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LNG FACILITY PROPOSED FOR HARBOR ISLAND \$500M PLAN EYES OUTER BREWSTER

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A Virginia energy conglomerate yesterday unveiled a plan to turn Outer Brewster Island in Boston Harbor into a \$500 million liquefied natural gas terminal, the fourth LNG facility proposed along the Massachusetts coast in the past year.

The project, which comes on top of two proposed offshore terminals 10 miles off Gloucester and a third LNG project in Fall River facing bitter local opposition, has one major catch: The island is part of the Boston Harbor Islands National Recreation Area, a state and national park.

The company, AES Inc. of Arlington, Va., would need a two-thirds vote by state legislators to get access to Outer Brewster even before pursuing other state and federal approvals needed. The site is 8 miles east of the downtown waterfront and a mile northeast of Boston Light, an icon of the harbor that is located on Little Brewster Island.

For four years, many local officials have warned that a terrorist attack on an LNG ! tanker serving the Suez-Distrigas terminal in Everett could kill thousands in Boston. Because of the possibility the Outer Brewster project could shift LNG traffic offshore, some local officials and even harbor island environmental groups said they wouldn't immediately reject it.

"It's something worth at least considering and taking a hard look at," said James W. Hunt, the top energy and environmental aide to Boston Mayor Thomas M. Menino.

Governor Mitt Romney, speaking to State House reporters, said in light of the state's clear need for more gas supplies, "I think it's a very interesting and a very valid proposal to be considered. I far prefer the idea of LNG storage facilities and ports offshore, away from populated areas."

Outer Brewster is "far from a virgin site," said AES managing director Aaron Samson. The Army put camps and gun batteries on the island in both world wars. Park officials do not open the island to the public because of hazards including an abandoned water-desalination plant.

Demand for natural gas has soared in Greater Boston in the past five years after three big electric plants powered by natural gas went into service. Homeowners and businesses

have steadily continued converting from oil to gas for heat, and during a January 2004 record cold snap KeySpan Energy Delivery New England had to evacuate dozens of families from areas where it couldn't maintain adequate gas supply.

At current near-record-high prices, AES could move as much as \$3.3 billion a year worth of natural gas through the Outer Brewster terminal and into the Boston area gas-pipeline network. Officials of the Arlington, Va., company said they expected to pay the state \$10 million annually to lease the site, which could subsidize harbor island park facilities. They also forecast paying \$5 million annually in city property taxes.

For decades, environmentalists and recreation advocates have battled to improve the condition of the harbor islands, several of which have hosted dumps and industrial facilities, and to increase public access to them. They scored a major win in 1996 when Congress declared the 34 islands to be a "national recreation area," still owned by state and local governments but jointly managed with the National Park Service.

Although groups including the Boston Harbor Association and the Island Alliance said they wouldn't immediately oppose the Outer Brewster project, they said it raises many issues, including how much it could restrict boaters and hikers from nearby waters and islands.

"There's an enormous number of unanswered questions, but it's worth a look," said Tom Powers, president of the Island Alliance.

However, Bruce Berman of Save the Harbor/Save the Bay, another island group, said, "This is not one that I can imagine supporting under any circumstances. We created the park to protect and defend the harbor islands, not sell them off to the highest bidder."

Samson of AES said the company anticipated some opposition. "I don't believe we'll sell all environmentalists on the idea that this is the right place to go, but we think it's worth having the debate," he said. "Other than the fact that it's part of this national park system, it's got great technical and geographical attributes for being used for LNG."

To make the project safer and less conspicuous, AES is proposing to build the LNG tanks in shafts quarried 80 feet into the island rock, which would add about 20 to 30 feet of visible structures on the top of Outer Brewster. The facility would occupy the north side of the island, mostly invisible to residents of Point Allerton in Hull, 2 miles to the south. AES would build a new 1.2-mile undersea pipeline to feed gas into an existing Beverly-to-Weymouth gas line.

Samson said AES would make 50 to 80 LNG deliveries annually to the site, with ships docked for a day each time. Because the site is so far offshore, shielded in deep rock, and well outside harbor shipping lanes, Samson said it may not be necessary to impose a large "exclusion zone" like the Coast Guard requires around LNG tankers headed to Distrigas in Everett. Except for Coast Guard personnel stationed at Boston Light, there are no residents within 2 1/2 miles of Outer Brewster.

US Representative Michael Capuano, a Somerville Democrat whose district includes the harbor islands, and Seth Kaplan, a senior attorney with the Conservation Law Foundation, said they are frustrated that LNG proposals keep popping up willy-nilly without any apparent coordinated government review.

The AES plan is months away from going before the Federal Energy Regulatory Commission and state environmental agencies. The two Massachusetts Bay proposals are pending before the Coast Guard and if approved would not be constructed before 2007. The fourth project, Weaver's Cove in Fall River, won approval from the federal commission earlier this summer but faces opposition from local officials and the US Navy, which fears disruptions to the Narragansett Bay submarine training grounds.

Industry officials and regulators doubt that all four would be built, but demand for natural gas would support at least one facility, and more if the Everett facility ever closes.

"We need to see which ones makes the most sense for the commonwealth," Capuano said. "Maybe the final answer is we need all four facilities for our energy needs. But I don't think we should be looking at them piecemeal."

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