
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION APPROVES NEW LNG IMPORT TERMINAL, FIRST TO BE BUILT IN U.S. IN 20 YEARS

With an eye on growing natural gas needs and expected tight supplies, the Federal Energy Regulatory Commission today granted authorization to Cameron LNG, LLC to construct and operate the first new terminal for liquefied natural gas (LNG) to be built in the U.S. in over 20 years.

The Commission granted the construction and operation authorization to Cameron, citing a crucial need for more sources of natural gas to meet increasing demand. The proposed project will include an LNG terminal that will be constructed near Hackberry, Louisiana with three LNG storage tanks that will hold the equivalent of 3.5 billion cubic feet of gas, and a 35.4-mile pipeline that will extend from the terminal to an interconnection with facilities operated by Transcontinental Gas Pipeline Corp. in Beauregard Parish, Louisiana.

In a December 2002 order announcing its preliminary determination of the proposal, the Commission initiated a new policy for regulating LNG import facilities by not requiring the company to offer open-access terminalling services or to maintain a tariff and rate schedule for such services. Instead, the Commission said it would view the new LNG plant as it would a production facility, allowing the sales of the natural gas from the LNG plant to compete with other sales of natural gas from the Gulf Coast in a deregulated, competitive commodity market. New imported supplies of natural gas will be accessible to all willing purchasers, the Commission noted.

In May of this year, Sempra Energy LNG Corp. filed a letter with the Commission stating that it had acquired Hackberry LNG Terminal LLC from Dynegy Midstream Services Limited Partnership and had changed the company's name to Cameron LNG, LLC.

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The Commission also granted Cameron's request for more time to construct its facilities. The Commission allowed Cameron up to five years to place the project in service instead of the three years previously allowed.

In addition, the Commission will not require Cameron to file its customer contracts prior to commencing construction of its facilities. Cameron appealed the Commission's earlier requirement, citing concern about public disclosure of commercially sensitive information.

The cooling of natural gas to minus 260 degrees Fahrenheit creates LNG. Then, dramatically reduced in volume by a factor of 600 to 1, LNG can be moved long distances by ocean-going tankers, restored to its original gaseous form at an LNG import terminal, and then moved through pipelines to market.

With increasing demand expected to outstrip supply in the years ahead, increased imports of LNG are seen as a vital part of the nation's energy mix. Natural gas, which is used to produce electricity as well as for heating and cooling and the creation of chemicals, is cleaner-burning than other fossil fuels.

The Commission's action today is the first approval of a new LNG import terminal facility in the U.S. since the Commission's 1977 authorization to Trunkline LNG Company to own, construct and operate the Lake Charles, Louisiana, LNG terminal.