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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 REGION III
 1650 Arch Street
 Philadelphia, Pennsylvania 19103-2029

November 15, 2012

Kimberly D. Bose, Secretary
 Federal Energy Regulatory Commission
 888 First Street NE, Room 1A
 Washington, DC 20426

RE: EPA Region 3 Scoping Comments in Response to FERC's Notice of Intent to Prepare an Environmental Assessment (EA) for the Planned Cove Point Liquefaction Project; FERC Docket No. PF12-16-000

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Dear Secretary Bose:

The U.S. Environmental Protection Agency (EPA), Region III Office, has conducted a review of the above Notice in conjunction with our responsibilities under the National Environmental Policy Act (NEPA), the Clean Water Act (CWA) and Section 309 of the Clean Air Act. As part of the FERC pre-filing process of soliciting public and agency comments for development of the EA, EPA offers the following scoping comments.

The NOI describes Dominion's proposal to add an LNG export terminal to its existing LNG import terminal on the Chesapeake Bay in Lusby, Maryland. The new terminal would have capacity to process and export up to 750 million standard cubic feet of natural gas per day (0.75 billion cubic feet/day). Facilities would include:

- Natural gas fired turbines to drive the main refrigerant compressors;
- One or two LNG drive trains and new processing facilities;
- 29,000 to 34,000 additional horsepower compression at its existing Loudon County, VA Compressor Station and/or its existing Pleasant Valley (Fairfax County, VA) Compressor Station;
- Additional on-site power generation
- Minor modifications to the existing off-shore pier;
- Use of nearby properties and possible relocation of administrative functions

The Project would not include new LNG storage tanks or an increase in the size and/or frequency of LNG marine traffic currently authorized for the Cove Point LNG Terminal. The NEPA document should include a clear and robust justification of the underlying purpose and need for the proposed project. In order for the project to move forward, FERC would need

to issue a certificate of “public convenience and necessity”. We recommend discussing the proposal in the context of the broader energy market, including existing and proposed LNG export capacity, describing the factors involved in determining public convenience and necessity for this facility.

EPA recommends assessing the cumulative environmental effects resulting from implementation of the proposed project, when combined with other past, present and reasonably foreseeable future actions, regardless of whether these actions are energy related or not, or whether or not FERC has jurisdiction over them. We recommend focusing on resources or communities of concern, or resources “at risk” which could be cumulatively impacted by all of the above actions. Please refer to the Council on Environmental Quality (CEQ) guidance on “Considering Cumulative Effects Under the National Environmental Policy Act”, and EPA’s “Consideration of Cumulative Impacts in EPA Review of NEPA Documents” for further assistance in identifying appropriate spatial and temporal boundaries for this analysis.

We also recommend expanding the scope of analysis to include indirect effects related to gas drilling and combustion. A 2012 report (<http://www.eia.gov/analysis/requests/fe/>) from the Energy Information Administration (EIA) states that, “natural gas markets in the United States balance in response to increased natural gas exports largely through increased natural gas production.” That report also indicated that about three-quarters of that increase production would be from shale resources and that domestic natural gas prices could rise by more than 50% if permitted to be exported. We believe it is appropriate to consider the extent to which implementation of the proposed project, combined with implementation of other similar facilities nationally, could increase the demand for domestic natural gas extraction and increase domestic natural gas prices. As part of this assessment, please discuss the extent to which implementation of the proposed project would create a demand for construction of new gas pipelines or expansion of existing pipelines, in order to accommodate the increased volumes of gas supplied to the Cove Point and other facilities.

In the air impact analysis for the Cove Point Project, we recommend considering the direct, temporary emissions from construction of all facilities, as well as permanent air emission impacts from facility operations, including all compressor stations and any vessel traffic related to LNG exports. Additionally, indirect and reasonably foreseeable cumulative impacts from past, present and future actions, when added to the incremental impacts of the Project proposed should be evaluated. These other actions should include FERC jurisdictional facilities and energy generating and transporting-related facilities, as well as actions or facilities which might have air emissions which could impact the same air receptors as the Project, including downstream combustion.

Please note whether construction or operation of the Project would involve any discharges to Waters of the United States, and whether it would affect the Chesapeake Bay Total Maximum Daily Load (TMDL) or any related Watershed Implementation Plans (WIPs).

As part of any environmental documentation, please include evaluation of the Project's direct and indirect impacts on the nearby Chesapeake Bay fisheries and fishermen (both recreational and commercial). Will any additional dredging of waterways be required to accommodate the vessels exporting LNG? What biosecurity controls and protocols will be instituted to prevent introduction of invasive species due to ballast water releases? Please include a discussion of how the Project will comply with the Magnuson-Stevens Fishery Conservation and Management Act, as amended by the Sustainable Fisheries Act of 1966 (PL 04-267)(Essential Fish Habitat).

Please express the volume of natural gas proposed to be exported in terms that the average reader can more easily understand. For example, in addition to indicating that the Project would be capable of processing an average of 750 million standard cubic feet of natural gas per day, also express that figure as an equivalent number of average homes this amount of gas could heat, or how many tankers, and of what size, this amount of gas would fill. Also, please calculate how many production wells, on average, would need to be drilled in order to produce this amount of gas.

The NOI states that the Project would not increase the size and/or frequency of LNG marine traffic currently authorized for the Cove Point LNG Terminal. Please discuss in the NEPA document whether this would be accomplished by reducing the volume of LNG imports to match the volume of proposed exports, or by employing some other approach.

Please indicate the number, location, size and capacity of the network of bidirectional pipelines from which the proposed Project would or could receive natural gas, and also indicate whether any of those pipelines would need to be expanded or modified in order to provide the volumes of gas anticipated.

Please indicate whether any aspect of the Project would trigger any requirements for hazardous waste management under the Resource Conservation and Recovery Act (RCRA) or other Federal statutes involving management of such waste.

The proposed Dominion Cove Point facility represents one of sixteen (16) applications currently pending before the U.S. Department of Energy (DOE) for approval to export LNG to countries which do not have Free Trade Agreements (FTA) with the United States. At this time, it appears that only one facility has been initially granted full approval (Sabine Pass in Cameron Parish, Louisiana). Although we are aware of the DOE national study in progress on the cumulative *economic* impacts of allowing natural gas exports, EPA believes that the Cove Point NEPA process represents an opportunity for FERC and DOE to jointly and thoroughly consider the indirect and cumulative *environmental* impacts of exporting LNG from Cove Point. The environmental study of the Cove Point Project should be a comprehensive and robust evaluation of potential impacts, which may require a higher level analysis particularly in consideration of the potential for significant cumulative impacts and the level of community interest.

Thank you for the opportunity to comment on this Notice. EPA welcomes the opportunity to discuss these topics by phone or in-person, at your convenience. If you have any questions concerning these comments, please contact Mr. Thomas Slenkamp of this Office at (215) 814-2750.

Sincerely,



Jeffrey D. Lapp, Associate Director
Office of Environmental Programs

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