

# COMMENTARY

## *Special Section*

### Legal, energy disputes aside, LNG poses threat to environment



by

**SUSAN JORDAN**

*Susan Jordan is the director of the California Coastal Protection Network and the co-founder of the Statewide LNG Environmental Stakeholder Working Group. Her husband, Pedro Nava, represents the 35th Assembly District.*

Since the 2001 energy crisis, fear has driven California's most important energy policy decisions. Dire sounding threats from the same companies that brought us that 'perfect storm' have fueled the state's head long rush to embrace the industry's next product: liquefied natural gas (LNG). But we would be wise to look before we leap into long term dependence on LNG, an imported and polluting fossil fuel.

Millions of lobbying/PR dollars are being spent to convince California that it desperately needs LNG. For example, BHP Billiton, seeking approval for its proposed 'floating' LNG terminal, spent 1.8 million dollars lobbying in California in 2005, making it the seventh highest spender in the state.

The LNG lobby claims skyrocketing natural gas prices are proof positive that there is a severe domestic natural gas shortage and that LNG will be a cheap, reliable and clean source of energy for Californians.

Instead of blindly accepting the industry's hype on domestic supply shortages, we should have listened back in 2004 when large industrial users called on a non-responsive federal government to investigate natural gas price spikes in spite of record high gas inventories.

Price spikes are not proof of the need for LNG, nor do LNG imports guarantee that natural gas prices will come down.

The enormous costs of extracting the gas, liquefying it, transporting it across the world in specially designed tankers and building the industrial infrastructure to receive it, demand that the companies charge higher prices to recoup their upfront costs.

In exchange for their 'investment', most LNG companies want privately owned 'closed access' sole supply LNG terminals. Cheaper gas from other sources would be shut out and CA held hostage once again to the whims of the market.

In addition to important unresolved economic issues, the confusion of different technologies must be addressed. Many incorrectly assume that one LNG terminal proposal is like any other. But each existing proposal for California is site specific, uses vastly different technology and the impacts to public health &

safety, the environment, military base operations, and national security vary significantly.

To date, there's the onshore LNG terminal proposed for the busy Port of Long Beach next to densely populated neighborhoods, a retrofit of an aging offshore oil platform to berth LNG

tankers, and a never-been-done-before massive floating terminal, three football fields long, to be moored offshore Oxnard and Malibu. Yet another entrant recently proposed a design that does not require massive new industrial infrastructure on or off the coast; LNG is regassified on the tanker and downloaded into a pipeline distribution system—no 'terminal' required

California needs to critically reassess its approach to LNG imports. Credible sources believe that California can meet its energy needs through aggressive energy efficiency, upfront investment in renewables, and alternative domestic supplies. To date, California Energy Commission Chairman Joe Desmond has not had the courage to debate the issue on the record. Desmond appears entirely content to let the market decide whether and where California gets LNG. But that's no way to plan for the state's energy future and protect consumers and communities who object to these facilities being placed in their midst.

Senator Simitian's SB 426 "Informed Choices on LNG" is the state's best chance to intervene before the federal government moves to approve one or more LNG terminals on our coast. This landmark legislation would enable us to examine all sources of natural gas to its markets and analyze the relative merits of individual LNG terminal proposals. Only the safest and most needed facilities with the fewest impacts would be built.

The Legislature should send SB 426 to the Governor's desk and let the lobbying dollars fly.

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