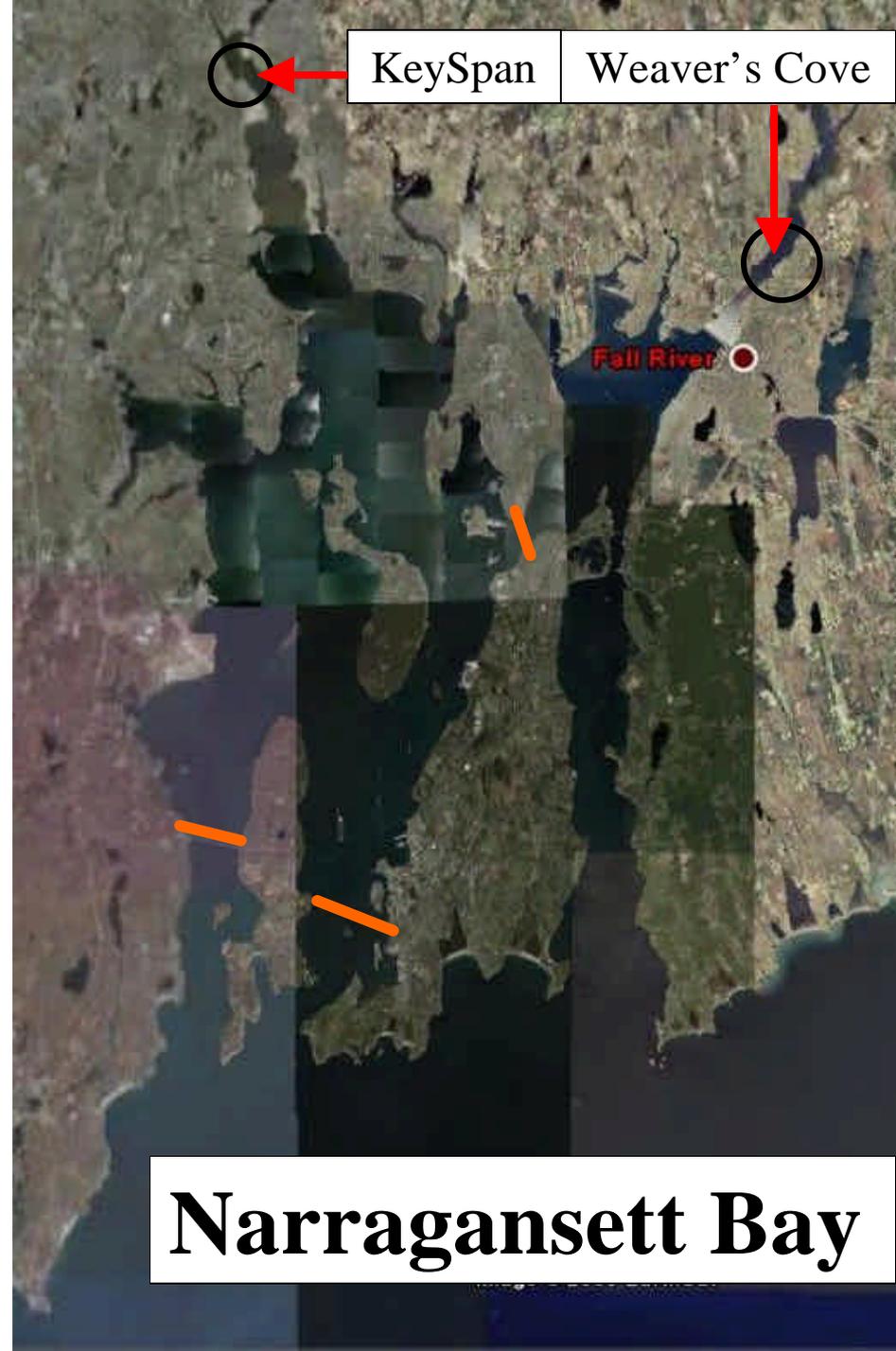


LNG

State Issues

Rhode Island and LNG

- KeySpan LNG
 - Providence, RI
- Weaver's Cove LNG
 - Fall River, MA

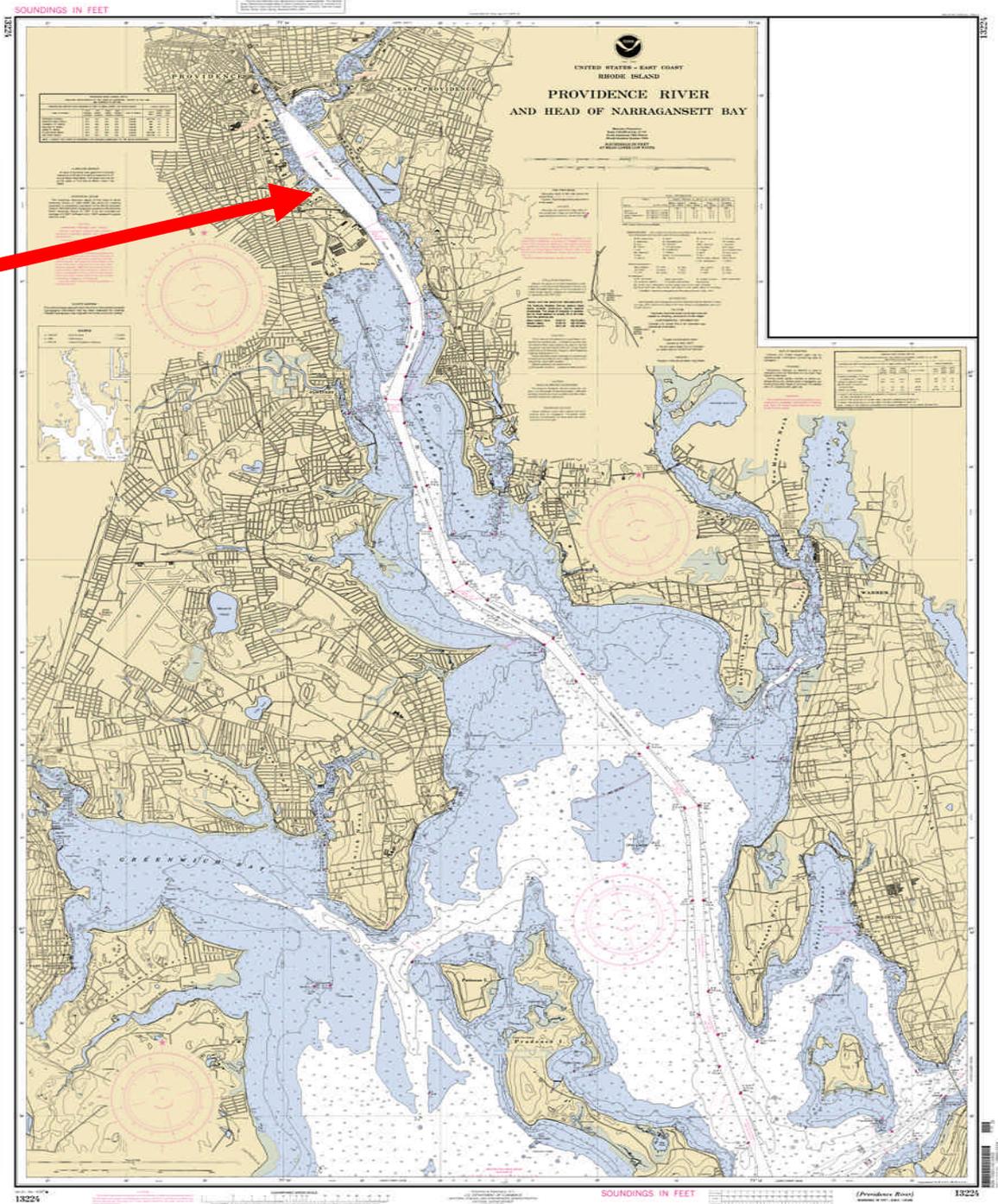


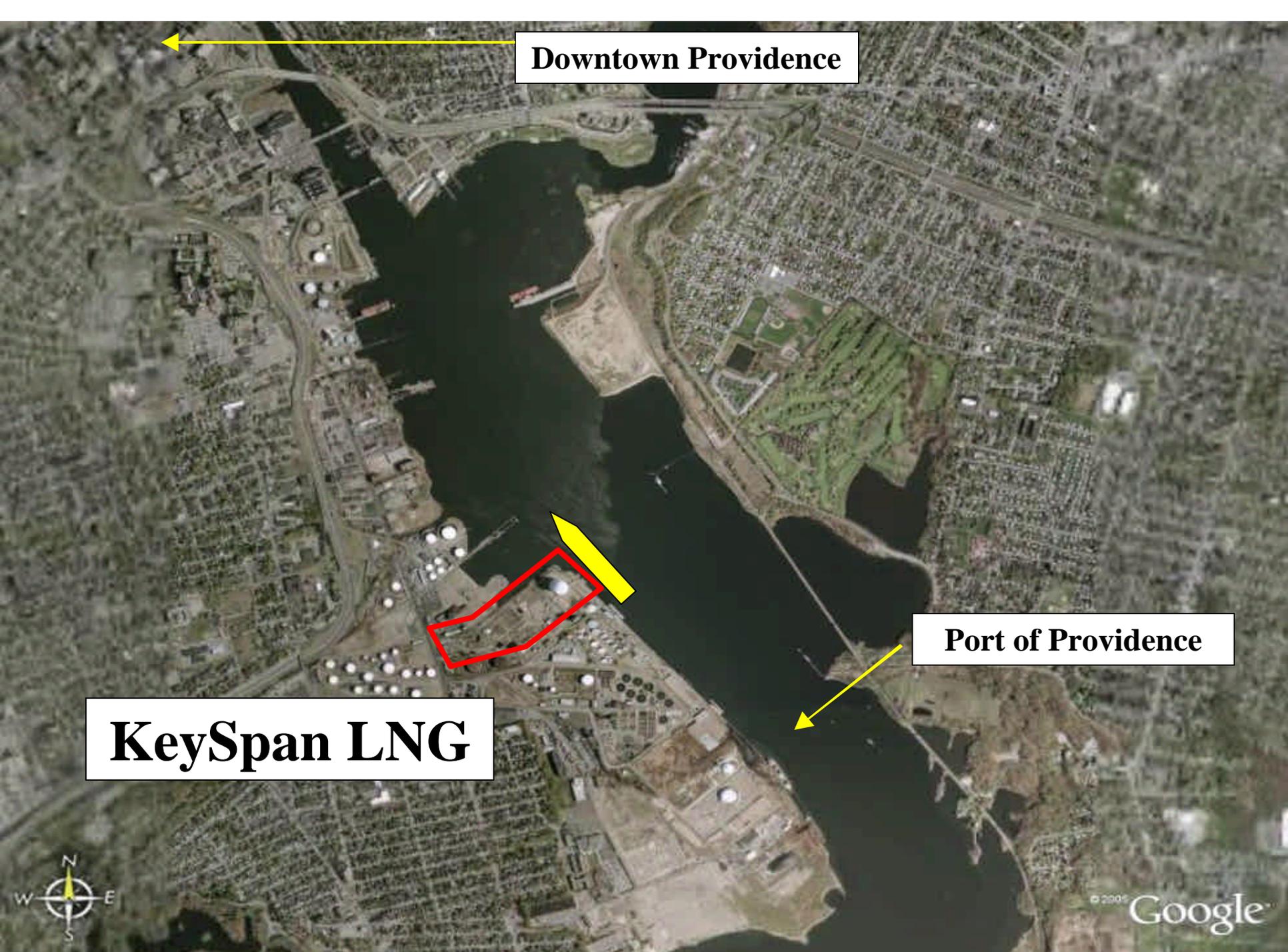
KeySpan LNG

- Located at an Existing LNG facility
- In Operation for almost 35 years
- Only LNG facility in state
- Currently a storage facility
- Used for “Peak Shaving”

KeySpan LNG Facility

Upper
Narragansett Bay





Downtown Providence

Port of Providence

KeySpan LNG



KeySpan LNG Proposal

- Modify an existing LNG facility
 - From Peak Shaving Use To Base Load
- Modify delivery method
 - From Truck-fed To Ship-fed
- Convert from a Peaking facility (Truck-fed) to a Base Load (Ship-fed) facility
 - Through-put = one (1) ship per week
- Proposed Work Considered Maintenance

Regulatory Response

- Berthing in Federal Channel not preferred
 - 2003: ACOE Completed \$54 million maintenance dredging project of Providence River/Harbor
- Significant Dredging and Disposal needed but not addressed
 - Preferred Berth: adjacent to Facility
 - Approximately One (1) million cubic yards

KeySpan LNG Proposal

CAD Cells

Federal Navigation Project



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Pointer 41°48'11.57" N 71°23'18.88" W elev 0 ft

