



# FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

September 18, 2008

Commissioner Marc Spitzer

**Docket Nos.** CP06-365-000, CP06-366-000, CP06-376-000  
and CP06-377-000

**Item No.** C-1

## Statement of Commissioner Marc Spitzer on Bradwood Landing LNG Project

### I. SAFETY

#### A. Energy Supply

The primary obligation of Government is to protect the health, welfare and safety of its citizens. As hurricanes left millions of Americans without utilities this month, we know reliable energy is essential to our health, welfare and safety.

This Commission is challenged to secure energy supply at just and reasonable rates. This mission includes developing adequate infrastructure to support these new supplies. The Commission's task in siting necessary infrastructure is daunting. During the 16 years I have been in Government, first in Arizona and now at the Federal level, communities have opposed the siting of energy infrastructure. This opposition is universal, increasingly strident, and consistent regardless of the size of a proposed project. At times it seems as if there is no proposed energy project of any size anywhere that is free from opposition.

#### B. LNG Safety

There is significant concern about the adequacy of natural gas supply, overall price levels, and price volatility in the United States. Importation of LNG is one means to offset shortfalls or disruptions, such as now in the Gulf, in North American natural gas production. There is no major manufacturing process without safety risks. Indeed, projects with less or zero social utility operate with greater actual and/or potential safety hazards than LNG terminals.

The LNG industry has an excellent record of safety. Over the last 45 years, no member of the public has been harmed in an LNG-related incident in the U.S. Over the same period, however, hundreds of thousands have lost their lives in transportation incidents unrelated to U.S. energy security.

Whether as liquid or in its gaseous state, LNG is safe. Moreover, the Environmental Impact Statement in this case includes conditions for safe operation. The technology of discharge and re-gasification of LNG, the safety record and historical operations of LNG terminals in North America and, most importantly, the record in this case and the conditions attached to this Order address and mitigate issues of safety related to this project.

### II. PROGRAMMATIC EIS IN THE NORTHWEST

Unlike the unproductive, and in my view, inaccurate political histrionics that occurred in the other parts of the country in opposition to energy infrastructure, I found that the pleadings and comments in opposition to Bradwood were productive, thoughtful and civil – attributes consistent with the traditions of the western



## STATEMENT

United States and particularly the Pacific Northwest. Our Staff conducted a thorough review of the environmental, safety and other issues and the Order properly determines that the Bradwood project is required by the public convenience and necessity.

I also recognize, however, that since 1967 no LNG facility has been built over opposition from the local community. This is true because the Coastal Zone Management Act gives states an effective veto over LNG projects, notwithstanding FERC certification. Consequently, LNG opponents could declare victory even after FERC approval if they are assured an LNG terminal will never be built by state withholding of the CZMA concurrence.

The failure to build any new LNG terminals on the east or west coasts of the United States regardless of the need for energy or safety of the project is not, however, in the public interest. In this regard, I am particularly attentive to the letters from the Governor of Oregon. The Governor raised issues relating to the adequacy of our environmental and safety review of this Project. He also requested a programmatic or regional analysis of all the proposed LNG terminals for Oregon and the interstate natural gas pipelines purported to address the increasing demand for natural gas in the Pacific Northwest.

The Commission's environmental review includes an examination of alternatives. However, the Commission declined to conduct a programmatic EIS for Bradwood, as such a review would require a modification to our NEPA review process. Moreover, I have reservations regarding the Governor's proposal. For example, although state commissions may be able to compel regulated electric utilities to construct necessary generation, transmission and distribution facilities, the Commission has no power to compel the "winner" of the programmatic EIS to build and to operate an LNG terminal.

I respect the Governor for representing his constituents and seeking to end the present gridlock between Federal and state governments preventing FERC-approved LNG projects from being built. Our goal is to conduct thorough, comprehensive and meaningful scrutiny of LNG applications, and as part of ongoing review of our regulatory responsibilities, I pledge to seriously consider the Governor's regional review concept as the Commission continues to grapple with the lack of construction of LNG projects on the east or west coasts.

The Natural Gas Act requires FERC to consider the four corners of each application independently and make our decision based on the substantial evidence presented therein. Bradwood meets that legal test. Further, that law does not permit us to deny a certificate based on speculation that a potentially less controversial solution to the drastic problem of natural gas supply will arise, be financed, certificated, state approved, constructed, and then successfully operated. That is not the law.

The record in this proceeding indicates that Project is in compliance with the Natural Gas Act.

I therefore vote Aye."