



## Cove Point Expansion Project

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### Project Updates

❖ Read our 12th [Cove Point Expansion Update newsletter](#) (February 2008).

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### Responding to the Need for Additional Natural Gas Supplies

Dominion has received authorization from the Federal Energy Regulatory Commission (FERC) for the Cove Point Expansion Project ([read the order](#)). For details about the portions of the project, see the [Project Description](#).

Millions of residents in the region have received the highest home heating bills of their lives because of high and volatile natural gas prices. Natural gas continues to be a fuel of choice for residential, industrial and electric power generator consumers because it is efficient, clean, and reliable. The Energy Information Administration (EIA) expects the growth of natural gas use in the United States to continue. However, natural gas production has not kept pace with demand, and rising natural gas prices reflect the imbalance between natural gas supply and demand. According to the EIA, natural gas wholesale prices have more than doubled since 1999.

The Federal Energy Regulatory Commission [approved](#) Dominion's pre-filing review [request](#) and established Docket Number PF04-15-000. Tetra Tech FW was selected as the third-party contractor to prepare the environmental impact statement.

### Why Cove Point is Expanding

Dominion plans to nearly double capacity at its Dominion Cove Point [liquefied natural gas \(LNG\) plant](#) in order to move more natural gas to consumers in Mid-Atlantic and Northeastern states where it is in high demand. The expansion project also includes new pipeline projects to deliver the gas.

With seasonal demands and extreme price volatility, many consumers have seen their gas bills increase dramatically over the past few years. Dominion Cove Point is favorably placed and ideally suited to help meet the growing demand for natural gas.

The most efficient way to transport natural gas across the ocean is to liquefy it and ship it in specially built tankers. Dominion Cove Point, located on the Chesapeake Bay in Cove Point, Maryland, south of Baltimore, is strategically located where it can receive LNG tankers, store the LNG onshore, then transform it back to gas when it is needed to meet demand.

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## Project Description

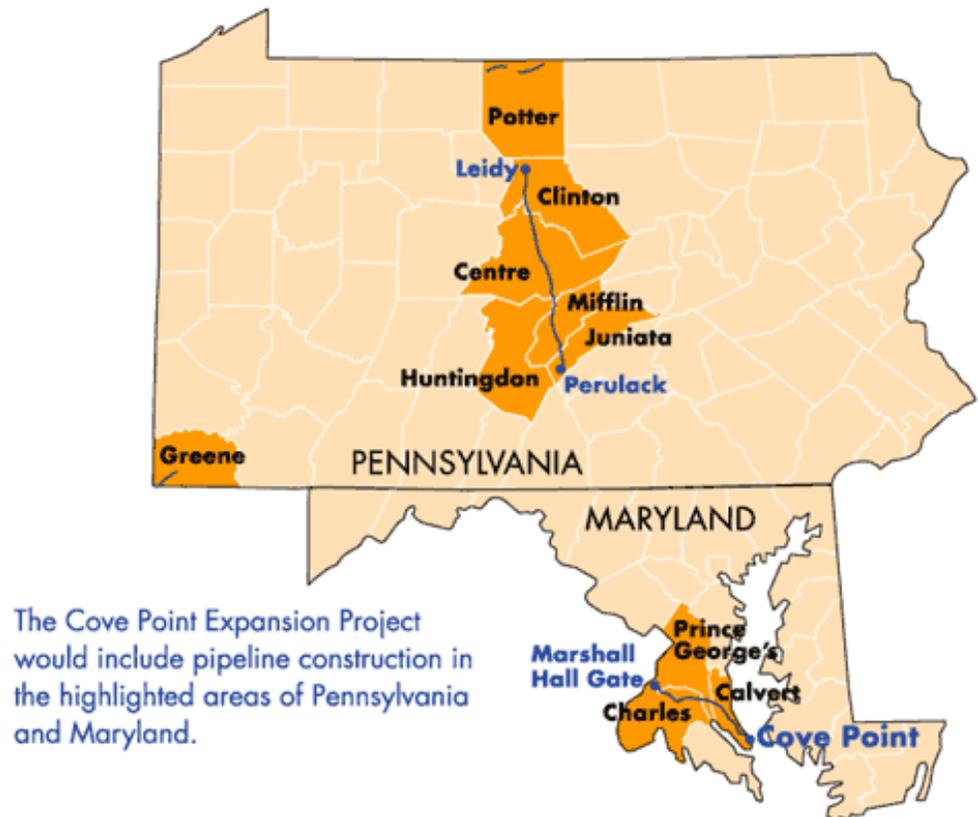
Dominion has received approval from the Federal Energy Regulatory Commission to increase the plant's daily output capacity from 1 billion cubic feet (Bcf) per day to 1.8 Bcf per day. Storage capacity at the terminal will increase to about 14.5 Bcf. One Bcf of natural gas is enough energy for about 3.4 million homes each day. Dominion Cove Point now has 7.8 Bcf of LNG tank storage.

