - Low Income Early Applications
  - General Appeal to contract and summer fill
- Shortage Mitigation Plans

Wisconsin
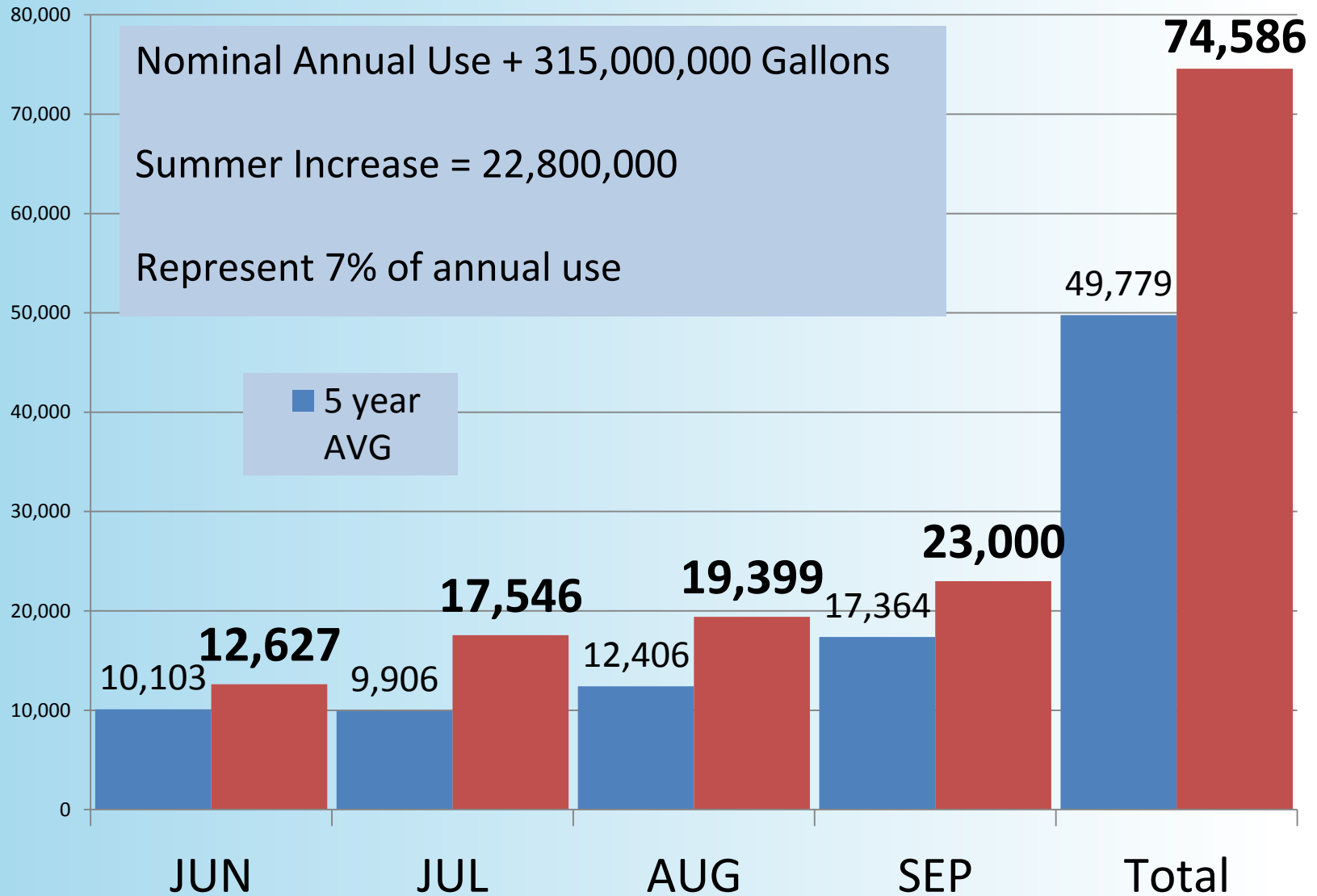## Propane Rail Terminals

- 3,000,000 — Superior
- 1,500,000 — Rapid River, MI
- 1,340,000 — Owen
- 1,400,000 — Rosemount, MN
- 120,000 — St. Paul Park, MN
- 500,000 — Inver Grove Heights, MN
- Koch Refining Co.
- 650,000 — Junction City
- 360,000 — Hixton
- 390,000 — Green Bay
- 140,000 — Black Creek
- 100,000 — Adams
- 630,000 / 726,000 — Janesville

Eastern Leg of Mid-America Pipeline

Canadian National
Canadian Pacific
Wisconsin & Southern Rail
Union Pacific
Canadian National
Burlington Northern-Santa Fe

= Existing

= Planned

* Units in gallons

Summer Fill Program

Nominal Annual Use + 315,000,000 Gallons

Summer Increase = 22,800,000

Represent 7% of annual use

Legend: ■ 5 year AVG

Month	5 year AVG	Current
JUN	10,103	12,627
JUL	9,906	17,546
AUG	12,406	19,399
SEP	17,364	23,000
Total	49,779	74,586

• **Will History Repeat…**

- Weather
- Corn Harvest:
  - Timing and
  - Drying
- Window of opportunity
  - NOV 1- DEC 15
  - Maximize use of infrastructure
- Railroads and weather

Questions?

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