

# The Facts: Federal Regulators' Draft Environmental Assessment for the Cove Point LNG Export Project is Starkly Deficient

On May 15, 2014 the Federal Energy Regulatory Commission (FERC) issued an Environmental Assessment (EA) for the Dominion Cove Point liquefied natural gas (LNG) export project (Docket No. CP13-113-000). FERC's EA fails to sufficiently analyze many significant impacts of the project, as required by the National Environmental Policy Act (NEPA). Below are just a few of the most egregious examples of the limited or absent review by FERC in the Cove Point EA.

## 1. FERC Gives Community Safety Risks the Short Shift

No other LNG export facility currently being reviewed by FERC poses as great a safety risk to nearby families as does the Cove Point project.<sup>i</sup> If approved, Cove Point would be the only LNG export facility sited within several hundred feet of residential communities.<sup>ii</sup> A 2006 Maryland state report indicates that flash fire risks already extend to homes within a 4,265-foot "consequence zone" surrounding the facility.<sup>iii</sup> Dominion's plan to substantially increase the amount of gas it liquefies on-site, and all of the chemical storage that brings, may potentially cause increased safety risk exposure for workers and nearby residents.

Residents living within close proximity to the facility must be assured that Dominion's proposal has undergone a searching review and will meet the most current safety requirements. Yet the EA has not sufficiently analyzed the safety hazards of Dominion's proposal. For instance:

- The EA does not include an independent quantitative risk assessment of the vapor cloud, flash fire, or explosion hazards that could extend off site from the proposed liquefaction facility. Rather the EA's safety risk analysis relies heavily on Dominion's own risk assessment data and mitigation plans. Neither FERC nor Dominion has conducted a complete quantitative risk assessment (QRA) as is required by the latest 2013 version of the National Fire Protection Association (NFPA) standard 59A.
- FERC allows Dominion to use older versions of the NFPA standard, which do not require a QRA analysis be conducted for potential additional risk from fire, explosion or vapor clouds at the facility.<sup>iv</sup>

## 2. FERC Ignores Lifecycle Emissions of Climate Change Pollution

The EA does not sufficiently analyze the cumulative impact the Cove Point facility will have on climate change. FERC concludes, despite the availability of peer-reviewed and readily attainable data, that it is unable to determine whether or not the climate impact will be "significant." In doing so, FERC omits any analysis of the amount of lifecycle greenhouse gas emissions that would be triggered by the project—from fracking well to final smoke stack—therefore ignoring a significant portion of the project's climate impact. In particular:

- FERC admits that "[p]roject operations would increase energy-related CO<sub>2</sub> emissions in Maryland by approximately 2.6 percent,"<sup>v</sup> but only looks at the sources and impacts of climate change pollution within the liquefaction project area.

- The EA improperly determines that any greenhouse gases produced from the energy-intensive process of extracting natural gas via hydraulic fracturing, transporting the gas via pipelines known to leak methane, and shipping the gas to other countries via tanker ships are not part of the cumulative impacts of the project.
- FERC claims it “cannot determine whether or not the Project’s contribution to cumulative impacts on climate change would be significant,”<sup>vi</sup> therefore ignoring peer-reviewed, readily attainable and foreseeable data from climate scientists at Cornell University, Duke University, the University of Colorado and even federal agencies like NOAA and EPA, which have extensively researched the heat-trapping emissions associated with natural gas development and their impact on global climate change.

CCAN has completed an independent lifecycle greenhouse gas emissions analysis for the Cove Point facility which, using conservative assumptions of methane leakage rates, finds the project could trigger an additional 22 million tons of CO<sub>2</sub> equivalent every year. This number is more CO<sub>2</sub> than all of Maryland’s seven coal-fired power plants *combined*.<sup>vii</sup>

### **3. FERC Denies Evidence of Cove Point’s Link to Upstream Fracking and Gas Infrastructure**

Dominion’s Cove Point facility would have the capacity to export 770 million cubic feet of gas per day, and it is highly likely that much of that gas would come from hydraulic fracturing, or “fracking,” operations in the Marcellus and Utica shale regions. Yet the EA does not assess the environmental impacts that would result from the increase in upstream fracking and the additional construction of natural gas infrastructure undertaken in response to the project. In particular:

- In the EA, FERC states that “[a] more specific analysis of Marcellus Shale upstream facilities is outside the scope of this analysis because the exact location, scale, and timing of future facilities are unknown.”<sup>viii</sup> According to FERC, “the potential cumulative impacts of Marcellus Shale drilling activities are not sufficiently casually related to the Project to warrant the comprehensive consideration of those impacts in this EA.”<sup>ix</sup>

FERC’s rationale fails to address clear evidence of commitments to ship fracked gas from Pennsylvania to Cove Point.<sup>x</sup> The major fracking company Cabot Oil & Gas has signed a contract to ship 350,000 million British thermal units per day of natural gas from its Marcellus wells to Cove Point for export.<sup>xi</sup> Additionally, Cabot has invested in the Transcontinental Gas Pipe Line Company, LLC (Transco)’s Atlantic Sunrise pipeline expansion project with the explicit intention to “secure the optimal path for our previously announced Cove Point volumes.”<sup>xii</sup>

### **4. FERC Dismisses Significant Impacts on the Chesapeake Bay Ecosystem**

The EA dismisses expert evidence provided to FERC that demonstrates significant potential impacts associated with ballast water pollution and other marine impacts from LNG tanker traffic in the Chesapeake Bay.<sup>xiii</sup> Each of the 85 incoming LNG tankers will bring 16 to 25 million gallons of foreign ballast water, potentially carrying invasive species, into the Chesapeake Bay before loading and transporting LNG from Cove Point.<sup>xiv</sup> The ships themselves may also be

covered in “fouling organisms,” invasive species that attach themselves to the exterior of the vessels. Yet FERC dismisses any associated risks to the Chesapeake Bay ecosystem. In particular:

- Despite acknowledging that “[t]he discharge of ballast water from ships could potentially affect marine organisms through the unintentional introduction of nonindigenous aquatic organisms,”<sup>xv</sup> the EA finds that “ship traffic and ballast water discharges would not have any noticeable, long-term impact on the Chesapeake Bay or aquatic resources beyond those that have already occurred within the Chesapeake Bay.”<sup>xvi</sup>
- FERC does not adequately consider that this ballast water or fouling organism could contain radioactive contamination, cholera, and other dangerous contaminants from ships originating from India and Japan, or address concerns raised by experts in the field that current regulations do not go far enough to protect against the risk.