The expansion project will add two storage tanks, bringing the total number at the site to seven. In addition, the expansion project will add two electric generator units to the existing three units.

Dominion has received approval from the Federal Energy Regulatory Commission (FERC) to begin construction activities on expansion facilities at the Cove Point LNG Terminal ([read the letter](#)). Read the [news release](#) about the groundbreaking.

Dominion Cove Point plans to expand its pipeline in Maryland to deliver more natural gas to interstate pipeline connections in Virginia. Dominion Transmission would build a new pipeline, a pipeline extension, two pipelines parallel to existing lines and two compressor stations in Pennsylvania to move natural gas to customers throughout the Northeast.

These pipeline projects are key to delivering new gas supplies to where they are needed in the Mid-Atlantic and Northeast. The Maryland project will bring more winter supplies to the Mid-Atlantic region, and the Pennsylvania projects will allow supplies to be stored in the summer and moved to the Northeast for use during the winter.



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## Working with Dominion

Dominion is committed to working with landowners and other stakeholders to understand and address interests and concerns about the project. The company's goal is to develop a project that provides benefits to natural gas customers and the community. We will work with all governing bodies and the local community to ensure they are aware of our project and updated as it progresses. It is our policy to work via the agencies responsible to ensure that our facility is developed and operated to meet or exceed all safety, environmental, regulatory and legal requirements.

Land agents representing Dominion will personally contact all property owners along the preferred pipeline route. Landowners along any alternate route will also be contacted as needed.

The land agents will gather important property information from the owners and will request permission for Dominion to enter the property to conduct the necessary surveys and studies required for the new pipeline projects. [Learn about the survey process.](#)

Every representative of Dominion will carry picture identification, including a toll-free number by which you can verify that person's authority.

Dominion takes pride in our long-standing commitment of working with landowners and seeking input from them. Throughout the process and following completion, we remain dedicated to working with communities on their needs and interests. We are confident that you will see this commitment to property owners reflected in every contact you have with all company and contract personnel.

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## Landowners' Rights

Landowners affected by a proposed natural gas pipeline regulated by the Federal Energy Regulatory Commission have certain rights and Dominion works whenever possible to facilitate this process. These rights range from being able to look at project correspondence to becoming an intervener and being able to appeal any FERC decisions in federal court.

These rights include:

- Accessing and inspecting all public documents associated with the proposed project;
- Making your concerns known in writing to the Commission and its staff;
- Participating in informational meetings held in the vicinity of the proposed project area;
- Participating in site visits in the vicinity of the proposed project area;
- Filing comments on draft Environmental Assessments and Environmental Impact Statements;
- Becoming an "intervener" or "party" on a specific proposed project; and
- Having the Commission's decision reviewed in federal court (you must be an intervener to do this).

To learn more, see "Citizens' Guides" on FERC's web site at [www.ferc.gov](http://www.ferc.gov) or call 1-866-208-3372.

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## Project Customers

Dominion has signed a contract with a subsidiary of [Statoil ASA](#), a Norway-based global gas and oil company, to contract for the new capacity. [Read our news release](#). The 20-year contract provides Statoil with services to offload LNG at Cove Point and then store or transport the gas to their customers. The pipeline projects will follow FERC-approved open season processes, where other companies may also use the pipelines for natural gas delivery services in the future.

### Source of Supplies

High consumer bills and continued price volatility demonstrate the need for new supplies of natural gas and more flexible, efficient transportation systems in the Mid-Atlantic and Northeast regions. Together, Dominion and Statoil are stepping up to meet this need. Statoil will provide a secure, steady source of natural gas from its sources in Norway and elsewhere. Dominion will provide offloading, delivery and storage services for that supply.

Although there are vast reserves of natural gas in the United States, many are not yet available. Reserves in a number of other countries are available and for sale, but the gas has to be transported.

