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Court Blocks AES LNG Plant In Baltimore

BY JEFF BEATTIE

In the first decision backing state jurisdiction over the siting of liquefied natural gas terminals since Congress acted in 2005 to boost federal siting authority, a U.S. district court ruled last month that despite the enhanced federal jurisdiction, Maryland officials had authority under U.S. coastal management law to impose serious restrictions on a proposed LNG facility in Baltimore.

The decision by Judge Richard Bennett of the U.S. District Court for the District of Maryland presents a serious challenge to the proposed Sparrows Point LNG terminal, which AES Corp. hopes to build in the Port of Baltimore. AES appealed the decision last Wednesday to the U.S. Court of Appeals for the Fourth Circuit in Richmond, Va.

In his June 22 decision, Bennett upheld a recent zoning change by Baltimore County that would prohibit construction of Sparrows Point on the currently planned site

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Green Group Sues MMS Over OCS Leasing Plan

BY CHRIS HOLLY

Capping an intense, months-long debate on Bush administration plans to open sensitive Alaskan offshore lands to fossil fuel extraction, environmental group Center for Biological Diversity has asked a federal court to review the Minerals Management Service's five-year Outer Continental Shelf oil and natural gas leasing program, saying the plan fails to consider potential impacts on U.S. greenhouse gas emissions and wildlife habitat.

The Minerals Management Service (MMS) 2007-2012 Outer Continental Shelf (OCS) Oil and Gas Leasing Program, which took effect Sunday after being signed Friday by Interior Secretary Dirk Kempthorne, schedules 21 lease sales in eight planning areas in the Gulf of Mexico, Alaska and Virginia.

The plan, which is identical to a final plan issued for public comment in April, calls for a dozen lease sales in the Gulf, a single lease sale 50 miles off the coast of Virginia and eight lease sales offshore of Alaska. MMS estimates that the program could produce 10 billion

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Southern Co. Identifies Offshore Wind Resources

Georgia utility behemoth Southern Company

BY JASON FORDNEY

has identified two sites off the state's coast suitable for development of a wind farm, but the company said the discovery will not change its well-publicized and determined opposition to a congressional proposal to require power companies to obtain a percentage of their electricity from renewable resources.

Southern Co., along with the Tennessee Valley Authority and Duke Energy, led the opposition to a Senate pro-

posal to establish a national renewable portfolio standard (RPS) that would require utilities by 2020 to obtain 15 percent of their power from renewable resources such as wind and solar energy.

The utilities asserted that southeastern states, in particular, lack sufficient wind resources to allow power companies to comply with the proposed mandate, which was offered by Senate Energy and Natural Resources Committee Chairman Jeff Bingaman (D-N.M.)

during debate on comprehensive energy legislation approved by the Senate last month. Bingaman ultimately withdrew his amendment after failing to secure the 60 votes needed to overcome a filibuster, a parliamentary delaying tactic.

Critics of the hard-line position on the RPS taken by Southern and the other utilities say it ignores the Southeast's abundant supplies of biomass, which can be co-fired in many existing coal boilers, and the region's rich solar resources.

Southern Co. last week released the results of a two year study conducted with the Georgia Institute of Technology that identified areas about five miles

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The Energy Daily will not publish on Wednesday, July 4, due to the Independence Day holiday.

Tacoma Public Utilities Chief Tapped To Take APPA Helm

The American Public Power Association announced Monday that its board of directors has named Mark Crisson, director of Tacoma Public Utilities in Tacoma, Wash., to the posts of president and chief executive officer at the national association of municipal and state-owned electric utilities effective in January.

Crisson, who has led Tacoma Public Utilities since 1993, will replace Alan Richardson, who announced last month he will retire at the end of the year after a dozen years at the APPA helm and 30 years at the association.

Crisson was director of Tacoma Power, the municipal utility, beginning in 1993, and in 1997 was given the top job at Tacoma Public Utilities, a post that involves supervising the city's water and rail services in addition to the municipal utility.

In 2003, Crisson chaired the APPA Board of Directors, completing an eight-year term on the board. He also served on the U.S. Secretary of Energy's Electricity Advisory Board, and is a past chairman of the Large Public Power Council.

APPA board chair Terry Huval, who

is director of public utilities for Lafayette, La., called Crisson "a nationally recognized leader who will provide vision, political savvy, dedication to member service, and managerial expertise during the extremely important years ahead."

