

Statement of Michael W, Graine
Director, Oregon Department of Energy
US Department of Energy Liquefied Natural Gas Forum
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I want to welcome and thank the federal officials from the US Department of Energy who have come to Oregon. This meeting presents the opportunity for all of us to exchange views, share information and learn from each other. I also want to thank and recognize all the citizens who are here today. Your presence shows the importance of this issue to our State. Oregon is the focus of a number of possible liquefied natural gas facilities (LNG), on the Columbia River, and the Oregon coast.

I am not here today to speak either in favor or against any of these sites. Nor am I here to speak in favor or against LNG in general. Instead, I will talk about how decisions are made whether or not to approve LNG facilities, how that process was changed by Congress last year, and how that impacts our State. I will also discuss Governor Ted Kulongoski's expectations about the federal process, and how he expects the concerns of Oregonians to be addressed.

Last year at the urging of many in the LNG industry and the Federal Energy Regulatory Commission (FERC), Congress gave sole licensing authority to FERC. The new law explicitly took away the power of the State to make the decision on whether an LNG terminal is sited anywhere in Oregon.

Oregon had opposed that preemption provision and fought hard the last three years to remove that provision from the bill. However, we were unsuccessful. Congress has made its decision. The sole authority for licensing LNG facilities now lies with FERC. But with authority comes responsibility.

We expect FERC to exercise its authority only after a full and complete process, which provides ample opportunity for our citizens to ask questions, raise their concerns, and hear those concerns resolved. We also expect FERC to require that any LNG facility approved in Oregon meets Oregon's siting standards.

Prior to passage of the Energy Policy Act last year, the State of Oregon determined whether LNG terminals met state standards and decided whether or not they were approved. The State process included all affected State and local agencies.

While the State no longer has decisionmaking authority, there are provisions in the new law which require the federal government to consult and work with the State on any LNG proposal.

It took only one sentence for Congress to take away the State's authority. However, the provisions in the same law which require the Federal Government to work with the State on safety matters, emergency response preparation and other issues run for more than ten pages. We expect FERC and other federal agencies to take these provisions seriously. The State will.

Governor Kulongoski has directed State agencies to participate fully in the federal process, to assure that any LNG terminals are safe to our people and to our environment, and to assure that our citizens' interests are represented and their issues are addressed.

In directing State agencies to fully participate in the FERC process, the Governor has asked my agency to coordinate the input of other State agencies, to bring the benefits of the State centralized review process to the federal process to the extent possible.

In addition, our Departments of Environmental Quality and Land Conservation & Development retain some authority under the Clean Air Act, the Clean Water Act, and the Coastal Zone Management Act. They will fully exercise their authorities to assure that the requirements of those laws are met.

Finally, the Governor expects that applicants will meet state standards for siting LNG terminals and that federal agencies will ensure that they do so. These standards include public safety, environmental protection, emergency response, wetlands protection, wildlife habitat preservation, site restoration, security measures and other standards for the protection of our citizens. Other important state standards include a requirement that the applicant is financially and technically able to build and operate the facility safely and require the offset of carbon dioxide emissions.

These standards have been used for many years in our State review process. These standards are workable and effective. Using these standards has resulted in the siting of thousands of megawatts of power plants, hundreds of miles of transmission lines and pipelines, as well as natural gas storage facilities. They have also resulted in the denial of applications which failed to meet these standards.

If Oregon's standards for reviewing and evaluating LNG terminals are not met, then questions about the basic fairness and adequacy of the federal process will arise. In contrast, compliance with state standards will help assure our citizens that their safety and the protection of the environment have been truly taken into account by federal decisionmakers.

Thank you.