

Chart of the Week #2024-21

Disruptions of Pipelined Gasoline from the U.S. Gulf Coast to the Atlantic Coast



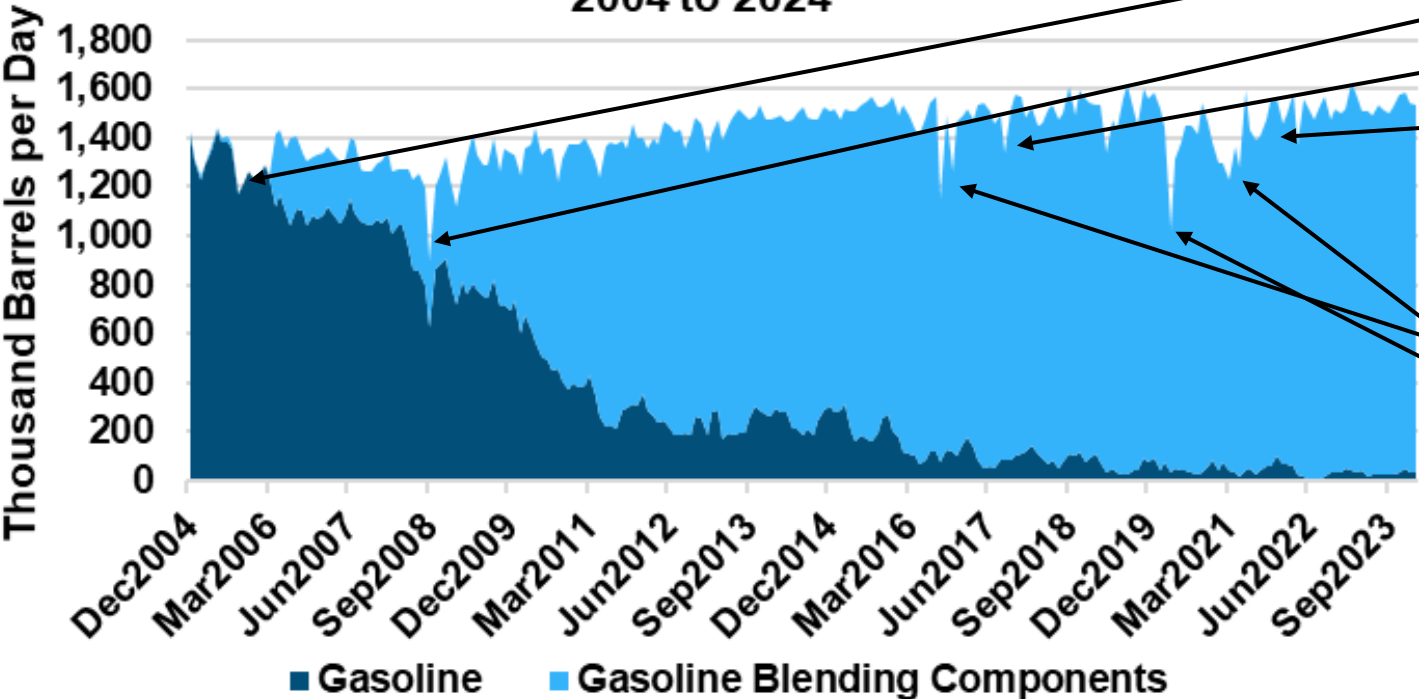
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Pipelined Gasoline from the U.S. Gulf Coast to the Atlantic Coast

2004 to 2024



Analysis Based on Monthly EIA Data

EPRINC

Hurricane-Induced Supply Disruptions

August & September 2005	Hurricanes Katrina & Rita
September 2008	Hurricanes Gustav & Ike
August & September 2017	Hurricane Harvey
August 2021	Hurricane Ida

Other Supply & Demand Disruptions

September & October 2016	System Leaks
March / April 2020	COVID-19
May 2021	Colonial Pipeline Hack

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- The U.S. Atlantic Coast (USAC) has limited refining capacity and relies on the bulk of supplies to be moved from the U.S. Gulf Coast (USGC), where over half of the U.S. refining fleet is located. Gasoline, along with other petroleum products, is primarily moved via product pipelines to the USAC. With 2.5 mbd of capacity, of which 1.4 is used to move gasoline and related blending components, the Colonial Pipeline is the primary USAC-bound product system.
- Generally, U.S. pipelines efficiently move refined products to their destinations. However, in the last twenty years hurricanes have induced major supply disruptions by damaging USGC refining infrastructure. In addition, there have been operational challenges such as the May 2021 cyber-attack that shut down the Colonial system as well as major leaks in the lines that traverse Alabama in September and October 2016.
- On May 21, 2024, the U.S. Department of Energy (DOE) announced sales from the NGSR; they are to take place from May 27th through June 30th. The rationale is “strategically timed and structured to maximize its impact on gasoline prices, helping to lower prices at the pump as Americans hit the road this summer.”
- On May 22, 2024, the National Oceanic and Atmospheric Administration (NOAA) announced the forecast for the 2024 Hurricane Season that begins June 1 and continues through November 30. This year's forecast is the most severe that has yet been made, anticipating that there will be between 17 and 25 named storms. Of these, 8 to 13 will be hurricanes with winds exceeding 74 mph. The period from August through September is generally the more intense part of the season.
- In contrast, the 2023 hurricane season forecast was normal, predicting 12 to 17 named storms with 5 to 9 becoming hurricanes. Nevertheless, 2023 storm activity exceeded the forecast with 20 named storms. Still, there were 7 actual hurricanes, falling in the middle of the predicted range.
- *... continuing ...*

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- The NGSR was created following the major disruptions caused by October 2012 Super Storm Sandy. Two regional refineries were impaired along with 40 terminals damaged and without power for as long as 30 days.
- It (the NGSR) holds a total of 1 million barrels of gasoline, of which 700 thousand are in New York Harbor, 200 thousand in the Boston area, and 100 thousand in South Portland, Maine.
- Gasoline prices are elevated during spring because of a confluence of events, notably the shift from winter to summer grades, with the latter being more costly to produce. Using reserves, notably the NGSR in this case, possibly reduces pump prices a small amount; but it is important to maintain focus on the need to manage risk and be prepared for events similar to the 2012 Super Storm Sandy disruptions.
- This slide deck is available at: <https://eprinc.org/chart-of-the-week/>
- For more information on these charts, please contact Max Pyziur (maxp@eprinc.org).