

Northeast Home Heating Oil Reserve

Proposed Appropriation Language

For necessary expenses for Northeast Home Heating Oil Reserve storage, operations and management activities pursuant to the Energy Policy and Conservation Act of 2000 (Public Law 106-469), \$5,000, to remain available until expended.

Explanation of Change

The only change from the language proposed in FY 2004 is to the proposed funding amount. FY 2004 reflects the application of a rescission.

Northeast Home Heating Oil Reserve

Office of Fossil Energy

Overview

Appropriation Summary by Program

(dollars in thousands)

	FY 2003 Comparable Appropriation	FY 2004 Comparable Appropriation	FY 2005 Base	FY 2005 Request	FY 2005 Request vs Base	
					\$ Change	% Change
Northeast Home Heating Oil Reserve.....	5,961	4,939	4,939	5,000	+61	+1.0%

Preface

The Northeast Home Heating Oil Reserve is a permanent part of America's energy readiness effort (separate from the Strategic Petroleum Reserves)- assuring home heating oil supply for the Northeast states during times of very low inventories and significant threats to immediate further supply.

Mission

On July 10, 2000, the President directed the Department of Energy to establish a heating oil reserve in the Northeast capable of assuring home heating oil for the Northeast states during times of very low inventories and significant threats to immediate further supply. On March 6, 2001, Energy Secretary Abraham formally notified Congress that the Administration would establish the Reserve as a permanent part of America's energy readiness effort, separate from the Strategic Petroleum Reserve.

Benefits

Two million barrels of heating oil will protect the Northeast against a disruption for 10 days, the time required for ships to carry heating oil from the Gulf of Mexico to New York harbor for distribution. The Reserve was originally established in commercial facilities located in New York Harbor and New Haven, Connecticut. In 2001, the Secretary approved the relocation of 250,000 barrels of heating oil inventory from Connecticut to Rhode Island, giving the reserve additional truck and marine loading options.

Significant Program Shifts

None.

Northeast Home Heating Oil Reserve

Funding by Site by Program

(dollars in thousands)

	FY 2003	FY 2004	FY 2005	\$Change	%Change
Northeast Home Heating Oil Reserve					
Amerada Hess	1,800	2,280	2,280	0	0%
Motiva (New haven, CT)	1,140	600	600	0	0%
Morgan Stanley	1,200	1,200	1,200	0	0%
Motiva (Providence, RI)	0	600	600	0	0%
Strategic Petroleum Reserve Project Office	1,621	20	20	0	0%
Washington Headquarters	200	239	300	+61	+1.2%
Total, NEHHOR	5,961	4,939	5,000	+61	+1.0%

Site Description

Amerada Hess (Woodbridge, NJ)

The Amerada Hess Terminal is located in the New York Harbor (Woodbridge, NJ) currently holds 1 million barrels of home heating oil.

Motiva (New Haven, CT)

The Motiva Terminal is located in New Haven, CT and currently holds 250,000 barrels of home heating oil.

Morgan Stanley (New Haven, CT)

The Morgan Stanley Terminal is located in New Haven, CT and currently holds 500,000 barrels of home heating oil.

Motiva (Providence, RI)

The Motiva Terminal is located in Providence, RI, and currently holds 250,000 barrels of home heating oil.

Strategic Petroleum Reserve Project Office

The project office is located in New Orleans, LA and administers the quality and management surveillance support from Defense Energy Support Center (DESC).

Washington Headquarters

The headquarters office located in Washington, DC handles development and maintenance of the Northeast Home Heating Oil Reserve bid platform and other technical and management support to maintain readiness.

Northeast Home Heating Oil Reserve

Funding Profile by Subprogram

(dollars in thousands)

	FY 2003	FY 2004	FY 2005	\$ Change	% Change
Northeast Home Heating Oil Reserve	5,961	4,939	5,000	61	+1%

Public Law Authorization:

P.L. 94-163, “Energy Policy and Conservation Act” (FY 2003)

Mission

The Northeast Home Heating Oil Reserve assures a home heating oil supply for the Northeast states during times of very low inventories and significant threats to immediate further supply. The Reserve is a permanent part of America’s energy readiness effort, separate from the Strategic Petroleum Reserve. The current structure of the Northeast Home Heating Oil Reserve is:

Location	Amount of distillate	Distribution Capability (minimum contractual capabilities)
Amerada Hess (NY harbor)	1,000,000 BBL	100,000 BPD
Motiva (New Haven, CT)	250,000 BBL	25,000 BPD
Morgan Stanley (New Haven, CT)	500,000 BBL	50,000 BPD
Motiva (Providence, RI)	250,000 BBL	25,000 BPD

Benefits

Two million barrels of heating oil will protect the Northeast against a disruption for 10 days, the time required for ships to carry heating oil from the Gulf of Mexico to New York harbor for distribution. The Reserve was originally established in commercial facilities located in New York Harbor and New Haven, Connecticut. In 2001, the Secretary approved the relocation of 250,000 barrels of heating oil inventory from Connecticut to Rhode Island, giving the reserve additional truck and marine loading options.

Detailed Justification

(dollars in thousands)

	FY 2003	FY 2004	FY 2005
Northeast Home Heating Oil Reserve...	5,961	4,939	5,000

Continues operation of the Reserve, including lease of commercial storage space, and administrative support from the Defense Energy Support Center.

FY2004 and FY 2003 activities included storage leases, administration, and mock sales exercises with industry participation to test and evaluate the sales processes, procedures and on-line system.

Northeast Home Heating Oil Reserve...	5,961	4,939	5,000
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Explanation of Funding Changes

Northeast Home Heating Oil Reserve



- Increase reflects the difference between FY 2004 with a rescission and the actual FY 2005 Congressional Budget Request +61
- Total Funding Change, Northeast Home Heating Oil Reserve +61