



MARTIN O'MALLEY
GOVERNOR

STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401-1925
(410) 974-3901
(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

GOVERNOR O'MALLEY, STATE OF MARYLAND, URGES FERC TO DENY SPARROWS POINT LNG PROJECT

ANNAPOLIS, MD (February 7, 2007) – Governor Martin O'Malley today urged the Federal Energy Regulatory Commission (FERC) to deny a proposal by the AES Corporation to construct a liquefied natural gas (LNG) terminal at Sparrows Point in Baltimore County. A 90-page Advisory Report detailing the State's concerns was formally submitted to the Commission today.

"I urge FERC to recognize the negative impacts of this proposal to the State of Maryland, our citizens, our environment and our economy, and deny this project," said Governor O'Malley. "As detailed in our report, we have serious concerns regarding the safety of the proposed project and the significant environmental impacts associated with dredging, air emissions, and pipeline construction."

The Advisory Report was prepared by the Department of Natural Resources Power Plant Research Program in cooperation with other state agencies and Baltimore County. The Report states that the proposed LNG terminal does not meet FERC's condition as a "remote site"; that adjoining land uses (including the second largest blast furnace in the nation) pose a threat to the safe operation of the facility; that Baltimore County and the state do not have adequate resources to respond to a major accident at the facility; and that the infrastructure is not in place to safely evacuate the public in the event of an emergency.

"Foremost among our concerns is safety of our citizens and the families who live in the community as well as those employed by area businesses," the Governor said. "We cannot dismiss the negative impacts this project will have on the Chesapeake Bay, as a treasured natural and recreational resource and significant economic engine."

The Report also cites environmental concerns arising from the disposal of a large quantity of dredged material and impacts to wetlands and other sensitive habitats during the construction of the pipeline from Sparrows Point to southern Pennsylvania. Economic concerns raised in the Report include impacts to the Port of Baltimore and commercial and recreational fishing due to enforced safety zones around LNG tankers as they transit the Bay, and impacts from the pipeline to proposed expansion and improvement plans for major highways including I-95, US 1, and MD 152.

Under the leadership of Senator Barbara Mikulski, Maryland's Congressional Delegation also voiced opposition to the project in a January 29 letter to FERC, stating, "We oppose the siting of the proposed LNG facility in a densely populated area near the communities of Southeastern Baltimore City and County. In a post 9-11 world, LNG facilities are an attractive target for terrorists, and we must make sure that every view and concern is heard



when reviewing this case. With numerous federal agencies, state laws, and multiple local jurisdictions involved, a public hearing will be crucial to raise awareness and hear the concerns of those affected by the site.”

Included as attachments to the Report are concerns raised by Baltimore County Chief Executive Jim Smith and his staff, as well as the final report of the legislatively mandated Baltimore County LNG Task Force – a 14-member citizen and state agency committee formed last year by the Maryland General Assembly to review the proposed project.

“This project makes no sense socially, economically, or environmentally, and it endangers the public safety of thousands of individuals in Baltimore County, said County Executive Jim Smith. “I stand in partnership with families throughout eastern Baltimore County, Governor O'Malley, and all of our elected officials in urging FERC to deny this permit before the process goes any further.”

AES Corporation has proposed constructing the LNG terminal on 80 acres of the former Bethlehem Steel property at Sparrows Point and an accompanying 87 mile pipeline from Sparrows Point, through Baltimore, Harford, and Cecil counties into Pennsylvania. If constructed, the terminal would be designed to receive approximately 130 tankers per year carrying natural gas cooled to -260° F into a liquid form. The liquefied gas would be pumped into three storage tanks on the site, and then later warmed back into a gas and put into the pipeline.

By federal law, FERC serves as the licensing authority on all LNG proposals in the nation. The deadline for the Advisory Report -- the State’s major opportunity to comment on the safety project -- was today, 30 days after the formal application was filed.

The State’s Advisory Report will be published on the Maryland Department of Natural Resources website, www.dnr.state.md.us.

###