

## **Cobscook Bay Fishermen's Association**

### **Notes from Meeting with Representatives of the Passamaquoddy Tribe and Quoddy Bay LLC**

#### **Passamaquoddy Tribal offices**

**February 17, 2005 1:00 PM**

Compiled from notes taken by Heidi Leighton, Chris Bartlett and Will Hopkins

Representatives of the Tribe and Quoddy Bay LLC present included Craig Francis, Dale Mitchell, Don Smith and Brian Smith. Fishermen present included Scott Emery, Angus McPhail, Harry Shain, and David Turner. Others present included Will Hopkins and Heidi Leighton from the Resource Center, Chris Bartlett from Maine Sea Grant, and Mike McCabe from Cobscook Bay Chamber of Commerce. Gary Guisinger from Perry was in the audience.

Craig Francis welcomed the group and noted that the project has been underway for about one year. He then turned the presentation over to Don Smith who is the owner of Smith Cogeneration. Don Smith explained that his company was approached by a tribal member and asked to coordinate this project. Quoddy Bay LLC was set up to organize the project and Smith Cogeneration is one of the principals in Quoddy Bay LLC. For the past year Quoddy Bay has been focused on big picture items such as supply, capacity in the existing pipeline, and financing for the project. While Quoddy Bay was looking at big picture problems the community process was ignored. Smith Cogeneration is now in charge of Quoddy Bay and will be financing the project.

There are 26 LNG projects in process right now in the US. The federal government and state governments are fighting over whether the federal government has the right to impose LNG projects on a state. Smith stated that he was not going to pursue a federal permit without a State of Maine permit.

A  $\frac{3}{4}$  mile long pier will be built from the Pleasant Point site out into Gleason Cove. Pumps and re-gasification facilities will be constructed onshore. The pumps will move gas to the pipeline. There will be two large tanks constructed on the ground each tall enough to hold two 747 airplanes end to end. The tanks will probably be painted for aesthetic purposes.

The construction phase will employ around 1000 people for two years. Around 70 full-time employees will be needed for the facility once it is operational.

Smith addressed the issue of containment. He said the tanks can be built so they don't leak but that they will also construct a berm around each tank. If the tanks ever caught on fire you wouldn't want to be within 2000 feet of it. Full containment structures (concrete/steel rebar) will be constructed around each tank. With this shield in place the probability of significant escape/burning is much smaller. With the additional containment in place the safety zone around the facility will need to be 1,040 feet. Dwellings within this safety zone will have to be purchased by the company.

Quoddy Bay wants to work with local vocational education programs to get local skilled labor which could work in the facility.

Don Smith then discussed issues surrounding bringing a tanker into the terminal. The ship would be treated like a cruise ship. It would be escorted by government security vessels such as USCG or Navy. If anyone were to come too close to the tanker they would be warned off, then pushed away or sunk by the security vessels. He doesn't feel tankers coming into Passamaquoddy Bay would be under significant threat from terrorists. He feels terrorists are more likely to target ships entering more populated areas. The ship will travel at 4 knots under the control of two tractor tugs. The ship would be double walled. In other areas, the security zone around the ship is 100-200 yards. The LNG

tanker would always have right of way. Plans call for one tanker per week to arrive at the terminal, taking about 20 minutes to make the passage from East Quoddy Head to the terminal. Smith acknowledged that tankers would probably only come in on slack water.

Smith expressed his desire to restore fisheries and habitat as part of his project.

Next steps in development of the project: Ship Safety Transit Study, Environmental Study, and development of a binding contract with the Tribe. Currently Quoddy Bay has a non-binding agreement with the Tribe.

Smith talked about the need for an affirmative vote by the Town of Perry for the commercial use of the property before he can sign a binding contract with the Tribe. He stated that if the Town of Perry votes to oppose the LNG terminal that that will be the end of his efforts. In regards to the Perry amendment concerning "commercial use" of the annexed land, he presented his interpretation of "commercial" as meaning "retail" use of the land. He explained his understanding that Maine law required that the language in any referendum vote be stated in the affirmative, as in "The Town of Perry approves commercial development of the property ..." rather than "Perry rejects the use of property for commercial development." He argued that, as the resolution is currently worded in the negative, the vote may not be legally binding, and will likely necessitate another vote.

A binding contract with the Tribe must be signed by June 1<sup>st</sup>. Smith then expects to spend \$5-7 million on engineering studies. He expects to file the required permits by October 2005 and have a decision on those permits by summer 2006. Quoddy Bay will then work to secure the partnership of a large petroleum company to manage the facility. He expects to have an operational facility by late 2008 or early 2009.

Question: where the wharf will be constructed?

Answer: A schematic was shown on a computer, and a nautical chart used for reference. The pier is currently planned to be on the southern side of Gleason's Cove, extending east northeast into the channel.

Question: What about losing lobster gear to ship traffic? Won't the security clearance around the vessel limit current fishing use of the area? One fisherman estimates that 25% of his lobster income is generated in the Gleason's Cove area, and 5-6 other fishermen would be equally affected.

Answer: Don Smith can't imagine a prohibition on fishing in the area and will work with fishermen on this issue.

Don Smith states that he prefers to locate the tanks as close to the beach as possible so that the 1040' safety zone does not extend to Route 190. He didn't understand why people at the meeting with City of Eastport officials earlier that day were concerned with what would be the evacuation plan for Eastport in the event of a LNG emergency.

Question: Where will the super-chilled water from the re-gasification process go?

Answer: The temperature of seawater at the site is too cold to use for re-gasification, so they intend to burn natural gas to re-heat the LNG. This method will avoid discharging seawater cooled by 10 degrees below the ambient ocean water temperature.

