

Energy Bulletin

The Division of Energy

January - December 2014

Volume 1, Issue 1

Foreword

During 2014, West Texas Intermediate Oil averaged US\$93.00 per barrel when compared to US\$98.00 per barrel in 2013. As a result of experiencing these higher prices during 2014, Barbadians have generally seen the need for conservation and efficient use of energy.

Following from above, the Division of Energy and Tele-

communications (DET) have become more vigilant and has launched a vigorous programme for conservation and efficient energy use by targeting more Government Departments to use more renewable energy and become more energy efficient. It has been observed that as at 2014 some 1092 photovoltaic systems were installed.

Given the volatile nature of energy prices internationally, information pertaining to the Energy Sector is paramount and it is against this back drop that we at the Division introduce the Energy Bulletin as a medium to inform the Energy Sector.

Introduction

During 2014, international Crude Oil prices have averaged US\$93.00 per barrel which has shown a slight decrease when compared to the previous average of US\$98.00 per barrel during 2013.

During the period under review, the Energy Division acknowledges the impact which escalating Crude Oil prices have had on both the Productive and Transport Sectors and in so doing, we have compiled data relating to the Sector on:

- Production and Sales of Crude Oil and Natural Gas;
- Export and Import

figures for petroleum products;

- Petroleum pricing at both international and the local retail level;
- The amount of barrels of products consumed locally; and
- Electricity sales and Generation.

This information when provided to the Sector, Ministries and all other interested parties can be used for pricing and forecasting to allow end users to plan better.

This bulletin also includes data on the Oil and Gas findings, exploration attempts on-shore.

The Division will continue to work assiduously in providing rational forecast and outlooks on the Energy Sector as a whole. However, given the timing of this bulletin no forecast or outlook was included. The Division of Energy and Telecommunications will seek to improve the data content of the Energy Bulletin when it has successfully established the National energy Information System for Barbados.

We envisage that you will enjoy reading this edition of the bulletin and look forward to your comments and feedback to make this periodical better.

Inside this issue:

Table 1	2
Table 2	2
Table 3	3
Table 4	4
Table 5	4
Chart 1	5
Table 6	5
Chart 2	6

Special points of interest:

- Production and Sales
- Trade Statistics
- Pricing Statistics
- Storage and Distribution
- Findings and Exploration
- Electricity Sales
- Electricity Statistics
- FAQ's

Table 1

PRODUCTION AND SALES					
PRODUCTION			2013	2014	CHANGE
	CRUDE OIL(BBLS)		254,699	236,494	-18,205
	NATURAL GAS(MCF)		757,488	734,538	-22,950
CAPITAL EXPENDITURE					
	CRUDE OIL(BBLS)		-	-	-
	NATURAL GAS		-	-	-
SALES					
	CRUDE OIL		251,057	231,997	-19,060
	NATURAL GAS		528,159	506,406	-21,753

Table 2

TRADE (BBLS)					
EXPORTS			2013	2014	CHANGE
	CRUDE OIL		269,216	269,916	700
IMPORTS					
	GASOLINE		744,998	694,315	-50,683
	DIESEL		746,453	550,282	-196,171
	FUEL OIL		1,479,407	1,314,154	-165,253
	JET FUEL		1,066,121	1,122,106	55,985
	LPG		98,425	89,006	- 9,419

Local production of crude oil declined by 18,205 barrels in 2014 when compared to 2013. This was evidenced by a decrease in sales and exports of crude oil highlighted in table I.

No new wells were drilled by the Barbados National Oil Company Limited (BNOCL) during 2014.

During 2014, there was a decrease in both the sale and production of natural gas. This was due to a decrease in production levels of the gas wells used by BNOCL.

Decreases were also seen in fuel oil, gasoline and diesel of 165,253, 50,683 and 196,171 barrels respectively. On the other hand, jet fuel increased by 55,985 barrels.

These increases and decreases were driven primarily by local demand and can be seen in Table II.

Table 3

PRICING				
INTERNATIONAL CRUDE AVERAGE				
	YEAR	US\$/BBL 2013	US\$/BBL 2014	CHANGE
	Yearly Average			
	West Texas	\$98.00	\$93.00	-\$5.00
LOCAL RETAIL PRICES FOR PETROLEUM PRODUCTS (BDS\$/LITRE)				
		2013	2014	CHANGE
	GASOLINE	\$3.27	\$3.43	\$0.16
	DIESEL	\$2.80	\$2.80	\$0.00
	KEROSENE	\$1.85	\$1.79	-\$0.06
LIQUEFIED PETROLEUM GAS BDS\$/LB				
		2013	2014	CHANGE
	100lb	\$180.83	\$178.91	-\$1.92
	25lb	\$50.30	\$49.83	-\$0.47
	22lb	\$43.91	\$44.02	\$0.11
	20lb	\$40.00	\$40.00	\$0.00
TAX ADJUSTMENTS				
		2013	2014	CHANGE
	VAT	17.5%	17.5%	0.0%
	EXCISE TAX (¢/litre)	53.579¢	73.579¢	20.000¢

Table 3 above clearly identifies the significant movements in petroleum prices over the two years under consideration. On average, international Crude oil prices have decreased in the twelve months with an international average of US\$98.00 per barrel in 2013, compared with an average of US\$93.00 per barrel during 2014.

