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ABSTRACT

Gas storage is a critical element in the natural gas industry. Producers, transmission and distribution companies, marketers, and end users all benefit directly from the load balancing function of storage. The unbundling process has fundamentally changed the way storage is used and valued. As an unbundled service, the value of storage is being recovered at rates that reflect its value. Moreover, the marketplace has differentiated between various types of storage services, and has increasingly rewarded flexibility, safety, and reliability. The size of the natural gas market has increased and is projected to continue to increase towards 30 trillion cubic feet (TCF) over the next 10 to 15 years. Much of this increase is projected to come from electric generation, particularly peaking units. Gas storage, particularly the flexible services that are most suited to electric loads, is critical in meeting the needs of these new markets.

In order to address the gas storage needs of the natural gas industry, an industry-driven consortium was created – the Gas Storage Technology Consortium (GSTC). The objective of the GSTC is to provide a means to accomplish industry-driven research and development designed to enhance operational flexibility and deliverability of the Nation’s gas storage system, and provide a cost effective, safe, and reliable supply of natural gas to meet domestic demand.

This report addresses the activities for the quarterly period of October 1, 2004 – December 31, 2004. During this time period efforts were directed to 1) release the GSTC Request-for-Proposals (RFP) solicitation 2) organize and plan the next GSTC meeting, and 3) recruit the GSTC membership.

TABLE OF CONTENTS

DISCLAIMER.....	ii
ABSTRACT.....	iii
TABLE OF CONTENTS.....	iv
Executive Summary.....	1
Experimental.....	2
Results and Discussion.....	2
Conclusions.....	2
References.....	3

EXECUTIVE SUMMARY

Gas storage is a critical element in the natural gas industry. Producers, transmission and distribution companies, marketers, and end users all benefit directly from the load balancing function of storage. The unbundling process has fundamentally changed the way storage is used and valued. As an unbundled service, the value of storage is being recovered at rates that reflect its value. Moreover, the marketplace has differentiated between various types of storage services, and has increasingly rewarded flexibility, safety, and reliability. The size of the natural gas market has increased and is projected to continue to increase towards 30 trillion cubic feet (TCF) over the next 10 to 15 years. Much of this increase is projected to come from electric generation, particularly peaking units. Gas storage, particularly the flexible services that are most suited to electric loads, is critical in meeting the needs of these new markets.

In order to address the gas storage needs of the natural gas industry, an industry-driven consortium was created – the Gas Storage Technology Consortium (GSTC). The objective of the GSTC is to provide a means to accomplish industry-driven research and development designed to enhance operational flexibility and deliverability of the Nation’s gas storage system, and provide a cost effective, safe, and reliable supply of natural gas to meet domestic demand. To accomplish this objective, the project is divided into three phases that are managed and directed by the GSTC Coordinator.

EXPERIMENTAL

This project is a consortium between industries, academia, and the U.S. Department of Energy. As a consortium, there are no experimental results to report.

RESULTS and DISCUSSION

This report addresses the activities for the quarterly period of October 1, 2004 – December 31, 2004. During this time period efforts were directed to 1) release the GSTC Request-for-Proposals (RFP) solicitation 2) organize and plan the next GSTC meeting, and 3) recruit the GSTC membership.

On October 18, 2004, the GSTC released the RFP. Proposals are due to the Consortium office by 4 PM (EST) on January 17, 2005.

The Consortium is organizing the next GSTC meeting to be held at the Wyndham Greenspoint Hotel in Houston, Texas on February 2-3, 2005. The focus of this meeting will to hear project updates from the 4 projects selected for funding by the GSTC in 2004 and to hear presentations for the proposals submitted in response to the RFP released on October 18, 2004.

Invoices for GSTC membership for 2005 were mailed during this reporting period. Efforts continue to recruit new and retain current members for the Consortium.

CONCLUSIONS

In order to address the gas storage needs of the natural gas industry, an industry-driven consortium has been created – the Gas Storage Technology Consortium (GSTC). The objective of the GSTC is to provide a means to accomplish industry-driven research and development designed to enhance operational flexibility and deliverability of the Nation's gas storage system, and to provide a cost effective, safe, and reliable supply of natural gas to meet domestic demand. To accomplish this objective, the project is divided into three phases that are managed and directed by the GSTC Coordinator. Base funding for the consortium is provided by the U.S. Department of Energy (DOE).

During this time period the GSTC released the RFP, is in the final stages of planning the next Consortium meeting to take place at the Wyndham Greenspoint in

Houston, Texas on February 2-3, 2005, and continues recruiting efforts for new members. Additionally, the Consortium mailed the membership invoices for the 2005 membership year.

REFERENCES

There are no references to include with this report.