



STATE OF MAINE  
BOARD OF ENVIRONMENTAL PROTECTION

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GOVERNOR

September 16, 2010

David Van Slyke, Esq.  
Preti Flaherty  
One City Center  
Portland, Maine 04101

Re: Calais LNG Project Company, LLC and Calais Pipeline Company, LLC

Dear Mr. Van Slyke:

I am responding to your letter of September 13, 2010 regarding Calais LNG's efforts to obtain new financing for the company's proposal to construct a liquefied natural gas import terminal and pipeline project in Washington County. In your letter you state that GS Power Holdings LLC is in serious discussions with two entities and you request an additional 30 days to complete those efforts.

At a conference of counsel and representatives of the parties on September 15, 2010,<sup>1</sup> the parties were given an opportunity to comment in support of, or in opposition to, further postponement of the Calais LNG application proceeding and the impact of any such postponement on their clients or the process as a whole. Among the concerns expressed by some parties, and by me on behalf of the Board and Department staff, was the need for greater certainty regarding the schedule. Parties also enumerated a number of issues associated with further postponement of the proceeding including the continued availability of witnesses, the possible need to amend previously filed testimony, and the possibility that parties will need to retain additional or alternate witnesses to review and respond to new application materials. Parties expressed concern that they be given adequate time to review and respond to Calais LNG's additional submissions if and when processing of the applications resumes. Some parties stated their view that the applicant should withdraw the applications without prejudice and resubmit the applications when all outstanding items have been addressed. Supporters of the project stressed the importance of the project to the State and the complexity of negotiating financial backing for a project of this scale, and urged that the requested time extension be granted.

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<sup>1</sup> Party representatives in attendance at the conference were: David Van Slyke for Calais LNG, Sean Mahoney for CLF, Ron Shems for SPB/NN, Harold Bailey for Roosevelt Campobello International Park Commission, John Napolitano for Maine Workers for a Healthier Environment, Anthony Buxton for Industrial Energy Consumer Group and Maine State Chamber of Commerce, Matthew Manahan for Downeast LNG; and representatives participating via conference call: Rebecca Boucher for SPB/NN, Becky Bartovics for Sierra Club, John Kelly for the National Park Service, Edmond Bearor for Professional Mariners and Citizens for Clean and Secure Energy, and David Fletcher for City of Calais.

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In response to questions regarding the status of financing negotiations and the status of outstanding information requests, you stated on behalf of Calais LNG that an additional thirty days, or until mid-October, is a “relatively” reasonable estimate of the time needed to secure new financial backers for the project. You further stated that Calais LNG would likely require an additional 6 weeks beyond that date, or until the end of November, to supply the technical information previously requested by the Department. Based on these representations, it is my understanding that processing of the applications could not resume until the end of November 2010 at the earliest.

I have carefully considered Calais LNG’s request and the comments of the other parties. In light of the significance of this project in terms of scope, complexity, and cost, as well as the time spent and expenses incurred by the parties and the Department thus far in the processing of the pending applications, it is reasonable to allow the applicant the requested time to complete re-financing negotiations and provide the information required by the Department without withdrawal of the applications. Accordingly, the Board will place processing of the applications on hold until December 1, 2010, at which time the Board will re-evaluate the status of the applications. The December 1<sup>st</sup> date reflects Calais LNG’s estimate of a realistic time frame for submission of the outstanding information. This date should also enable the other parties to plan their schedules this fall with greater certainty.

Notwithstanding that processing of the applications has been placed on hold until December 1, 2010, Calais LNG shall notify the Board as soon as it secures new financing for the project or if it suspends efforts to secure financing. Assuming Calais LNG secures financing and proceeds with the project, Calais LNG is asked to submit the requested technical information as soon as possible so that a schedule can be re-established for processing of the applications. Parties will be given ample opportunity to review any new submissions and amend their previously filed testimony before a hearing is held on the applications.

If there are any questions regarding this ruling, please contact Peggy Bensinger, Assistant Attorney General, at 626-8578 or Cynthia Bertocci, Board Executive Analyst, at 287-2542.

Sincerely,



Susan M. Lessard, Chair

cc: Service List