These changes are reflected in the Local Retail Prices for gasoline which saw an increase of BDS\$0.16 per litre, diesel remained unchanged and kerosene decreased by BDS\$0.06 per litre.

During 2014, prices continued to be adjusted monthly to allow the local retail prices to remain as reflective as possible

to those on the international market, similar to what transpired in 2013.

Retail price of Liquefied Petroleum Gas (LPG) decreased as reflected in the preceding table. The 100lb and 25lb cylinders have decreased by BDS\$1.92, BDS\$0.47 respectively, while the 22lb showed a slight increase of \$0.11. The 20lb cylinder remained unchanged.

During 2014, taxes on refined petroleum products have been increased to 17.5% Value Added Tax (VAT) on gasoline and diesel, while excise tax was increased to 73.579¢ on gasoline.

Table 4

STORAGE AND DISTRIBUTION				
CONSUMPTION	BBLs	2013	2014	CHANGE
GASOLINE		748,593	738,872	-9,721
DIESEL		748,297	567,156	-181,141
FUEL OIL (BL&P)		1,298,393	1,124,647	-173,746
FUEL OIL (OTHER)		177,499	114,236	-63,263
JET FUEL		1,108,223	1,162,696	54,473

This table shows the amount of product consumed by the populace for the two comparative years 2013 and 2014.

Given the high cost of energy during 2014, it can be seen from the table that the use of these fossil fuels have generally decreased overall during 2014 when compared to 2013. This can be seen as consumption of 748,593 barrels and 748,297 barrels were consumed in 2013

for gasoline and diesel respectively when compared to 738,872 barrels and 567,156 barrels consumed in 2014 for gasoline and diesel respectively.

The fall in oil prices meant that less foreign exchange was needed to procure the products resulting in a fuel bill in 2013 was \$698,718,000 when compared to 2014 of \$643,384,000.

With the exception of Jet fuel, which is con-

sidered a re-export, all other products are used locally.

Since these products are driven by demand the records in Table 4 reflect decrease demand for these products in 2014 when compared to 2013.

Table 5

FINDINGS AND EXPLORATION				
ONSHORE		2013	2014	CHANGE
		0	0	0
OFFSHORE		2013	2014	CHANGE

Onshore, no new wells were drilled during the two periods under review.

However, the Government still remains committed to exploring the offshore potentials of Barbados.

The Energy Division continues to work conscientiously in an effort to make the offshore a success and during 2014 have

earned approximately USD\$330,000 from the sale of seismic data to Antilles Oil & Gas NL, Shell International Exploration and Production B.V and BG Norge Limited, international oil companies.

During 2014, the Energy Division continued negotiations with International Oil Companies who expressed an interest in exploring the hydrocarbon sector of Barba-

dos.