Question: Where will all the people live during the construction phase?

Answer: The construction phase will be a large imposition on the community, and the company will focus on the logistics for traffic, housing, food, etc. The fundamental plan is to hire as many workers from Washington County as possible.

Question: What will be the availability of natural gas for residential and commercial use in the Cobscook region?

Answer: Oil is currently \$48/barrel, natural gas is \$8 in equivalent btu's. Smith believes that they can land natural gas at \$3.5 per equivalent btu (mcf). He spoke of running vehicles fueled by compressed gas, talked of establishing municipal co-ops to deliver gas, and said that gas needs to be stepped down in a 50-1 ratio from the trunkline to home use. Where housing is dense enough, such as in Eastport, piping to homes is feasible.

Question: What happens when the LNG supplies run out?

Answer: Quoddy LLC has agreed to post bonds/cash with the Tribe to completely restore property to initial condition, and will review this agreement every 5 years. The working agreement with the Tribe is to leave behind useful equipment and structures. Quoddy expects to have a 30 year lease, with options for 10 year extensions to the contract. Don Smith stated that the site can be abandoned at any time.

Question: What are the long-term prospects for the global gas supply?

Answer: Supplies of gas associated with oil deposits are running out. Smith believes that there will be increased discoveries of natural gas not associated with oil. He expects the global economy to go from oil to gas to solar/hydrogen.

Question: What about the herring weir in Gleason's Cove?

Answer: That issue would probably be settled after he has a binding contract.

Question: Will commercial fishing access continue to the Gleason's Cove boat launch ramp?

Answer: Everything that I hear says "yes."

Question: What about the issue of LNG tankers passing through Canada?

Answer: Smith characterized any concerns about the denial of passage to LNG tankers through Canadian waters as "smoke and mirrors," citing his belief that international treaties state that Canada cannot prohibit passage. He said that Canada could always establish tighter standards for tankers in Canadian waters, but since St. John is considering an LNG terminal, he is not concerned that will happen.

Question: Would you consider compensating fishermen for losses?

Answer: Smith stated that he did not use the word "compensation", but he would consider establishing a "trap loss fund".

Question: Can the Town of Perry financially benefit from allowing the terminal? What about costs to the Town of Perry such as building a new school if population increases, fire department, etc? What about losses to the fishermen?

Answer: We are considering this. We're focused on providing accurate information on the project right now. Hopefully we will have some package to offer Perry. A settlement with the Town of Perry is not out of the question.

Question: What will be the vessel security zone? Will it be like Lake Charles, Louisiana (50 feet) or like Boston (two miles ahead, one mile behind, 500 yards on either side)? People need answers to this question as soon as possible.

Answer: Smith replied that the vessel security buffer will be decided far up in the Office of Homeland Security, and he can only reference what has been done elsewhere in US. He hoped to have the Captain of the Port or other security authorities responsible for establishing security zones involved early on. He was uncertain whether when docked there would be a boom around the ship.

Question: Do you have plans to generate electricity from the LNG?

Answer: Some power generation will occur on site to power the facility. A power plant doesn't have to be located adjacent to the LNG facility. It could be up to 5-8 miles away. He would like to build two co-generation facilities in Washington County, and could produce energy for about four and a half cents per kilowatt/hour. Governor Baldacci would like a co-generation facility next to the Domtar mill in Woodland, but the mill needs updating first. He referred to his combined cycle gas turbine plant as the most efficient power plant in the world and described a co-generation process that provides power to a tire production plant and other industrial plants.

Question: What makes you think this project will work?

Answer: Supply is needed most of all in New England. Gas brought into other areas of the country costs more to pipe to New England. Locating a terminal in this region saves \$.075/mcf over Louisiana. The mid-Atlantic states are still reeling from 9-11 and terrified of another terrorism attack. The political will is to move these types of things away from the mid-Atlantic. Washington County is advantageous because of the lack of dense fisheries, dense community populations near the site. If an LNG facility is not built here it will probably happen in New Brunswick or Louisiana.

Question: What water will be needed from the Boyden Lake water supply?

Answer: The LNG facility will not need water except for regular business use, i.e. bathrooms and kitchen. Co-generation facilities do require water, but locations have not been considered yet.

Question: There is a vocal anti-LNG momentum already going strong here. You are going to need to hold a lot of meetings. There has been a serious lack of information over a long period of time. It has appeared that your company doesn't care about local concerns. It's going to take a lot of convincing to get approval from local communities. Have you considered talking to other groups in Perry?

Answer: We will talk to anyone.

Smith told the group that, "constitutionally, I don't even see problems, I look over them."

Question: Three years ago the Tribe opposed the proposed aquaculture sites along the Perry shore. By proposing this project has the Tribe changed its mind about the importance of fisheries and other marine uses?

Question: Do you realize that local people are probably more focused on what they're likely to lose with the construction of an LNG terminal than what they're likely to gain?

Answer from Craig Francis: The Tribe is also considering what will be lost if this project goes forward as well as what will be lost if it doesn't. The Tribe considers all of these issues to be big; there are no "small" issues.

Question: Will Quoddy Bay build a new road to allow entrance and egress from Eastport?

Answer: A new road is not planned at this time. They are trying to design the site so that the secure zone around the facility of 1,040 feet does not cross Route 190.

Question: What about the size of this site? The Harpswell site was 80 acres, this site is only 42 acres?

Answer. Only 15 acres are needed for the facility. Nobody can live within a 1000' foot safety zone. About 20 acres will be fenced in.