FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY PROJECTS

In Reply Refer To:
OEP/DG2E/Gas Branch 3
Broadwater LNG Project
Docket No. CP06-54-000
CP06-55-000

TO THE PARTY ADDRESSED:

The staff of the Federal Energy Regulatory Commission (FERC or Commission) in cooperation with the U.S. Coast Guard (Coast Guard); U.S. Environmental Protection Agency; U.S. Army Corps of Engineers (COE); National Oceanic and Atmospheric Administration, National Marine Fisheries Service; and the New York Department of State has prepared a draft Environmental Impact Statement (EIS) for a liquefied natural gas (LNG) import terminal and natural gas pipeline (referred to as the Broadwater LNG Project) proposed by Broadwater Energy LLC and Broadwater Pipeline LLC (jointly referred to as Broadwater) in the above-referenced dockets. Broadwater Energy LLC is jointly owned by TCPL USA LNG, Inc. (a subsidiary of TransCanada Corporation) and Shell Broadwater Holdings LLC (a subsidiary of Shell Oil Company). Broadwater Pipeline LLC is owned by Broadwater Energy LLC.

The proposed LNG terminal would be located in New York State waters of Long Island Sound, approximately 9 miles from the nearest shoreline of Long Island, and about 11 miles from the nearest shoreline in Connecticut. The terminal would be a floating storage and regasification unit (FSRU) that would be attached to a yoke mooring system (YMS) that includes a mooring tower embedded in the seafloor. The FSRU would look like a marine vessel and would remain moored in place for the duration of the Project (expected to be 30 years or more). The YMS would allow the FSRU to pivot or "weathervane" around the YMS, enabling the FSRU to orient in response to the prevailing wind, tide, and current conditions.

LNG would be delivered to the FSRU by LNG carriers, temporarily stored, vaporized (regasified), and then transported in a new subsea natural gas pipeline that would extend from the seafloor beneath the FSRU approximately 21.7 miles to an offshore connection with the existing Iroquois Gas Transmission System (IGTS) pipeline in Long Island Sound.

Natural gas would be routed from the FSRU to the subsea pipeline and into the IGTS pipeline for delivery at an average flow rate of about 1.0 billion cubic feet per day. LNG would be delivered to the FSRU by 2 to 3 LNG carriers per week to meet the Project's planned send-out volumes of natural gas. LNG carriers would transit from the Atlantic Ocean to either the Point Judith Pilot Station (northeast of Block Island) or the Montauk Pilot Station (southwest of Block Island). From the Point Judith Pilot Station, carriers would transit Block Island Sound north of Block Island, head generally west to enter Long Island Sound at its eastern end (an area known as the Race), and then proceed to the FSRU. From the Montauk Pilot Station, carriers would head generally northwest to approach the Race, then proceed to the FSRU.

The draft EIS addresses the potential environmental effects of the construction and operation of the following LNG and natural gas pipeline facilities:

- a double-hulled FSRU approximately 1,215 feet long and 200 feet wide, with a closed-loop shell-and-tube vaporization system and a total storage capacity of 350,000 cubic meters (approximately 8 billion cubic feet);

- a berthing facility at the FSRU for receiving LNG ships with capacities up to 250,000 cubic meters;

- a YMS embedded in the seafloor to moor the FSRU;

- approximately 2 to 3 LNG carriers per week that would call at the FSRU;

- LNG carriers that would transit through waters subject to federal jurisdiction as well as waters under the jurisdiction of the state of New York, and in some cases, may transit waters under the jurisdiction of the states of Rhode Island and Connecticut;

- approximately 21.7 miles of 30-inch-diameter natural gas pipeline, a pig launcher and receiver facility, and a meter station at the interconnect with the IGTS pipeline; and

- onshore facilities at either Greenport or Port Jefferson, New York., including administrative offices, a warehouse, guardhouse, and an existing commercial pier.

Broadwater proposes to construct the Project in two phases. The first phase would include installation of the subsea pipeline between October 2009 and April 2010. The second phase would include installation of the YMS, hookup of the FSRU, and connection of the project components between September and December 2010. Broadwater anticipates that the Project would be in service by the end of December 2010.

As part of this evaluation, FERC staff has prepared a draft EIS to assess the environmental impacts of the Project. The draft EIS was prepared to satisfy the requirements of the National Environmental Policy Act (NEPA).

