Liquefied Natural Gas

Information Hearing
Senate Energy, Utilities, and Communications Committee
October 27, 2005

Joseph Desmond
Chairman
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
California Proposal Status

**Offshore:**
- BHP Billiton Cabrillo Port: DEIR/DEIS issued and hearings held. DEIR to be reissued in early 2006
- Crystal Clearwater Port: Application submitted, but deemed information deficient

**Onshore:**
- SES Port of Long Beach: DEIR/DEIS just released; FERC workshop Nov 14
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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

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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
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**

  - 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
  - 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

- 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
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**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

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**Decision Coordination**

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