

BEFORE THE
California Resources Agency
Secretary of State Office Auditorium
1500 11th Street, First Floor, Sacramento, California
June 1-2, 2005

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In cooperation with the California Energy Commission

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Workshop on LNG Access Issues)
And)
Deliverability of Supply)
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COMMENTS of the

MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA)

DOCKET # 05-LNG-1

Concerns on the safe and secure import of LNG, a security sensitive cargo into the United States, specifically, for the purpose of this comment the safe import into California. There are significant and substantial National Security concerns if LNG is allowed to be transported into California on ships that are crewed by foreign mariners. The United States is at a critical crossroads in its quest for alternative sources of energy in order to preserve its worldwide economic interests. LNG undoubtedly is a very important component in that quest. But there must be safeguards in place to make sure that the security sensitive LNG is safely transported to the American people. This can be achieved by operating the vessels with U.S. Coast Guard certified U.S. Citizen mariners working aboard the vessels.

The Marine Engineers' Beneficial Association (MEBA) is concerned about the import of Liquefied Natural Gas (LNG) into the United States by vessels crewed with non-American citizens. Currently there are approximately fifty (50) applications for "siting" terminals for the import of LNG into the United States. At this time, of particular concern to California are four import terminals in California, two of which are within the jurisdiction of the United States Coast Guard and the two that fall within the jurisdiction of Federal Energy Regulatory Committee (FERC).

LNG is a highly volatile product and requires highly skilled, trustworthy labor in order to ensure its safe transport. LNG is also a vital component of the United States' energy needs. In this regard, the Chairman of FERC has recently stated that LNG imports into the United States will need to increase to twenty-five (25%) percent of our gas consumption by 2020. Thus, by its inherent composition and its importance to the United States energy and economic policies, LNG is, perhaps like no other commercial cargo that is transported by sea except liquefied petroleum gas and other petroleum products, security sensitive cargo.

The waterborne transport of LNG in California on vessels crewed by foreigners presents a serious threat to national security. LNG imports to the United States often originate from politically unstable and unfriendly countries and regions. LNG is also transported on ships documented under grossly unregulated "open registry" or "flag of convenience" registries. As a result, LNG typically is transported on vessels crewed by individuals from countries that are hostile to the United States and who are even able to avoid detection of their true identities because of the lack of any meaningful international regulatory oversight. These concerns have not gone unnoticed by the United States. Indeed, in a recent study commissioned by the United States Department of Energy, determined that the most likely threat associated with the carriage of LNG is an intentional act of terrorism by a crewmember working aboard a LNG ship.¹

The safest and most secure means to prevent an intentional breach of LNG cargo tanks or a deliberate act of "inside" terrorism is to operate all LNG vessels entering the United States with Americans certified by the U.S. Coast Guard.

It may come as a surprise to most that there are no U.S. Flag owned and operated LNG tankers in the United States. The last U.S. Flag LNG vessels were transferred to flag of convenience registries in the 1990s and early 2000. This resulted in the loss of hundreds of jobs by United States citizen merchant mariners who collectively are recognized as among the most skilled and highly trained LNG mariners in the world.² Ironically,

¹ The Sandia Report titled Guidance on Risk Analysis and Safety Implications of a Large Liquefied Natural Gas (LNG) Spill Over Water, utilized available intelligence and historical data to establish a range of potential intentional tank breaches that could be considered credible and possible. This included evaluation of information on insider and hijacking attacks on ships, and external attacks on ships. The Sandi Report can be found at http://www.fossil.energy.gov/programs/oilgas/storage/lng/sandia_lng_1204.pdf.

² MEBA has a pool of skilled and qualified U.S. citizen mariners that can successfully operate LNG tankers. Indeed, MEBA mariners operated LNG tankers for over 25 years- with an impeccable safety record.

despite the significant increase in LNG carriage over the last few years and the exponential increase in such carriage of the next several years, there is now a worldwide shortage of such skilled LNG mariners. Inasmuch as LNG operators do not – and will not – employ United States citizen LNG-trained mariners on their ships because of perceived tax and other regulatory obstacles, these same operators are now plundering third-world ship manning agencies to crew their ships. In so doing, they are paying very little attention to the skills and credentials (including verifiable identities) of the mariners they are hiring to crew their LNG ships. This is a significant and substantial concern for the safety and security of the American Public inasmuch as there are approximately fifty (50) applications for the construction of LNG import terminals in the United States.

U.S. mariners are extensively vetted by the Department of Homeland Security, United States Coast Guard. In fact, the vetting and credentialing procedures established by the U.S. Coast Guard for U.S. mariners are the most thorough in the world. In addition, the Transportation Security Administration (TSA) and the U.S. Coast Guard are currently working together to further tighten the vetting and credentialing of all U.S. maritime workers.³

In conclusion, the United States is at a critical crossroads in its quest for alternative sources of energy in order to preserve its worldwide economic interests. LNG undoubtedly is a very important component in that quest. But there must be safeguards in place to make sure that the security sensitive LNG is safely transported to the American people. This can be achieved by operating the vessels with U.S. Coast Guard certified U.S. Citizen mariners working aboard the vessels.

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³ The Transportation Security Administration and the U.S. Coast Guard are partnering to develop a joint rulemaking procedure to implement the Transportation Worker Identification Credential (TWIC) for implementation in the maritime mode. The maritime TWIC will satisfy the domestic credentialing requirements of the Maritime Transportation Security Act of 2002 (MTSA), Pub. L. No. 107-295, 116 Stat. 2064. In addition, the Coast Guard Authorization Act of 2005 (H.R. 889) is a bill that tightens the actual credential procedures for U.S. mariners sailing aboard vessels. Of significant importance is that the mariner credential "are at all times the property of the United States Government and may be designated by the Secretary to serve as identity documents, as a means to reflect professional qualifications, and as a document used by seafarers for entering domestic and foreign ports."

Docket Optical System - Docket 05-LNG-1

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Please be advised that the attachment is a comment submitted by the Marine Engineers' Beneficial Association (MEBA) for Docket # 05-LNG-1. Respectfully,
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In-House Counsel