



**Federal Energy Regulatory Commission
June 15, 2006
Open Commission Meeting
Statement of
Chairman Joseph T. Kelliher**

C-4 to C-10: LNG Import Projects (CP05-130-000 *et al.*, CP05-360-000 *et al.*, CP005-396-000, CP04-411-000 *et al.*, CP05-83-000 *et al.*, CP05-395-000, and CP06-26-000)

"Today, the Commission authorizes [three] new liquefied natural gas (LNG) import facilities, expansions at [two] operating or previously authorized import facilities, and authorizes related pipeline facilities necessary to transport LNG from import facilities.

Altogether these orders almost triple the existing US LNG import capacity. This supply increase will have a significant impact on domestic natural gas prices in the future.

Importantly, this new supply will land on both the Gulf Coast and in market areas. The Crown Landing project and the Cove Point orders will bring new natural gas supplies into market areas on the East Coast, and meet demand and lower prices in that region.

The Commission's primary role when it comes to review of proposed LNG import facilities is as a safety regulator. We apply high safety standards. When projects meet those standards, we authorize them. We also have the ability to fashion conditions to assure that proposed projects meet our high safety standards. That is what we did in the Creole Trail project, where we attached [53] conditions to assure public safety.

When proposed import projects fall short of our high safety standards, and where we cannot fashion conditions to assure public safety, we deny authorization.

Today's action follows a series of actions the Commission has taken to increase U.S. natural gas supply and moderate prices through LNG imports. Prior to today and since the December 2002 Hackberry Decision, when existing LNG capacity totaled approximately 4 billion cubic feet per day (bcfd), the Commission has authorized more than 12 bcfd of new LNG capacity. We increase our import capacity even further today with an additional 9.7 bcfd.

One of the orders also resolves a gas quality complaint by Washington Gas against Cove Point, alleging that the LNG quality had caused or contributed to leakages from seals in the Washington Gas local distribution system. Based on our scientific investigation, we conclude that LNG quality was not the cause of the leakage.

I support the orders."