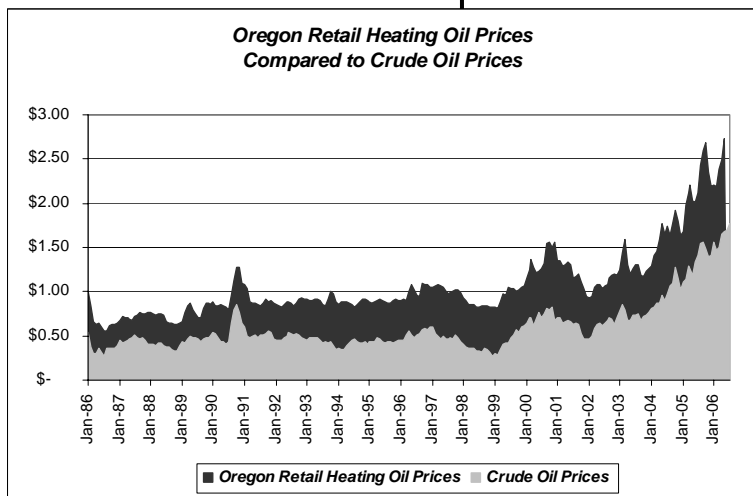


## Why are heating oil prices higher?

Oregon's heating oil prices are higher. After reaching a peak of \$2.68 a gallon in October 2005, Oregon's heating oil prices declined, but by May 2006 heating oil prices reached \$2.73 a gallon, surpassing the 2005 peak. A statewide survey completed for the Oregon Department of Energy found that average heating prices were \$3.08 a gallon in August 2006, 27 percent more than August 2005.



Source: Energy Information Administration

### Why are heating oil prices higher?

In simple terms, Oregon's heating oil prices are higher because prices of crude oil used to make heating oil are higher. If you look back in time, Oregon's heating oil prices generally follow the trends of crude oil prices. The federal Energy Information Administration offers numbers to compare. In July 2006, crude oil prices\* passed \$74 a barrel, 26 percent more than July a year ago. There are other factors that influence prices. As we saw last fall, Hurricanes Katrina and Rita damaged supply and refinery capacity affecting oil prices across the nation, but the higher underlying price of crude oil is driving heating oil costs higher.

**“... Oregonians should ask themselves: Am I paying for heat that is going out the roof, the walls, the floors or the windows?”**

**Suzanne Dillard**  
Conservation Services Mgr.



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### Why are crude oil prices higher?

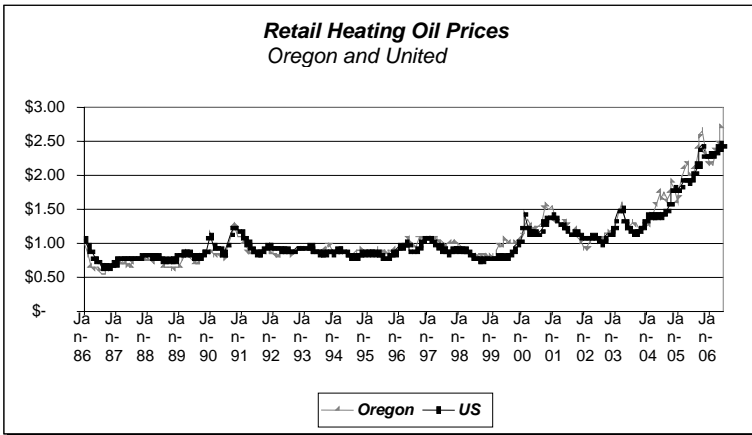
The EIA published a supplement to its August *Short-Term Energy Outlook* titled: “Why are oil prices so high?” (See: <http://www.eia.doe.gov/emeu/steo/pub/special/high-oil-price.html>) In the supplement, the EIA noted reasons why oil prices are high, including:

1. Increases in global oil production capacity are struggling to keep pace with rapidly growing demand, particularly in China, other emerging economies in Asia, and the United States.
2. Countries other than the Organization of Petroleum Exporting Countries (OPEC) have not met supply expectations. Production is still suffering from the damage caused by Hurricanes Katrina and Rita. Supplies are being affected by production declines in the North Sea and non-OPEC Middle Eastern countries, delays in project start times, and unplanned field maintenance.
3. Low OPEC production capacity has resulted in the buildup of inventories to hedge risks of a supply disruption.
4. OPEC's production has been hurt due to instability in Iraq, Nigeria, Venezuela and Iran.
5. Tight refinery capacity has put pressure on prices.
6. Weather has disrupted supplies. Last year's hurricanes damaged production and transportation infrastructure that only recently returned to operation and other projects have been significantly delayed

\*Based on Cushing, OK WTI Spot Price FOB (Dollars per Barrel) reported by the Energy Information Administration.

**Are Oregon's heating oil prices higher than elsewhere in the nation?**

The May 2006 heating oil prices reported by EIA for Oregon (\$2.73) were higher than the national average of \$2.48. In comparing Oregon and national heating oil prices over time, however, it becomes apparent that Oregon's heating prices may lead and then lag national prices. From January 1986 through May 1986, the



Source: Energy Information Administration

difference between Oregon's heating oil prices and national prices has averaged less than two-hundredths of a penny a gallon. In other words, Oregon's heating prices have been no different than the national prices. If history repeats itself, Oregon's heating oil prices will average near the national prices.

**What can I do to lower my home heating bills?**

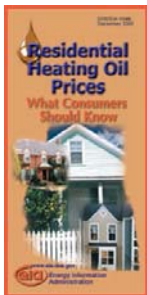
“The first question Oregonians should ask themselves is: Am I paying for heat that is going out the roof, the walls, the floors or the windows?” says Suzanne Dillard, Oregon Department of Energy Conservation Services manager. “Higher

home heat costs mean that investments in energy efficiency improvements are even more cost-effective. Oregonians can save money by investing in improvements that will make their homes even more comfortable and affordable. It is not too late to add insulation or make other energy efficiency improvements to lower home heating bills this winter.”

Oregonians who heat with oil, propane, kerosene, or wood can call the State Home Oil Weatherization (SHOW) Program at 1-800-452-8660 or check our Web site at [www.oregon.gov/energy/ENERGY/CONS/RES/weather/weahome.shtml](http://www.oregon.gov/energy/ENERGY/CONS/RES/weather/weahome.shtml) for a simple energy audit checklist to learn what they can do to use less energy. Information about financial incentives for energy efficiency investments is also available.

**What financial assistance is available for low-income Oregonians?**

“Low-income Oregonians who need help can learn more about assistance available in their communities at [www.warmoregon.org](http://www.warmoregon.org) or by calling their local social service or community action program,” says Dillard.



**Where can I learn more about heating oil prices?**

The EIA has published a useful guide “Residential Heating Oil Prices: What Consumers Should Know”. You can read the brochure online (<http://www.eia.doe.gov/neic/brochure/heatingoil2005/index.htm>) or call the Oregon Department of Energy's State Home Oil Weatherization (SHOW) Program at 1-800-452-8660 and request that a copy be mailed to you. The booklet describes what goes in to the costs of heating oil delivered to your home and offers ideas on reducing home heating costs. If you heat with oil, you can also receive information about SHOW rebates to help pay for energy efficiency improvements to lower your home heating bills.