Sierra Club, others challenge US FERC's approval of Cameron LNG project

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Environmental groups are seeking a rehearing on the US Federal Energy Regulatory Commission's decision to authorize the construction and operation of facilities needed to export 1.7 Bcf/d of liquefied natural gas from Cameron Parish, Louisiana.

FERC approved the Cameron LNG export project June 19. With an estimated cost between $9 billion and $10 billion, the project includes a three-train liquefaction facility and a 21-mile, 42-inch-diameter pipeline to feed gas to the facility.

The Sierra Club, Gulf Restoration Network and RESTORE asked FERC on Tuesday to withdraw the order (CP13-25) and the environmental impact statement associated with the project and to undertake further environmental analysis. The groups also requested a stay of the order to prevent the project's sponsors from moving ahead with construction.

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Project sponsors include Sempra Energy, which will have a 50.2% indirect ownership stake in the project, and GDF Suez, Mitsui and Japan LNG Investment, which will each hold a 16.6% ownership interest.

Sempra had not responded to a request for comment as of press time.

The environmental groups argued in the filing that FERC made four errors in its order granting authorization of the Cameron project.

The groups' "most fundamental disagreement with FERC" stemmed from the commission's conclusion that increased domestic gas production triggered by a rise in gas exports was outside of the scope of the environmental review of the project required by the National Environmental Policy Act.

FERC has said that evaluating localized environmental impacts from boosts in gas development would not be feasible as it would be difficult to predict where additional gas development activity would occur.

The environmental groups' petition, however, said that FERC's "conclusions regarding foreseeability are not factually supported and are contrary [to] legal obligation to engage in reasonable forecasting."

FERC also "erred in refusing to consider the effects of the project on domestic electric sector air emissions, including emissions resulting from shifting electricity generation from gas to coal," the groups said.

The petition noted that LNG exports will put considerably more demand on gas. Meeting that demand will require either an increase in supply through more production or a reduction in consumption, which would come primarily from switching more power generation to coal from gas, the groups said, referring to an EIA study.

Further, the groups argue in the petition that FERC failed to meet NEPA requirements in both its analysis of air impacts of design alternatives and its discussion of impacts to wetlands.

In the EIS issued in April, FERC found the environmental impacts from the construction and operation of the facility would be manageable. The commission adopted staff's environmental recommendations, and the project will have to "adhere to more than 75 conditions that would mitigate any potential adverse environmental impacts," FERC said last month.

The Cameron project received conditional approval from the Department of Energy in February to ship LNG to countries that do not have free trade agreements with the US. The company in January 2012 received approval to ship to countries that have FTAs with the US.

The first liquefaction train at the Cameron project is expected to be placed in service in 2017, with the other two scheduled to follow in 2018.

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