

Subject: Information on Alternatives

Resent-From: Islandereast.Comments@noaa.gov

Date: Wed, 19 Feb 2003 15:34:13 -0500

From: "John B. Lust" <johnblust@rcn.com>

To: "NOAA Islander East Comments" <IslanderEast.comments@noaa.gov>

To whom it may concern:

I am attaching a letter I just submitted to the FERC regarding Islander East's proposed project. The information is FYI as it pertains to a viable and simple alternative to the Islander East proposal. I know this factors into your decision on the appeal so it's important that you know this exists.

If you need more information on this let me know.

John B. Lust

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Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

February 19, 2003

RE: Islander East Pipeline Company
Docket Numbers: CP01-384-000, CP01-385-000, CP01-386-000

Dear Ms. Salas:

I chair Branford's Blue Ribbon Committee which was established to study Islander East's natural gas pipeline proposal. I am also a commissioner of Planning and Zoning and have a background in marina design, construction and management.

I know you must be overwhelmed with emotional requests at this point. I also know that according to some, because of the coastal consistency issue, your agency may have acted a bit prematurely in issuing Islander East a certificate. Recognizing a standoff, I have a solution I would like you to consider.

Understanding the Iroquois proposal of more than 10 years ago and knowing that the company has planned the extension of their gas line to Eastern Long Island for that long, I was at first taken back by Duke Energy's (Islander East LLC) attempt to jump in ahead of them. After all, Iroquois saw the need, made the financial commitment and built the infrastructure to support it. Connecticut paid the environmental costs and went through the learning curve. Iroquois has always said they were waiting for the market to develop on Long Island. This is a rational argument, one in fact supported by your agency.

Two problems exist however: 1. There is a need that Duke Energy sees and Iroquois apparently does not. The region needs gas and Iroquois should really have built their extension years ago.

2. Duke Energy, an energy provider responsible for much of this country's infrastructure is in trouble financially but is willing to provide needed infrastructure. At the same time we have a provider with the most logical route for getting gas to Eastern Long Island who doesn't want to build it. It's probably not in the country's best interest to have Duke Energy fold but it's probably not in the region's best interest environmentally to have Duke build their proposed pipeline.

Duke Energy's need for a profitable venture and the available Iroquois route seem a perfect match. In fact, Long Island's need issue is best addressed if Islander East were instructed by your agency to build the Eastern Long Island Extension off of the existing Iroquois system. They could have gas to the shores of Eastern Long Island in seventeen days from hook-up to the Iroquois system. Iroquois could then upgrade their system as need and market developed.

It's a sensible plan, especially with the recant down-grading of Sable Island reserves since Iroquois has a direct connection to Canada and their huge mainland reserves. Not only do both companies benefit financially, Connecticut's environmental issues are eliminated. When you consider that the proposed Islander East system can't handle pressures required by Long Island's power plants, it becomes clear that without cooperating on the Iroquois alternative, Islander East (Duke) has no chance of success or at least shouldn't.

Your agency has the authority to direct this and I'm told, the precedent as well. Please let me know if you decide to pursue this, I'd be glad to assist if I could be of help. I do have a working relationship with all the parties involved.

Respectfully,

John B. Lust Jr.

Attachment: Joint Cooperation Proposal

**COOPERATIVE CONCEPT
ISLANDER EAST AND IROQUOIS GAS TRANSMISSION
COMPANY WORKING TOGETHER TO PROVIDE GAS TO
EASTERN LONG ISLAND**

Prepared by:
Branford's Blue Ribbon Committee

John B. Lust, chairman

In its Final Environmental Impact Statement (FEIS) for Islander East LLC, the Federal Energy Regulatory Commission (FERC) has recognized a less environmentally damaging System Alternative to Islander's proposed pipeline project. That alternative follows the route from Milford, CT to Wading River, NY currently proposed by the **Iroquois Gas Transmission Company** for its Eastern Long Island (**ELI**) Extension. This alternative involves installing a single pipeline from the existing Iroquois pipeline at a point about 2 miles off-shore Milford, CT, across Long Island Sound to Eastern Long Island. After a review of both proposals it is clear that the Iroquois **ELI** extension alternative offers a solution to Long Island's energy needs that will be quicker to install while minimizing impacts to Connecticut's upland and offshore environments. It also provides better and more reliable gas service to NY.

The FERC stated that it chose to certificate the more environmentally damaging Islander East project in part to increase the diversity of transport options. The FERC, however, failed to recognize another potential means to reach its stated objective without damage to the environment. That alternative would be for **Islander East** to construct and operate a pipeline from the Iroquois pipeline off-shore Milford, CT to Long Island. By making use of existing Iroquois

infrastructure, this plan offers the least environmental impact while allowing ultimate capacity to be determined by prevailing market forces as the FERC states it wishes.

