

Testimony of Kenneth D. Schisler

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**TESTIMONY OF KENNETH D. SCHISLER
CHAIRMAN
MARYLAND PUBLIC SERVICE COMMISSION**

**House Committee on Government Reform
Subcommittee on Energy Policy
Natural Resources and Regulatory Affairs**

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Thank you Mr. Chairman and members of the committee for providing me with this opportunity to present my perspective on the emerging jurisdictional issues concerning the siting of Liquefied Natural Gas (LNG) terminal facilities in the United States. To provide some context for this discussion, I want to present the Subcommittee with Maryland's experience with the recently reactivated LNG terminal at Cove Point on the Chesapeake Bay, approximately 50 miles southeast of Washington D.C. in Maryland. I hope to impress upon you the importance of LNG infrastructure development not only to Maryland economy, but the economy of the mid-Atlantic region. LNG is without question an important emerging component of the nation's energy policy. It is much more than that, however. LNG is a global trade and geopolitical issue of worldwide import.

Maryland enjoyed a positive working relationship with federal regulatory agencies concerning the reactivation of the Cove Point terminal after its twenty year hiatus as an LNG import terminal. Maryland found the federal agencies not only responsive to state concerns, but fully collaborative and cooperative. As a result of this cooperation, the Cove Point facility is fully operational and undergoing an expansion that will yield many benefits for Marylanders and our neighboring states in the mid-Atlantic and Northeast.

As a state regulator, I recognize the important impacts LNG infrastructure development has upon interstate commerce. I believe the framework for federal regulation of LNG siting should continue accommodating and remain respectful of state

interests in important issues as safety, security, and environmental protection. Let me also state, however, that I believe siting jurisdiction is and should remain vested in the Federal Energy Regulatory Commission (FERC).

I respectfully differ my colleagues on the California Public Utilities Commission seeking to assert jurisdiction over LNG terminal siting. While I too seek to protect my state's interests, in the final analysis I conclude that LNG commerce is a component of the nation's natural gas supply strategy, and as such is interstate in nature. Moreover, exclusive jurisdiction in FERC does not mean state issues will be ignored. On the contrary, both Maryland and California have cooperated quite well in the past with federal agencies evaluating proposed LNG sites in our states. Most importantly, our nation needs confidence and certainty in its energy policy. State jurisdiction siting would undermine that goal.

I have a fair amount of information with me concerning Cove Point's history and Maryland's experience with LNG. Instead of bombarding you with information you may already have, I would prefer to answer whatever questions committee members may have. Thank you again for the opportunity to testify today.