

LNG and CEQA: A Case Study

By

Stacey E. Crouch¹

The process of permitting an LNG terminal is a new experience for most of us in California. It is a confusing mix of local, state and federal regulations that vary by project, location, and lead agency status. This morning I would like to share some of the Port of Long Beach's experiences with you. A little over two years ago a company called Sound Energy Solution, or SES, approached the Port looking for property on which to site an LNG import terminal. We had what appeared to be an ideal site.

It is located in a section of the Port that had previously been home to a naval shipyard, and is surrounded by water on two sides, and a container terminal and a lumber terminal on the other two sides. SES proposes to build a \$400 million facility that would supply up to one billion cubic feet per day of natural gas to local transmission and distribution systems. The facility would include a new berth structure, two big LNG storage tanks with pumps and piping, a fueling station for local LNG deliveries, and hazard detection, control, and prevention systems.

One of our first steps was to meet with the Federal Energy Regulatory Commission, or FERC. They were the federal lead under the National Environmental Policy Act or NEPA and would be preparing the environmental impact statement portion for the project. FERC was a new experience for us, with a whole new set of regulations and acronyms to learn, and a very different approach to NEPA than our usual federal lead, the Army Corps of Engineers. FERC's authority comes from the Natural Gas Act. FERC is responsible for authorizing the construction, operation, and licensing of interstate natural gas pipelines, and it also authorizes the construction and siting of facilities for the import or export of natural gas, which is where the Long Beach project comes in.

FERC had worked in California only twice before; both times on inland pipeline projects and both times with State Lands as the state lead agency. FERC's experience in California was limited and they had never worked on a project involving the California Coastal Act. The port, on the other hand, is very familiar with California's regulations, particularly CEQA and the Coastal Act. In most cases, the Port is in the unusual position of being the land owner, the public agency (we are a department of the City of Long Beach), the Coastal Act permitting agency, and often as the project proponent for its own projects within its Harbor District. CEQA says the lead agency is either the one that will carry out the project, or the one that has responsibility for approving the project, or the one that will act first. For the LNG project, as for most projects we deal with, the Port is all three. Accordingly, the Port is acting as the state lead under CEQA and is preparing the Environmental Impact Report portion for the project.

I mentioned the California Coastal Act and our authority to issue permits. The Coastal Act is a key element of the port's role in the project and the main difference between the Port's requirements and FERC's. The act's goal is to maintain California's ports, which are seen as powerful economic engines. Under chapter 8 of the act, each port is required to prepare a Port Master Plan, which is very similar to a general plan. Once the Coastal Commission certified our Port Master Plan we were given the authority to act essentially as an arm of the Coastal Commission and to issue Coastal Development Permits for projects that have been considered in the Port Master Plan.

¹Senior Environmental Specialist, Planning Division, Port of Long Beach, 925 Harbor Plaza, Long Beach, CA 90802

Certain types of development, new land creation for example, require amendments to our Port Master Plan. The site of the proposed LNG terminal is in the Terminal Island Harbor Planning District, an area where hazardous cargos are permitted. However, because LNG is not specifically listed, we will need to amend our Port Master Plan to include that commodity.

As you are aware by now this project is not the only one proposed here in California. The Long Beach proposal is different in being an on-shore terminal. That has definite advantages but also definite disadvantages. Part of our task as lead agency is to describe the balance between the advantages and the disadvantages.

First I'll describe some of the project's advantages. The site would need minimal dredging. The Port of Long Beach is considered a deep-water port, meaning that most of the channels, basins, and berths are already at a depth that can accommodate larger ships. The Port is an industrial setting; it is zoned Port-Related Industrial and the permitted uses include land uses such as primary and port-related facilities, hazardous cargo facilities, ancillary port facilities (like sport fishing centers), commercial and recreational facilities; oil and gas production and utilities; and even some non-port uses such as light industry and auto salvage and repair shops.

Currently, LNG is supplied from sources hundreds of miles away. The proposed project would include a truck fueling station. That element would ensure a steady, local supply of LNG which would promote clean fuel uses such as marine terminal equipment, garbage trucks, buses and so forth. This site is very close to the existing Southern California Gas pipeline system. In fact, it's only about two miles, which I am told is next to nothing in the pipeline biz. That means that natural gas could be economically and reliably supplied to local power plants and utilities. An on-shore facility in an existing port would have security advantages. The Coast Guard has a large base in the Los Angeles/Long Beach port complex and their mission [is to be always prepared to assist mariners in distress and to enforce the laws of the united states on the sea](#). The Coast Guard's Marine Safety Office responds to environmental issues, such as hazardous material spills that may occur in the two ports. The local Coast Guard group has been developing safety requirements for LNG transports, including maintaining moving safety zones. The Port of Long Beach has its own security force, called the Harbor Patrol. They are responsible for the day-to-day landside security for all facilities being operated by the port, including some in-water activities. In addition, each terminal is required by the Office of Homeland Security to have its own security plan.

That's not to say that there are no disadvantages to an on-shore LNG facility. There would be short-term impacts to navigation because vessel traffic in the nation's largest port complex would have to accommodate the required Coast Guard moving safety zones around the LNG ships, and there could be no two-way traffic while an LNG ship is in the harbor.

The big issue – the one we've all heard about – is the risk that an onshore LNG plant poses, at least in the eyes of the public. The facility is approximately 1 ½ half miles from downtown Long Beach and there are residences as close as 1 ½ to 2 miles from the facility. This is where the major difference between the Port's and FERC's requirements occurs. FERC is required to do a siting study followed by a hazards analysis based on credible versus incredible scenarios. The Port, however, has a different mandate; both CEQA and the Coastal Act require that a hazards analysis be based on worst-case scenarios. The port's analysis is underway but not yet complete so I can't tell you what it will show, but it will be finished soon, and we will incorporate the results into the EIS/EIR.

The Port's hazards analysis is looking at the probability of each of the scenarios we have defined actually happening, which brings me to the last disadvantage – the facility as a potential terrorist target. Terrorist attacks are in a lot of people's minds, so we have included them in the scenarios we are evaluating. While I might agree the Port could be a target because things such as dirty bombs could be smuggled in containers, I think our consultants have made a very strong case that this particular facility does not make a good target. The Ports are surrounded by refineries and petroleum product storage tanks which are larger and more accessible, there are several large amusement parks within 30 miles of the Port, and downtown Los Angeles is also within 30 miles. Any one of these would be a much more attractive target than this facility. Nevertheless, we need to evaluate the risk – and consequence – of terrorist acts as well as pure accidents and failures as accurately as we can.

I hope I've shown here that the Port of Long Beach's circumstances in California's current LNG import terminal permitting race are unique and challenging and that we are dealing with the SES project on behalf of the State as trustee and as CEQA representatives; on behalf of the citizens of Long Beach as a city department; and on behalf of the Coastal Commission as the permitting agency.