



Maryland Chamber of Commerce

**SB 529
OPPOSE
EHEA & Finance
Committees
03/03/09**

Legislative Position

SB 529

**Environment - Environmental Justice Review – Public Services
Companies**

Brief Summary of Bill:

SB 529 requires that before construction of a new plant or expansion of an existing plant, a public service company (electric, gas, natural gas, liquefied natural gas and water) must conduct an environmental justice review. If the Department of the Environment determines that a proposed action will disproportionately affect an environmentally stressed community, the applicant or owner must satisfy a series of requirements before receiving the permit or commencing the proposed action.

Maryland Chamber's Position:

The Maryland Chamber of Commerce opposes this bill, because an environmental justice review requirement for all initial permits and permit renewals is a very broad application that could put into jeopardy sites currently in operation when permits are to be renewed or when permit modification applications are submitted.

The 1 mile radius requirement is too expansive for densely populated areas such as Baltimore City and Hyattsville, MD. This bill would add yet another step in the permit application process, which will increase permit issuance time tables, as well as permitting costs for additional resources, such as technical consultants.

Additionally, while well-intended, this legislation is designed to block Washington Gas' ability to expand its current facility. The Maryland Chamber understands the concerns expressed by residents living near the existing Chillum facility, which is presumably this legislation's target. This site, however, has been in safe operation for over 60 years, and would have the least impact on customer rates. The site's pipelines also serve as a major distribution hub for natural gas transmission with eight major lines.

From the Maryland Chamber's perspective, we are very concerned about the impacts that this legislation will have on businesses that consume natural gas. The construction of new pipelines in Prince George's County, Charles, and Montgomery Counties to deliver equivalent volumes of natural gas would cost millions of dollars in interstate pipeline annual gas storage or transportation contract charges that would ultimately be paid by all Maryland ratepayers.

By adding more restrictive zoning approvals, this will only constrain Washington Gas' ability to select the more cost-effective approach, which will cost approximately \$164 million over twenty years to build a new storage facility at the current Chillum site *versus* approximately \$680 million over twenty years to build an alternative route for pipelines.

The Maryland PSC already has authority to site LNG storage facilities in the state. SB 529 could pre-empt the PSC's authority by withholding certain permits based on the additional step of an environmental justice review. Furthermore, passage of SB 529 would also pre-empt the Federal Energy Regulatory Authority ability to site and construct LNG import terminals for the same reason.

For these reasons, the Maryland Chamber respectfully requests that the Committee give Senate Bill 529 an unfavorable report.

If questions please contact Allyson Black, ablack@mdchamber.org