



California Energy Commission

## Liquefied Natural Gas

### Information Hearing Senate Energy, Utilities, and Communications Committee

October 27, 2005

Joseph Desmond  
Chairman  
California Energy Commission

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California Energy Commission

## Presentation Topics

- Overview of LNG Proposals
- CEC Role in LNG Permitting Process
- Safety Advisory Report
- Governor's Decision for Offshore Projects
  
- Background Information Available on:
  - Natural gas supply and demand
  - Natural gas prices this winter

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## LNG Proposals

- California: 3 active applications
- Oregon: 5 active proposals
- Washington: none
- Canada: 2 active applications
- Baja Norte: 3 active projects



### Proposed and Announced LNG Terminals In California - Mexico and Capacity (in MMcf/d)







## Permitting Onshore vs. Offshore Different Federal Laws

- Onshore
  - FERC
  - Exclusive jurisdiction
  - Limited state decision making
  - Land lease decisions by port/city
- Offshore
  - MARAD / USCG
  - Joint jurisdiction
  - Gov decision at end
  - Land lease decisions by state

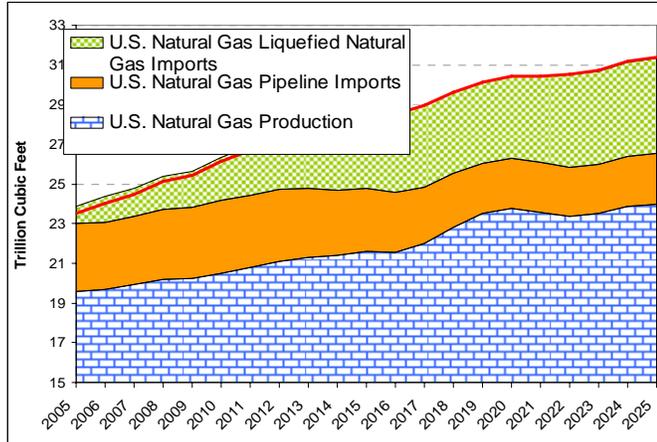


## Why Consider LNG?

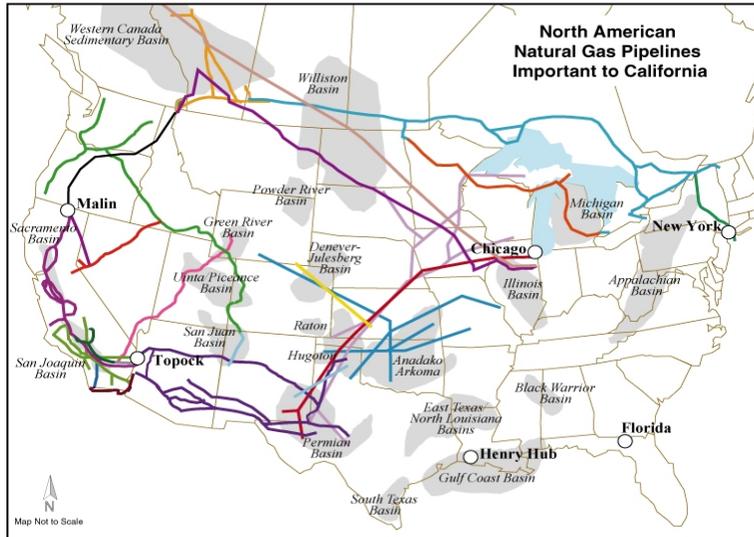
- California connected to US NG markets
- U.S. NG supply not keeping up with demand
- NG prices are rising very rapidly
- California imports 87% of its supply



# US NG Supply Forecast by US DOE



## North American Natural Gas Pipelines Important to California





## California Energy Policies

1. Maximize energy efficiency
2. Maximize cost effective renewable energy resources
3. Support distributed energy resources
4. Create new opportunities through R&D
5. Increase infrastructure
6. Diversify energy supply sources



## CEC Role in LNG Permitting

- Policy
- Coordination
- Public Information
- Limited permitting role



## CEC Policy

- Integrated Energy Policy Report
  - Diversify supply sources
  - Increase infrastructure as needed
  - Support LNG on the West Coast
  - Support coordinated state response to applications



## CEC Coordination

- LNG Interagency Working Group
  - 21 federal, state, local agencies
  - Federal: US EPA, US CG, US AF, US MC
  - State: CARB, CCC, CEC, CPUC, CSLC, CDF&G, CDF&G/OSPR, OES, DGS, BCDC, Ca Coastal Conservancy, EOB, OPR
  - Local: PoLB, PoHB, County of Ventura, City of Oxnard
- Meets monthly
- Provide common information to all agencies



## CEC Public Information

- Website on energy, NG, and LNG
- Reports on NG and LNG Safety
- Public workshops
- Public forums
- US DOE LNG Forums



## Safety Advisory Report

- Federal Energy Policy Act of 2005
- Governor designated CEC to lead state effort
- CEC prepared a Safety Advisory Report on the PoLB
  - Coordinated with other agencies
  - Only state to accept offer
- FERC working on response
  - Many issues already covered in new EIS
  - FERC's ex parte contact rules limit dialogue



## Governor's Decision on Offshore Projects

- Federal law allows Governor to:
  - Approve, approve with conditions, veto, or take no action
  - Offshore projects only
- CEC will provide information to Governor to support his decision
- Governor's decision independent of agency permitting decisions
- CEC working with MARAD to ensure coordination
- Decision on BHP expected mid 2006



## Decision Coordination

AGENCY	ACTIVITY	
U.S. Coast Guard & California State Lands Commission	EIS/EIR	
<b>FEDERAL PROCESS</b>		
U.S. Coast Guard/ MARAD	Federal Hearing/Decision on Deepwater Port License	
Other Federal Agencies	U.S. EPA Air & Water Permits, etc.	
<b>GOVERNOR'S DECISION</b>		
Governor's Decision	Approve, Approve With Conditions, Deny, or No Action (presumed approved)	
<b>STATE / LOCAL PROCESS</b>		
California State Lands Commission (CSLC)	Certify Final EIR	
	CSLC Hearing on Lease	
California Coastal Commission (CCC)	Federal Consistency	
	Coastal Development Permit (CDP)	
	Appeal of Local Gov't CDP	
State Coastal Conservancy (SCC)	Lease, if applicable	
Local Government	CDP for shore crossing/onshore pipeline within coastal zone not retained by CCC	