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September 23, 2011

Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
Office of the Chairman
888 First Street, NE
Washington, DC 20426
Sent via e-mail and U.S. Post

Dear Chairman Wellinghoff :

I am writing regarding the Puerto Rico EcoEléctrica Terminal Modification Project (Docket No. CP95-35) as it relates to the Puerto Rico Electrical Power Authority's (PREPA) joint permit application SAJ 2010-028811P-EWG to construct a 92 mile long natural gas pipeline.

I would first like to express my gratitude toward the FERC's LNG Compliance Branch for its recent insistence that the EcoEléctrica modification project fulfill the obligations mandated by PHMSA guidelines for hazardous materials.¹ Omitting this crucial safety step would be a misguided and irresponsible abandonment of federal regulatory responsibility, and I applaud the LNG Compliance Branch's strong message that all exclusion zone requirements must be met before the project can proceed.

However, I am extremely concerned about a recent development in the EcoEléctrica modification program as it now relates to the so-called "Via Verde" natural gas pipeline project. According to a September 2, 2011 letter from Chris Zerby, Chief LNG Compliance Branch to EcoEléctrica's legal counsel Lisa Tonery, FERC approved construction related to the design of the LNG pump seal in accordance with Environmental Condition 16 of the Commission's April 16, 2009 Order (Order).

Is this pump seal, or any other part of Docket No. CP95-35, intended to provide a connection to the natural gas pipeline involved in the joint permit application referenced above?

¹ LNG Compliance Branch Chief Chris Zerby, Federal Energy Regulatory Commission: LNG Compliance Branch, RE: OEP/DG2E/LNGC EcoEléctrica, L.P. Docket No. CP95-35-001§375.308(x), 9/29/2011

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If so, is FERC aware that PREPA has officially informed the US Army Corps of Engineers (USACE) that it intends to use EcoEléctrica as the sole source of natural gas that would supply several power plants throughout Puerto Rico? The proposed project would route the gas through 92 miles of pipeline, and would put adjacent communities and surrounding environment at risk.

In a letter from to USACE dated March 7, 2011 (Attached) PREPA states:

"As requested, , this letter provides the CoE with additional information (which supplements the details provided in the JPA for the Project) which indicates that no additional Federal Energy Regulatory Commission (FERC) permits or authorizations are required in order for EcoElectrica to provide natural gas service for the Via Verde Project.

As indicated in the JPA, as well as in the approved Final Environmental Impact Statement (FEIS) prepared for the Project, the natural gas supply for the Project (approximately 93MM scf/day) will be purchased by PREPA in accordance with the Order and Authorization granted by FERC in 2009. This amount of gas will be utilized by PREPA in fueling the power plants that are part of its generating system, providing an option to dispatch the power generating units based on each unit's heat rate, as well as the overall operation cost. This will allow the selection, on a daily basis, of the most efficient operational scenario that yields a reduction in the power cost in Puerto Rico.

At this time, and with the natural gas volumes mentioned above, PREPA will be able to fuel, on different operational and loads ratios, Units 5 & 6 of the San Juan Steam Plant, Units 5 & 6 that recently were converted into dual fuel operation located at the South Coast plant, and PREPA's other co-fired generating units. The selection of the specific operating scenario for these units that yields the lowest operational cost to PREPA will be undertaken daily through the use of the installed Smart Grid Technology that integrates the use of computer algorithm utilized by PREPA for the last twenty years.

To accomplish the actual delivery of natural gas to PREPA's operational system in compliance with the FERC 2009 Authorization, PREPA will provide written notice to EcoEléctrica and FERC with respect to the change in the gas usage end point for the additional gas supply that has been authorized. Gas will be supplied through the use of an existing main header coming out from the gasifying units located within the EcoEléctrica facilities, as allowed by the FERC Order and Authorization. This infrastructure will be utilized in supplying natural gas to South Coast Plant units 5 & 6 in the forthcoming weeks.

It want to point out that all permits and authorizations required for the delivery of the volumes of natural gas mentioned above are in place at EcoEléctrica as of the date of this communication. This permit also considers an increase in the amount of LNG deliveries

to the Peñuelas LNG terminal from the actual number of vessels of 12 per year to 24 vessels per year."

These statements are alarming, and I have several questions that I need you to answer at your very earliest convenience.

- Are PREPA's representations to USACE regarding FERC authorizations as contained in the above-quoted letter correct? Is it true that "no additional Federal Energy Regulatory Commission (FERC) permits or authorizations are required in order for EcoEléctrica to provide natural gas service for the Via Verde Project"? Has FERC authorized each element of the project as described above?
- Is it correct that this "plan" for EcoEléctrica to supply natural gas to PREPA's pipeline in the manner outlined in the above-referenced letter would be "in compliance with the FERC 2009 Authorization"?
- Would FERC's permitting and evaluation process allow for PREPA to interface with EcoEléctrica and operate on the basis that it "will provide written notice to EcoEléctrica and FERC with respect to the change in the gas usage end point for the additional gas supply that has been authorized"?
- Has FERC authorized EcoEléctrica to implement the plan outlined above whereby "PREPA in fueling the power plants that are part of its generating system, [provides] an option to dispatch the power generating units based on each unit's heat rate, as well as the overall operation cost...[allowing] the selection, on a daily basis, of the most efficient operational scenario that yields a reduction in the power cost in Puerto Rico"?
- If FERC has not authorized the plan by which PREPA would allocate gas resources on a day to day basis, is FERC concerned about the safety issues it raises? If that is the case, what will FERC do to address those concerns?
- If FERC has in fact authorized PREPA to make the assertions to USACE contained in this letter, has FERC conducted an in-depth, comprehensive study of the implications of this kind of operation for the security of the public and the environment?

