

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 996
Finance

(Senator Stone, *et al.*)

Economic Matters

Baltimore County Liquefied Natural Gas Task Force

This bill establishes the Baltimore County Liquefied Natural Gas Task Force staffed by the Maryland Department of the Environment (MDE). A report with findings and recommendations is due by December 31, 2006.

The bill takes effect July 1, 2006 and terminates July 31, 2007.

Fiscal Summary

State Effect: Department of Natural Resources' Power Plant Research Program special fund expenditures could increase in FY 2007 by as much as \$100,000 for technical assistance related to the required study. Any expense reimbursements for task force members and staffing costs for MDE are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force is charged with studying:

- the risks and hazards of a liquefied natural gas production, storage, or regassification facility;
- the kind and use of the proposed facility;

- the current and projected population and demographic characteristics of the proposed location;
- the current and proposed land use near the proposed location;
- natural and physical aspects of the proposed location;
- the emergency response capabilities near the proposed location;
- the need and appropriate distance for remote siting;
- the effect of the proposed facility on recreational and commercial boating and fishing and crabbing;
- the impact on the environment, especially on water quality; and
- the impact on the ability of residential property owners near the proposed facility to retain access to their property by way of water.

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.

Additional Information

Prior Introductions: None.

Cross File: HB 1670 (Delegate Minnick, *et al.*) – Economic Matters.

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

Fiscal Note History: First Reader - March 13, 2006
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