



**Federal Energy Regulatory Commission
September 20, 2007
Open Commission Meeting
Talking Points of
Commissioner Suedeen G. Kelly**

**Item C-4 & C-5: Elba and Calhoun Projects - LNG Update
(Docket Nos. CP06-470-000 *et al.* and CP05-91-000 *et al.*)**

o Natural gas has been a significant component of this country's energy portfolio. In 2005, the United States consumed nearly a quarter of the total amount of gas produced globally, yet only 4% of the world's natural gas reserves are in North America. Indeed, at least ¾ of the world's natural gas is in the Middle East and Eastern Europe. While Canadian imports have provided much needed gas to the U.S., these supplies are expected to decline as production flattens and Canadian demand increases.

o Not only is domestic supply tight, demand for natural gas is projected to increase at an annual average rate of 1.5 percent from 2003 to 2025. Against this backdrop, we will have to increase the importation of natural gas from outside North America, and—as Jeff Wright pointed out in his presentation-- it is increasingly clear that LNG will play a growing role in filling the gap between domestic demand and supply.

o It's not just a matter of meeting supply and demand. It's important that we diversify our energy portfolio to include more clean and efficient energy sources, such as LNG, in order to increase energy security, both short-term and long-term.

o Today's orders approving both an expansion of the existing Elba Island LNG terminal, and the new LNG terminal at the Port of Port Lavaca and Point Comfort, would add approximately 2 billion cubic feet per day of LNG regasification capacity. This represents another step in meeting our energy needs and increasing energy security, and I am pleased to support these orders.