

## **GUEST VIEW: Indecision on LNG threatens region's economy**

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A year ago, the New England Council published a report that concluded more liquefied natural gas facilities are needed in New England before 2010 to meet increasing demand for natural gas and to avert shortages. The Power Planning Committee of the New England Governors Conference reported the same findings.

A more urgent conclusion was reached in a report prepared for the New England Energy Alliance by the Analysis Group. It concluded natural gas shortages in the region may occur as early as 2007 without additional natural gas supply sources. One inescapable conclusion is that siting and building new LNG facilities in New England is the most, if not only, realistic near-term option for bringing in substantially more natural gas supplies into the region.

The lack of LNG infrastructure development is not due to a lack of proposed LNG projects — numerous proposals to develop LNG terminals in New England have been announced and are currently being processed by federal regulators.

Policy makers should avoid calls for ad hoc studies and regional planning approaches that may only delay critical regulatory decisions. Siting processes and authority are well established: what is needed now is timely decisions to ensure that natural gas is available and affordable so the region's economic competitiveness and quality of life are sustained.

LNG supplies nearly 20 percent of the region's annual consumption of natural gas, increasing to over 30 percent during winter peak demand periods. LNG supplements natural gas supplies that are needed to heat over 2 million residences and 240,000 businesses in New England and to generate 42 percent of the region's electricity.

Canada may augment the region's natural gas supplies, but it should not be considered a substitute for facilities in New England given the added cost of transportation from Canada and that country's own growing demand for natural gas.

Delays in decision-making for necessary projects are costly. The New England Council's report noted that the economic consequences of a two-year delay in natural gas system infrastructure construction planned for the region — pipeline or LNG — could cost New Englanders approximately \$3 billion by 2010 in higher natural gas prices. The price of natural gas in New England has already almost doubled over the past several years.

The completion of ongoing reviews of LNG projects is critical, and public officials concerned about the region's economy should urge timely action. These are difficult and unpopular decisions in certain circles, but hard choices are a necessary measure of true leadership.