



Senators Feinstein, Snowe Seek  
Joint Federal-State Authority for LNG Siting  
May 23, 2005

**Washington, DC** – U.S. Senators Dianne Feinstein (D-Calif.) and Olympia Snowe (R-Maine) today announced the introduction of legislation that would require States and the Federal Energy Regulatory Commission (FERC) to share jurisdiction over the siting of onshore liquefied natural gas (LNG) facilities.

**“Given the sensitive nature of LNG facilities relating to security, I truly believe that States should have an equal role with the Federal government in determining where these facilities should be built,”** said Senator Feinstein. **“Liquefied natural gas has an important role to play in our nation’s energy future. It is imperative to clarify who has the authority to move LNG projects forward so that the Federal government can guarantee access to energy and States can ensure that citizens are safe and protected from hazard.”**

**“The decision reached in the last year to site LNG facilities in Maine has divided communities and generated controversy across the state. As such, it is imperative that the state government, which knows its citizens’ concerns and are accountable to them, work through the various concerns to reach the best possible outcome for all interested parties,”** said Senator Snowe. **“I believe that any decision on where to build LNGs must not be left exclusively at the federal level. States must have an equal say as to what happens in their own backyard - and they should have the right to establish more stringent standards for LNG facilities than the FERC sets if their residents want more protective ones. I am pleased to introduce this legislation with Senator Feinstein today to ensure that all stakeholders have a voice and are treated fairly.”**

The legislation by Senators Feinstein and Snowe is intended to ensure that States have equal say over the location of LNG terminals. Current law is not clear as to what entity has the jurisdiction to site LNG facilities.

President Bush has urged giving FERC sole authority, his proposal has been included in the Energy bill passed by the House, and it is expected that the energy bill that is being considered by the Senate Energy and Natural Resources Committee will include a provision to give FERC exclusive jurisdiction over the siting of LNG facilities.

The California Public Utilities Commission (CPUC) is also challenging FERC before the 9th Circuit Court of Appeals over FERC’s assertion that it has exclusive jurisdiction over the siting of LNG facilities. The CPUC argues that FERC does not have the legal authority to site the facilities.

The Feinstein-Snowe legislation would:

- Authorize concurrent State and Federal jurisdiction for the siting, construction, expansion, and operation of liquefied natural gas import terminals.
- Provide “emergency backstop” authority to prevent manipulation, which requires the LNG facility, in conjunction with the State and Federal authorities, to develop a backup plan should supply be constrained in any way for any reason.
- Develop a mediation structure to address any conflicts that arise between the State and the Federal Energy Regulatory Commission (FERC).
- Allow States to impose and enforce more stringent safety requirements on LNG terminals than those required by the Federal government by amending the Natural Gas Pipeline Safety Act of 1968.

### **California Background**

In the past, FERC and CPUC have worked together to site LNG facilities in California. Authority over siting has not been an issue because LNG has not been economically viable. Because the cost and demand for natural gas are rising, California is now searching for additional supplies and it is likely that LNG will be a component of the State’s energy future. California believes it can best decide its own energy needs and that it should be able to determine how much LNG is needed and where it should be located.

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