

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY PROJECTS

In Reply Refer To:
OEP/DG2E/Gas Branch 3
Broadwater Energy LLC and
Broadwater Pipeline LLC
Docket Nos. CP06-54-000 and
CP06-55-000

December 30, 2008

Jamon Bollock, Attorney-Advisor
c/o Office of the General Counsel for Ocean Services
National Oceanic and Atmospheric Administration
U.S. Department of Commerce
1305 East-West Highway, SSMC IV, Suite 6111
Silver Spring, Maryland 20910

Re: Request for Comments on the Administrative Appeal Brought by Broadwater Energy LLC and Broadwater Pipeline LLC Pursuant to the Coastal Zone Management Act.

Dear Mr. Bollock:

On December 1, 2008, your office requested the comments of the Federal Energy Regulatory Commission (Commission) on an administrative appeal brought by Broadwater Energy LLC and Broadwater Pipeline LLC (Broadwater) pursuant to the Coastal Zone Management Act (CZMA).

On March 20, 2008, the Commission issued an order approving the Broadwater LNG Project (Project) after an extensive analysis of the Project under the Natural Gas Act (NGA) and other statutes, including the National Environmental Policy Act of 1969 (NEPA). The Commission adopted the findings in the staff's final Environmental Impact Statement (EIS) and the Commission's approval of the Project was conditioned on compliance with a number of environmental and safety conditions.

The Commission concluded that the Project will provide needed diversification to current supplies in an area of growing demand for natural gas. Approximately 85 percent of the gas currently consumed in the New York City, Long Island, and Connecticut regions is supplied by pipelines originating in the U.S. Gulf of Mexico and Canada. As

supplies from traditional sources decrease in coming years, LNG imports will play an important role in making up for this projected decrease in natural gas supply.

The Commission's analysis included an exhaustive study of the project's environmental impacts. As part of the evaluation of alternatives in the final EIS, the Commission considered existing, proposed, or planned projects, including six existing pipeline systems; seven proposed pipeline projects; and 20 proposed, planned, or existing LNG terminals between Quebec, Canada and the Delaware River in New Jersey. None of these alternatives was found to be preferable to the proposed action.

The Commission's environmental review, which was fully and carefully conducted in a public process, determined that the environmental conditions set forth in the March 20, 2008 order will ensure that the adverse environmental impacts will be limited and that the Broadwater LNG terminal is not inconsistent with the public interest. Further, the Commission determined that the need for the Broadwater Pipeline is supported by historical and projected trends in gas demand and supply, that the benefits of Broadwater Pipeline proposal will outweigh any potential adverse effects, and that the proposed pipeline is required by the public convenience. While the Commission recognizes that the development and construction of LNG facilities presents environmental and safety challenges, the Commission balanced these considerations with its overriding responsibility under the NGA to ensure the timely development of an adequate, reliable energy infrastructure.

As required by section 15 of the NGA, the Commission must maintain a consolidated record of all decisions made with respect to any federal authorization. Such record shall be the record for appeals or reviews under the CZMA or judicial review under section 19(d) of the NGA. It is my understanding that the consolidated record for this project was provided to your office by Broadwater on June 6, 2008.

Thank you for the opportunity to comment on this matter. If you have any questions or require any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Mark Robinson", followed by a smaller signature or initials "for".

J. Mark Robinson
Director
Office of Energy Projects

cc: Public File, Docket Nos. CP06-54-000 and CP06-55-000