



# FEDERAL ENERGY REGULATORY COMMISSION

**September 20, 2007**

**NEWS MEDIA CONTACT**

Docket Nos. CP05-91-000, CP05-380-000, CP05-381-000, CP05-382-000; CP06-470-000, CP06-471-000, CP06-471-001, CP06-472-000, -001, CP06-473-000, -001, CP06-474-000, -001; CP07-44-000, CP07-44-001, CP07-45-000, CP07-46-000, CP07-47-000; CP07-90-000, CP07-91-000, CP07-92-000

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## **Commission Approval of New, Expanded Natural Gas Facilities Includes LNG, Storage, Pipeline Projects**

The Federal Energy Regulatory Commission today approved four new or expanded natural gas facilities, including a new liquefied natural gas terminal (LNG) that will provide more than 2 billion cubic feet (Bcf) of natural gas per day to supply rising U.S. consumer demand.

The Commission granted authorization for a new LNG terminal, pipeline and other related facilities proposed by Calhoun LNG at Port Lavaca in Calhoun County, Texas, and approved the expansion of the existing Elba Island LNG facility near Savannah, Georgia.

The Commission today also approved a new natural gas pipeline proposed by Southeast Supply Header LLC (SESH) that would provide service to customers in the southern and eastern United States.

Finally, the Commission approved a new salt dome natural gas storage facility proposed by Tres Palacios Gas Storage, LLC, and approved the project sponsors' request to charge market-based rates.

"A robust energy infrastructure can provide reliability of supply at lower prices," Commission Chairman Joseph T. Kelliher said. "A weak infrastructure can result in higher prices, greater price volatility, lower supply reliability, and less effective competition. Today, we take a series of actions to strengthen our natural gas infrastructure."

The Commission adopted FERC staff recommendations to mitigate potential adverse environmental, safety and security concerns, and will impose several conditions on the approved projects.

Summaries of the proposals follow.





**1. Calhoun LNG L.P. (Docket No. CP05-91-000) and Point Comfort Pipeline Company, L.P. (CP05-380-000, CP05-381-000, and CP05-382-000).**

The Commission granted authority to Calhoun LNG to construct and operate an onshore LNG import terminal that will have a send-out capacity of 1 Bcf per day.

The company's affiliate, Point Comfort Pipeline, also is authorized to construct and operate nearly 27.1 miles of new 36-inch diameter pipeline to transport the 1 Bcf of gas per day from the Calhoun LNG terminal to local and interstate markets including Formosa Hydrocarbons Company and Formosa Plastics Company, four intrastate pipelines and five interstate pipelines including Florida Gas Transmission Company, Gulf South Pipeline Company, L.P., Natural Gas Pipeline Company of America, Transcontinental Gas Pipe Line Corp and Tennessee Natural Gas Company. The pipeline would end at a connection with Tennessee Gas approximately three miles southwest of the Town of Edna in Jackson County, Texas.

The pipeline project is estimated to cost \$62.6 million. The Commission ordered the Calhoun LNG and Port Comfort pipeline projects to be completed and ready for service within five years after its authorization order.

**2. Southern LNG, Inc. (CP06-470-000), Elba Express Company, L.L.C. (Docket No. CP06-471-000, -001, CP06-472-000, -001; CP06-473-000, -001), and Southern Natural Gas Company (CP06-474-000, -001).**

The Commission authorized Southern LNG to increase in two construction phases the storage capacity of the Elba Island LNG import terminal by 8.44 Bcf and increase its vaporization capacity by 900 million cubic feet (MMcf) of gas per day. The expanded facilities will provide service to Shell NA LNG LLC and BG LNG Services, LLV.

Among the facilities in Phase A, Southern LNG proposes to construct and operate a new 200,000 cubic meter (1.25 million barrels) tank having a storage capacity of 4.22 Bcf of LNG. The company also seeks to modify the existing unloading docks to accommodate larger LNG tankers and to facilitate the simultaneous unloading of two LNG ships. Southern LNG proposes to have the Phase A facilities available for service by June 1, 2010.