Chart 1

Comparison of Electricity Sales 2013 2014

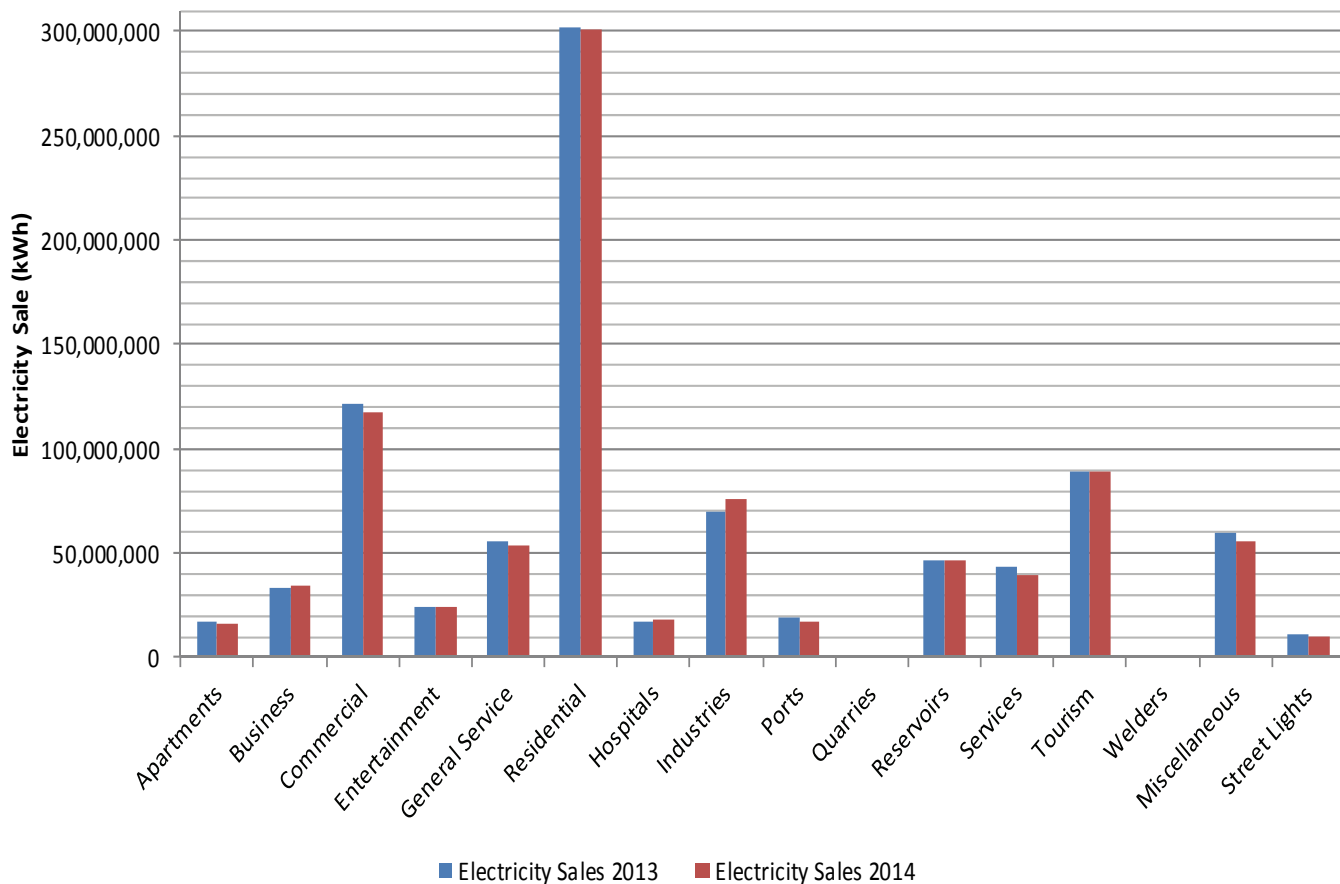


Table 6

GENERATION		2013	2014	CHANGE
	GROSS (kwh)	1,012,846,088	1,006,579,219	-6,266,869
	NET (kwh)	969,572,967	958,441,264	-11,131,703
	SALES (kwh)	911,982,180	900,302,652	-11,679,528
TOTAL NUMBER OF CUSTOMERS		125,253	125,873	620
AVERAGE COST OF ELECTRICITY		63.00¢/ kwh	63.00¢/ kwh	0.00¢/kwh
CAPITAL EXPENDITURE		\$24.00M	\$26.00M	\$2.00M

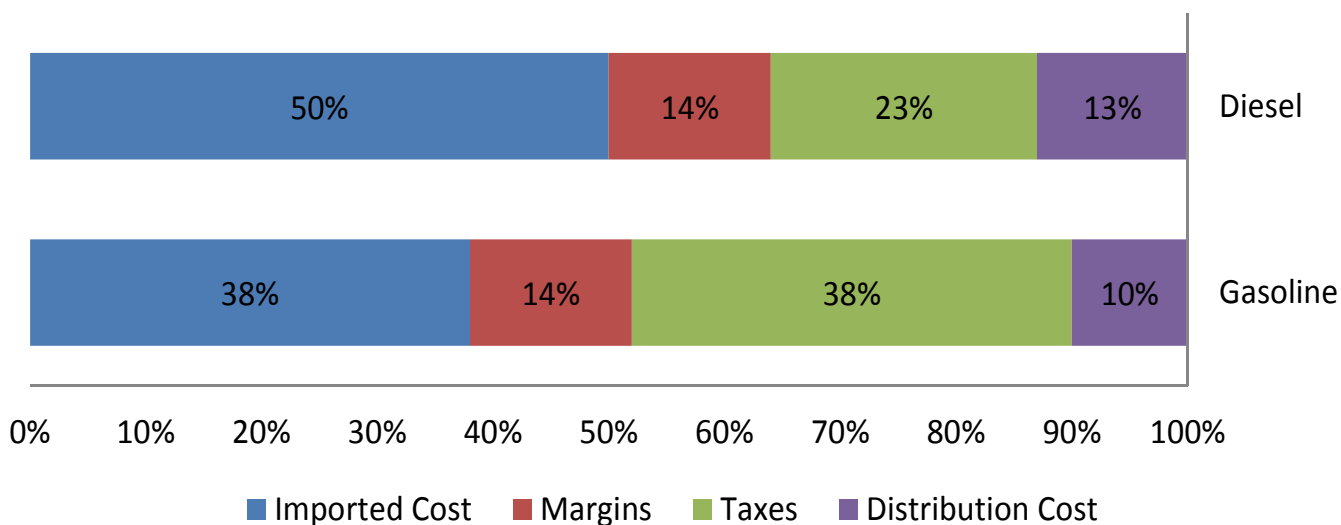
The above table and chart have been compiled with information provided by the Barbados Light and Power Company Limited (BL&PC).

