



THE CENTER FOR
Liquefied Natural Gas

Contacts:

Juan Palomo, palomoj@api.org

Mark Stultz, mstultz@ngsa.org

Phone: (202) 289-2253

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Ongoing Federal Oversight and Efficient LNG Approval Process Essential to Mitigate Energy Prices

Washington, D.C. -- To help mitigate increasingly volatile prices, U.S. natural gas and electricity customers need an efficient and certain approval process, with continuing oversight by federal regulators, for additional liquefied natural gas (LNG) terminals, according to testimony today by the Center for LNG (CLNG).

“Delays in both pipeline and LNG terminal construction will reduce the amount of natural gas available to consumers and thereby increase the price that they must pay,” said Donald Santa Jr., president of the Interstate Natural Gas Association of America (INGAA), appearing at a Capitol Hill hearing on behalf of CLNG. “This likely will cause further job losses in industrial sectors that depend on affordable supplies of natural gas, such as chemical and fertilizer manufacturing. Because an increasing amount of electricity is generated by natural gas, electricity prices will be higher for virtually all consumers.”

“As demonstrated by this week’s approval of a new LNG terminal at Quintana Island, Texas, the Federal Energy Regulatory Commission (FERC) continues to recognize the value of LNG to U.S. energy consumers, and is working admirably on a case-by-case basis to secure those benefits as quickly as possible,” Santa told members of the House Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs.

Participating with INGAA in the CLNG are the American Gas Association, the American Petroleum Institute and the Natural Gas Supply Association, along with a consortium of more than 60 individual companies, including LNG asset owners and operators, gas transporters, suppliers and service companies and natural gas end users. The center is dedicated to public education and advocacy for liquefied natural gas.

Given the federal government’s responsibility for both interstate and international commerce, the courts have consistently upheld FERC’s overall jurisdiction for on-shore LNG terminal siting, Santa testified. However, Congress should recognize that state and local regulators also continue to be very active in the process.

“There are a myriad of other state and federal permits that must be obtained before a project sponsor may begin constructing its facility. FERC’s application process requires that a project sponsor list all other permits that must be obtained,” Santa said. “And FERC’s orders authorizing these facilities routinely are conditioned upon the sponsor obtaining these other authorizations.”

“Our point is that fairness and administrative efficiency would be served best if these other agencies coordinate the timing of their reviews with the FERC process,” he said. “In that way, all of the interested federal, state and local government agencies can come together under one concurrent and comprehensive review, so that all parties have equal standing and balanced decisions can be made.”

Underlying the industry’s cooperation with this regulatory process, Santa told the panel, is a continuing and priority commitment to community and environmental safety.

“LNG has a long and outstanding safety record. The robust worldwide trade in LNG that takes place every day is proof that LNG can be handled safely and securely. And here in the United States, FERC and the Coast Guard, working with the Department of Transportation’s Office of Pipeline Safety, can mitigate risk to an even greater extent through their safety/security regulations and enforcement. We need your help, and your leadership, in getting that message out to the public,” he said.

“The bottom line is that natural gas infrastructure delays and cancellations have consequences. Every consumer will pay higher prices for natural gas, electricity and the goods produced using natural gas if we do not act to ensure that adequate LNG and pipeline capacity are constructed in time to keep supplies affordable.”

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(A complete copy of Don Santa’s testimony is available on the Center for LNG’s website at www.lngfacts.org.)