

## **Australian energy company avoids strict smog rules for LNG port**

**A recent decision by the Environmental Protection Agency affecting the official location of a proposed liquefied natural gas terminal off Malibu allows BHP Billiton to avoid strict Los Angeles smog rules.**

**By Hans Laetz/ Special to The Malibu Times  
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Federal air pollution regulators have cleared the way for BHP Billiton to build its proposed liquefied natural gas terminal off the coast of Malibu without having to retire a large amount of pollution-generating industry in the Southern California air basin.

The Environmental Protection Agency's action was labeled a reversal by coastal advocates and allows BHP Billiton to release more than 261 tons of smog-producing pollutants per year upwind of nearby Malibu and Los Angeles.

An Environmental Protection Agency letter obtained last week by The Malibu Times changed the official location of the Cabrillo Port LNG terminal to the smogless Channel Islands instead of the Ventura County air district. The proposed LNG site is 14 miles from the Ventura County coastline but is 25 miles from the nearest Channel Island, Anacapa, according to federal park officials.

"It's amazing to me that the federal government would give special treatment to a foreign company and seemingly forget the interests of the people of Malibu and Oxnard," said Malibu Mayor Andy Stern of the recent action. "It's just another example of

outrageous behavior by the United States government."

In a telephone interview, EPA Air District Director Amy Zimpfer said the EPA is bound by Ventura County air pollution rules, which classify the Channel Islands as unpolluted and therefore open to new pollution sources.

"Offshore, the air quality is good, and the local rules accommodate (new) emissions from the islands," she said.

Current Ventura County smog rules were written 10 years ago and did not address air pollution in the islands because the only emission source is an electric generator on San Clemente Island operated by the U.S. Navy, said Ventura County's air pollution officer, Mike Viegas.

"We never contemplated an offshore pollution source on the islands," he said.

EPA officials hailed BHP Billiton's promises to substantially reduce smog from the fleet of LNG tanker ships that will unload at the Cabrillo Port terminal, including using an LNG tanker fleet that will switch from comparatively dirty bunker oil to much

cleaner natural gas as fuel when the ships are in coastal waters.

Viegas compared the heavy bunker ship fuel that will be replaced to "burning a gooey substance that is halfway between diesel and asphalt."

LNG tankers using clean fuel will eliminate 200 tons of pollution per year in coastal waters from what would have been emitted by tanker ships delivering LNG to the depot, eliminating 74 percent of the tankers' nitrous oxides and 100 percent of their sulfur dioxide emissions, EPA officials said.

BHP Billiton also plans to use several advanced pollution-control systems aboard the floating LNG gas boiler project and to use natural gas for its tugboat and crew ships, as well as convert 45 privately owned garbage trucks in Oxnard from diesel to natural gas. And the company says it will reduce smog emissions in homes and industries across California by pledging to limit the heat value and eliminate impurities in the Australian gas imported into the state.

"We think we're going to end up with a pretty good deal from an air pollution standpoint," Viegas said. He estimates that BHP Billiton's smog reductions from its tankers will exceed the smog generated by the LNG terminal if its emissions were considered part of the Ventura smog basin.

But clean air advocates disagree, and said the total BHP Billiton smog concessions must be counted against both the cooking of frozen gas in the offshore LNG port, and the tanker trips and other activity introduced into the local air basin by the project.

The EPA "chose to give BHPB a clean air basin where they can pollute, whereas Ventura and Los Angeles are so full of pollution they couldn't

possibly build in those basins," said attorney Alicia Roessler at the Environmental Defense Center in Santa Barbara.

"Why are they being stuck out in the Channel Islands when they should be in the air basin where [the emissions are] going to end up?" she asked.

Roessler said the language in the EPA decision does not explain why the federal government moved the plant from Ventura County shore to the islands.

"What is their reasoning for this? The letter does not say," she said.

In the official letter, EPA's Zimpfer wrote that the "EPA must exercise its discretion to determine which of these two sets of requirements is more appropriately applied. Based on our further analysis ... we have concluded offsets are not required for sources constructed in the area where BHP plans" to anchor the LNG ship.

"The applicable permit requirements, therefore, do not include a requirement to offset emissions from the new source," the letter concludes.

The EPA turnabout was apparently not anticipated by U.S. Coast Guard officials in charge of deciding the fate of the LNG plant, who in February asked BHP Billiton how it planned to retire existing pollution sources to gain permission to build under the strict onshore smog rules.

In the new letter, EPA officials said they have "continued to work with BHP to refine the details of the project to be proposed and to work with the Ventura County Air Pollution Control District and the California Air Resources Board to identify the air quality permitting requirements for such a project."

BHP Billiton officials would not respond to questions, and issued this statement: "Our company has been working closely with EPA who governs this process. The decisions are EPA's to make and we would defer to EPA to comment on the process and we will do all we can to cooperate with them. We believe we have satisfied all their data requests and the permit process is continuing."

The EPA decision will go into the Draft Environmental Impact Report, and

environmentalists said they plan to challenge it and other controversial facets of the BHP Billiton plan as EPA and Coast Guard hearings proceed.

BHP Billiton had hoped to get regulatory approval this summer, but the project is on indefinite hold while the Coast Guard and California State Lands Commission give the Australian company additional time to fill in unanswered environmental, operational- and terrorism-related questions.