Dominion Cove Point and LNG will play an increasingly critical role in meeting the energy needs of the United States' economy in coming years. Natural gas is the energy of choice for many Americans, and demand is expected to grow by at least 20 percent over the next decade. The LNG delivered to Cove Point will help provide greater reliability as it augments current energy supply sources.

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### What LNG Is

Liquefied natural gas is the liquid form of the natural gas people use in their homes for heating and cooking. There are about 113 active LNG facilities in the United States. Most are used for storing natural gas for wintertime use. LNG provides a safe and efficient way of transporting natural gas over long distances, particularly from gas-producing nations with insufficient pipeline infrastructures.

Technology for chilling and liquefying natural gas emerged in the 1920s ([learn more](#)). Engineers liquefy natural gas by cooling it to minus 260 degrees Fahrenheit. Liquefying natural gas allows for much more efficient storage. In its liquid state, 600 cubic feet of natural gas takes up only 1 cubic foot of space, making it economical to transport between continents in specially designed ocean tanker ships. This LNG is then stored in insulated tanks, such as those at Dominion Cove Point.

Dominion Cove Point stores LNG at near atmospheric pressure in reinforced insulated tanks ([learn more](#)). The tanks consist of a stainless steel inner tank surrounded by about 4 feet of insulation, which is contained by an outer steel tank. The LNG is re-gasified for transportation through natural gas pipelines, such as those proposed for this expansion.

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### LNG Safety

At Dominion, safety is our way of doing business. Dominion is committed to safe operations, safe facilities and safety-minded employees. As part of our ongoing safety focus, we meet with emergency workers and those who live near our facilities to keep them informed about LNG, natural gas and Dominion.

LNG is nontoxic, odorless, nonexplosive and nonflammable in its liquid state. In fact, it will burn only after it has been re-gasified and mixed in the proper proportion with air. Natural gas burns only within the narrow range of a 5 to 15 percent gas-to-air mixture. Liquefied natural gas has about 45 percent the density of water, so if spilled onto a

waterway, it will stay on top of the water until it evaporates into the atmosphere.

Since commercial LNG transport began in 1959, LNG has been safely transported, stored and delivered to densely populated cities in the United States, Europe and Japan. During that time, more than 33,000 LNG carrier voyages, covering more than 60 million miles, have arrived safely without a significant accident or safety problem, either in port or on the high seas. Since reopening the Cove Point terminal in 2003, Dominion has maintained a safe and secure facility ([learn more](#)).

LNG ships are well-built, robust vessels with a double-hull design built to withstand the low-energy impacts common during harbor and docking operations. They are a common sight throughout much of the world. Japan, for example, receives 96 percent of its natural gas via LNG carriers.

### Economic Benefits

Expansion of the Dominion Cove Point liquefied natural gas (LNG) facility will provide major [economic benefits to southern Maryland](#) and to [several counties in Pennsylvania](#). Read a related [article from the Washington Post](#).

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Project Schedule	
Individually Contact Affected Landowners	Ongoing
Engineering Surveys and Studies	Completed in 2005
Federal Energy Regulatory Commission Application	Filed April 2005; approval received August 2006
Easement Acquisition	Ongoing
Construct LNG Facilities	Began August 2006
Construct Pipeline Facilities	Summer 2007-2008
Ready for Service	Late 2008

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### Pipeline Construction

At steel rolling mills where the pipe is fabricated, pipeline representatives carefully inspect new pipe to assure that it meets industry and federal government safety standards. For corrosion control, the outside surface is treated with a protective coating.

The pipeline will require an easement for construction, as well as for maintenance after construction. The construction area is cleared and graded, and a trench is dug for the pipeline. Stringing of the lengths of pipe occurs along the trench. Pipe is bent as needed to follow the natural contour of the land. Pipe welding is a crucial task and is performed only by welders who have met specific industry standards and who have proven their qualifications through programs and hands-on testing. Each weld is examined visually and is tested with X-ray or ultrasonic equipment to assure its integrity.

All pipe that is not covered by a factory coating receives a protective coating at the construction site. All coatings are inspected before the pipe is buried. Once in the ground and before being placed in service, the pipeline is filled with water and tested to assure its ability to withstand high pressure. Take a closer look at the [pipeline construction process](#).

