



Conservation Law Foundation

January 21, 2005

Mr. Patrick H. Wood, III, Chairman
Federal Energy Regulatory Commission
888 First Street NE
Washington DC 20426

Dear Chairman Wood,

The Conservation Law Foundation (CLF), New England's largest and oldest regional environmental advocacy organization, has been monitoring and participating in the review of a number of projects intended to increase the supply of natural gas to our region, most notably a dozen different proposals to build LNG terminals. In our comments in these project review proceedings, we have advocated that FERC take a proactive role in determining the true need for natural gas in the region and how this need can best be met.

We have always made clear that CLF fully understands the need to maintain adequate natural gas supply in the region. With access to sufficient fuel, the new fleet of Combined Cycle natural gas-fired power plants built over the last decade are far more efficient with far lower air emissions than the existing coal and oil-burning plants that they are in a position to displace.

The recent report by Sandia National Laboratories commissioned by the U.S. Department of Energy regarding LNG safety issues offers vitally important new information about LNG safety and how to protect citizens from the risks associated with LNG tankers. We have studied this report closely and conclude that it provides a solid basis for establishing new criteria to protect public safety in the transportation of this important but volatile fuel. A principal point of the study is that the traditional safety concerns regarding accidental releases of LNG and the resulting fires are no longer the most important safety issue for policy makers to consider. Today the possibility of an intentional terrorist attack leading to far larger fires must be taken very seriously, and FERC needs to adjust its siting standards accordingly.

Relying upon the scientific analysis in the Sandia/DOE report, CLF concludes that a minimum safety zone extending a radius of 1600 meters (roughly a mile) from the tanker's navigation path should be the standard for LNG terminal sites. The report presents strong evidence supporting a safety zone of this size, reflecting the risk that a large-scale fire could cause second degree burns at a distance of up to one mile.

None of the currently proposed onshore sites for LNG terminals in New England would provide the level of protection required by a 1600 meter radius safety zone. For example, the Providence, RI site has, within the one mile zone, several schools, residences for approximately 3000 people, interstate highway 95, and liquid propane storage tanks with 400,000 barrels capacity, among other facilities. The

Conservation Law Foundation

Fall River, MA site has five schools, a public elderly housing complex, three state highways, and residences for approximately 9000 people. In other, less densely settled areas, it might be possible to relocate a small number of private or public facilities, but certainly not in these two highly urbanized locations. As a result, CLF is now stating in very explicit terms: neither of these sites should receive further consideration for LNG terminals.

This conclusion leaves New England with a residual problem of great importance: how will the region's gas supply needs be met? CLF calls again upon FERC to undertake a study of the region's anticipated gas supply needs and to analyze where terminals could be built that would provide proper safety zones and meet rigorous environmental standards. CLF considers that it is FERC's responsibility to perform such a study independent of its review of any permits for particular LNG facilities. Moreover, under the National Environmental Policy Act, proponents of individual LNG terminals such as the Fall River and Providence facilities must conduct a rigorous analysis of alternatives to these projects. Alternatives should include, at a minimum, enhancements to pipeline capacity, the opportunity to increase supply from new terminal facilities in Maritime Canada, sites off New England's shores, and any onshore sites in New England that can meet these safety standards. As you suggested at a conference that we both attended in Boston last September, it is very possible that such measures could meet anticipated demand for natural gas in the near to medium-term.

We recognize that finding safe and environmentally acceptable sites for these facilities will not be an easy task. Meeting our energy needs is vitally important, but these needs must be met in a way that is consistent with the equally important mission of protecting public safety and our environment. We are prepared to assist in finding the right answers.

We are hopeful that FERC will work with responsible state agencies as well as other stakeholder groups to examine possible alternatives to the proposed facilities. Together we must find practical means of meeting New England's energy needs in a safe and appropriate manner.

Respectfully submitted,

Philip Warburg
President

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