The Coast Guard has assessed potential risks to navigation safety and port security associated with the proposed Project. The Coast Guard's safety and security assessment is documented in the Captain of the Port Long Island Sound's Waterways Suitability Report (WSR). The draft EIS includes an analysis of the environmental impacts related to the Coast Guard's Letter of Recommendation (LOR) regarding the suitability of the involved waterways for LNG carrier operations.

The Coast Guard Captain of the Port Long Island Sound will issue an LOR to Broadwater Energy and the appropriate federal, state and local agencies, in accordance with 33 C.F.R. § 127.009. The LOR, which will be based on the Coast Guard's WSR, is an official determination regarding the suitability or unsuitability of Long Island Sound to support the proposed FSRU and associated LNG carrier traffic. The Coast Guard intends to adopt all or portions of the EIS being prepared by FERC to serve as the NEPA analysis for the LOR. The LOR will not be issued until after the NEPA process has been completed.

The draft EIS also evaluates alternatives to the proposal, including alternative energy sources, system alternatives, alternative sites for the LNG import terminal, alternative designs, pipeline alternatives, and alternatives to the Coast Guard LOR action. Based on the analysis included in the draft EIS, the FERC staff concludes that approval of the proposed Project with appropriate mitigating measures as recommended, would have limited adverse environmental impacts.

Comment Procedures and Public Meetings

Any person wishing to comment on the draft EIS may do so. To ensure consideration prior to a Commission decision on the proposal, it is important that we receive your comments before the date specified below. **Please carefully follow these instructions to ensure that your comments on the draft EIS are received in time and properly recorded:**

- Send **an original and two copies** of your comments to:

  Magalie R. Salas, Secretary
  Federal Energy Regulatory Commission
  888 First St. NE; Room 1A
  Washington, DC 20426;

- Label one copy of the comments for the attention of Gas 3, PJ-11.3;
- Reference Docket No. **CP06-54**;
- **Mail your comments so that they will be received in Washington, DC on or before January 23, 2007**.

In addition to or in lieu of sending written comments, we invite you to attend the public comment meetings that we will conduct in the Project area in January 2007. The locations and times of these meetings will be provided in a separate notice. These meetings will be posted on the Commission's calendar located at http:/www.ferc.gov/EventCalendar/EventsList.aspx along with other relevant information. The Coast Guard will participate in these public meetings. The public meetings will also support the review of Broadwater's permit application that is before the COE. Interested groups and individuals are encouraged to attend the public comment meetings and present oral comments on the draft EIS. A transcript of the meetings will be prepared and submitted to the docket for public review.

After comments on the draft EIS are reviewed, any significant new issues are investigated, and modifications are made to the draft EIS, a final EIS will be published and distributed by FERC staff. The final EIS will contain the staff's responses to timely comments received on the draft EIS.

Comments will be considered by the Commission but will not serve to make the commentor a party to the proceeding. Any person seeking to become a party to the proceeding must file a motion to intervene pursuant to Rule 214 of the Commission's Rules of Practice and Procedures (18 CFR 385.214). Anyone may intervene in this proceeding based on this draft EIS. You must file your request to intervene as specified above. **You do not need intervenor status to have your comments considered.**

The draft EIS has been placed in the public files of the FERC and is available for distribution and public inspection at:

Federal Energy Regulatory Commission
Public Reference Room
888 First Street, N.E., Room 2A
Washington, DC 20426
(202) 502-8371

CD-ROM copies of the draft EIS have been mailed to federal, state, and local agencies; public interest groups; and individuals who requested a copy of the draft EIS or provided comments during scoping; libraries and newspapers in the Project area; and parties to this proceeding. Hard copy versions of the draft EIS were mailed to those

specifically requesting them. A limited number of hard copies and CD-ROMs are available from the Public Reference Room identified above.

Additional information about the Project is available from the Commission's Office of External Affairs, at **1-866-208-FERC** or on the FERC Internet website (www.ferc.gov) using the eLibrary link. Click on the eLibrary link, click on "General Search" and enter the docket number excluding the last three digits in the Docket Number field. Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll free at 1-866-208-3676, or for TTY, contact (202) 502-8659. The eLibrary link on the FERC Internet website also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission now offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries and direct links to the documents. Go to the eSubscription link on the FERC Internet website.

Magalie R. Salas,
Secretary