



Shaping the Future of LNG

By Frank Katulak



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WITH ITS ENVIABLE safety record, environmental friendliness, and the current period of burgeoning demand for natural gas amid rising prices, one might think the nation's liquefied natural gas (LNG) industry would be enjoying the best of times. Expanding the market for LNG should be a relatively easy challenge in such an environment. But today, building new infrastructure — be it an LNG facility, power plant, or even cellular telephone tower — is anything but easy. For the LNG industry in particular, it becomes especially difficult when, despite evidence to the contrary and the superior risk-versus-reward ratios of LNG, the fuel, its tankers, and storage facilities are singled out by the media and some public officials as exceedingly dangerous.

Given the challenges, how can LNG companies expand their presence in the United States? Beyond the commercial requirements of securing adequate supply, shipping, and customers, I believe there are three inter-related commitments that will help propel the industry:

- **Commitment to safety**
- **Commitment to community**
- **Commitment to communication**

SAFETY

Unlike its other fossil-fuel counterparts, LNG wouldn't pollute land or water resources if accidentally spilled while being transported and could not catch fire or explode in its liquid state. The industry has a record of investing in quality equipment, carefully training ship crews and terminal employees, and sharing best practices. Further, LNG ships, storage tanks, and trucks are among the most sophisticated and robust in the energy business. Tanks are double-walled with insulation between the walls to ensure the LNG stays at its -260°F temperature. The type of construction and materials used has proven extremely resistant to failure.

Thus, LNG ships and receiving and storage facilities — many of which are in populated areas — have an excellent safety record. There has never been a recorded incident of collision, grounding, fire, explosion, or hull failure that has caused the breach of a cargo tank of an LNG ship. Land-based LNG facilities have an equally impressive safety record.

Onshore, the most serious accident occurred more than 60 years ago during the industry's infancy in

Cleveland. The LNG storage tanks for this facility were built during World War II when nickel was scarce. As a result, an improper alloy for a cryogenic substance like LNG was used. It was a watershed incident, and since then, well-developed design, construction, and safety codes have been established and used. Overall, incidents are rare; they have been limited to an area within the sites themselves, and are primarily characterized as construction accidents because in most instances no LNG was directly involved. That is a record unmatched in the broader fuel industry.

The LNG industry must continue with efforts to do everything possible to eliminate the chance of an incident of any kind.

COMMUNITY

The future of the LNG industry in the United States will be largely determined by how much of a good neighbor it can be. With the level of sensitivity shown by residents in communities that have been mentioned as possible sites for LNG facilities, it has become critically important to demonstrate a willingness to become integrated with the communities.

Our terminal in Everett, Mass., is fully integrated into a thriving maritime port where industry, fishing, and recreation all co-exist. Further, we have developed various ways to reach out to the community, including a fuel-assistance program for those having difficulty paying their bills and a scholarship program.

COMMUNICATION

Finally, we in the LNG industry need to get more aggressive in telling our story. It's not enough to think everyone will eventually see things our way because our safety record is so strong and our product so desirable. In this sense, our record cannot "speak for itself." We need to trumpet to local, state, and federal officials, to the press, and to residents the actual characteristics of the fuel, the exceptional safety record, and the positive impact that an LNG facility actually can have on a community and a region.

Fear of new LNG development often overcomes favor. But we must turn the dial of the public dialog and get the message across that fear of not meeting our energy needs in responsible ways — and what impact that would have on our quality of lives — should take precedence.

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GREEN MOUNTAIN UNPLUGS PENNSYLVANIA

Green Mountain Energy has announced it will stop selling full electric service in Peco Energy's territory as well as elsewhere in Pennsylvania. Green Mountain has 30,000 customers in the state.

Green Mountain, which markets renewable electricity, said the pullback was caused by higher natural gas prices, according to an article in the *Philadelphia Inquirer*.