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 Virginia Stephens
10/01/2001 05:41:05 PM

Record Type: Record

To: Andrea Sarzynski/WHO/EOP@EOP
cc:
Subject: Comments from BP Regarding Streamlining of LNG Import Terminal P ermits

----- Forwarded by Virginia Stephens/CEQ/EOP on 10/01/2001 05:44 PM -----

 "Busch, James G" <buschjg@bp.com>
10/01/2001 03:48:32 PM

Record Type: Record

To: Edward A. Boling Energy Task Force/CEQ/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: Comments from BP Regarding Streamlining of LNG Import Terminal P ermits

Attached are the comments of BP regarding suggested improvements to streamline the process of permitting new Liquefied Natural Gas Import Terminals in the U.S. Thank you for the opportunity to participate in this effort. Please contact me for any questions or clarifications regarding our comments.

<<Energy Streamlining Task Force.doc>>

Jim Busch
BP Energy - Regulatory Affairs, Room 4.432
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 - Energy Streamlining Task Force.doc

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Comments to the Energy Streamlining Task Force

Project: Liquefied Natural Gas (LNG) Import Terminals

Entity Proposing the Project: BP Gas & Power

BP Gas & Power is one of four business streams that comprise BP p.l.c., the holding company of one of the world's largest petroleum and petrochemicals groups. The main activities of BP's other three streams are exploration and production of crude oil and natural gas; refining, marketing, supply and transportation; and manufacturing and marketing of petrochemicals.

Description of the Project

Today BP has access to major gas reserves in key basins around the world. The United States needs access to new natural gas supplies, particularly to meet growing gas-fired electric power generation demand; and BP is interested in helping to supply the needs of U.S. gas consumers.

BP believes that a critical part of the U. S. natural gas portfolio will be gas imported to the U.S. in the form of LNG. An LNG import project is complex and begins with producing the gas overseas, gathering and liquefying the gas by cooling it in a liquefaction plant to approximately minus 260 degrees Fahrenheit, transporting the LNG in tankers at atmospheric pressure to an LNG import terminal located in the U.S., and offloading, storing and regasifying the LNG for delivery into the U.S. pipeline grid to domestic gas consumers.

BP Gas & Power is pursuing opportunities for constructing liquefied natural gas LNG Import Terminals in the U.S., for importation of gas from our foreign gas fields. Exact sites for the terminals have not yet been determined, but port areas must be available for receiving LNG tankers.

Construction and operation of LNG terminals in the U.S. fall within the jurisdiction of the Federal Energy Regulatory Commission (FERC) and are subject to regulations promulgated by the Department of Transportation. The FERC enforces and manages the DOT terminal requirements. To receive FERC approval for constructing an LNG terminal, BP must prepare and submit an application that includes 13 Resource Reports. The requirements for these reports are outlined in 18 C.F.R. 380.12 and in Appendix A to Part 380. These reports include detailed information concerning the site, the design and the environmental and safety impact the terminal will have on the environs. An Environmental Impact Statement (EIS) is subsequently generated by FERC (at the applicant's expense) from the information reported in the resource reports, pursuant to requirements of the National Environmental Policy Act (NEPA). If approved by FERC, following public hearings, BP is issued a Certificate of Public Convenience and Necessity and construction of the terminal can proceed. Presently, this FERC review and approval process can require up to 18 months; and companies do not proceed with detailed engineering until the approval is granted.

Other Agencies Involved

Permits from other federal, state and local agencies must also be acquired. BP must submit information to the U. S. Army Corps of Engineers for a dredging permit to

meet the requirements of the Rivers & Harbors Act, Section 10. The Corps also issues a dredging permit per the requirements of the Clean Water Act, Section 404.

The EPA has delegated to state environmental agencies permitting per the Clean Water Act, Section 401. These state agencies are also engaged in air permitting and will require a National Pollution Discharge Elimination System (NPDES), a Non-Attainment New Source Review and Prevention of Significant Deterioration Permit. (See the attached Table for a list of other agencies involved in the permitting process.)

Reason for Bringing the Project to the Task Force's Attention

BP is submitting these comments in the hope that inefficiencies, redundancies and unnecessary costs can be eliminated from the permitting process in order to expedite LNG import terminal projects and make them more economically competitive with alternative energy supply projects. The long lead-time the current permitting process entails leads to greater uncertainty and increased costs that make LNG import terminal projects more difficult to justify and reduce U.S. consumer access to this important potential supply of natural gas.

Suggestions for Improving the Process

BP has been engaged experienced engineering and environmental contractors to evaluate and prepare the company for the permitting requirements to construct an LNG terminal. Based on the work in progress, BP submits the following recommendations to the Task Force for their consideration.

