

Thursday, June 22, 2006

LNG terminal may trigger additional growth

By Leanne Ritchie

The Daily News WestPac Terminals hopes that building a Liquefied Natural Gas (LNG) receiving terminal in the industrial area on Ridley Island will act as a catalyst for other types of industrial development on the North Coast.

A secure gas supply for industry is a benefit that will come from the proposed \$350 million development, Mark Butler, president of WestPac LNG, said at the Chamber of Commerce luncheon yesterday.

"You are currently constrained because of the size of the gas pipeline [from Terrace] but you will be able to attract other industries because of a stable supply," said Butler.

WestPac is proposing to build an LNG receiving terminal on a 250-acre parcel of land on Ridley Terminals and are working with the Port of Prince Rupert on the first stages of an environmental assessment. They hope to employ 30 people when the terminal begins operations in 2011.

Butler explained that North America currently uses more natural gas than it produces and that situation is likely to get worse.

"LNG importation will help us to fill this gap," he said. The terminal hopes to receive LNG from Malaysia, the Middle East, the Falklands and Australia and then sell it into the North American market.

While there are more than 50 terminals proposed for the coasts of North America, many of those proposed for the West Coast of the United States are facing opposition because they are proposed for highly-populated areas or will require the use of offshore platforms.

"Appropriate siting of these terminals has proven to be a problem," said Butler.

It will take 15 to 16 terminals to meet the needs of North America in the future and the WestPac proposal has a higher chance of success because of its chosen location on Ridley

Island, he said. He said the site is an industrial area where the company has been able to secure a large footprint for the storage tanks and a tanker berth.

In addition, there is room for other forms of industrial development on Ridley Island and a ready, secure supply of gas will be attractive to developers, he pointed out.

"Ridley puts us close to a point that is looking for other industry," he said.

He added WestPac would love nothing more than to see a co-generation plant - using natural gas to produce electricity - develop on Ridley Island.

Another benefit offered by the proposed site on Ridley Island is that it is closer to the gas production areas than other parts of North America.

"The distance turns into money for shippers," he said.

It is unlikely the terminal will mean any significant decrease for residential customers in the Northwest, he cautioned, because imported gas sold into the North American market place is subject to the North American market price.

Pacific Northern Gas, which supplies gas to homes in the area, buys its gas and sells it to the consumer at the market cost. It makes its profits on the delivery charge.

So while adding more gas supply into the market through the development of 15 or 16 terminals around North America could lower the overall market cost, it is unlikely that a price reduction would be attributed to a single terminal.

LNG is natural gas that has been chilled to 250 degree Fahrenheit. At that temperature it condenses to a colourless odourless liquid, like water. It holds in that state without pressure as long as it stays cold.

It was developed by a butcher in Chicago in the early 1940s.

The butcher was looking for a cheaper way to chill meat.

Over the last 60 years some 33,000 shipments have been moved around the globe and at no time has there been a shipping fatality said Butler.

"It is a way to store a tremendous amount of energy in a concentrated form." The WestPac operation is proposing a tanker shipment every 10 days.

Each ship would be about the length of a cruise ship and would carry 150,000 cubic metres of LNG, or enough gas to supply the needs of Prince Rupert for 330 days.