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DELAYING LNG PROJECTS IS NOT THE ANSWER

By Carl Gustin, President, New England Energy Alliance

There is no better example of the need for political leaders to step back from opposition to vital energy projects and work together to meet New England's energy needs than the reactions to the Coast Guard's draft environmental impact statement on one of the two LNG terminals proposed off the coast of Gloucester.

Calls in the *Gloucester Daily Times* on July 7 for further delay in the permitting process ignore the region's energy needs; make false choices about energy supplies; and undermine the potential value of such projects to the community.

The region's needs for additional natural gas supplies are well known. Natural gas demand increased 70 percent in just the past decade, primarily because of new power plants using clean-burning natural gas. Nearly half the electricity in the region is produced using natural gas. As a result, the two proposals off the coast of Gloucester, and others throughout the region, deserve careful -- but also timely -- consideration by appropriate officials.

Organizations such as the ISO New England; the New England Governors' Power Planning Committee; the Federal Energy Regulatory Commission; and the New England Energy Alliance warn that the region's natural gas supply outlook is tenuous at best -- with shortages as early as 2008 if new supplies are not added.

Political leaders are very much aware of these concerns. So they appear disingenuous when they say need for the project has not been established.

Some comments also suggest we can choose either natural gas, more energy efficiency or wind power projects to meet our future energy needs. These are false choices. New England more than any other region in the country needs to pursue all energy options or suffer the economic consequences of even higher and more volatile energy prices and poor reliability of service.

Offshore LNG facilities need bases of operations. Their on-shore operations are taxable and they hire employees. Their owners might even work with city leaders to develop cooperative arrangements that add value to a relationship. But that's less likely to happen when the integrity of project proponents is attacked; the permitting process is called "a joke;" and the Coast Guard is accused of being "glib."

Constructive comments on the draft environmental impact statement are important and will no doubt be addressed by the Coast Guard in its final EIS. State environmental officials are seeking additional information as well. Many aspects of the project need to

be considered, including the region's energy needs. No large scale energy project is without some environmental impact. Sincere efforts to mitigate those impacts can go a long way toward achieving outcomes that meet, to a large extent, the needs of all interested parties.

A timely permitting process and the vagaries of the energy markets will ultimately determine which projects get built. Further delay in the permitting process for either of the proposed projects off the coast of Gloucester, or elsewhere in New England, should not be part of the calculation.

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The New England Energy Alliance is a coalition of energy providers, business and trade organizations and others concerned about future energy supplies.