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Canada delays LNG process

Hearing U.S. Coast Guard cannot assess risk until it receives report from Foreign Affairs

Rob Linke

Canada's opposition to LNG tankers entering Head Harbour Passage is preventing the U.S. Coast Guard from providing an assessment that U.S. regulators need before they can approve two proposed LNG terminals in Maine.

Canada's lack of co-operation with U.S. authorities is leaving an "informational void" on safety, security and environmental issues, according to the top U.S. Coast Guard official in northern New England.

Yet the Coast Guard suggests the companies proposing the terminal forge ahead to find answers Canada is withholding.

The U.S. Coast Guard has to assess the suitability of the waterway as part of the approval process well underway by the Federal Energy Regulatory Commission in Washington, D.C.

But it says it is being stymied by Canada ignoring repeated requests for information - including a recent diplomatic note from the State Department.

Because of that, the Coast Guard says it's up to the two companies that have applied to build the terminals, Downeast LNG and Quoddy Bay LNG, to provide the information Canada won't cough up.

"Until the Coast Guard obtains the information, we consider both applications incomplete and will not be able to finish and submit the waterway suitability reports for either of these two projects," concludes a June 19 letter from the then-U.S. Coast Guard commander for northern New England, Capt. Stephen Garritty, who has since retired.

The letter, to a senior regulatory commission official, was made public July 5 on the regulator's website.

Commission officials could not be reached for comment on the implications of the Coast Guard's position on the applications to build the terminals.

U.S. State Department officials have also complained Canada has not lived up to its assurances it will share a study it commissioned into the risks of LNG tankers in Head Harbour Passage.

In March, a State Department deputy assistant secretary wrote that U.S. officials had been told the Canadian study would be released in April.

It was not. Veterans Affairs Minister Greg Thompson, the MP for New Brunswick Southwest and lead minister on this issue, said he did not know when the study would be released and would be checking with the Department of Foreign Affairs.

In February, Canada formally opposed the tanker passage in a letter Canada's ambassador to Washington, Michael Wilson, wrote to the regulatory commission chairman.

Canada argues Head Harbour Passage, between Campobello and Deer islands, is internal Canadian water over which Canada has exclusive jurisdiction. Wilson's letter cited the Canadian study, which concluded the ships would pose unacceptable environmental and navigational risks.

The study, by a private consulting firm, has never been released despite access to information requests made months ago.

Among other things, the Coast Guard says the LNG companies should:

Provide the Canadian study or some other suitable "governmental articulation" of the basis for Canada's objections;

Offer specific options for safe and secure movement of the LNG tankers through U.S. and Canadian waters "should Canada remain committed to a policy of non-co-operation;

Detail how "marine near-shore terrorist threats and civil disobedience incidents, especially those originating from Canada, would be addressed;

Explain what emergency response plans and crisis communication would involve Canadian officials and protect the "affected Canadian public and natural environment."

The U.S. takes the stance that the right of innocent passage, which allows commercial ships to enter other countries' waters, applies to Head Harbour Passage.

The companies, the state of Maine and the State Department have all taken the position that the federal regulatory commission approval process should be allowed to proceed without "political interference."

Wilson's February letter formally expressing Canada's intention to oppose the tankers "by all legal and diplomatic means" was "inconsistent with our long history of collegiality and close cooperation on trans-border energy issues," says a letter from the State Department to the president of Quoddy Bay LNG.