

Station may be Sound and fury

Need for contentious offshore gas terminal appears uncertain as other options, with their own hurdles, exist

BY TOM INCANTALUPO

STAFF WRITER; Staff writer Mitchell Freedman contributed to this story.

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Opponents present an array of arguments against Broadwater Energy Corp.'s plan for a floating liquid natural gas terminal in Long Island Sound, from potential damage to marine life to an attack by terrorists. But supporters rely on just one argument: This region, they say, will need more gas.

That's probably true. Both major gas utilities in this region say they're pushing customers to convert to gas and are projecting steady growth in demand during the coming years.

But whether Long Island, the city and Connecticut will need Broadwater's gas is less certain. While executives at both KeySpan and Con Edison say they support the project, they won't call it critical, because Broadwater's isn't the only proposal that could bring more gas into the region. At least two other projects are on the drawing board that would use conventional pipelines, but both face their own set of hurdles.

For now, the utilities are taking a wait-and-see stance. "We'll look at all projects when they're built," said Con Ed's gas supply director James A. Stanzione.

One of the projects, in which KeySpan is a partner, is the "Islander East" pipeline that would bring Canadian gas south across the Sound to Shoreham from a pipeline in Connecticut. The gas would be used to generate electricity and heat homes on Long Island. The hitch: Connecticut opposes the pipeline, and the two sides are fighting in court.

Another pipeline proposal involving KeySpan, the "Millennium Project," would connect gas storage fields in Michigan to the Bronx, but it has run into trouble obtaining an environmentally acceptable place to cross the Hudson River.

Residents here tend to react no less harshly to perceived environmental threats. Already environmentalists and civic groups have banded together to oppose the Broadwater project. Last night, Riverhead's town board was expected to approve a resolution opposing the project. "Industrial use of Long Island Sound is bad public policy," said town Supervisor Phil Cardinale.

Broadwater contended in a statement yesterday that the board's opposition was based on misinformation about the project's risks. "Broadwater's location in the most remote section of the Sound is intended to lessen environmental impacts," the company said.

No one knows for certain how much natural gas this region - or the country - will need in the future, except that it'll probably be more than now. The state Energy Research and Development Authority says New Yorkers burned 45 percent more natural gas in 2002 than in 1990. KeySpan, actively working to convert home heating oil customers to gas, and fast expanding its system to Island neighborhoods that don't have gas mains, sees 3.5 percent a year growth on Long Island for the foreseeable future. Con Edison is forecasting 1.5 percent annual growth in its territory. KeySpan also sells gas in Brooklyn, Staten Island, most of Queens and portions of New England. Con Ed supplies Manhattan, the Bronx, a small portion of Queens and most of Westchester.

Broadwater's facility would be moored about nine miles north of Wading River to off-load chilled, liquefied gas brought from abroad by ships, heat it to gas form and then pipe it 25 miles west via a new connection to an existing gas pipe running under the Sound between Connecticut and Northport. From that point, the gas would go north or south.

Broadwater argues that added gas supplies from a source other than U.S. and Canadian fields would help ensure future supplies, help control prices, help support economic growth and control the region's rising cost of living. "The advantage of Broadwater is a new supply into this region that diversifies from traditional sources that we know aren't growing any larger," said Broadwater senior vice president John Hritcko Jr.

Matthew Cordaro, a former senior vice president at the now-defunct Long Island Lighting Co., agreed. "If enough supplies are present, there is less volatility with respect to price," said Cordaro, who now is director of the Center for Management Analysis at the C.W. Post campus of Long Island University in Brookville.

Energy experts say that existing supplies from U.S. and Canadian fields will have to be augmented by increased shipments of liquefied natural gas from nations such as Algeria.

At the same time the department says that as natural gas becomes more expensive, coal, which is domestic and cheap, increasingly will be substituted for gas in coming years for generation of electricity.

Locally, though, utility executives question whether coal burning will ever be clean enough to meet this region's strict environmental standards.

Meanwhile, environmentalists and local politicians questioning the Broadwater proposal reject the argument that the region must inevitably burn ever increasing amounts of fossil fuels. "Our community needs to come together and embrace a comprehensive approach to energy, focusing on the need for clean sources, such as renewable energy," Rep. Tim Bishop (D-Southampton) told a recent news conference.

Broadwater, a joint venture between units of Shell Oil and TransCanada Pipeline, hopes to have its Long Island Sound terminal in operation in about a decade.

Experts doubt that all 40 additional liquid gas terminals being proposed nationally, including Broadwater's, will be needed - at least for the foreseeable future. Utilis Energy, a consulting firm based in London and New York, said in a report published in October, "It is inevitable ... that many projects will fizzle out while others will be rejected during the permitting process."

Staff writer Mitchell Freedman contributed to this story.

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