

NYSERDA

Thomas Congdon, Chairman of the State Energy Planning Board,

Re: Comments on 2009 Draft State Energy Plan in Opposition to the Safe Harbor Energy Proposal

Dear Chairman Congdon,

Thank you for the opportunity to comment on your 2009 Draft Plan.

However, I am dismayed and taken aback that the NYS Energy Planning Board is even considering, in its 2009 Draft Energy Plan, Atlantic Sea Island's Safe Harbor LNG proposal as a future source for natural gas.

When Gov. Paterson came to Sunken Meadow State Park, Long Island last year to announce his rejection of Broadwater, he gave a stirring speech about moving toward renewable energy technology and how he would set a renewable energy policy that would make NY the model for the rest of the country. I was thrilled by his speech and told him so directly.

As the Draft energy plan states: "In his 2009 State of the State address, Governor Paterson reaffirmed New York's commitment to achieve high levels of energy efficiency by announcing the „45 by 15" clean energy goal, which challenges the State to meet 45 percent of its electricity needs by 2015 through increased energy efficiency and renewable energy."

In its response to the Governor's objectives, the goals and strategies of the 2009 Draft Energy Plan show a commendable awareness of current environmental, economic and public health and safety issues related to energy production and use, and reads like an environmentalist's dream. Yet when it proposes the means to achieve these goals, it jumps to the *proposed LNG facilities, Safe Harbor Energy (Long Island) and Blue Ocean Energy & Liberty Natural Gas (NJ)* which may be readily available solutions for abundant natural gas energy, but which are in direct contradiction to most of the goals and strategies that the Energy Board and the Governor have set.

Since virtually all of LNG is imported from foreign nations, any LNG facility, including Safe Harbor Energy, most assuredly will not "*Improve Energy Independence*".

While the draft plan quotes estimations of tremendous increases in LNG imports over the next ten years, we must remember that these predictions are based on a national energy policy set by the past administration which favored oil companies (companies that would also build and maintain most of the proposed LNG facilities) and which was amenable to increasing our dependence on fossil fuels and foreign nations, as well as to outsourcing our jobs!

After the Energy Policy Act of 2005 gave the final authority on LNG sitings to the Federal Energy Regulatory Commission.(FERC), dozens of LNG facilities were proposed for the US, each importing massive amounts of liquefied natural gas (a fossil fuel – with all of the negative environmental effects that entails) from foreign

nations. By March 2008, 6 US facilities were operating, 25 were approved and 9 were pending. Some were approved by FERC in opposition to state officials (in MA and CA).

Safe Harbor Energy is not an interim solution, or as LNG advocates claim, "a bridge to renewable energy"; facilities like this will set our energy policy for the next 40 years or longer, and FERC's website anticipates that deliveries for each facility built will double in the next decade.

Hopefully, the Obama administration (and Gov. Paterson) will change the direction of this energy policy and move, as he pledged, toward renewable energy – thereby greatly minimizing these predictions and our dependence on foreign energy sources. Why isn't the New York Energy Board a leader in setting higher standards for energy independence instead of accepting and following the status quo?

Another goal of NYS is to *stabilize energy costs and improve economic competitiveness*, but how will Atlantic Sea Island's Safe Harbor Energy stabilize costs? Why would you expect Safe Harbor, built and maintained by a vague consortium of investors selling imported fuel, price-fixed by an LNG cartel, to provide natural gas at prices more stable than oil? On the contrary, it was investors who caused much of the inflation in oil prices.

When oil was peaking at \$130/barrel, at a conservative calculation, at least 60% of that price came from unregulated futures speculation by hedge funds, banks and financial groups using the London ICE Futures and New York Nymex futures exchanges and uncontrolled inter-bank or over-the-counter trading to avoid scrutiny. (*Speculators knock OPEC off oil-price perch, Asia Times Online, May 6, 2008*).

Oil and gasoline prices are set, not by supply & demand, but by the greed of oil companies, investors and cartels that artificially inflate prices thereby driving up the cost of every essential commodity in our society. How will that change if we now wed ourselves to an LNG-based supply?