In Phase B, Southern LNG proposes to construct an additional 200,000 cubic meter tank (or 1.25 million barrels) with a storage capacity of the remaining 4.22 Bcf of gas per day and install submerged combustion vaporizers with the capability of providing firm send-out capacity of 495 MMcf per day. Southern plans to place the Phase B facilities in service by December 31, 2012. Both Phase A and Phase B facilities will cost an estimated \$509.2 million.

The Commission also granted authority to Elba Express to construct and operate a new 36-inch diameter and 42-inch diameter pipeline extending from Port Wentworth, Ga. to interconnections with the interstate pipeline facilities of Transco in Georgia and South Carolina.

Elba Express also is authorized to construct and operate a new 10,000 horsepower (HP) compressor station in Jenkins County, Ga., to provide up to 1,175 MMcf per day of firm transportation from the Elba Island LNG terminal to interconnections to Transco's pipeline system.



The Commission granted Southern Natural authority to transfer to Elba Express an undivided ownership interest of a volume equal to 1, 175 MMcf per day in Southern's Twin 30s Pipeline facilities which extend from the Elba Island LNG terminal to an interconnection with Southern's pipeline system in Port Wentworth, Ga.

The Commission conditionally authorized Southern to acquire an additional undivided interest in Elba Express' proposed pipeline facilities from Port Wentworth to Rincon, Ga., equal to 500 MMcf per day. The authorization applies only if Southern proceeds with its Phase III Cypress Express Project and modifies the proposal to reflect certain facility modifications required by the Commission's order.

If Southern decides not to proceed with the Cypress Pipeline expansion project, the Commission conditionally authorized Southern to acquire an undivided ownership interest in Elba Express' proposed pipeline facilities that would extend from Port Wentworth to Wrens, Georgia, equal to 55 MMcf per day.

**3. Southeast Supply Header, LLC (SESH) and Southern Natural Gas Company (Docket No. CP07-44-000, CP07-44-001; CP07-45-000, CP07-46-000, and CP07-47-000).**

The Commission granted authority to SESH and Southern to construct and operate 269 miles of new 42-inch and 36-inch diameter pipeline and related facilities that will transport up to 1.114 Bcf of gas per day in facilities that will begin at the Perryville Hub near Delhi, La., continue through Mississippi and terminate near Coden, Ala.

The project will transport gas from unconventional U.S. gas supplies including Barnett Shale, Bossier Sands and Arkoma and Fayetteville Shale, that will allow service to customers throughout the Southeast, Atlantic Coast and Northeastern U.S. through pipeline interconnections with nine natural gas companies. Customers receiving gas through the proposed SESH pipeline include Florida Power and Light, Progress Energy Florida, EOG Resources, Inc., and Tampa Electric Company.

The Commission ordered SESH and Southern to complete the proposed facilities within one year of the issuance of its order.

**4. Tres Palacios Gas Storage Project (CP07-90-000, CP07-91-000, CP07-92-000).**

The Commission granted Tres Palacios authorization to construct and operate a new salt dome natural gas storage facility in Matagorda County, Texas. The project will be capable of storing approximately 54 Bcf of gas, of which 36.4 Bcf will be used for working gas and 17.95 Bcf will be used as cushion gas.

The proposed facility will be designed to allow cycling up to seven times per year, with a peak injection rate of 1 Bcf per day and a maximum withdrawal capability of 2.5 Bcf per day.

Tres Palacios also proposes to construct and operate an estimated 40 miles of new pipeline that would extend from the salt dome storage facility to interconnections with Valero Natural Gas Pipeline Company, Tennessee Gas Pipeline Company, Transco, Natural Gas Pipeline Company of America, Gulf South Pipeline Company, LP, Crosstex Gulf Coast Transmission Ltd, Kinder Morgan Tejas Pipeline, Florida Gas Transmission Company, Channel Pipeline Company and Texas Eastern Transmission, L.P., Kinder Morgan Texas Pipeline and Central Texas Gathering System.



The Tres Palacios project also would include the construction of a gas handling facility and the installation of 10 gas-fired compression units, each capable of generating 4,800 horsepower.

The Commission ordered the facilities to be completed and available for service within one year of the date of its order.

The Commission also approved Tres Palacios' request to charge market-based storage rates for firm and interruptible service, subject to the conditions imposed in the Commission's order.

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