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Maryland Delegation Calls on FERC to Delay LNG Decision Until Obama Administration Takes Office

Concerns over Safety and the Environment

WASHINGTON – Members of the Maryland Delegation are calling on the Federal Energy Regulatory Commission (FERC) to delay a decision on the proposed liquefied natural gas (LNG) facility at Sparrows Point until the Obama Administration takes office next week. In a letter sent to FERC today, **U.S. Senators Barbara Mikulski (D-MD) and Benjamin L. Cardin (D-MD) joined U.S. Congressmen C.A. Dutch Ruppersberger (D-MD), Elijah Cummings (D-MD), and John Sarbanes (D-MD)** in expressing their concerns about the safety and security of the proposed facility as well as the threat to endangered Chesapeake Bay species. FERC is expected to make a decision on the proposal on January 15, 2009. The Obama Administration takes office on January 20, 2009.

In 2008, the U.S. Coast Guard found that the Chesapeake Bay is not currently suitable for an LNG facility because sufficient resources are not available to implement the necessary safety and security measures to protect the facility and nearby residents. AES, the company proposing the project, has not created a Transit Management Plan as requested to determine how to adequately mitigate the risks of an accident or possible terrorist attack at the facility. In addition, the Department of the Interior recently determined construction of the plant could threaten the environmentally sensitive area of the Chesapeake Bay.

“I am strongly opposed to locating a LNG facility at Sparrows Point,” said **Senator Cardin**, a member of the Senate Environment and Public Works Committee. “I am deeply concerned about security and environmental risks to the Port of Baltimore and Chesapeake Bay, and I urge FERC to delay its decision so that the new Obama Administration will have an opportunity to study and review the risks of locating a LNG facility in a densely populated, urban area.”

“For more than two years, I have repeatedly raised my safety and security concerns about this LNG facility and pipeline. While I am still waiting for these concerns to be adequately addressed, FERC has proceeded at breakneck speed to rubber stamp this project. It’s time for them to hit the breaks. FERC should hold off their decision until all the critical security and safety concerns have been addressed,” said **Senator Mikulski**.

“From the very beginning, I have said this liquefied natural gas plant is absolutely inappropriate for this densely populated, urban area because of strong concerns over safety and security. AES has done nothing to ease those concerns. This, coupled with the threat to endangered Chesapeake Bay species, means FERC should delay its decision. The Obama Administration must be allowed to study and review the risks of

building an LNG facility so close to a residential neighborhood in a critical area of the Chesapeake Bay,” said **Congressman Ruppertsberger**, Chairman of the Port Security Caucus and a Member of the Intelligence Committee.

““There are serious environmental and safety concerns involved in the operation of an LNG facility, and all evidence seems to be showing that AES is not adequately prepared to address these issues at Sparrow’s Point,” said **Congressman Cummings**, Chairman of the House Subcommittee on Coast Guard and Maritime Transportation. “By rubber stamping this ill-advised project, FERC is jeopardizing the safety and security of Maryland residents.”

“The debate about whether or not to place a LNG facility at Sparrows Point has always hinged foremost on the issue of safety,” said **Congressman Sarbanes**. “But the Interior Department’s recent letter about the project’s impact on endangered species in the Chesapeake Bay raises new ecological and environmental concerns that need to be addressed as well. FERC should give these issues the appropriate attention.”

LNG is a hazardous fuel that can explode when ignited. The proposed site is less than two miles from the residential neighborhoods of Dundalk, Turner’s Station, and Edgemere in Baltimore County. The tankers carrying LNG to the facility would travel under the Chesapeake Bay Bridge to reach the facility. In addition, an LNG facility could harm a multi-million dollar revitalization effort on the Eastside of Baltimore County and restrictions on recreational boat traffic could hurt the quality of life of area residents.

Below is the text of the letter from Members of the Maryland Delegation to FERC:

The Federal Energy Regulatory Commission is scheduled to meet on January 15, 2009, to issue a license for the Liquefied Natural Gas project at Sparrows Point, Maryland. FERC’s actions go against the wishes of many citizens of Maryland, the Governor, the Baltimore County Executive and Members of the Congressional delegation and we ask that you delay this action until the Obama Administration can review the security and environmental concerns.

FERC has moved quickly, and in doing so has dismissed environmental and security concerns that surround this project. If these concerns are not fully addressed, this project should not move forward.

To service the Sparrow’s Point LNG facility, LNG tankers would have to travel through the narrowest portions of the Chesapeake Bay, under the Bay Bridge, through heavily used commercial fishing and recreational boating areas, to the mouth of the Port of Baltimore. This is a densely populated area that is less than two miles away from the residential neighborhoods of Dundalk, Turner’s Station, and Edgemere, home to 65,000 Marylanders. Based upon its review of AES’ waterway suitability assessment for the Chesapeake Bay, the U.S. Coast Guard found in 2008 that the Bay is not currently suitable, but could be made suitable for the type and frequency of LNG marine traffic

associated with the proposed Sparrow's Point Terminal. The Coast Guard found the waterway unsuitable because the measures proposed by AES to mitigate the risks associated with LNG transits in the Bay were inadequate, because the port community "currently does not have sufficient resources available to implement the safety and security measures necessary to responsibly manage the maritime safety and security risks," and because AES did not explain how it would ensure that adequate resources would be made available. Further, the Coast Guard indicated that AES must develop a formal Transit Management Plan that details those measures that would be implemented to mitigate the risks associated with LNG tanker transits through the Bay. To date, a final Transit Management Plan has not been developed and there is no formal indication from the Coast Guard either that AES has proposed measures adequate to mitigate the risks associated with LNG tanker transits in the Bay or that adequate resources necessary to implement these risk mitigation measures have been put in place in the Bay.

In addition to security, there are also concerns about the environmental impact of the project. In a letter dated January 6, 2009, the U.S. Department of the Interior recommended FERC postpone the decision, stating, "There are unanswered questions related to the federally listed, endangered, and threatened species that may be affected by this project." If constructed, the LNG facility would be located in an environmentally sensitive area of the Chesapeake Bay.

The federal government needs to be a responsible partner. We believe the recent recommendation for delay by the Department of the Interior, together with the strong security concerns, warrant a delay. We ask FERC to delay any further decisions on this project until the Obama Administration has examined all facts and investigated the concerns of the citizens of Maryland. Thank you for your time and consideration in this matter.

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