

New Jersey Energy Master Plan
Strategy Template
2005-2020

LNG Storage Facility Expansion in New Jersey by LDCs

<u>SUBMITTED BY</u>	
Department of Public Advocate - Division of Rate Counsel	
Division of Rate Counsel P.O. Box 46005, Newark, New Jersey 07101	
Contact Name: Seema M. Singh, Esq., Director	Telephone #: 973-648-2690 E-mail address: njratepayer@rpa.state.nj.us

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 Three

Expansion of in-state LNG storage facilities by local distribution companies.

Responsible Party

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

Timeline of action

New LNG storage facilities would probably require about two to five years to become operational, depending upon permitting requirements and federal standards.

Strategy outcome

Additional LNG storage would augment the State’s peaking gas supply and such supply would not be constrained by interstate pipeline capacity limitations. Such LNG storage facilities could lower utilities’ peak pipeline capacity demand costs, and the gas price hedging attributes of such supply could help stabilize natural gas prices in the state.

Implementation cost

Investment and operating costs for specific LNG storage facilities are not known at this time.

Source of Funding

Gas utilities that can show acceptable economics for the development of additional LNG facilities would be able to recover associated investment from their gas ratepayers.

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

Indicators

Current increases in natural gas usage, along with constraints in obtaining incremental interstate capacity on economical terms, indicate that New Jersey faces a growing shortfall in obtaining adequate winter gas supply. There are also indications that domestic natural gas supplies are declining over time and that LNG storage may 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 from 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. Incremental LNG storage would provide incremental winter supply to meet design day requirements.