Congratulations to Honda and its associates for their many achievements, and thank you, Mr. Speaker, for the House's attention today on this important matter.

INTRODUCTION OF THE LIQUEFIED NATURAL GAS IMPORT TERMINAL DEVELOPMENT ACT OF 2004

HON. GENE GREEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 2004

Mr. GREEN of Texas. Mr. Speaker, to counter the negative effects of soaring natural gas prices on the economy and consumers, Representative GENE GREEN (D-Houston) and Representative LEE TERRY (R–NE) introduced legislation to simplify the siting of onshore Liquefied Natural Gas (LNG) terminals.

"In June 2003, Alan Greenspan testified before the Committee that LNG was critical for the future stability of our economy. It would be a great help to provide LNG with the same regulatory certainty we provide natural gas pipelines."

According to the National Petroleum Council, the United States is on course to pay an additional $1 trillion in natural gas costs over the next 20 years due to shortages. Along with increased domestic production and an Alaskan natural gas pipeline, LNG projects promise to help stabilize prices, but the permitting process for LNG facilities is uncertain and disputed, without clear lines between State and Federal authority.

"We need LNG, and we must make LNG terminals safe and secure. Current safety and security procedures and other proposals will be fully considered during this debate."

"Unless we get LNG right, our Nation's $454 billion chemical industry and 1 million jobs could go the way of the steel industry. Electric power and heating bills are also crunching consumers. The Nation needs to address LNG in a meaningful way, and this legislation moves us on the right track."

A summary of The Liquefied Natural Gas Import Terminal Development Act of 2004 is attached.

TALKING POINTS

Q: Why give FERC all the authority?

A: Like natural gas pipelines, LNG sites are national significant energy projects involving international and interstate commerce. FERC has stringent siting restrictions in place for LNG currently.

FERC believes they have this authority, but because interest in LNG projects have exploded, it may be necessary to spell FERC's authority out.

Q: What about state agencies that want to stop them?

A: We think they are making political plays. There are little if any air emissions or water discharges. The facilities have tough safety standards under FERC and tough security standards under the Coast Guard (Maritime Transportation Security Act).

We are saying that the states cannot question a "public interest" determination by FERC, because that is an interstate commerce determination.

Q: What about local zoning regulations?

A: FERC has tough siting standards that almost certainly preclude a site violating zoning standards. (There must be a buffer zone that is great enough so that flammable vapors will not reach beyond facility property lines. FERC also enforces DOT and National Fire Administration regulations that limit siting to appropriate areas.)

If we need language to reassure on local zoning, we are open to that. We are not trying to change LNG siting standards—we just stop states from arbitrarily blocking projects.

Q: What about security?

A: All facilities will be covered by the Maritime Transportation Security Act. In addition, there are extraordinary procedures beyond that law for security, including ship inspections, escorts and site security coordination with local law enforcement.

One proposal is using American crews on LNG tankers. We are open to adding security measures to the bill if the debate we have indicates more measures are needed.

SUMMARY OF THE TERRY-GREEN LNG LEGISLATION

WHY WE NEED TO EXPAND LNG CAPACITY

Because of its efficiency and environmental benefits, natural gas use has increased dramatically over recent years. Demand has caught up with supply, and natural gas prices are up more than 80 percent over the past four years. At the same time, U.S. natural gas production is falling at about two percent a year.

Over the next two decades, U.S. natural gas consumption is expected to rise 40 percent (and 70 percent throughout North America). It is expected that U.S. production will meet only 75 percent of the nation's demand by 2025. This is especially sobering considering that the United States consumes about 25 percent of the world's natural gas production—but holds only three percent of the world's natural gas reserves.

We must look for new options now, if we are to avoid the adverse economic implications. (According to the National Petroleum Council, the United States is on course to pay an additional $1 trillion in natural gas costs over the next 20 years due to shortages.) The Rocky Mountains, the Gulf of Mexico and Alaska will continue to be a vital part of our supply. However, expanding our liquefied natural gas (LNG) capacity is also critical, so we may bring natural gas from more ample supplies from around the world—creating a "safety value" to provide some leverage in determining natural gas availability and prices.

LNG—natural gas chilled to −260 degrees Fahrenheit—allows the safe transportation of gas from large-producing fields in places such as western Africa, the Caribbean, Malaysia, Australia, Qatar, South America, Russia, and Eastern Europe. LNG has been safely transported by ship for nearly half a century, with countries such as Japan receiving LNG shipments every 20 hours.

Currently, around 30 LNG terminals are in various stages of planning in the United States. With natural gas prices up from $1.50/thousand cubic feet pre-1995 to more than $6 today, boosting LNG's role in our energy portfolio is a sensible step.

WHAT THE TERRY-GREEN LNG LEGISLATION WOULD DO

This legislation would compliment the pending energy bill (H.R. 6) by working to add LNG to our energy portfolio. It would also provide parity between the application/review process for on-shore and offshore terminals. Specifically, this bill would:

Eliminate jurisdictional conflicts and legal ambiguities on siting and construction of LNG terminals. Jurisdictional conflicts between federal and state agencies threaten to delay or kill new LNG projects. Since the importation of LNG is a matter of foreign commerce, the Terry-Green bill would clarify that approval and siting authority for LNG facilities is most appropriately determined at the federal level, as established under the Natural Gas Act. It also clarifies that a public interest finding by the Federal Energy Regulatory Commission (FERC) regarding the siting, construction, expansion and operation of LNG terminals under the Natural Gas Act is pre-emptive, and is not subject to second-guessing under state or local law.

Create a lead agency for LNG project review and permitting. Currently, several federal departments, and some state agencies, have a role in the approval process for construction or expansion of an onshore LNG terminal. This bill clarifies that the FERC is the lead agency, to streamline environmental review and permitting. Other federal agencies—and state agencies with authority delegated by federal law—keep their independent regulatory responsibilities. However, such agencies must act in a manner consistent with the public interest determination made by the FERC under the Natural Gas Act.

Set a deadline for FERC review of LNG terminal applications. Currently, there is no time requirement for FERC review of a LNG terminal application. To ensure a prompt evaluation, this bill requires the FERC to issue its decision one year after the application has been completed. The bill also gives the FERC authority to establish deadlines for other agencies making permitting decisions, taking into account timelines established by other Federal statutes.

Remove regulatory uncertainties for those building/expanding onshore LNG terminals. This bill codifies the FERC's important "Hackberry" decision on open access requirements, giving developers the certainty they need regarding economic regulation. This policy is necessary to encourage the development of new LNG capacity, especially considering a typical onshore LNG project can cost more than $500 million.

PERSONAL EXPLANATION

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 2004

Mr. PORTMAN. Mr. Speaker, I was unavoidably detained during the recorded votes on Rollcall Vote No. 196, the Goode Amendment, and Rollcall Vote No. 197, the Davis (CA) Amendment. Had I been present, I would have voted "aye" on the Goode Amendment and "no" on the Davis Amendment.

TO CONGRATULATE MEMBERS OF THE WESTPORT VOLUNTEER EMERGENCY MEDICAL SERVICE (WVEMS) FOR THEIR OUTSTANDING WORK

HON. CHRISTOPHER SHAYS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 20, 2004

Mr. SHAYS. Mr. Speaker, it gives me great pleasure to congratulate the Westport Volunteer Emergency Medical Service (WVEMS) on their Quarter Century Anniversary for their outstanding work.

The men and women who dedicate their time and energy to the WVEMS are shining