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## State panel rejects gas plant study

Lands Commission votes 2 to 1 to not accept the environmental report on the proposed facility off Ventura County.

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Following an all-day public hearing that drew hundreds of opponents, a state commission voted Monday to reject the environmental impact report on a proposed \$800-million floating liquefied natural gas terminal off the Ventura County coast — an action that could effectively kill the project.

The state Lands Commission voted 2 to 1 to reject the environmental study and not issue a lease for the BHP Billiton project. Democratic Lt. Gov. John Garamendi and state Controller John Chiang, both commissioners, voted against the project.

Panelist Anne Sheehan, who represents state Finance Director Michael Genest, a Cabinet member to Gov. Arnold Schwarzenegger, voted in support of the environmental report, stating the importance of bringing a liquefied natural gas plant to California.

But during the hearing, Garamendi, peppered a BHP Billiton representative with pointed questions about the project's environmental effects.

Garamendi challenged whether the energy company had done enough to reduce emissions that contribute to smog and haze as well as global warming. He questioned whether alternatives to the project — including energy conservation, greater reliance on wind and solar power, and a bigger natural gas plant under construction in Baja California, Mexico — were adequately considered. And he questioned the cost-effectiveness of extracting natural gas in Australia, chilling it and shipping it in tankers across the Pacific Ocean.

BHP Billiton spokesman Craig A. Moyer, a partner in the Los Angeles-based firm of Manatt, Phelps & Phillips, told commissioners the project would make California's energy supply more reliable and diverse at a time when natural gas is increasingly being used to meet state power demands.

Further, Moyer said the project would be good for the state's environment. Natural gas burns cleaner than coal or oil. He said the project would slightly improve the state's air quality because the company had gone to great lengths to minimize emissions.

The so-called Cabrillo Port project cannot be built unless the commission and other regulatory bodies decide the 3,000-page environmental impact study is adequate and that BHP Billiton merits a permit to construct a pair of 23-mile pipelines to connect the floating terminal to the coast.

"This is the biggest decision on California's energy future in decades," said Mark Massara, California coastal director for the Sierra Club. "This has everything to do with what our coast will look like for decades to come."

Monday's hearing was the latest in a series that will decide the fate of the proposed gas processing plant that would be built about 14 miles offshore between Port Hueneme and Malibu.

The California Coastal Commission will meet Thursday in Santa Barbara to review the environmental report and decide if the project complies with coastal protection laws.

Staff at the state Lands Commission had recommended approval of the project, despite identifying 20 major environmental effects, including seven serious, long-term issues that cannot be fully controlled. Meanwhile, staff members at the Coastal Commission object to the project, contending it would be harmful to the marine environment and would produce too much air pollution.

Given those concerns, BHP Billiton had launched an all-out lobbying and public relations effort to win approval for its project. It took out full-page newspaper ads last week, and in the 2005-2006 legislative session, it spent \$2.8 million lobbying the governor, the Legislature and the state Public Utilities Commission.

BHP Billiton's lobbying effort in Sacramento has been led by Manatt, Phelps & Phillips, a prominent Los Angeles law firm with strong ties to the Legislature and the governor's office. Manatt partner George Kieffer is the personal attorney of California First Lady Maria Shriver. Former Senate Energy Committee Chairwoman Martha Escutia now works for Manatt and has been lobbying on behalf of BHP at the governor's office.

The efforts have alienated many residents in coastal communities from Malibu to Santa Barbara.

Hundreds of project opponents, wearing T-shirts and buttons saying "No LNG," took off work Monday to attend the commission's hearing. Dozens were bused in from throughout the region.

Air pollution is a chief concern of opponents.

Even with advanced emissions controls, the environmental impact report states that the tankers, support vessels and floating gas processing plant would emit 160 tons of nitrogen oxides and 60 tons of hydrocarbons per year, both of which are precursors to ozone, a colorless, toxic gas and the most abundant pollutant in Southern California. The project would also emit about 34 tons annually of smoke and soot — ranking it as one of the biggest polluters in Ventura County.

Moyer said the company could offset the effects of nitrogen oxides to inconsequential levels by using clean technologies and replacing engines in two dirty old tugboats operating separately along the California coast. He said the company also recently identified five additional tons of emissions that could be cleaned up.

But that assertion triggered a chorus of objections from air pollution experts and environmentalists. The state Environmental Protection Agency said the tugboat reductions would be significantly less than the company estimates, and the state Air Resources Board said 60% of those reductions would accrue from Point Conception to Golden Gate, where the tugboats spend most of their time.

"The ozone impacts in Ventura and Los Angeles counties will be substantially unmitigated and will impact the health of residents," said David Howekamp, an air quality consultant working for the Santa Barbara-based Environmental Defense Center.

"Failing to mitigate those emissions will add to the daunting work of cleaning up the air and will require that other sources make up for the BHP emissions."

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