Another large corporation and virtually the same foreign nations will still control and distribute the LNG without any price regulation. The process of producing, liquefying, transporting and regasifying LNG is extremely expensive. Houston's Institute for Energy, Law and Enterprise estimates that natural gas would have to be piped 700 miles offshore or over 2200 miles onshore before it would even approach the cost of this process.

LNG advocates claim this is a clean fuel, but, depending on the distance transported, up to 18% of the energy equivalent would already be expended in this process, releasing pollutants before it is even utilized. This is contrary also to the Energy Board's goal to *Produce, deliver and use all forms of energy more efficiently*.

If New York is serious about taking responsibility to reduce GHG emissions and doing its part to prevent the most severe impacts of global climate change, then it should take a second look at how much energy is wasted and pollutants released in the production and transportation of LNG. Also, while natural gas (methane) emits less carbon dioxide than other fossil fuels, methane itself is a powerful greenhouse gas, and the benefits of lower carbon dioxide can be lost if a significant fraction (greater than 5%) of the

methane leaks or is vented in the course of production, refining, storage and use. (Lockheed Martin, Qualitative Risk Assessment, 1998)

Although Safe Harbor Energy would be built 13 miles into the Atlantic Ocean, I do not believe it fulfills the objective of ensuring the safety of NY residents. Safe Harbor would be more vulnerable to hurricanes & tidal waves damaging storage tanks, increasing the possibility of intense pool fires and vapor clouds surrounding the facility. While pure LNG -- which is almost 100 % methane -- usually is thought to explode only in confined spaces, imported LNG contains about 14% explosive hydrocarbons, making it just as explosive as propane. (Coast Guard study titled "*LNG Research at China Lake*")

More vulnerable are the numerous tankers that would be transporting LNG to the facility. They are not only vulnerable to natural disasters, but according to the Congressional Research Service's Report (1/28/05), Congress is concerned about the implications of a major increase in LNG imports to the US since tankers may be attacked or commandeered for use as weapons against coastal targets.

It is a danger even after it is absorbed into our gas pipelines. In 2005, Washington Gas released a report blaming its supplier of liquefied natural gas for more than a thousand leaks in Prince George's County. The report concluded that the gas caused rubber seals within pipe couplings to shrink and leak. Washington Gas said the shrinkage was a major factor in the 1,400 leaks discovered in a 100-square mile swath of Prince George's after a District Heights house exploded in March.

The Draft Energy Plan cites a number of pipeline expansions and LNG facilities operating in the North Eastern US which would increase the supply of gas to NY and Long Island. These projects, along with the promised production of electricity through renewable energy technology, would negate the need for another LNG facility in this area.

However, if it were absolutely necessary to look to LNG to solve our energy needs until a renewable technology program was developed, there is a more acceptable technology than a massive LNG facility like Safe Harbor Energy.

Exceleerate Energy's Shuttle and Regasification Vessels (SRV) system addresses many of the environmental and safety concerns while supplying the demand for natural gas. Exceleerate's terminal is simply a deeply submerged buoy and riser system, connected to a pipeline, which could be located miles off the Atlantic coast. Specialized tankers connect to the pipelines that rise up from the ocean floor, regasify and deliver the LNG and depart. The SRVs then lower back down and lay on the ocean floor. Gulf Gateway Energy Bridge, located 116 miles off the Louisiana Coast has been operating successfully since April 2005.

After massive opposition to an LNG barge called Weavers Cove, Massachusetts accepted a compromise plan, approving two of these SRVs: Northeast Gateway and the Neptune Project, which together supply 1 bcf/d of natural gas. The company first submitted applications in 2005 -- the 2008 completion demonstrates how quick SRV turnaround is compared with Safe Harbor's design.

This technology poses few ecological or safety threats and no security costs to nearby communities, and, according to Forbes, it is cost effective. The buoy system is \$70 million and the price of customizing a tanker is \$25 million. (Forbes, "Bridging the Waters", 6/02/05) When we have implemented an energy policy based on renewable technology, it will be easy to shut down such terminals, and companies will have more than recouped their financial investments.