The chart identifies the sixteen sub-headings into which electricity use is classified. The most notable feature of the chart is the amount of kWh required for residential service which averages

300 million kWh for both 2013 and 2014 .

However, the gross measure of electricity generation and its sales are both down by 6.3 kWh and 11.7 kWh respectively. However, there is an increase in the number of customers by 620. The increasing awareness and application of energy conservation by Barbadians have contributed to this decline in electricity usage.

Retail Petroleum Product Price Breakdown January to December 2014



BREAKDOWN OF PRICE STRUCTURE

The above chart reflects that the import cost and taxes are the two elements which impact the price structure of refined petroleum products namely gasoline and diesel.

For gasoline the taxes and import cost is estimated at 38% each with margin and distribution cost estimated at 14% and 10% respectively.

Diesel on the other hand still possess the same traits as gasoline with taxes and import costs estimated at 23% and 50% respectively with margins and distribution costs estimated at 14% and 13% respectively.

This means that government has the ability to lower the prices of these products through the taxes, distribution and margin elements

as it has no control over the import costs which is estimated at 50% of the retail price of the product in respect to diesel and almost 40% in respect to gasoline.

CONCLUSION

No new wells were drilled during 2010. this meant that production of Crude Oil and Natural gas came primarily from the seven new wells drilled in 2009 and pre-existing wells which would have been worked over.

The Division will continue to promote energy conservation and renewable energy in an effort to reduce the fuel import bill during this period of economic downturn.

Additionally, given that the productive sector is expected to perform moderately, it is anticipated that there will be no increase in demand for fuels.

In closing, the Energy Division thank all the stakeholders in the Sector who have have continued to work closely with them during this calendar year and looks forward to their benefaction in as we seek to be more proficient in providing relevant data on the sector.



Prime Minister's Office
Division of Energy and Telecommunications

*The Division of Energy and Telecommunications of the Prime Minister's Office was established in **October 2010** and is responsible for natural resource development; renewable energy; the Barbados National oil Company Limited; the Barbados National Terminal Company limited and National Petroleum Corporation.*

Division of Energy

The Division is charged with the responsibility of preparing positions papers, briefs, speeches, Cabinet Papers and comments on energy matters, particularly on energy prices movements and liaising with the CARICOM Secretariat, Regional Energy Agencies and OLADE on regional energy issues.

Trinity Business Complex
 Country Road
 ST. MICHAEL

Phone: 434-2505
 Fax: 429-7489
 Email: info@energy.gov.bb

MISSION STATEMENT

To ensure the functioning of an efficient, reliable energy sector which is as self-sufficient as possible in the supply of the country's needs.

www.energy.gov.bb

Frequently Asked Questions and Answers

Questions

- When was the Last price adjustment?
- On what basis is the local retail price of petroleum products adjusted?
- What is the relationship between crude oil and refined petroleum products?
- How many barrels of gasoline and diesel on average does Barbados consume?
- Is Government still committed to offshore exploration?
- Can I continue to expect monthly local retail price adjustments in the immediate future?

Answers

- Last price adjustment was on September 7th, 2015.
- The adjustment is based primarily on invoices submitted to the Energy Division by the importers of the products.
- Crude Oil is the raw material used in deriving petroleum products. Therefore if the price of Crude Oil is high then the derivatives coming from it would have to be costly.
- Barbados consumes about 700,000 and 800,000 barrels of diesel and gasoline respectively on average yearly.
- Yes, Government remains

- committed to offshore Oil and Gas exploration.
- With the volatility surrounding Crude Oil local retail price adjustments will occur to reflect prices on the international market in keeping with the policy of the Government.