U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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October 3, 2007

The Honorable Joe Barton
Ranking Republican Member
Committee on Energy and Commerce
2322A Rayburn House Office Building
Washington, D.C. 20515

Dear Ranking Member Barton:

As you know, H.R. 2830, the Coast Guard Authorization Act of 2007, has been sequentially referred to the Committee on Energy and Commerce. The bill has been reported separately by both the Committee on Transportation and Infrastructure and the Committee on Homeland Security. I would take this opportunity to bring your attention to three provisions which would establish new requirements and roadblocks that would effectively block or delay the construction or expansion of liquefied natural gas (LNG) terminals in the United States. I urge you to strike these provisions when your Committee considers this important bill.

The aforementioned provisions are summarized as follows:

Section 708. Homeland Security Impact Review of Liquefied Natural Gas Facilities. The Committee on Homeland Security added a provision which would prohibit the Federal Energy Regulatory Commission from approving any construction or expansion of an LNG regasification facility unless the Secretary of Homeland Security first approves such action. This language would significantly change the new approval process that was included in the Energy Policy Act of 2005.

Sec. 328. Waterside Security around Liquefied Natural Gas Terminals and Liquefied Natural Gas Tankers. Section 328 would make the Coast Guard responsible for providing waterside security at LNG terminals and around LNG vessels and would prohibit the use of State and local government resources and personnel to provide security patrols unless they are first certified by the Coast Guard. Lastly, and most problematically, this section would prohibit the Coast Guard from approving a facility

security plan for an LNG facility unless the Coast Guard certifies that it has all of the assets necessary in the area to secure the facility. The Coast Guard strongly opposes this provision because it shifts the burden of securing the location from the facility itself to the Coast Guard. Under current law, all shore side facilities are required to provide security as part of the facility security plan without relying on government resources or capabilities. Industry is concerned that this last requirement is aimed to prevent operations of any LNG terminal since the Coast Guard will not be able to certify that it can provide 100 percent security 100 percent of the time. The Coast Guard contends that relying on only Federal resources may have the unintended consequence of making already vulnerable sites potentially more vulnerable.

Sec. 319. Registry endorsement for LNG vessels. This provision would require vessels and floating facilities that regasify LNG to be inspected by the Coast Guard as a vessel and to be documented with a registry endorsement. This language would require a vessel or facility to be drydocked every five years and to comply with vessel safety and construction standards. This language is intended to directly block the development of a floating regasification facility in Long Island Sound that has been jointly proposed by Shell and TransCanada. As currently designed the terminal will lack several systems and components, including an independent propulsion system, which would be necessary to operate the platform as a vessel.

I am deeply concerned about the effects that these provisions could have on industry's ability to meet our Nation's increasing natural gas demand. Natural gas is a cost-effective, clean-burning alternative to foreign sources of oil, and Congress should encourage the use of this resource rather than making it more difficult to deliver clean energy to Americans' homes.

I thank you for your attention to these matters and for your continued assistance to support the critical Coast Guard authorities and resources that are contained in this bill. For questions or further information please contact me or Amy Steinmann (5-9446) at the Committee on Transportation and Infrastructure.

Sincerely,

John L. Mica
Ranking Republican Member