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Case Study: New LNG Supply to New York State

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Liquefied Natural Gas (LNG)

- According to the federal Energy Information Administration (EIA), US natural gas consumption is projected to increase from 22.5 TCF in 2002 to 26.2 Tcf in 2010 and 31.4 Tcf by 2025
 - A large contributor to increased natural gas consumption is the electric power sector
- Domestic gas production is expected to increase more slowly than consumption over the forecast period, with production in 2025 expected to be 24.0 Tcf
- The difference will be made up by imports
- Nearly all the increase in US natural gas imports is expected to come from LNG



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LNG (cont.)

- Numerous LNG import facilities are being proposed for the Northeast
- Siting of an LNG facility is very difficult with environmental, safety and security issues being raised in the various proceedings
- As a result, it is expected that only a few of the proposed and approved Northeast LNG projects will actually be built



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Natural Gas Facility Regulatory Process

FERC Pre-Filing Certification Process (Required for LNG Projects)

- FERC receives applicants request for Pre-Filing
- FERC formally approves process and issues a PF Docket No
- Applicant holds public open house to discuss project with FERC's participation
- FERC issues Notice of Intent to prepare an EIS and opens scoping period to seek public comment
- FERC holds scoping meetings and site visit; consults with interested agencies
- Applicant files and FERC receives formal application
- FERC issues Preliminary DEIS for agencies review
- FERC issues DEIS for formal comment
- FERC holds meetings to hear public comments on DEIS
- FERC considers comments, revises DEIS, and issues Final EIS
- FERC approves or denies project
- If project is approved applicant can construct and operate the project only after obtaining Clean Water Act, Coastal Zone Management Act, and Clean Air Permits
- If project is denied, applicant or public can ask for rehearing. If rehearing is denied applicant or public can take FERC to court



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Existing LNG Import Projects

- There are currently three LNG import terminals in the Northeast:
 - Everett, MA (Suez LNG – DOMAC) 1.035 Bcfd
 - Cove Point, MD (Dominion – Cove Point LNG) 1.0 Bcfd
 - Offshore Boston (Northeast Gateway – Excelerate Energy) 0.8 Bcfd
 - Northeast Gateway just received its first shipment on May 20, 2008



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Proposed LNG Import Projects

- There are currently another 5 projects that have been approved by FERC for the Northeast:
 - Offshore Boston, MA (Neptune LNG – Tractebel) 0.4 Bcfd
 - Cove Point, MD (Dominion – Expansion) 0.8 Bcfd
 - Fall River, MA (Weaver's Cove Energy/Hess LNG) 0.8 Bcfd
 - LI Sound, NY (Broadwater Energy – TransCanada/Shell) 1.0 Bcfd
 - Logan Township, NJ (Crown Landing LNG – BP) 1.2 Bcfd
- Of these, only the Cove Point and Neptune projects are currently under construction
- The rest are in a sort of legal limbo
- Receiving FERC certification does not mean the facility will be built
 - Weaver's Cove, Broadwater and Crown Landing have not obtained necessary local permits and face significant opposition



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Broadwater

- The Broadwater project was recently approved by FERC but was rejected by the New York Department of State, which has permitting authority under the Coastal Zone Management statute
- The project features a floating storage and re-gasification unit, capable of delivering up to 1.1 Bcfd of natural gas
- The unit is proposed to be located in the Long Island Sound, in New York waters but about halfway between Connecticut and Long Island
- As a result of its location, it faced opposition from environmental advocacy groups in both states
- Broadwater recently appealed the CZM rejection to the federal Department of Commerce



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Other Approved LNG Projects

- Another three projects have been approved for southeastern Canada, and may serve Northeast US markets:
 - Riviere-du-Loup, QC (Cacouna Energy – TransCanada/PetroCanada) 0.5 Bcfd
 - Quebec City, QC (Project Rabaska – Enbridge/Gaz Met/Gas de France) 0.5 Bcfd
 - St. John, NB (Canaport – Irving Oil) 1.0 Bcfd
 - The Canaport project is currently under construction and expected to be completed by November 2008



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Pending LNG Projects

- Other LNG projects that have been proposed for the Northeast include:
 - Pleasant Point, ME (Quoddy Bay, LLC) 2.0 Bcfd
 - Robbinston, ME (Downeast LNG – Kestrel Energy) 0.5 Bcfd
 - Offshore NJ/NY (Safe Harbor Energy – ASIC, LLC) 2.0 Bcfd
 - Baltimore, MD (AES Sparrows Point – AES Corporation) 1.5 Bcfd
 - Calais, ME (BP Consulting LLC) 1.0 Bcfd
 - Philadelphia, PA (Freedom Energy Center-Pgw) 0.6 Bcfd
 - Offshore NJ/NY (Blue Ocean Energy-Exxon Mobile) 1.2 Bcfd