

LNG in Mexico: Baja California Community Perspective

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Baja Coalition and LNG

- Baja tourism, community, and environmental groups formed coalition to address LNG issue in August 2002.
- Coalition members include:
 - Bajamar Real Estate Services, S.A. de C.V. - developers of residences and condominiums at large tourism complex in Costa Azul
 - Frente Ciudadano Pro-Rosarito - Rosarito community group concerned with LNG terminal safety issues.

Baja Coalition and LNG

- Playas de Tijuana - Playas de Tijuana community group concerned with safety and land use issues.
- Pro Esteros, Ensenada - Dedicated to preservation of coastal wetlands in Baja.
- Terra Peninsular, Ensenada - land conservation organization dedicated to conservation of unique Baja habitats.
- Fundacion La Puerta, Tecate - Private Baja foundation with community and environmental focus.

Coalition Perspective

- Coastal economy based on tourism and fishing.
- Coalition recognizes need for economic development in Baja, interested in working collaboratively with government to find win-win solution.
- Current emergency LNG terminal regulation in Mexico addresses onshore LNG terminals only.
- Coalition would like to see regulation expanded to include offshore terminal safety guidelines.

Costa Azul Area



Components to Permitting Mexico LNG Project

- The Comisión Reguladora de Energía (equivalent to FERC) must approve design.
- The Secretaría de Medio Ambiente y Recursos Naturales (equivalent to EPA) must approve the environmental impact statement.
- Local land use permits must be obtained.

Recent Background on Energy Project Permitting in Baja California

- 2001 - The Comisión Federal de Electricidad was denied permission to construct a 450 MW power plant at Costa Azul due to concern over impact on fisheries of proposed once-through seawater cooling system.
- 2002 - El Paso Energy denied local land use permit for proposed LNG terminal in Rosarito.

Proposed LNG Projects and Distance from US Border

Project	Distance from US border
Shell	40
Sempra	40
ConocoPhillips/ El Paso	15
ChevronTexaco	10
Marathon/Golar	5

Design and Permitting Issues

- Project developers perceive that only onshore terminals will be approved by CRE - unclear whether the CRE will incorporate an offshore specification in final LNG terminal regulation.
- Permits have been rejected on environmental (CFE - denied for marine impacts) and land use issues (El Paso Energy - denied based on undue safety risk of terminal in populated area).

Conclusions



- Baja coastal community organizations would like to work collaboratively with government to expand siting options for LNG terminals.
- Mexico's emergency LNG terminal regulation currently discourages offshore LNG terminal applications.
- Inclusion of offshore LNG terminal safety guidelines in regulation would place offshore applications on equal regulatory footing.