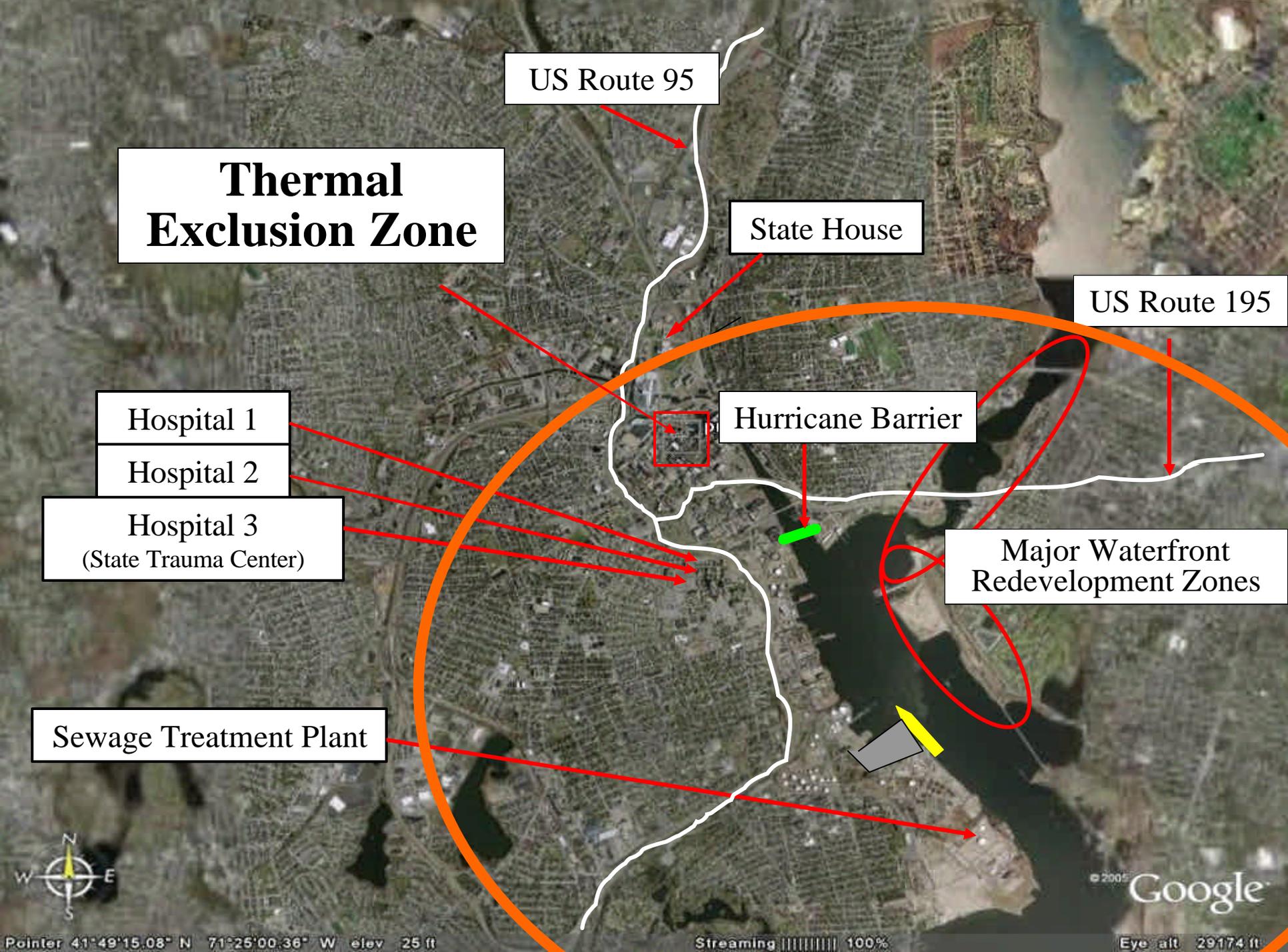
Streaming ||||| 100

Eye alt 14561 ft



Regulatory Response (con't)

- Thermal Exclusion Zone extends to
 - Three Hospitals
 - One of which is state trauma center
 - Largest Sewage Treatment facility in state
 - Oil Terminals
 - Hurricane Barrier
 - Major Transportation Corridors
 - Highly populated residential areas
 - State Capitol



US Route 95

Thermal Exclusion Zone

State House

US Route 195

Hospital 1

Hurricane Barrier

Hospital 2

Hospital 3
(State Trauma Center)

Major Waterfront Redevelopment Zones

Sewage Treatment Plant



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Regulatory Response (con't)

- Original Facility Design does not meet the Standards Required for Current LNG Facility
 - Built on Filled Lands
 - No pilings sub grade
 - No Facility design plans that address Earthquakes
 - Issue of Liquefaction during a Seismic Event
 - Design Life of 25 years has been exceeded

FERC Decision & Timeline

- Not a Modification/Maintenance Project
 - Therefore, Must meet current safety standards
- Application Denied
- KeySpan Disagreed, and is Appealing Decision
- FERC Granted Indefinite Continuance to Appeal Notice

Regulatory Issues

- No Regional Alternative Siting Analysis
 - Although regional need is acknowledged
- Canadian Plants' throughput will exceed Algonquin Pipeline capacity when on-line
 - Current Infrastructure Not Capable of Handling Additional Gas
 - FERC does not Require Significant Upgrades to Infrastructure

Regulatory Issues (con't)

- Proposed Off-Loading Facilities Located on State Property (submerged lands)
 - Therefore separate CRMC (state) permit required
- KeySpan Challenged RI CRMC position
- Because of FERC's Decision to allow a Continuance, Federal Court Decision on State Permit Requirement put in Abeyance

What Should We Do?

- Push FERC to be more Pro-Active
 - Analyze Capacity of System v. Point of Entry load
 - Require Infrastructure Upgrades if Necessary
 - Regional Siting Capacity
 - Enlist CZM as Cooperating Agency
 - Seems Process is entirely Market-Driven
- FERC should establish Performance Standards