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### Pipeline Safety

Safeguarding efforts continue when the pipe is installed. Markers alert the public to the presence of a pipeline, identify pipeline rights-of-way and provide an emergency phone number.

The safety of our pipeline system is and always has received high priority, and we at Dominion can boast of a good safety record as a result. Of course, Dominion's goal is to either comply with or to exceed all the appropriate safety regulations and standards for the industry. Take a closer look at [gas pipeline safety](#). (PDF document, requires [Adobe Acrobat Reader](#))

The two hazards for a pipeline are puncture and corrosion. Dominion uses pipelines made of only high-strength materials that meet or exceed the standards of the natural gas industry and federal regulations. Our pipelines are made resistant to corrosion by cathodic protection. A small electrical current is run around buried pipe in our system to minimize the corrosive effects of the soil.

Even though pipelines operate underground and out of sight, they can be inspected from the inside using modern technology. Dominion uses "smart pigging" to measure and analyze conditions along the pipeline's inner and outer walls. The "pig" device travels through the pipelines and electronically reads and records the slightest change in pipe wall thickness. These changes can pinpoint potential problems before they become problems.

Throughout the pipeline system, the pressure of the gas in the pipes is monitored to make sure it remains well within the limits established by the U.S. Department of Transportation. Sophisticated computer and telecommunications equipment can detect fluctuations and control flows. Dominion's gas control centers operate 24 hours a day, seven days a week and know immediately if the pressure within a pipeline falls. In the event of such a pressure drop in one area, the control center acts to stop the gas flow to the problem area by selectively isolating sections of the pipeline. Inspections can then determine the cause of the problem and guide repairs.

This constant monitoring and rapid response to change ensures that the system operates safely and enhances the reliability of our service to customers.

Additionally, Dominion belongs to One-Call Systems that allow anyone planning to dig, excavate, blast or otherwise disturb the ground in the vicinity of the pipeline to make one telephone call to verify the location of a pipeline. In Pennsylvania, the number is 1-800-242-1776; and in Maryland, 1-800-257-7777. We have found the One-Call System to be a very effective method of protecting the pipelines.

Dominion also communicates at least annually with persons living along our pipeline rights-of-way as well as with law enforcement, fire and government officials in the areas in which we operate facilities.

In addition, we patrol our pipelines in order to detect any activity that may be taking place along the pipeline. If we spot any un-reported construction activity, we contact the contractor immediately to assure the safety of the surroundings of the line.

Right-of-way maintenance will include manual or mechanical grass mowing and trimming of trees.

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## Environmental Considerations

Natural gas is a clean-burning fuel, preferred for use in homes, factories and commercial buildings. It has become a fuel of choice for electric power generation because it burns cleanly and efficiently.

Dominion works with federal, state and local agencies to design the pipeline route to assure that the impact on the natural and human environment is minimized.

Among the federal programs or regulations that will be reviewed for any project impact and any related compliance are: Endangered Species Act of 1973, National Historic Preservation Act of 1966, Coastal Zone Management Act of 1972, Clean Water Act (including the National Pollutant Discharge Elimination System program), Clean Air Act, Archaeological and Historic Act of 1974, Wild and Scenic Rivers Act, National Wilderness Act, National Parks and Recreation Act of 1978, and Magnuson-Stevens Fishery Conservation and Management Act.

FERC's environmental staff concluded in April 2006 that the Cove Point Expansion Project, with appropriate mitigating measures, would have limited adverse environmental impact. [Read about FERC's findings.](#)

The project also will be reviewed for potential impacts under state and local regulatory programs for environmental issues related to streams, wetlands, threatened and endangered species, air, etc., including programs that implement the federal programs listed above.

Although the pipeline will be visible during construction, it will be underground when completed and the area surrounding it will be restored. The pipe will be buried deeply enough (with at least three feet of cover) and the land will be appropriately restored for agricultural land to again be used for that purpose. As with all of our pipeline projects, Dominion will work with the appropriate regulatory agencies and landowners throughout the construction process.

The Cove Point Terminal will continue to be a good environmental steward. In October 2005, Dominion held a public information meeting regarding its air quality permit. View the presentation ([Powerpoint - PDF](#)).

### **Additional Information**

You can get information by calling 1-866-405-5346 in Central Pennsylvania, 1-866-704-0425 in Northern Pennsylvania or 1-866-405-5362 in Maryland. Additional information about [Dominion](#) also is available.

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