February 14, 2007

Mr. Joseph T. Kelliher  
Chairman  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Dear Mr. Kelliher,

I am writing to you to follow up on my letter of April 7, 2006 regarding two proposals to construct Liquefied Natural Gas (LNG) terminals on the Maine side of Passamaquoddy Bay. I am aware that in December 2006, two proponents, Downeast LNG and Quoddy Bay LNG, filed their applications seeking Federal Energy Regulatory Commission approval for their projects.

As you may recall, the Government of Canada commissioned a study to review the navigational safety, environmental and other impacts that such projects could have on Canada. As a result of this study that examines the potential impact of these projects and other considerations, the Government of Canada has decided that it will not permit LNG tankers to pass through Head Harbour Passage.

The impact of the proposed siting of the terminals, and the potential passage of LNG tankers through the environmentally-sensitive and navigationally-challenging marine and coastal areas of the soverign Canadian waters of Head Harbour Passage, present risks to the region of southwest New Brunswick and its inhabitants that the Government of Canada cannot accept. We are therefore prepared to use domestic legal means to address our concerns and prevent such passage from occurring.

I wanted you and the project proponents to be aware of the Government of Canada's position in advance of FERC's formal consideration so that the proponents could withdraw or amend their project applications to take that position into account. This will save them from having to expend resources on projects which cannot proceed as currently envisioned.
Canada and the United States enjoy the largest integrated energy relationship in the world. I remain committed to working with you and your government on enhancing that relationship in a way that takes into account the needs and concerns of both of our countries.

Sincerely,

Michael Wilson
Ambassador

cc: The Honorable Samuel W. Bodman, Secretary of Energy
    The Honorable Condoleezza Rice, Secretary of State