The LNG tankers also will be traveling through the migratory path of the critically endangered North Atlantic right whale. The project would induce a 20-fold increase in LNG tanker traffic expected to travel directly in the migratory path of the right whale, yet the EA fails to analyze the increased risk of whale strikes in light of current ship traffic conditions.

**Conclusion:** FERC should correct the serious deficiencies of its Environmental Assessment and address the potentially significant environmental impacts of the project by completing a full and comprehensive Environmental Impact Statement (EIS). Only a complete EIS—one that fully considers the immediate safety risks, lifecycle climate pollution, upstream fracking consequences, and marine impacts of the project—will fulfill FERC’s obligation under the National Environmental Policy Act.

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<sup>i</sup> Dale Allison, Individual Comment on filing in FERC docket #CP13-113, Dominion Cove Point’s Application for Authority to Construct, Modify, and Operate Facilities used for the Export of Natural Gas Under Section 3 of the Natural Gas Act (March 7, 2014) (available through the FERC online eLibrary at [http://elibrary.ferc.gov/idmws/file\\_list.asp?accession\\_num=20140307-5131](http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20140307-5131)).

<sup>ii</sup> Jenny Mandel, Energy Wire, *LNG: Safety Issues Swirl Around Cove Point Expansion Project* (April 15, 2014) (available at <http://www.eenews.net/energywire/2014/04/15/stories/1059997902>).

<sup>iii</sup> Maryland Power Plant Research Program. *Cove Point LNG Terminal Expansion Project Risk Study*, p. 23. (June 28, 2006; Revised January 14, 2010). (available via DNR 12-7312006-147-PPRP-CPT-01)

<sup>iv</sup> FERC explains in the EA that it does not conduct an independent quantitative risk analysis because “[t]he proposed Project must comply with DOT’s federal safety standards for siting of onshore LNG facilities under 49 CFR 193. These regulations require consequence calculations for a defined range of failures, rather than use of a QRA. Efforts are underway to develop a QRA method for LNG facility siting with the most notable method being described in Chapter 15 of the 2013 edition of NFPA 59A. Federal Energy Regulatory Commission, *Environmental Assessment for the Cove Point Liquefaction Project*, 148 (May 15, 2014) (hereinafter Dominion Cove Point EA) In

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this section of the EA, FERC basically states that the 2013 version of the NFPA standard is not finalized yet therefore, this facility can be “grandfathered” in to the old safety standards. *Id.*

<sup>v</sup> Dominion Cove Point EA, 170.

<sup>vi</sup> Dominion Cove Point EA, 171.

<sup>vii</sup> James McGarry, CCAN, *Dominion Study Confirms Climate Risks of “Lifecycle” Methane Leakage from Exporting Liquefied Natural Gas: Policy and Infrastructure Uncertainty Calls into Question the Pollution Status of Cove Point* (April 25, 2014).

<sup>viii</sup> Dominion Cove Point EA, 163.

<sup>ix</sup> Dominion Cove Point EA, 163.

<sup>x</sup> Dominion Cove Point EA, 24.

<sup>xi</sup> Press Release, Cabot Oil & Gas Corporation Provides Corporate Update, Announces Agreement to Provide Natural Gas to Dominion Cove Point LNG Terminal (Dec. 19, 2013), *reprinted in* The Wall Street Journal, available at <http://online.wsj.com/article/PR-CO-20131219-905979.html>; *see also* PR Newswire, *Cabot Oil & Gas Corporation Announces New Agreements for Long-Term Sales and Pipeline Takeaway Capacity* (Feb. 20, 2014) (available at <http://www.prnewswire.com/news-releases/cabot-oil--gas-corporation-announces-new-agreements-for-long-term-sales-and-pipeline-takeaway-capacity-246409701.html>).

<sup>xii</sup> PR Newswire, *Cabot Oil & Gas Corporation Announces New Agreements for Long-Term Sales and Pipeline Takeaway Capacity* (Feb. 20 2014) (available at <http://www.prnewswire.com/news-releases/cabot-oil--gas-corporation-announces-new-agreements-for-long-term-sales-and-pipeline-takeaway-capacity-246409701.html>).

<sup>xiii</sup> Dr. Mario N. Tamburri, *Letter to FERC: Dominion Cove Point LNG, LP, Cove Point Liquefaction Project, Docket CP13-113, Comments on Negative Impacts of Shipping Activities* (Nov. 11, 2013) (available through FERC’s eLibrary, accession number 20131112-5030).

<sup>xiv</sup> Dominion Cove Point, FERC Application for Authority to Construct, Modify, and Operate Facilities used for the Export of Natural Gas Under Section 3 of the Natural Gas Act, Resource Report 2 at 2-24 (April 1, 2013) (available through FERC’s eLibrary, accession number 20130401-5045).

<sup>xv</sup> Dominion Cove Point EA, 53.

<sup>xvi</sup> Dominion Cove Point EA, 54-5.