

## Fluid debate over gas supply

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A look at the Bradwood Landing liquefied natural gas terminal planned for the Columbia River. What's the project

Bradwood Landing, one of three proposals to build liquefied natural gas terminals in the state, would import massive quantities of natural gas to Oregon and neighboring states from producers in the Middle East, Australia or Russia. The terminal's capacity is far greater than the daily consumption of natural gas in Oregon.

Bradwood would offload natural gas supercooled to a condensed liquid from tankers, rewarm it to a gas, and distribute it regionally in pipelines. Bradwood's pipeline would run 36 miles between the terminal, 20 miles east of Astoria on the Columbia River, to an interstate gas hub near Kelso, Wash.

Though not included in Thursday's federal approval of the Bradwood proposal, Northwest Natural Gas Co. and TransCanada Corp. have proposed building another 212-mile pipeline that would carry gas from the terminal to a gas hub in the Willamette Valley, then on to an interstate pipeline in central Oregon to serve California.

The case for LNG

Prominent backers of the Bradwood project include its would-be owner, Houston-based NorthernStar Natural Gas Inc., as well as the state's largest gas utility, NW Natural, which hopes to profit from pipelines and gas-storage facilities serving Bradwood. Industrial gas users and other utilities also have weighed in to support the project.

Backers point to the fact that regional demand for natural gas is rising as the region's population has grown, demand for natural gas to generate electricity has increased, and coal and nuclear plants have become environmentally and politically unacceptable options. They also say supplies from Canada and elsewhere are getting tighter.

LNG, the two companies say, would diversify the state's energy supply, helping cushion future price increases as domestic and Canadian gas supplies shrink.

## The case against LNG

Many experts, including the Oregon Department of Energy, believe domestic supplies of natural gas will be more than enough for the foreseeable future. U.S. gas production is expanding, especially as energy producers use new drilling techniques to suck gas from shale formations. By some industry estimates, the U.S. has enough natural gas to last into the next century at current consumption rates.

Demand for LNG is growing overseas, and LNG cargoes bound to Asia are fetching twice the price that domestic gas sells for in the United States. Shipments to the U.S., meanwhile, have dried up because natural gas is so much cheaper here.

LNG terminals and their pipelines, opponents contend, will seriously harm rivers, forests and farmland.

## What happened Thursday

After a three-year review, the Federal Energy Regulatory Commission approved the terminal and the Bradwood pipeline in a 4-1 vote, subject to 109 conditions dealing primarily with public-safety and environmental concerns.

The agency found that the LNG terminal and Bradwood pipeline met its safety standards and would do only limited harm to the environment. FERC Chairman Joseph Kelliher said the project is needed to meet the Northwest's rising energy demand. Kelliher also noted that there had been no rush to judgment as critics contend.

The sole dissenter in the FERC vote was Commissioner Jon Wellinghoff, an energy lawyer who was formerly a consumer advocate for utility customers in Nevada. Wellinghoff visited Oregon last year to explain FERC's regulatory process. During his visit, citizens along the proposed pipeline route, environmental groups and property-rights advocates bombarded him with complaints about the process.

In an eight-page dissent Thursday, Wellinghoff concluded that reasonable alternatives were available to serve the region's energy needs "in a more efficient, more reliable and environmentally preferable manner. For these reasons, I conclude that Bradwood Landing is not in the public interest."

## Local action

On Tuesday, residents of Clatsop County -- home to two of the three proposed LNG terminals in Oregon -- voted overwhelmingly to ban gas pipelines on land zoned for parks, recreation or open space. Nearly a mile of a pipeline serving

Bradwood would run through such land. LNG opponents say the outcome -- 67 percent voted against allowing pipelines to cross the land in question -- sent a clear message to politicians around the state about the desirability of LNG. They also contend the project can't secure state permits if it doesn't meet county land-use laws. Bradwood's backer, Houston-based NorthernStar Natural Gas Inc., claims the vote will have no impact on its permitting process, as the authority for siting natural gas pipelines rests with federal authorities.

Last spring, the Clatsop County Board of Commissioners approved the project, saying it was compatible with the county's land-use laws. Supporters of the project cite a major increase in property taxes, construction jobs and ongoing employment that Bradwood would bring to the county. Opponents claim that the county is going to be left with major new public safety expenses and that the employment benefits for construction and operation will be small or fleeting.

What's next?

Gov. Ted Kulongoski and advocacy groups have said they would petition for a FERC rehearing. Such a request is due within 30 days, and FERC has another 30 days to respond. FERC then has the option to grant a rehearing, modify its approval to address concerns, or reaffirm the decision.

Many observers think FERC will reaffirm. The agency has already heard objections from many advocacy groups and rejected calls from Oregon's elected leaders for a supplemental environmental review.

Kelliher recently responded to concerns raised by Rep. David Wu, D-Ore., by telling him there had been extensive opportunities for agency and public feedback and an extended public comment period.

"The commission's policy is to ensure that all proposed LNG projects are environmentally sound and consistent with public safety, and then leave it to the market to determine which projects are actually constructed," Kelliher told Wu.

The state's role

Bradwood still needs to obtain permits and certifications from a variety of state agencies. Among them:

The Division of Land Conservation and Development: It must certify that the project complies with both statewide and local land-use and zoning regulations.

The Department of Environmental Quality: It decides whether emissions produced by tankers and Bradwood would meet standards of the federal Environmental Protection Agency and the federal Clean Water Act. The basic question is whether the terminal would do too much harm to water quality

through wastewater discharges, dredging, tanker wakes, ballast or cooling water, or silt in a turnaround basin. Several agencies have indicated that the project could put salmon at significant risk.

For now, all of DEQ's permitting is on hold.

The Water Resources Department: It has issued three permits to Bradwood for its use of water for its pipeline, storage tanks and dredging. Permits are still pending for fire protection, industrial use and ballast water.

The Department of State Lands: It would be required to issue a permit so that Bradwood can fill in wetlands and dredge.

Others: The National Marine Fisheries Service and the U.S. Department of Fish and Wildlife must determine that Bradwood would not violate the Endangered Species Act.