

LNG terminal debates flare up along East Coast

UTILITIES WATCH

By Doug Patch



Efforts to place liquefied natural gas terminals along the East Coast have run into opposition, but that has not stopped companies from continuing to seek approval to build the facilities.

LNG is expected to fill an anticipated U.S. shortfall by allowing energy companies to chill gas into a liquid overseas, transport it by tanker and convert the fuel back into a gaseous form at American ports. Companies and consortia have proposed 59 receiving terminals — many more than the market needs — to be built along U.S. coastlines. Though four U.S. terminals are in operation today, none has been built in decades.

In New England, the proposed Fall River, Mass., LNG terminal has received the most attention, though the Boston Herald reported recently that the owner of the Distrigas LNG facility in Everett, Mass., has proposed an offshore gas unloading facility just 10 miles south of Gloucester — the second plan on the table for a liquefied natural gas docking station in the same ocean area.

Gloucester Mayor John Bell, however, opposes construction of any offshore LNG facility in the ancient fishing grounds near Gloucester and Marblehead harbors.

Tractebel LNG North America, owner of Distrigas, said a new subsidiary would invest about \$900 million to build ships and an offshore buoy facility to meet the growing demand for natural gas in the Northeast.

Tractebel's plan is not only in the same area where Excelerate wants to build its docking facility, it uses roughly the same technology. Giant ships would hook up to buoys, convert their liquefied natural gas to natural gas through an on-ship plant and pump the gas via underwater lines to a recently constructed land pipeline.

Neither Tractebel nor Excelerate has formally submitted a plan, though Excelerate says it's set to file a proposal with the state in March and the feds in May. Spokesmen for Gov. Mitt Romney, who is under pressure from local lawmakers and fishermen to oppose the projects, said the governor won't make a judgment on the plans until he sees formal proposals.

Up in arms

Meanwhile in Fall River, according to the Providence Journal, Congressmen Barney Frank and James P. McGovern are backing the mayor in his efforts to gain access to classified information that concerns the energy developer's LNG proposal and are mounting a lobbying effort on behalf of the city against the proposal.

The congressmen recently joined Mayor Edward M. Lambert Jr. in fil-

ing a letter with the Federal Energy Regulatory Commission criticizing regulators for withholding the requested documents in their entirety.

Officials and large numbers of constituents are up in arms over a developer's proposal to ship LNG into Fall River on large tanker ships. While the developer, Weaver's Cove Energy, and other supporters of the project say the region needs more LNG to keep energy costs down, critics say that large amounts of LNG should not be handled near urban populations because the substance can create fires of catastrophic size. They also worry about the link between terrorism and such fires.

The mayor was among a number of people from Fall River to request copies of a classified analysis on the safety and security risks posed by the LNG port proposal. The analysis is the work of a maritime consulting firm, Lloyd's Register North America, and Weaver's Cove submitted it to federal regulators.

The Lloyd's report describes the speeds at which LNG might pour through a hole in the side of a tanker ship. Regulators say they cannot disclose the information to the public because it could be helpful to someone launching an attack. But they also say someone who has a "legitimate" need for the information can see it, if he or she signs a written agreement promising to keep the material secret. Lambert declined to sign the pact and insisted that regulators and the developer analyze the papers and identify information that can be discussed without jeopardizing security.

In New York State, legislators are continuing a debate over building a floating natural gas terminal off of Long Island. The proposed \$700 million terminal would import liquefied natural gas and be built by Broadwater Energy about nine miles off the Shoreham-Wading River area. But it requires several approvals and would not be open any earlier than 2010.

A recent joint hearing by the environmental control and energy committees of the State Assembly and Senate focused on the proposal. Supporters of the plan gave testimony on the terminal's potential to satisfy an increasing demand for gas. But critics were wary of the unknown impact it would have on Long Island Sound's ecosystem and its vulnerability to terrorist attack.

Consultants for Broadwater tried to allay fears by saying a gas spill would not extend beyond 2-1/4 miles from the site and terrorists would not be interested in the terminal. **NHR**

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