

NEWS



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MAYOR'S OFFICE OF COMMUNICATIONS

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For Immediate: November 15, 2004

Mayor John F. Street's Remarks at the PGW LNG Press Conference

Good afternoon.

We are gathered this afternoon in the shadow of these two natural gas storage tanks armed and operated by the Philadelphia Gas Works (PGW), which dominate the whole area around this facility and really make a point about how we move forward as a City.

This is a great day for Philadelphia and PGW, and it all starts with these tanks and this facility. They provide an unprecedented opportunity for Philadelphia to be a national leader in the development of environmentally safe, clean energy alternatives. They offer a great new business opportunity for PGW. And their transformation can provide major momentum for our New River City vision through the continued redevelopment of this portion of the North Delaware River.

Together, these tanks hold about four billion cubic feet of Liquefied Natural Gas, known as LNG. It's frozen gas. It is natural gas that's been chilled and condensed to make it easier to ship and store. The experts can tell you exactly how much that means in terms of providing natural gas supply for the City, but just take a look at the size of these tanks and you know that we're talking about a very large quantity of natural gas.

The rest of America is just learning about LNG as a critical source of clean energy. LNG today supplies about one percent of America's natural gas, but as we move toward energy independence, experts predict that by the year 2020, imports of LNG could make up 20 percent of America's natural gas supply.

Here in Philadelphia, we are already established *leaders* in the LNG business. While the rest of America is just finding out how important it is, we've been in the LNG business for *35 years*. Since 1969, PGW has been storing LNG right here at its Port Richmond plant and converting it back to natural gas during the cold winter months.

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What's more, we're good at it. This plant has operated safely and without incident for nearly four decades. This is something we know how to do, and do well. So now, it's time to put our expertise and experience to good use for the benefit of the public, the City, the region and the Gas Works.

Today, I am proud to be here with Thomas Knudsen, President and CEO of PGW, David Hyman, Chairman of the Board and all of the members of the Board. We are gathered to announce that these tanks – so long a part of Philadelphia's industrial history, is about to become more a more important part of its economic future.

It is time to expand our existing LNG business. Time to overhaul the 47 acres that surround us into the Freedom Energy Center, consisting of an LNG shipping terminal, a new, state-of-the-art gas fired electric generating facility, and an LNG processing plant that would strip away liquids from certain kinds of imported LNG.

Today, I am pleased to announce my support for this project and the issuance by PGW of a Request for Proposals inviting major energy firms from around the world to submit proposals to develop and operate the Freedom Energy Center right here in Port Richmond. PGW will issue that RFP today.

Although this project is important to all Philadelphians, I want to specifically address the residents of Port Richmond and the Greater Northeast; we have a tremendous opportunity right in your own backyard. We need you to keep an open mind, evaluate this project on its merits and reject the fear tactics some will invoke. We need you to stand up for progress. Working together:

We can lead the nation in the development of clean energy! Philadelphia has always been in the forefront in defending our nation's freedom in its defining moments. In the 21st century, our new challenge as a nation is to secure our freedom in part from reliance on energy sources that we can't control. LNG is a critical part of the nation's strategy for energy independence. The Freedom Energy Center project would make Philadelphia home to the first new LNG terminal of the 21st Century. What's more, by combining this terminal with the electric generating facility and the LNG processing plant, we can develop this Port Richmond corridor as an "energy center" that could create jobs, stimulate private investment and generate new tax revenues for the City.

We can lead the redevelopment of the North Delaware corridor! The expansion of the Port Richmond LNG plant will bring new energy to the North Delaware corridor and momentum to our New River City vision of mixed-use development all along the 38 miles of Philadelphia's waterfront. Look around, this site is ideal for new *industrial* development to complement the residential development that will occur farther upriver.

Let me be perfectly clear about the potential impact of this project: The Freedom Energy Center would mean more than \$600 million worth of private investment at this site. It's a once in a lifetime opportunity for this portion of our waterfront, and we must capitalize on it.

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We can lead the development of a great new business opportunity for PGW! Over the next 20 years, the Freedom Energy Center has the potential to generate as much as \$1 billion in new revenues for PGW. We all know that given the high price of natural gas (and prices continue to rise), PGW faces a financial crisis. We also know that the increasing cost of gas creates a crisis in the lives of too many of its customers. The Freedom Energy Center helps PGW and its customers. It is the equivalent of adding nearly 50,000 new full-paying PGW residential customers, or as much as \$300 million in annual gross revenues. No other initiative comes close to matching this level of return for PGW. That revenue provides a real chance to reduce the PGW debt structure and ease the burden PGW's paying customers now bear for the cost of the senior citizen discount or the low-income heating assistance programs that together serve more than 100,000 customers.

By any measure, the Freedom Energy Center is a terrific new business opportunity that would increase the value of the GasWorks.

We can provide a reliable source of natural gas to our customers. The Freedom Energy Center would assure adequate supplies of natural gas for every heating season into the foreseeable future.

The benefits of this project – to the citizens of Philadelphia, to the City, and to the Gas Works – are enormous. And let me stress again, we don't have to start from scratch. We can just expand our existing LNG operations to reap the benefits of the Freedom Energy Center.

Now, the critics will raise concerns about safety, and there should be a full and public process designed to hear and address all reasonable concerns. But critics will also try very hard to scare this project to death before it even gets a full review, and that's not fair. They will toss around scary sounding terms like "impact zones" and "thermal isopleths," and they will try to convince people that LNG cannot be safely imported into Philadelphia.

But, these are the facts:

- LNG facilities and terminals have a *45-year* record of operation without serious incident in the United States, and a 35 year history of safety right here in Port Richmond;
- Worldwide, there have been more than 33,000 LNG carrier voyages without incident;
- LNG is not explosive because it is not stored under pressure, it is not toxic, and it is not highly flammable;
- This facility is located in an industrial area, more than twice as far from any residential area as the federal government requires. Finally, the Freedom Energy Center is subject to the approval of the Federal Energy Regulatory Commission. To obtain that approval, the project must go through a comprehensive and very public process that includes a heavy emphasis on public safety, public input, and a complete environmental impact study. The federal government will have the final say on whether this project goes forward, and I welcome the opportunity for a full and impartial review.

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Let me assure each and every one of you that we have explored all of the benefits and challenges presented by expanding this Port Richmond LNG plant. I am convinced both that The Freedom Energy Center presents an extraordinary opportunity, and that LNG can be imported safely into Philadelphia. As we move forward we will work with the Gas Commission and our political, civic and community leaders to keep the surrounding neighborhoods and all citizens fully informed on our progress.

In closing, let me repeat that I believe the facts are clear and compelling; the advantages to the City, to the public and to PGW customers *demand* that we aggressively pursue the potential of the Freedom Energy Center. Today we begin that process with the issuance of the RFP. We will insist on a development plan that puts safety first, while also providing a fair return to the people of Philadelphia.

These tanks hold a key to PGW's future. We must not squander the opportunity they represent. We have a chance to lead the nation. Let's put Philadelphia first.

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