Crisson joined the Tacoma public power system in 1975 as part of its power management group, and stayed eight years before leaving in 1983 to become power manager for Martin Marietta. In 1985 he was appointed to head Direct Service Industries, a trade association of aluminum companies in the Northwest that received power directly from the Bonneville Power Administration. Crisson became superintendent of Tacoma Power in 1987.

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barrels of oil and 45 trillion cubic feet of natural gas over 40 years and generate \$170 billion in net benefits to the United States.

But officials at the Center for Biological Diversity, an energetic environmental advocacy group based in San Francisco, said the program would foul some of the most environmentally sensitive regions in the nation and would generate more than 4 billion tons of greenhouse gases over the leases' lifetime.

"This plan is the culmination of the Cheney energy policy," said Kassie Siegel, director of the group's climate program. "It will further our national addiction to fossil fuels, contribute to global warming and at the same time directly despoil the habitat of polar bears and other imperiled wildlife."

Five of the eight lease sales would be in Alaska's Beaufort and Chukchi Seas, which lie off Alaska's northeast and northwest coasts, respectively, and are prime habitat for polar bears. Another lease sale is proposed for Alaska's Bristol Bay, which lies off the southwest quadrant of the state and is critical habitat for the North Pacific right whale, while two more sales are proposed for Cook Inlet, which is located in the southeast of Alaska and is home to endangered beluga whales and sea otters.

The North Pacific right whale likely is the world's most endangered marine mammal, while the U.S. Fish and Wildlife Service (FWS) is considering adding the polar bear to a list of threatened species for special protection under the federal Endangered Species Act. The agency's decision to consider listing the polar bear came in response to a court order triggered by a separate lawsuit brought by the Center for Biological Diversity, which earned its first environmental activist stripes—and the enduring enmity of the western ranching community—by successfully petitioning the government to protect the habitat of the spotted owl 15 years ago.

The MMS decision to proceed with its plans to open up much of Alaska's northern coast to oil and gas extraction, at the same time FWS is considering listing the polar bear under the Endangered Species Act, reveals a sharp schism between two key Interior Department agencies over the competing and conflicting goals of boosting domestic oil production and responding to global warming.

The split has caught the attention of Democratic lawmakers in Congress, who have begun to focus more closely on Interior's competing missions of increasing domestic oil and gas produc-

tion while ensuring that endangered or threatened wildlife are protected. Lawmakers also are concerned about the impacts of new drilling on Alaska's indigenous populations, which rely on hunting and fishing for their survival.

In a Friday letter to Kempthorne, Rep. Jay Inslee (D-Wash.), one of the House of Representatives' most outspoken advocates for reducing U.S. greenhouse gas emissions, said the MMS plan "threatens the ecologic and socioeconomic stability of Alaska's sensitive environment. And as long as the administration continues to pursue the current energy policy of drilling our way to independence, we fail to address the real consequences of significant [climatic] change."

In a separate letter, Sen. John Kerry (D-Mass.) urged Kempthorne to forgo opening the Chukchi and Beaufort Seas to production until oil spill cleanup technologies are available to ensure no harm comes to the region if a major spill occurs.

In comments filed on an earlier version of the MMS program, the Center for Biological Diversity castigated the agency's decision not to consider its program's likely impacts on U.S. greenhouse gas emissions.

In the draft environmental impact statement (DEIS) for the proposed program, MMS said that "consumption of the refined oil is not considered because the scope of this EIS is limited to issues that have a bearing on the decision for the proposed leasing program. Consumption of oil and gas is considered at a broader level when decisions are made regarding the role of oil and gas generally, including domestic production and imports, in the nation's overall energy policy."

The center called this reasoning "clearly nonsensical" and contrary to the mandates of the federal Outer Continental Shelf Lands Act and the National Environmental Policy Act.

"The MMS' failure to consider the greenhouse gas emissions of the oil and gas resources infects every aspect of the DEIS and the decision-making process," the center said. "The DEIS discusses only the greenhouse gas emissions from the exploration, development, production and transport of the crude oil, as well as decommissioning of the development infrastructure.

"While these emissions...are substantial, they are only a small fraction of the overall emissions of the program, since by far the largest component of greenhouse gas emissions will be from combustion of the oil and gas resources for energy."