

# Broadwater: Will It Still Be Built?

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The Broadwater Liquefied Natural Gas (LNG) Project was first proposed in November 2004. TransCanada and Shell U.S. Gas and Power want to construct a floating gas terminal, known as a Floating Storage Regasification Unit (FSRU), in the broadest part of Long Island Sound approximately nine miles from the New York State shoreline, 11 miles from the Connecticut shoreline, and 70 miles east of Manhattan.

Broadwater was unanimously approved in a 5-0 vote on March 20, 2008, by the Federal Energy Regulatory Commission (FERC), which determined the project would help safely meet the projected energy needs for New York City, Long Island, and Connecticut, with limited environmental impact. However, on April 10 Governor David Paterson announced that Broadwater has been rejected by the State of New York.

Currently, the project faces four possible options. First, Broadwater could simply decide to scuttle the project altogether, which based on the investment to date is unlikely. The second option would be to relocate the proposed facility to the Atlantic Ocean south of Long Island, a move favored by environmentalists and state officials but not the company.

Another option, which Broadwater has decided to pursue, is to appeal New York State's rejection to the U.S. Department of Commerce. As of May 9, Broadwater Energy had requested a 30-day extension from the U.S. Department of Commerce to file its appeal. Broadwater has requested from FERC a consolidated record, which is the collection of all the documents submitted by Broadwater and the regulatory agencies. Finally, if the U.S. Department of Commerce rejects the appeal, Broadwater may appeal further to the U.S. Federal District Court for the Eastern District of New York.

In general if appeals are made under the federal consistency provisions of the Coastal Zone Management Act, as Broadwater is doing, the Secretary of Commerce has 325 days to render a decision from the date the appeal is received by the Department.

Broadwater's top reasons for justifying their position to the U.S. Department of Commerce are: (1) the project is the best way to deliver a new supply of clean, affordable and reliable natural gas to the region without the onshore and near shore environmental and safety impacts associated with other alternatives, and (2) the project will bring significant new gas supply into the region and will serve to moderate regional gas prices, as well as result in programs to improve and restore the marine and fishing heritage of the area.

The U.S. Department of Commerce has in the past overruled 29 percent of the decisions made by state coastal commissions. Since the establishment of the Coastal Zone Management Act 38 years ago, there have been 42 substantive decisions by the Secretary of Commerce, of which 30 were upheld and 12 were overturned. The last time the Secretary of Commerce overrode a state's objection under the Coastal Zone Management Act was on May 5, 2004, in a case involving Islander East Pipeline Co.

The Broadwater project is especially important as a source of fuel for electric generation and takes on even more significance when considered alongside the fact that New York's State's power plant siting statute, Article X, expired more than five years ago. The renewal of the Article X is imperative to facilitate the development of land-based power generating plants, a process that typically takes five years. Like the Broadwater project, new power facilities will bring investment, economic development

and new jobs with them while at the same time helping to address the challenges of the downstate region's pending power shortage.

In its *Power Trends 2007* report, the New York Independent System Operator (NYISO) reported that southeastern New York's energy demand will surpass the region's reliability needs by 2011. Peak demand is forecasted to grow by 1.1 percent annually in New York City and 1.8 percent on Long Island.

New York State will benefit both from Broadwater and a renewal of Article X. Without progress on these two energy priorities, the downstate region will continue to face a near-term power crisis.

**About the author:** Dr. Matthew Cordaro is a professor specializing in energy at Long Island University and former utility chief executive officer.

**About New York AREA:** *Founded in November 2003, the New York Affordable Reliable Electricity Alliance (New York AREA) is a diverse group of more than 125 business, labor, and community groups whose mission and purpose is to ensure that New York has an ample and reliable electricity supply, and economic prosperity for years to come. New York AREA helps to educate policy makers, businesses, and the general public regarding the necessity and importance of safe, low-cost and reliable electricity. For additional information visit: [www.area-alliance.org](http://www.area-alliance.org).*

**On the Cover:** Aerial view of the proposed Broadwater Floating Storage and Regasification Unit (FSRU) and docked LNG carrier. Courtesy of Broadwater.

#### **Additional Information**

Broadwater Energy – What is LNG?

[http://www.broadwaterenergy.com/info\\_what\\_is\\_LNG.html](http://www.broadwaterenergy.com/info_what_is_LNG.html)

Broadwater Energy – Quick Facts

[http://www.broadwaterenergy.com/info\\_quick\\_facts.html](http://www.broadwaterenergy.com/info_quick_facts.html)

Federal Energy Regulatory Commission – LNG Overview

<http://ferc.gov/for-citizens/citizen-guides/lng.asp>

Excelerate Energy – Gulf Gateway Deepwater Port

<http://excelerateenergy.com/gulfgateway.html>

U.S. Department of Energy – Natural Gas

<http://www.doe.gov/energysources/naturalgas.htm>

Center for Liquefied Natural Gas – LNG Is Safe for the Environment

<http://www.lngfacts.org/About-LNG/Environment.asp>

Energy Information Administration – New York Electricity Profile

[http://www.eia.doe.gov/cneaf/electricity/st\\_profiles/new\\_york.html](http://www.eia.doe.gov/cneaf/electricity/st_profiles/new_york.html)

Liquefied Natural Gas – Natural Gas Supply Association

<http://www.naturalgas.org/lng/lng.asp>