However, LNG is still a fossil fuel and we're still left with all the international ramifications: increasing our dependence on foreign nations, threatening our security, adding to global warming, weakening our economy and immersing ourselves in an energy source that will eventually run out. And one of the most unfortunate aspects of opting for a massive LNG proposal like Safe Harbor – costing at least one billion dollars – is that it will forestall, for the next forty years, implementing renewable energy technology alternatives which not only would help restore balance to our environment & bring about energy self-sufficiency, it would infuse our domestic economy and create much-needed jobs locally.

The Energy Board and Gov. Paterson pledged to "support development of in-state clean energy supplies, including natural gas, wind, solar, geothermal, bio-energy, hydropower and hydrokinetic capacity (tides, currents, and waves)." So where are the proposals for major, project-ready solar, wind, geothermal and other renewable energy technologies? If the same funding and subsidies had been given to renewable technology as fossil fuel and nuclear research & production over the last 40 years, we'd have a robust economy and environment and would probably not be at war!

According to the NYS Comptroller's 2005 Report, "*Energizing the Future: The Benefits of Renewable Energy for New York State*", March 2005, if New York used its potential to produce more of its energy from renewable sources, "the State could spur job growth in a high-skilled, high-wage sector; increase income for farmers and ranchers; stimulate in-state investments; increase tax revenue; retain energy expenditures that currently leave New York; cut back on the release of harmful pollutants; reduce public health care costs; reduce State dependence on foreign oil; and provide consumers with energy that is not subject to the volatile fluctuations of petroleum and natural gas prices... This office estimates that the production of renewable energy to meet the mandates of the *Renewable Portfolio Standard (RPS)* could generate up to 43,000 new jobs in New York State."

The renewable energy sector is relatively young, but it is expected to grow rapidly during the next ten years. The United States has experienced accelerated growth rates in revenues from renewable technologies, which are projected to continue. In 1995, approximately \$2.8 billion in sales were reported nationally for renewable energy systems and power. This number reached \$6.3 billion in 2000 and approximately \$12.4 billion by the end of 2004. By 2010, U.S. sales of all renewable energy technologies are anticipated to generate over \$30 billion in revenue.

A number of sources report that over the past 20 years both wind and solar energy costs have dropped by 80 percent to 90 percent, and are expected to continue to decline in response to technological advances and economies of scale. According to the Rocky Mountain Institute, the current average wholesale price for

wind energy is 4.2 cents per kWh, compared with 4 cents for coal, 6.8 cents for natural gas, 9.1 cents for oil, and 10 cents for nuclear power.

While solar, biomass and other renewables are more expensive, we must remember that conventional energy sources have benefited from sizable tax incentives and subsidies; if similar incentives were directed toward renewable energy technologies, the gap between conventional and renewable energy costs would narrow even further.

Currently, Congressman Israel has introduced legislation to give incentives to industry and citizens to encourage renewables (For example, he is proposed to give up to \$4500 toward the purchase of a renewable technology automobile, as well as incentives to build them.) and is working to make Long Island's Route 110 the renewable energy corridor for NY.

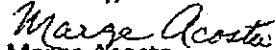
Hopefully Long Island will soon utilize abundant, clean sources of renewable energy. It is unfortunate that the proposal for the Offshore Wind Initiative failed. However, many residents are hoping that Long Island or New York based corporations will propose major wind and solar energy projects in other locations of Long Island. In the meantime, many homeowners are taking advantage of financial incentives to reduce energy consumption and even to produce their own electricity via solar panels. As electricity and gas prices rise, this market will increase.

Perhaps you could initiate a rebate for other renewable technologies such as residential heat pumps, for residents who would not benefit from solar panels.

As stated, New York has new & expanded sources of natural gas, the new Neptune Cable supplying additional electricity and the promise of higher percentages of additional renewable technology projects to the NY/Long Island area. These may already fill New York's anticipated demand for energy. If not, there are the less costly, less damaging and truly interim SRV systems to fill the gap.

There is no reason to rush into a project like Atlantic Sea Island's Safe Harbor Energy, that poses many environmental, security and financial risks, and which would impede, if not halt, the movement toward renewable energy sources and a robust, healthy economy for Long Island and New York.

Sincerely,


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