

Wyden tries to reassert states' authority on LNG projects

The Oregon senator wants to repeal a section of the 2005 Energy Act that gives licensing authority to FERC

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Sen. Ron Wyden has recruited a powerful group of peers in a renewed attempt to wrest back state authority for licensing liquefied natural gas terminals from federal energy regulators.

With the backing of presidential candidates Hillary Clinton and Barack Obama as well as Connecticut Sens. Christopher Dodd and Joe Lieberman, Wyden introduced a bill Monday to repeal a section of the Energy Policy Act of 2005 that pre-empted state authority for licensing LNG terminals and gave it to the Federal Energy Regulatory Commission.

The outcome of the legislative drive could determine whether state or federal governments hold sway over LNG projects seeking a toehold in Oregon and what economic and environmental factors each might have to consider.

Wyden's is not the first attempt to reassert state authority on LNG. In 2005, California Sen. Dianne Feinstein introduced an amendment to the energy act that would have given governors the power to veto, or attach conditions to, FERC's decisions on terminal sitings. But that effort died for lack of adequate support.

It is not clear whether Wyden's measure will meet with more success. But this time around -- perhaps significantly -- Democrats control both houses of Congress, and Wyden's co-sponsors include not only the two Democratic presidential candidates but also Lieberman, an independent who is a prominent backer of Republican Sen. John McCain's presidential bid.

"We're going to have a better chance," Wyden said. "A measure we warned about has gone into effect, and the harmful consequences are even greater than imagined. Senators are seeing that this is a byproduct of a Bush energy bill that has many flaws."

Kulongoski weighs in

Most of Oregon's congressional delegation has weighed in against FERC's process, and Gov. Ted Kulongoski has threatened to withhold state permits and go to court if, he said, FERC doesn't protect state interests.

Oregon and Connecticut have been arm-wrestling FERC for months over the regulatory process for the terminals, which offload supercooled gas from ships, store it in massive tanks, then warm it back into a gas for shipment to market via pipeline.

The agency recently approved a floating LNG terminal on Long Island Sound between Connecticut and New York -- a facility that Connecticut Gov. M. Jodi Rell has called "a travesty" and her attorney general "an environmental atrocity." FERC also is considering three terminals in Oregon -- one in Coos Bay and two on the Columbia River.

Each project in Oregon would be capable of importing far more gas than Oregonians use and include a pipeline cutting across potentially hundreds of miles of forestland, vineyards and farms. FERC also is considering an application for a high-capacity pipeline that would carry gas from basins in the Wyoming Rockies to southern Oregon.

Backers of the LNG projects maintain that imported gas will dampen price increases when Canadian and domestic gas fields go into decline in future years. They point out that the LNG industry's safety record is virtually unblemished, and say they are committed to exceeding all local, state and federal environmental regulations.

Neither Kulongoski nor Wyden has expressed outright opposition to siting an LNG import terminal in Oregon. But state agencies have complained that FERC's draft environmental review of the Bradwood Landing terminal on the Columbia River was seriously flawed.

As political pressure mounts against the terminals and pipelines in local communities, most of the state's political leaders have taken a stronger stance, saying FERC is failing to meet two requirements of the National Environmental Policy Act: demonstrating a public need for the facility and fully analyzing alternatives.

FERC detailed its position in letters to Kulongoski and members of Oregon's congressional delegation last week. It has declined to launch a review that would analyze the cumulative impact of the proposed terminals and pipeline projects, or determine which facility, if any, would best serve the state's need. The agency considers each a separate project to be judged on its own merits and timetable.

FERC's intentions

FERC Chairman Joe Kelliher says the agency intends to ensure that each proposal is environmentally sound and consistent with public safety requirements, then let the market decide which one gets built. State leaders say they're committed to fighting that approach. Kulongoski has asked Attorney General Hardy Myers to research the state's legal authority to withhold necessary permits under state clean air, clean water and coastal zone management acts if FERC does not address his concerns.

Wyden said Monday that he considered the FERC process no process at all.

"It's not going to address the issue of supply; it doesn't address the environmental issues. . . . We have a huge array of proposals pending, bringing in far more gas than we could ever use, yet the federal agency won't even address the threshold questions," Wyden said.

FERC is working on a biological assessment and final environmental review of the Bradwood Landing terminal, which it could deliver early this summer. State and federal agencies as well as the public will be invited to comment then.

NorthernStar Natural Gas, backer of Bradwood, said the 2005 transfer of regulatory oversight from state to federal authorities has already delayed its application. It has since invested considerable time and money in county, state and federal processes, including nine months to obtain a local land-use approval for Clatsop County.

"Just as we have worked with Clatsop County, we are working with the state to address its concerns," said Joe Desmond, a spokesman for NorthernStar.

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