



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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APR 14 2005

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

Reference Docket No. CP04-411-000, et al.

Dear Ms. Salas:

The Environmental Protection Agency (EPA) has reviewed the draft environmental impact statement (DEIS) for the Crown Landing Liquefied Natural Gas (LNG) Terminal and Logan Lateral Projects (CEQ #050075) located in Logan Township, Gloucester County, New Jersey and between an existing Chester Junction facility in Brookhaven Borough, Pennsylvania and the proposed terminal in Logan Township, respectively. This review was conducted in accordance with Section 309 of the Clean Air Act, as amended (42 U.S.C. 7609, PL 91-604 12(a), 84 Stat.1709), and the National Environmental Policy Act (NEPA).

Proposed Project

The DEIS details the Crown Landing, L.L.C. proposal to construct and operate a LNG terminal in New Jersey and a pier extending into the State of Delaware's waters, and Texas Eastern Transmission, L.P.'s proposal to construct and operate a new natural gas pipeline and ancillary facilities in New Jersey and Pennsylvania. Crown Landing's proposed facilities would transport a baseload rate of 1.2 billion cubic feet per day (Bcfd) and a maximum rate of 1.4 Bcfd of imported natural gas to the United States market. The terminal as proposed would interconnect with three natural gas distribution pipelines; two already on site, and the new pipeline that Texas Eastern proposes to construct and operate (the Logan Lateral). The terminal and pipeline would include: a ship unloading facility with a single berth capable of receiving LNG ships with cargo capacity of up to 200,000 cubic meters (m³); three 150,000 m³ full containment LNG storage tanks; a closed-loop shell and tube heat exchanger vaporization system, sized for a normal sendout of 1.2 Bcfd; various ancillary facilities including administrative offices, main control center and pier control room; three meter and regulation stations located on the proposed LNG terminal site and approximately 11 miles of 30-inch-diameter natural gas pipeline; a pig launcher and receiver facility at the beginning and end of the pipeline; a mainline valve; and a meter and regulation station at the end of the pipeline.

Comments

EPA appreciates the efforts made by the Federal Energy Regulatory Commission (FERC) to work with all the cooperating agencies on the preparation of this DEIS. The document reflects many of the issues brought forth during agency meetings. Our comments on the document are as follows:

Water Quality:

- Mitigation plans for all unavoidable impacts to wetlands, wetland transitional areas and shallow water habitat must be included in the Final EIS (FEIS).

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- In addition to the responsibilities outlined in Section 2.6 (Environmental Compliance, Inspection, and Mitigation Monitoring) and Section 2 Appendix D, the Environmental Inspector(s) should be (a) qualified professional(s) trained in erosion and sediment controls as well as having the appropriate training and experience in wetlands protection.
- The hydraulic dredging, hydrostatic testing and ballast water uptake aspects of the project will require review and approval by the Delaware River Basin Commission.
- Construction of the terminal and the pipeline will require NPDES permits from the states of New Jersey and Pennsylvania, respectively. The permits would require the applicant to develop and implement a Storm Water Pollution Prevention Plan for the New Jersey Department of Environmental Protection and a Preparedness, Prevention and Contingency Plan for the Pennsylvania Department of Environmental Protection.
- The FEIS should discuss whether it is feasible to use 75 million gallons of water from the municipal system to perform the hydrostatic testing of the storage tanks.
- As this EIS will also serve as the U.S. Army Corps of Engineers (Corps) NEPA documentation for its issuance of a permit under the Clean Water Act/Rivers and Harbors Act, more detail about the dredging and the disposal of dredged material should be included in the FEIS, including all sediment sampling required by the New Jersey Department of Environmental Protection, and more specifics on the location of the 4 miles of discharge pipe.
- EPA recommends that the FEIS demonstrate that there is capacity at the dredged material disposal site to accommodate both the initial and maintenance dredging requirements for several years.

Air Quality:

- Because the facility will need to be permitted under the New Source Review (NSR) requirements of the Clean Air Act, the project is exempt from EPA's general conformity requirements as described in 40 Code of Federal Regulations Part 93.153(d)(1). However, dredging in the river for fuel carrier berths is not exempt, and that element of the project should not be considered part of the permitted facility. As part of the permit process, the Corps needs to perform a General Conformity applicability analysis of air emission estimates from work necessary to perform the described dredging and dredged material transport (if this part of the work is considered part of the federal action). If the applicability analysis finds that emissions exceed de minimis thresholds established in EPA's General Conformity regulation, it will be necessary for the Corps to make a general conformity determination for the appropriate element or elements of the project. The conformity determination should be included in the Final EIS.
- Table 4.11.1- 4 presents the annual maximum potential emissions from the proposed LNG terminal and relevant Prevention of Significant Deterioration of Air Quality (PSD) and NSR threshold criteria, and Table 4.11.1-5 includes the emissions from the vessel equipment that will pump LNG to the terminal. These air emissions must be substantiated through vendor guarantees, support information, and mass balance equations. Whether emissions from the terminal and the ships should be included in the facility emissions total must be determined through discussions with the air permit programs of the states of New Jersey and Delaware.

- As you may be aware, air permit applications are stand alone documents containing much more detailed information than what was presented in the DEIS. As such, it is expected that a separate air permit application from the company would address the NSR/PSD requirements in much greater detail.

Cumulative Impacts:

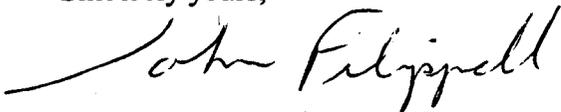
- The cumulative impacts section of the DEIS does not provide a thorough evaluation of the existing or planned projects within the area of the proposed terminal. There should be a discussion of any expansions to the maritime terminals in the area, or planned new terminals, such as the proposal to build a new LNG import terminal at the Philadelphia Gas Works facility. The ship traffic section should include the existing volume of vessels on the Delaware, and then extrapolate the increase in vessel movements in the future. For example, the Philadelphia cruise terminal has been steadily increasing its sailings and the Philadelphia Regional Port Authority showed gains for general cargo in 2004 as compared to 2003 volumes.

General:

- The EPA representative to the Crown Landing First Responders Task Force has stated that discussions on the emergency management plan and emergency systems for the terminal and vessel are progressing well. However, we concur with the FERC that Crown Landing should provide a plan within the FEIS identifying the mechanisms for funding project-specific security/energy management costs that will be imposed on federal and state agencies and local communities. Also, for clarity, thermal exclusion zones should be delineated on maps of the terminal and surrounding land.
- In a related matter, it is EPA's understanding that Crown Landing has not received approval under the Coastal Zone Management Act (CZMA) from the Delaware Department of Natural Resources and Environmental Control to site the pier in Delaware's waters. Should any portion of the project significantly change due to CZMA requirements and result in a change to project impacts, a Supplemental EIS may be required.

As the DEIS does not include detailed mitigation plans, a discussion of general conformity, or thoroughly analyze the cumulative effects on navigation and the environment, EPA has rated the DEIS as EC-2, indicating that we have environmental concerns and that further information as described above is necessary (see enclosed rating sheet).

Sincerely yours,



John Filippelli, Chief
Strategic Planning and Multi-Media Programs Branch

Enclosure