- Remove duplication of efforts to meet the NEPA requirements. Consolidate the Resource Reports and the Environmental Impact Statement into an activity compiled and completed by one environmental consultant.
- Decrease the extent of engineering design required for Resource Report 13. Presently, applicants must accelerate engineering to submit a design to FERC. Much of the engineering design completed is not specific to environmental issues. The process can be streamlined by allowing the applicant to complete preliminary engineering for the Resource Report and then encouraging FERC to exercise their right to review at the appropriate times of project development. 18 CFR 380.12 outlines the requirements for Resource Report 13. Item 5 requires the manufacturer's specifications, drawings and literature for fail-safe shut off valves at a marine terminal. Item 6 requires that a layout of the fuel gas system with all taps and process components be provided. Both of these requirements would normally be executed in during detailed engineering when the project is approved for execution.
- Improve staffing levels of the reviewing agency to accelerate the process. The NEPA process presently requires up to 18 months for completion of the EIS, public comments, hearings and project approval.
- Make readily available to the applicant FERC's checklist for evaluation of the project's Resource Reports.
- Appoint someone in federal government who is responsible for balancing input from all federal agencies. Other federal agencies can place mandatory

conditions on the permit that FERC then passes through to the applicant. This places the burden on the applicant to litigate any conditions that may not be necessary or required. The federal agencies should work together to evaluate all conditions placed on the permit before sending back to the applicant.

- Expedite adoption of industry standards for the design and construction of LNG facilities. Document any exceptions to the industry standards and make available to applicants.
- Allow applicant to begin certain site development work while the approval process is taking place. FERC and applicant can agree to what extent early work can be undertaken.

The following table shows a summary of the permits and approvals for a typical LNG Import/Regasification Terminal. Some of the permits and approvals are dependent on a threshold or particular circumstances that we do not yet know will apply.

Table 1: Example of Permits and Approvals Required

Permit	Entity	Notes
Certificate of Public Convenience and Necessity (CPCN)	FERC	
Rivers and Harbors Act Section 10 Permit	USACE	Needed for dredging and channel maintenance/use
Clean Water Act Section 404 Permit	USACE	Filed jointly with State Wetlands and Waterways Permit
Endangered Species Act Section 7 Consultation	USFWS/ NMFS	
State Threatened and Endangered Species	State Natural Heritage	
State Tidal Wetlands Permit	State DE	Filed jointly with Section 404 Permit
Clean Water Act Section 401	State DE	Needed for dredging
NPDES	State DE	Point sources (storm water and heating water)
Non-attainment New Source Review	State DE	Required if exceed thresholds
Prevention of Significant Deterioration (PSD)	State DE	Air
Dredge material disposal site approval	State PA	Use of dredge disposal site
National Historic Preservation Action Section 106 Consultation	State SHPO	Also includes state level consultation
Costal Zone (CZMA)	DNR	Coastal Zone Consistency Statement
State Critical Areas	DNR/City	Calculations for nutrient loads
Erosion and Sediment Control/Grading Permit	City	
Building Permit	City	
Storm water management approval	City	
Floodplain approval	City	For use of 100 year floodplain
Sewer Connection	City	

BP Amoco



FAX

Date: 10/2/01

Number of pages including cover sheet: 6

To: Council of Environmental Quality,
Executive Office of the President
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Washington, DC 20503

Phil

ATTN: TASK FORCE

Phone: _____

Fax phone: 202/456-6546

From: James G. Busch
BP Amoco

Phone: 281-366-3531

Fax phone: 281-366-5090

REMARKS: Urgent For your review Reply ASAP Please comment

Emailed copy yesterday, October 1, 2001. Wanted to follow-up by fax.

Jones, Marion G.

From: Busch, James G
Sent: Monday, October 01, 2001 2:49 PM
To: Jones, Marion G.
Subject: FW: Comments from BP Regarding Streamlining of LNG Import Terminal Permits

-----Original Message-----

From: Busch, James G
Sent: Monday, October 01, 2001 2:49 PM
To: Energy Streamlining Task Force (E-mail)
Cc: Bainbridge, Phil J; Skelton, Cindi K; Rios, Aleida G; Kolb, Fredrick T; Chapman, Neil A.; Beaudon, Daren J; Miller, Brian W (DC); Benham, Bill T; Beppler, Laurie J
Subject: Comments from BP Regarding Streamlining of LNG Import Terminal Permits

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Energy Streamlining
Task Force...

Jim Busch

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Fax: (281)366-5090*

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Dredge material disposal site approval	State PA	Use of dredge disposal site
National Historic Preservation Act Section 106 Consultation	State SHPO	Also includes state level consultation
Costal Zone (CZMA)	DNR	Coastal Zone Consistency Statement
State Critical Areas	DNR/City	Calculations for nutrient loads
Erosion and Sediment Control/Grading Permit	City	
Building Permit	City	
Storm water management approval	City	
Floodplain approval	City	For use of 100 year floodplain
Sewer Connection	City	