



**Federal Energy Regulatory Commission
June 15, 2006
Open Commission Meeting
Statement of
Commissioner Suedeen Kelly**

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)

"A 2005 report by the Department of Energy's Energy Information Administration predicts that demand for natural gas will increase nationally at an average of about 1.5 percent per year until 2025. Other studies also predict rising demand for natural gas. There is strong evidence that domestic supplies of gas will not be able to keep pace with future demand without the addition of new sources of gas in the form of LNG. These orders approving the expansion of LNG terminals in Louisiana and Maryland and construction of new LNG terminals in Louisiana, Texas and New Jersey will provide additional needed sources of gas supply in the Mid-Atlantic and Gulf Coast regions and throughout the country.

The Dominion Cove Point LNG terminal expansion and the new Crown Landing LNG terminal would provide additional supplies of natural gas to the Mid-Atlantic region. Since the Mid-Atlantic region is located far away from domestic and Canadian sources of natural gas and near the end of the North American gas pipeline grid, the region experiences higher transportation costs and decreased gas availability, resulting in price volatility. Increasing LNG supplies in the region should help temper price volatility and reduce prices.

In addition, to ensure that Dominion Cove Point's existing customers do not subsidize the terminal expansion, the Commission is requiring Cove Point LNG to isolate the costs between its existing service and the new incremental service, and keep separate books and accounting of the costs attributable to the new service. This information could be used by interested parties in any future NGA section 4 or 5 proceedings."