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- Has PREPA supplied FERC with a detailed plan to ensure the security of this proposed operation?
- What would be the legal basis for FERC to authorize EcoEléctrica to proceed with the plans, outlined in the PREPA letter above, that will eventually redirect
- gas to supply the Costa Sur Plant when FERC's own April 16, 2009 Order limits the supply of EcoEléctrica to the Aguirre Combined Cycle Power Plant?

In addition to these questions, I would like to request copies of the following documents:

- * EcoEléctrica's 12th Monthly Status Report that covers the period of June 1st to June 30, 2011 for the Terminal Modification Project under CP95-35.
- * EcoEléctrica's 13th Monthly Status Report that covers the period of July 1st to July 31st, 2011 for the Terminal Modification Project under CP95-35.
- * EcoEléctrica's 14th Monthly Status Report that covers the period of August 1st to August 31st, 2011 for the Terminal Modification Project under CP95-35.
- * All correspondence, to, from and within FERC including emails related to CP95-35 and SAJ 2010-028811P-EWG since January 1st, 2011.

I respectfully urge FERC to use the utmost care and caution in approving the use of the LNG modification project at EcoEléctrica to supply the 92 miles long pipeline. I ask consideration both related to the changing structure *and* the changing purpose of the EcoEléctrica plant, and that FERC bears in mind the intended use of this LNG terminal, as a proposed centerpiece of the "Via Verde" pipeline project.

Sincerely,



Luis V. Gutierrez
Member of Congress

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Attachment: March 7, 2011 letter from PREPA to USACE.

GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

SAN JUAN, PUERTO RICO



www.prepa.com

GPO BOX 364267
SAN JUAN, PR 00936-4267

March 7, 2011

Mr. Edgar García
Regulatory Project Manager
Antilles Regulatory Section
US Army Corps of Engineers
400 Fernández Juncos Avenue
San Juan, Puerto Rico 00901-3299

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RECEIVED
ANTILLES REGULATORY SECTION
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US ARMY CORPS
OF ENGINEERS

**Re: Additional Information Requested for Vía Verde Project regarding Natural Gas Availability
SAJ 2010-02881 IP-EWG**

Dear Mr. Garcia:

The Puerto Rico Energy Power Authority (PREPA) filed a Joint Permit Application (JPA) with the U.S. Army Corps of Engineers (CoE) on September 20, 2010, regarding the construction of the Vía Verde Project. The Project involves the construction of a 92 miles pipeline of 24" diameter, originating at the LNG Terminal owned by EcoEléctrica Corporation (EcoEléctrica) in the Municipality of Peñuelas.

As requested, , this letter provides the CoE with additional information (which supplements the details provided in the JPA for the Project) which indicates that no additional Federal Energy Regulatory Commission (FERC) permits or authorizations are required in order for EcoEléctrica to provide natural gas service for the Vía Verde Project.

As indicated in the JPA, as well as in the approved Final Environmental Impact Statement (FEIS) prepared for the Project, the natural gas supply for the Project (approximately 93MM scf/day) will be purchased by PREPA in accordance with the Order and Authorization granted by FERC in 2009. This amount of gas will be utilized by PREPA in fueling the power plants that are part of its generating system, providing an option to dispatch the power generating units based on each unit's heat rate, as well as the overall operation cost. This will allow the selection, on a daily basis, of the most efficient operational scenario that yields a reduction in the power cost in Puerto Rico.

At this time, and with the natural gas volumes mentioned above, PREPA will be able to fuel, on different operational and loads ratios, Units 5 & 6 of the San Juan Steam Plant, Units 5 & 6 that recently were converted into dual fuel operation located at the South Coast plant, and PREPA's other co-fired generating units. The selection of the specific operating scenario for these units that yields the lowest operational cost to PREPA will be undertaken daily through the use of the installed Smart Grid Technology that integrates the use of computer algorithm utilized by PREPA for the last twenty years.

Mr. Edgar García
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March 7, 2011

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It must be pointed out that all permits and authorizations required for the delivery of the volumes of natural gas mentioned above are in place at EcoEléctrica as of the date of this communication. This permit also considers an increase in the amount of LNG deliveries to the Peñuelas LNG terminal from the actual number of vessels of 12 per year to 24 vessels per year.

In the event additional information related to this subject is needed, please do not hesitate to contact us at your earliest convenience.

Cordially Yours,



Ángel L. Rivera Santana, Director
Planning and Environmental Protection

- c. Mr. Jaime Sanabria (EcoEléctrica)
Eng. Carlos Reyes (EcoEléctrica)
Vía Verde Project File