



COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF
ENERGY AND ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENERGY RESOURCES
100 CAMBRIDGE ST., SUITE 1020
BOSTON, MA 02114
Internet: www.Mass.Gov/DOER
Email: Energy@State.MA.US

Deval L. Patrick
Governor

TELEPHONE
617-626-7300

Timothy P. Murray
Lieutenant Governor

FACSIMILE
617-727-0030
617-727-0093

Ian A. Bowles
Secretary, Executive Office of Energy
and Environmental Affairs

November 16, 2009

Philip Giudice
Commissioner

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: *Application of Weaver's Cove Energy, LLC to construct an LNG tanker berth*
Docket No. CP04-36-005

Dear Secretary Bose:

The Massachusetts Department of Energy Resources (DOER) is the state agency responsible for implementing and advocating for energy policies that ensure an adequate supply of reliable, affordable and clean energy for the businesses and residents of Massachusetts. Pursuant to M.G.L. c. 25A §6 (2), DOER should "advise, assist and cooperate with other state, local, regional and federal agencies in developing appropriate programs and policies relating to energy planning and regulation in the commonwealth...." Therefore, DOER frequently comments in appropriate state and federal regulatory venues on policies, regulations, standards and market mechanisms that affect various energy supplies, prices and infrastructure.

DOER appreciates the opportunity to submit comments on the Application of Weaver's Cove Energy, LLC (WCE) to site, construct, and operate an offshore berth for receiving and unloading LNG in Mount Hope Bay in Massachusetts waters. Specifically, DOER has reviewed the market study that WCE submitted to FERC as an Appendix B to the Resource Report I filed with FERC as part of the proceeding.

DOER asserts that it is unclear to what extent, if any, Weaver Cove's LNG supply is needed either to meet the region's gas supply needs or to reduce fossil use in the region. DOER contends that changes in the region's electricity and natural gas marketplaces have occurred

since the Weaver's Cove project was first initiated and reviewed. FERC should consider the updated natural gas supply landscape, taking into account the new commercial alternatives, not only for gas supplies, but also alternatives such as energy efficiency and renewable energy.

The environmental benefits claimed by the Weaver's Cove LNG project are premised on the assumption that its LNG supply will serve markets that would not otherwise be served absent its LNG supply. Weaver's Cove claims that if 3% of its facility's throughput displaces other fossil fuels, it will offset all of the direct and indirect GHG emissions of the project.

There are three other regional LNG projects that will all be in commercial operation this year and that will add significant additional supplies into New England. The Northeast Gateway project is in commercial operation and has the capability to deliver 0.8 Bcf/day on peak with an average baseload capability of up to 0.6 Bcf/day. The Canaport LNG project located in Saint John, New Brunswick is 95% complete and will be capable of delivering 1.0 Bcf/day of supply with a substantial portion of that supply capable of being delivered to New England. Gas supply from that project will be delivered into both the Tennessee Gas Pipeline and Algonquin Gas Transmission System. Finally, the Neptune LNG project is scheduled to go into commercial operation in the fall of this year and will add an additional 0.75 Bcf/day of peak supply and an average baseload supply of 0.4 Bcf/day.

These projects are adding significant additional capacity and supply directly into New England load centers, which will not only be capable of serving local gas demand, but will also create opportunities to serve upstream markets as well. In addition, recent filings made by Bay State Gas Company in Massachusetts and National Grid in Rhode Island presented evidence of significant weather-normalized declines being experienced in their customers' average usage. This decline in natural gas use is generally being experienced by most natural gas utilities in the region. The significant increase in natural gas supplies into the region coupled with the declining use per customer being experienced by natural gas utilities raise further questions regarding the need for the Weaver's Cove LNG project and the extent to which its LNG supply is needed to displace fossil fuel use in the region.

Weaver's Cove has raised a number of issues with respect to the existing LNG import projects in New England, including whether sufficient pipeline capacity exists to enable the full export capacity of these projects to be delivered during peak conditions. While the issues it raises are valid and important, it presents no quantitative analysis as to the need and role of the Weaver's Cove project, even assuming the validity of its claims. While it is possible that the Weaver's Cove LNG project could have a meaningful beneficial effect on natural gas supply for Massachusetts and the region, additional analysis is required to understand the impacts of Weaver's Cove LNG on the Commonwealth and the region. This analysis should not only take into account the impact of new natural gas supply projects in the region but also consider how the Commonwealth's and neighboring states' comprehensive initiatives on energy efficiency and the development of renewable energy resources will impact energy demand and the need for additional natural gas supplies.

Kimberly D. Bose, Secretary
November 16, 2009
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DOER respectfully requests that FERC considers these comments in its evaluation of the Weaver's Cove application for the Offshore Berth Project.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Giudice". The signature is written in a cursive style with a large initial "P".

Philip Giudice
Commissioner

Cc: Ms. Alicia McDevitt, Director, MEPA
Mr. Philip Weinberg, Department of Environmental Protection
Ms. Maeve Valley Bartlett, Assistant Secretary, EEA
Mr. Ted Gehrig, President, Weaver's Cove Energy