

# FEDERAL ENERGY REGULATORY COMMISSION



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## FERC Chairman Welcomes Fed Chairman's Focus on LNG

Federal Energy Regulatory Commission Chairman Pat Wood, III welcomed Federal Reserve Chairman Alan Greenspan's Congressional testimony Tuesday underscoring the economic importance of abundant, reasonably-priced natural gas.

"Chairman Greenspan is to be commended for highlighting concerns about the cost and supply of natural gas in this country. He is to be applauded for pointing out the potential to increase supplies quickly through imports of liquefied natural gas (LNG)," Chairman Wood said.

There are five existing LNG import terminals under the Commission's jurisdiction currently in place and operating. They are in Cove Point, Maryland; Elba Island, Georgia; Everett, Massachusetts; Lake Charles, Louisiana; and Guayanilla Bay, Puerto Rico. Combined, they provide a total deliverability of 4.3 billion cubic feet (Bcf) of natural gas per day.

In addition, there are applications for four new LNG projects that have been filed and are pending before the Commission. If approved as proposed, these LNG projects would provide a total deliverability of 3.7 Bcf/d of natural gas.

Chairman Wood emphasized that LNG imports can become a more important part of meeting the nation's demand for natural gas, particularly given the time it will take to build a pipeline to bring Alaska gas to the lower 48 states.

To assure abundant supplies of affordable gas, FERC has expedited pipeline approvals – particularly for gas from the Rocky Mountain States – and acted to provide a financial incentive for LNG terminal development.

To enhance domestic supplies, the Commission during the past two years has decreased the time needed for approval of new pipelines – cutting processing time from about 18 months to as little as nine months. And in December 2002, by exempting LNG terminals from FERC's open-access requirements, the Commission provided financial certainty for companies looking to invest the billions of dollars required to develop LNG facilities. As a result, there has been an unprecedented movement to develop LNG facilities in the U.S.

Since that December 2002 policy decision, FERC staff has become actively involved in discussions with the proponents of more than a half dozen new LNG projects, who are preparing to file their proposals for the Commission's consideration.

"These actions reflect our continuing determination to be part of the solution," Chairman Wood said. "Faster consideration of requests to build new pipelines, sensitivity to the urgent

need for more imports, and a focus on increased storage requirements will continue to be high Commission priorities.”

At the same time, FERC will continue to give full consideration to environmental and landowner concerns, Chairman Wood emphasized. These important factors cannot be slighted in the effort to meet the nation’s ever-increasing demand for natural gas, he said.