



MEDIA ALERT Maryland

FERC Addresses Requests on Cove Point Expansion

January 15, 2009

CP05-130-005, CP05-131-004, CP05-132-004 and CP05-395-004

The Federal Energy Regulatory Commission (FERC) today upheld its decision reauthorizing construction and operation of facilities proposed by Dominion Cove Point to expand its existing liquefied natural gas terminal and related pipeline, located on the Chesapeake Bay in Cove Point, Md., and acted on various requests for rehearing surrounding the Oct. 7, 2008, decision.

Background

The project involves construction and operation of facilities at the existing Cove Point LNG terminal to increase the volumes of LNG that can be imported, stored, regasified and delivered. FERC also approved an expansion of the Dominion Cove Point Pipeline, which includes nearly 47.8 miles of 36-inch diameter loop pipeline in Maryland and approximately 124 miles of 20- and 24-inch pipeline in West Virginia and Pennsylvania, and various related facilities in those states and Virginia to be built and operated by Dominion Transmission.

In October 2008, FERC reauthorized the construction and operation of the Cove Point Expansion Project with a new condition that Cove Point limit its deliveries from the Cove Point Pipeline into its interconnection with Columbia Gas Transmission Corp.'s system at Loudoun, Va., to a maximum of 530,000 Dekatherms per day (Dth/d).

This limitation on deliveries "will allow timely completion of project construction while at the same time ensuring that no additional volumes of LNG associated with the Expansion project are delivered into Washington Gas Light Company's (WGL) system, thus ameliorating concerns about the safety of WGL's system," FERC said in its Oct. 7 order.

That order followed a July 18, 2008, ruling by the United States Court of Appeals for the District of Columbia Circuit in a case brought against FERC by WGL, which affirmed the Commission's initial authorization of the project on June 16, 2006 on all but one issue when it remanded FERC orders approving the Cove Point Expansion Project.

The court agreed with FERC's conclusions that any leaks on WGL's system related to LNG deliveries were a result of defects on that system, which WGL was responsible for fixing, but remanded the case to FERC so that the Commission "can more fully address whether the Expansion can go forward without causing unsafe leakage."

The Order

The requests for rehearing claim that the Oct. 7 order failed to comply with the D.C. Circuit Court's mandate to address whether the expansion can go forward without causing unsafe leakage on WGL's system.

Today, FERC reaffirmed that in the Oct. 7 order it had appropriately addressed the court's concern by conditioning operation of the project to prevent additional volumes of regasified LNG associated with the expansion from reaching certain portions of WGL's system that are of concern to WGL.

To ensure compliance with the condition restricting deliveries from the Cove Point Pipeline to Columbia Gas at Columbia-Loudoun, today FERC added a requirement that Cove Point LNG report in a public filing any delivery of regasified LNG at Columbia-Loudoun that exceeds 530,000 Dth/d within three days of such an occurrence.

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