

**\*\*\* PRESS RELEASE \*\*\***

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**Groups Say Liquefied Natural Gas Facility in Maryland Must Be Strongly Regulated**

Two Consumer and Environmental Organizations Oppose Request by Dominion's Cove Point Facility to Be Exempt From Economic Regulations

WASHINGTON, D.C. - Public Citizen and Green Delaware today urged the Federal Energy Regulatory Commission (FERC) to deny a request by Virginia-based Dominion to waive market transparency rules for the company's Cove Point liquefied natural gas (LNG) facility expansion in Maryland, saying such a move could harm consumers.

The groups said in a letter to FERC that an agreement between Dominion and Norwegian-owned Statoil invites "collusive, anti-competitive behavior" that FERC's transparency regulations were designed to prevent. Under that agreement, Statoil will secure exclusive rights to market all the natural gas unloaded from Dominion's Cove Point facility. Statoil also is delivering the LNG to Cove Point from Norway in tankers owned by Statoil. "While this arrangement will result in spectacular financial returns for the two companies, consumers will be guaranteed to be price-gouged," the groups wrote.

Public Citizen and Green Delaware are urging that regulations designed to ensure market transparency -- open season rules and cost-of-service regulations -- govern the terms of any contract to deliver natural gas from the Cove Point facility. Such rules ensure that a company operating a monopoly business like an LNG facility cannot cut side deals with favored companies and deny consumers access to competitive prices.

"Dominion cannot unilaterally dictate its business preferences simply because it will help the company increase its profits," said Tyson Slocum, research director of Public Citizen's energy program. "This invites anti-competitive business practices, which harms consumers."

Dominion is financially strong, with cumulative net income of \$4.3 billion since 2000, making it one of the most profitable companies in the energy industry and giving it the financial wherewithal to expand its Cove Point LNG facility without the need for the indirect subsidy that suspending market transparency rules would bring to Dominion. In fact, a recent report by the state of Virginia found that Dominion is sitting on as much as \$680 million in "excess earnings that, prior to deregulation, would have been returned to ratepayers. Meanwhile, natural gas prices are at record highs in the United States.

The groups also said Dominion has not proven it is responsible enough to suspend market transparency rules. In August 2004, FERC forced Dominion to pay \$5 million to settle allegations of natural gas market manipulation. In addition, a Dominion employee in November 2004 sent the wrong week's information to federal government natural gas storage data collectors, a mistake that sent natural gas prices soaring, costing the national economy as much as \$1 billion.

"These companies are cutting deals behind closed doors, which guarantees that consumers will never see a penny in any of the 'savings' enjoyed by Dominion and Statoil," Slocum said.

To read the filing, please go to <http://www.citizen.org/documents/CovePointMotion.pdf>.