The purpose of this communication is to compare the costs and benefits of this alternative with the current Islander East proposal, not to second-guess the FERC on how ownership and management of the new pipeline might be structured. It could be a joint venture between Iroquois and Islander East, or Islander East could own and operate the pipeline independently. Having Islander East involved in some way however, would help ensure a measure of competition in the Long Island energy market. And, in fairness to Islander East, their efforts to supply Long Island with natural gas would not be at a loss.

CONCEPT OF COOPERATION

That the proposed Iroquois Gas Transmission Company's ELI System alternative be accepted as the means of supplying natural gas to Eastern Long Island, but that Iroquois Gas Transmission Company control only its present system and any upgrades on land in Connecticut that are necessary to meet the market demand on Long Island.

That Islander East then build, own and be responsible for operating the extension from offshore in Milford, across Long Island Sound to its' proposed system on Long Island. Because Islander East LLC and the Iroquois Gas Transmission Company are two competing companies, this relationship may have to be directed by the FERC. However, under this arrangement Long Island would get the gas it needs at the correct pressures in the shortest possible time.

Both of these competing companies would profit although each to a lesser extent, the environmental impact to Connecticut, Long Island Sound and Long Island would be minimized, the size of the system would be determined by market demand and last but not least, we would be supporting the sensible concept of cross-Sound corridors for utilities.

ANALYSIS OF NEED

The Islander East proposal and the Iroquois proposal, until recently, were competing proposals. Iroquois anticipates much lower energy needs on Long Island now and for the future and in fact has withdrawn their application because of their inability to secure contracts.

2. FERC has stated they do not wish to determine exactly what the energy needs of Long Island are. Rather, they have established that there is a need and would like the market to determine its' depth. This proposal allows that to happen.
3. If KeySpan has, as Iroquois predicts, inflated the energy demand figures and Islander East gets to build their project in a poor market, then the development costs for the project will be passed on to New York consumers. This will unnecessarily inflate energy costs in the region. (There is federal regulation of gas prices, however, there will also be pressure on the FERC to pass these costs along to the consumers because KeySpan would control shipping which is regulated by the FERC.)

Factors that favor the use of the Milford route:

The use of the single pipeline from off-shore Milford, CT, to Shoreham, NY, minimizes impact to Long Island Sound by having a route across the Sound that is approximately 5.5 miles (25%) shorter than the Islander East proposed line and by reducing the length of shellfish bed crossed by more than 60% (only 25% of one commercial fishing lease is impacted along it's entire route). It also eliminates the mounding of tens of thousands of cubic yards of sediment in a near-shore area. These mounds will be subject to massive erosion and sediment distribution by waves generated in even moderate wind events, leading to unnatural amounts of sediment dispersion onto Stony Creek shellfish beds.

2. The Iroquois pipe is stronger than the proposed Islander line and according to Iroquois engineers, has been tested to withstand "anchor drops" typical of ocean going vessels.
3. The existing Iroquois upland system is a far safer system than that which Islander East proposes to build. The Iroquois system is a class 3 system with a greater wall strength than Islander's proposed system and additionally, it is encased in concrete to ensure safety. It is also pressure tested to 2200 psi. A system of this type, according to Iroquois engineers, is generally considered impenetrable. Islander East's system is not. Neither the aging Algonquin system that Islander East proposes to tie into. The Iroquois system ties into all the Northeast's gas infrastructure (including Algonquin's) but in addition has a class three line running straight North into Canada

4. The Iroquois System is a higher pressure system (700 psi delivered to Long Island) then that proposed by Islander East (366 psi to Long Island). Power plants on Long Island will require between 550 and 600 psi guaranteed continuous pressure. Thus, the Islander East system will not be able to supply gas at pressures required by power plants, the principal users of this gas. This fact necessitates the construction of compressor stations on Long Island. The higher operating pressure of the Iroquois system eliminates the need for compressor stations on Long Island making their proposal better environmentally for New York.
5. Because of its' simplicity, the basic Iroquois ELL project could be completed and in place in a much shorter time frame (17 days to the Long Island shore following tie in to the system). There is little upland and no HDD with its' uncertainty of success.
6. The level of market demand estimated by Iroquois could be met by adding one compressor station (on land already owned by Iroquois that borders a closed landfill and welcomed by Milford due to the tax revenues anticipated) to the existing capacity of the Iroquois system, virtually eliminating impacts to upland and coastal resources.
7. Should the market projected by Islander East eventually materialize, the Iroquois system could be expanded to meet any possible energy demands with 6.5 miles of loop that could be installed anywhere along the existing Iroquois upland route. This is far less upland impact than what Islander East proposes.

8. Utilizing the Iroquois alternative therefore eliminates the necessity of resolving the need analysis argument. Current needs can be met immediately with minimal environmental impact. Actual market demand can then effectively determine what and when expansion of the system is required. This is the FERC's stated preference and in fact ensures that the environmental impact will be limited to only what is necessary to meet Long Island's need. (There is ample lead-time in evaluating need as it develops because of the permitting and construction process for power plants.)
9. Utilizing the Iroquois Extension would be consistent with Connecticut and New York's interest in establishing corridors for utility and communication crossings of the Sound.