
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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Docket Nos. CP04-36; CP04-386;
CP04-223 & CP05-119, et al.

COMMISSION APPROVES PROPOSED LNG TERMINALS IN TEXAS AND MASSACHUSETTS; RHODE ISLAND TERMINAL REJECTED

Citing the growing imperative for imported natural gas to meet ever-increasing demand nationally, the Federal Energy Regulatory Commission today approved two new liquefied natural gas (LNG) terminals that propose to bring up to 2.8 billion cubic feet per day of new service to the United States. Another proposed LNG import facility was denied authorization by the Commission.

The Commission approved projects proposed by Weaver's Cove Energy and Mill River Pipeline, limited liability company affiliates of Hess LNG, for a new terminal and related facilities to be constructed in Fall River, Mass. (Docket Nos. CP04-36-000; CP04-41-000; CP04-42-000; & CP04-43-000), and by Golden Pass LNG Terminal and Golden Pass Pipeline, limited partnership subsidiaries of ExxonMobil Corp., for a terminal to be constructed in Texas and Louisiana (Docket Nos. CP04-386-000; CP04-400-000, CP04-401-000, & CP04-402-000).

The Commission denied an application from KeySpan LNG and Algonquin Gas Transmission to convert an existing LNG storage facility in Providence, R.I., into a new LNG import terminal because the facility would not meet current construction and safety standards (Docket Nos. CP04-223-000 & CP04-293-000; CP04-358-000).

After holding several public meetings, reviewing numerous written comments and taking a number of extraordinary steps to assure detailed consideration of environmental, safety and security issues, the Commission granted authority under Section 3 of the Natural Gas Act to Weaver's Cove LNG for a new terminal that potentially would import and store up to 800 million cubic feet of gas per day for customers in the Northeast. Mill River Pipeline would construct two lateral pipelines to connect the Weaver's Cove terminal to interconnections with the Algonquin Gas Transmission system and intrastate pipelines.

The Commission said the Weaver's Cove project serves the public interest because the additional LNG imports will help meet the New England region's growing demand for natural gas service. Citing federal government and regional reports, the Commission said that, because the interstate gas pipeline system is currently running at full capacity during the winter months and because there are no geological gas storage formations in New England, LNG storage plays a significant role in meeting winter peak-demand heating needs for natural gas.

The Commission said the Weaver's Cove LNG and the Mill River pipeline laterals may be constructed in an environmentally acceptable manner. The Commission will require the companies to adhere to the construction and operation mitigation measures detailed by FERC staff in the Environmental Impact Statement (EIS) and adopted in the Commission's order.

Coordinating review with other federal agencies, including the U.S. Coast Guard, the U. S. Department of Transportation, state and local agencies, the Commission concluded the Weaver's Cove LNG project may operate safely and securely. In unprecedented actions, the U.S. Coast Guard, in coordination with the Commission, conducted a series of workshops with local law enforcement agencies and port stakeholders to develop procedures and resources required to manage the safety and security of LNG vessels while moving through Narragansett Bay and unloading LNG at the dock. The process, the most extensive effort ever performed prior to a Commission authorization of an LNG import facility, resulted in the development of an initial vessel transit security plan. The procedures used by the Coast Guard in this case served as a blueprint for the Coast Guard's new Navigation and Vessel Inspection Circular, issued June 14, 2005, for assessing the suitability of a waterway for LNG marine traffic.

Weaver's Cove will be required to submit various safety and security documents prior to construction including: a comprehensive plan identifying the mechanisms for funding all project-specific security and emergency management costs incurred by state and local agencies; an initial emergency response plan; and identification of emergency evacuation routes that will be coordinated with local officials before construction. Weaver's Cove must report to the Commission every six months as to its progress in developing these documents.

The Commission approved the project proposed by Golden Pass LNG for a new terminal and related facilities to be constructed in Jefferson, Orange and Newton Counties, Texas and in Calcasieu Parish, Louisiana. The project would be located on the Port Arthur ship channel and would be constructed in two phases. The first phase would provide import capacity of up to 1 billion cubic feet per day.

The second phase would receive up to 2 billion cubic feet per day of imported gas. The project would further consist of two new protected berths, five double-walled full containment LNG storage tanks, and 122.4 miles of pipeline that would connect the terminal with up to 10 existing interstate and intrastate pipeline systems. Golden Pass LNG must adhere to mitigation measures detailed by staff and adopted in the Commission's order.

The Commission denied applications submitted by KeySpan LNG and Algonquin Gas Transmission because the existing LNG peak-shaving storage tank, dike, and facility site do not meet current Department of Transportation (DOT) safety standards. Although it found the project could provide benefits to the New England region, the Commission concluded that converting KeySpan's facility into a new import terminal that does not meet current DOT safety standards is not in the public interest.

KeySpan's LNG peak-shaving facility was placed in service in 1974 and receives LNG deliveries by truck from Distrigas' LNG terminal in Everett, Mass. The DOT standards were implemented in 1980. In the EIS, FERC Staff concluded the existing facility does not meet current federal safety standards because: the LNG storage tank impoundment was designed to 100 percent of the tank contents rather than 110 percent; thermal radiation and flammable vapor exclusion zones would extend offsite onto adjacent properties; and a detailed evaluation by a seismic consultant would be required to determine if the existing tank would comply with National Fire Protection Association criteria.

KeySpan proposed to add a ship berth in the Providence River east of the existing facility and wanted to add additional facilities that would receive more than 500 million cubic feet of gas per day. It did not propose modifying the existing facility. Algonquin Gas Transmission proposed to construct and operate 1.44 miles of pipeline that would connect the terminal to Algonquin's existing system in order to transport the gas to markets in the Northeast.

All applicants have thirty days from the date of issuance of the orders in which to accept the Commission's actions or to seek an appeal before the Commission.

For more information, see the Commission's website at www.ferc.gov.