

Close Window

Send To Printer

## On the waterfront

# Esperanza holds out hope for LNG

## It's been a tough few months for those promoting new international supply lines for liquefied natural gas into California.

Article Launched:04/17/2007 12:00:00 AM PDT

Recent decisions by the Port of Long Beach and two powerful state commissions to kill competing LNG terminals appear to have temporarily halted proposals to import the fuel from overseas.

But while all the LNG drama has been playing out, executives at Esperanza Energy in San Antonio have been quietly taking notes, developing a plan for an alternative terminal 15 miles off the coast of Long Beach.

By learning from other energy companies' mistakes, Esperanza is hoping to avoid the security and environmental pitfalls that ultimately doomed other sites.

The Port Esperanza project, as it's called, attempts to bypass three primary concerns people seem to have with LNG terminals - air pollution, security and aesthetics.

More than two years in development, the proposed Esperanza site would sit near existing oil platforms about 15 miles from Long Beach. The terminal would be no larger than half the size of the petroleum platforms.

Developers contend the off-shore site also avoids the safety concerns raised in opposition to the Port of Long Beach site, which Sound Energy Solutions, a subsidiary of Mitsubishi, had hoped to place on Pier T.

Studies have shown that an accident or explosion involving an LNG storage facility or transport ship, though highly unlikely, could create a vapor cloud extending up to seven miles.

As for emissions, Port Esperanza is a planned zero-emission facility (not including the cryogenic LNG ships used to transport the fuel from overseas).

To mitigate any emissions caused by heating the super-cooled gas on site for transport inland, Esperanza proposes piping heated water from an East Long Beach power plant to the off-shore site and using it to gasify the LNG for shipment, via sub-sea pipelines, back onto land. Reheating is required because LNG is transported and stored at about minus-260 degrees.

By doing this, the Esperanza approach seeks to neutralize a key concern raised by the State Lands Commission in their rejection of the off-shore Malibu site. In explaining the decision, Commissioner John Chiang said air pollution caused by the re-gasification process would be unacceptable.

"As I understand it, the prevailing wind currents will blow the majority of the project emissions directly on communities in and south of Ventura County," Chiang said.

Esperanza knows that if its plan has any chance at success, it has to address every concern, no matter how trivial.

Early on, the company hired several top players in alternative energy, state regulation, environmental issues, public relations and the law.

The team includes David Maul, former manager of the California Energy Commission's Natural Gas Office and a man intimately familiar with every existing and proposed LNG project in California, and Terry Mitchell, who previously worked for Sound Energy Solutions, the company proposing the doomed Port of Long Beach terminal.

As Mitchell indicated in a recent visit to Long Beach, the company is "not going to spend money" on a project it believes has only a limited chance at success.

So why would Esperanza even bother, given all the headache competitors have experienced?

One reason could be the fact that there's a lot of money to be made on natural gas in the Golden State.

Currently, the state receives most of its natural gas via pipelines from gas-rich areas of New Mexico, Oklahoma and Texas.

The energy source can power electrical plants, fuel bus fleets, trash trucks and other vehicles and heat homes and offices, among other uses.

The problem is that growing U.S. demand has stretched national supplies thin. Americans already import natural gas from Canada and Mexico, and sites in Louisiana and Massachusetts receive liquefied supplies from overseas.

If demand continues to grow, which is likely in smog-plagued California, where the clean-burning fuel is preferable to petroleum or coal, increasing prices could eventually put a drag on the economy.

So far, Esperanza has not filed the necessary paperwork needed for project approval, instead spending their time meeting with community groups, lawmakers and residents to iron out details and allay opposition.

Esperanza ultimately hopes to provide 10-15 percent of the state's supply.

If the recently failed LNG projects are any indication, Esperanza Energy's success may rest on how well they prepare for the battle ahead.

*Kristopher Hanson can be reached at [kristopher.hanson@pressetelegram.com](mailto:kristopher.hanson@pressetelegram.com) or (562) 499-1466.*