

New Jersey Energy Master Plan
Strategy Template
2005-2020

LNG Terminal Facility in New Jersey

SUBMITTED BY

Department of Public Advocate - Division of Rate Counsel

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Objective

Goal One of the New Jersey Energy Master Plan (“EMP”) is to provide New Jersey with secure, safe, and reasonably priced energy supplies and services.

Strategy

Strategy Two

Encourage the development of an LNG terminal facility in New Jersey by coordinating the efforts of various state agencies through the EMP.

Responsible Party

Board of Public Utilities, Division of Rate Counsel, and other appropriate state agencies.

Timeline of action

The proposed LNG terminal facility in Logan Township has received FERC approval and a favorable determination from the U.S. Coast Guard that the Delaware River is suitable for LNG ship transits to supply the terminal facility. However, an adverse ruling by the Delaware Coastal Zone Board continues to be a major impediment for the facility and it leaves final authorization for the project in doubt.

Strategy outcome

Assuming that safety and security concerns can be adequately addressed, such a facility would provide significant incremental natural gas supply for New Jersey. Since such a supply source would not be constrained by interstate pipeline capacity and congestion related thereto, it would enhance supply reliability and would augment supply availability. By adding supply to the regional and national gas markets the facility would help to temper the wholesale commodity price of gas..

Implementation cost

Investment and operating costs for the Crown Landing facility are not known at this time.

Source of Funding

Private sector funds are to be used to develop Crown Landing with some potential incentive funding from public sector funds if required.

Funding sources	Yes	No
Private sector funds	Yes	
Public sector funds	--	--
Consumer/ratepayer Funds		No

Indicators

Increases in natural gas usage, along with constraints in obtaining incremental interstate capacity on economical terms, indicate that New Jersey faces continued high and increasing prices for winter gas supplies. There are also indications that domestic natural gas supplies are declining over time and that imported LNG will be required to meet anticipated shortfalls. In 2001 domestic natural gas production was 19,616 Bcf; however, by 2004 it had declined to 18,757 Bcf.

Source

Energy Information Administration, Natural Gas Monthly, October 30, 2006, Table 1.

A. Current State of Indicator

Utility natural gas supply is currently adequate to meet both design day and design seasonal requirements. However, in-state supply of LNG and the resultant improved reliability would greatly enhance New Jersey's prospective gas supply availability.

B. Indicator Projection to 2020

Various sources show a domestic shortfall in natural gas prospectively. The Crown Landing facility has indicated potential natural gas supply of 1.2 Bcf per day. During the peak winter period the facility could provide in excess of 100 Bcf of incremental supply