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Jim Conran, President, Consumers First
Comments before the California Resources Agency
Workshop on LNG Access Issues and Deliverability of Supply
Secretary of State Office Auditorium
1500 11th Street, First Floor, Sacramento
June 1-2, 2005
Re: Docket No. 05-LNG-1

California is at an energy crossroads.

Natural gas prices have more than doubled since 2001 because only 15% of our needs are produced in California and U.S. supplies are not increasing fast enough. At the same time, demand for natural gas is increasing primarily because all of the state's new electricity plants will be powered by natural gas.

To avoid dramatically higher natural gas and electricity prices in the future, we need to increase and diversify our natural gas supplies.

As the 10th largest consumer of natural gas in the world, California faces a growing gap between the natural gas it uses, and the natural gas that can be produced domestically or imported economically from the Western United States and Canada. U.S. supplies are not increasing. LNG is the only viable option for increasing the supply of safe, clean natural gas in our state.

Without more natural gas, California consumers undoubtedly face skyrocketing energy prices, potential electricity brownouts and blackouts and the loss of thousands of jobs to areas with the foresight to take advantage of LNG's availability. What does LNG offer the California consumer?

- Affordability & Reliability: LNG is essential to keeping electricity prices low and ensuring a reliable supply of power to California homes and businesses. This is especially true here in California where more than 40 percent of our electric generating capacity is fueled by natural gas.

- Reduce Cost: According to a study by the National Petroleum Council, American families and businesses will overpay more than $1 trillion for energy costs unless aggressive action is taken to expand the use of natural gas in the economy.

- Help Stabilize Prices: U.S. Federal Reserve Chairman Alan Greenspan said LNG imports could help stabilize natural gas supplies, reducing the risks of price spikes.

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You will no doubt here from others about LNG's excellent safety record over more then four decades of use internationally and the multi-level review now being undertaken to ensure its safety while being delivered to American consumers.

Please keep in mind the very basic supply and demand facts that only LNG can answer on behalf of the California consumer. We look forward to your positive analysis.

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