

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

House Bill 1670  
Economic Matters

(Delegate Minnick, *et al.*)

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**Liquefied Natural Gas Facilities - Approval for Construction or Operation -  
Baltimore County**

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This bill prohibits the construction or operation of a liquefied natural gas (LNG) facility without the approval of the Public Service Commission (PSC). The bill further prohibits PSC from approving the construction or operation of an LNG facility located in Baltimore County within two miles of any residence.

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**Fiscal Summary**

**State Effect:** The bill's requirements could be handled with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** While State law does not require PSC to approve the construction of an LNG facility, under a memorandum of understanding with the federal Department of Transportation, PSC does pre-approve facilities as meeting federal regulations. PSC has adopted State regulations to ensure, to the greatest extent practicable, the operational safety of LNG facilities. PSC is also required to periodically inspect each LNG facility to ensure compliance with regulations.

**Background:** According to the Federal Energy Regulatory Commission (FERC), LNG is a natural gas that has been supercooled to a liquid at -260°F, thus reducing its volume

more than 600 times. LNG is stored at more than 100 facilities in the United States. According to FERC, LNG is stored in double-walled, insulated tanks designed to prevent any gas from escaping. In addition to the double-walled tank, FERC reports all new LNG facilities are required to have a dike or impounding wall surrounding the facility which would be capable of containing the tank's volume.

Early in 2006, AES Corp. announced a plan to build a \$400 million LNG facility on the site of the former Sparrows Point shipyard. Shipments of LNG would arrive by tanker and natural gas would be pumped from the plant through a pipeline to Pennsylvania. Concerns have been raised by area communities and leaders regarding the safety of locating an LNG facility at that site. Some safety reports have shown that, in a worst case scenario, an LNG fire could cause second degree burns up to 1.3 miles away. The nearest residential community to Sparrows Point is less than two miles away.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 996 (Senator Stone, *et al.*) – Finance.

**Information Source(s):** Department of Natural Resources, Public Service Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2006  
ncs/jr

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