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FERC dismisses Quoddy Bay LNG application

The Federal Energy Regulatory Commission has dismissed an application by Oklahoma-based Quoddy Bay LNG to build a liquefied natural gas terminal and pipeline in Perry.

In a letter Friday, FERC notified Quoddy Bay that it was dismissing the application because the company had failed to provide information the agency had requested.

On Oct. 11, FERC sent Quoddy Bay a letter requesting additional information. "The [Oct. 11] letter indicated that staff could not proceed with its engineering review or with the preparation of the draft Environmental Impact Statement due to Quoddy Bay LNG, LLC's ... incomplete responses," stated the letter signed by J. Mark Robinson, director of FERC's Office of Energy Projects.

The letter Friday also said the agency was dismissing the company's application for construction and operation of its pipeline that would have connected the terminal at Pleasant Point Reservation near Eastport with the existing LNG pipeline in Baileyville that pipes LNG from Canada to Boston.

Quoddy Bay had planned to build its multimillion-dollar facility at Split Rock near Route 190 on the Pleasant Point Reservation, near the reservation's school, church and housing complex for the elderly. Don Smith, president of Quoddy Bay LNG, said Friday that the letter was not unexpected.

"It is not news to me," he said. "FERC had announced to us in a letter many months ago they were putting our applications on hold pending our getting active with them. Now they've sent us a letter that they are dismissing the applications which operationally doesn't change anything for me."

The FERC letter notes the agency was dismissing the application "without prejudice," allowing Quoddy Bay to file a "new application" in the future.

Smith said he was uncertain whether Quoddy Bay would have to start over, but that the dismissal simply delays the project's timeline by a few years.

"When we reapply we're not going to change the project," Smith said. "It is going to be the same project, the same engineering, the same everything. We may have less air-quality impact if we don't have to build a power plant. So that does change the application in Maine slightly."

Smith said the letter means FERC plans to reallocate its staff so they can work on other pipeline applications.

Quoddy Bay's was one of three proposals for LNG facilities in eastern Maine. Downeast LNG has filed an application to build a somewhat smaller facility in nearby Robbinston and also has experienced delays in the permitting process. The group said in July that it planned to refile a revised application for its proposed facility. A third group, Calais LNG, has proposed a facility in Calais; that project is still in the planning stages.

Save Passamaquoddy Bay, a group of Americans, Canadians and Passamaquoddy Bay opposed to LNG development on the bay, said the dismissal was important.

"This spring, after a year of Quoddy Bay LNG failing to provide answers to FERC's technical questions, FERC suspended Quoddy Bay LNG's application," Save Passamaquoddy Bay's webmaster and researcher Robert Godfrey said Friday. "The project has been under suspension until today's announcement by FERC of complete dismissal from the federal permitting process — FERC's first such dismissal in history. This is the logical — if not late — end to a poorly sited and ill-conceived project, clearly one that the developers themselves — along with a host of consultants — could not technically accomplish."

Pleasant Point Passamaquoddy Tribal Chief Rick Phillips-Doyle was out of the office Friday, but tribal Councilor Fred Moore said the tribe planned to review this latest announcement.

"We do have a lease agreement with Quoddy Bay and we would under these circumstances refer those questions regarding the status of the permitting to Quoddy Bay," he said. "But definitely it is a matter of concern to the tribal council and one that we will be discussing with Quoddy Bay at the earliest opportunity."

In July, the company announced that although it had paid the tribe nearly \$800,000, which has been split between the two tribal governments at Pleasant Point and Indian Township, it had suspended its quarterly payment of \$46,875.


The tribe has not commented on that suspension.

FERC suspended review of Quoddy Bay's application in April, requesting more information on the safety and reliability of the LNG transfer line at the proposed terminal and storage facility. The agency also requested additional information on the proposed vaporizer, which converts fuel from

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In July, Quoddy Bay announced it was delaying its state permitting review process while it worked out details of the proposed terminal and of the route the pipeline would take in connecting with the Maritimes & Northeast pipeline in interior Washington County.

Smith said his company expects to be on line and operational by 2014.

"I think if we get everything permitted in two years and then build it in three years it will come on line 2013-2014, when we see the need for LNG gas into New England," he said.

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On 10/18/08 at 11:12 AM, **anewday** wrote:

Smith is not in touch with the nation's politics on both sides of the aisle to reduce foreign imports for energy consumption in the next ten years. Is he not listening? LNG-Another example of corporate greed which will leave any national area they end up in, a disaster for the local people to clean up when they are done feasting. Think WallSt.

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