

Sacramento natural gas project running on empty?

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Neighborhood activists in the Avondale and Glen Elder area think they've beaten a controversial, but potentially highly profitable, experiment to pump 7 billion cubic feet of natural gas under their neighborhood.

The Sacramento Natural Gas Storage company wants to fill an old methane reservoir—formed by natural geologic processes, but abandoned by gas companies decades ago—with natural gas that it will sell to SMUD (see “Deep impact”; SN&R Feature; October 1, 2009). The 400-acre gas field lies beneath about 750 homes and businesses.

But a final environmental-impact report, recently released by the California Public Utilities Commission, said there is still a “remote” chance that gas from the reservoir might leak to the surface and “could result in groundwater impacts, health effects and potentially flash fires or explosions.” And while groundwater contamination or explosions are unlikely, the risk is still considered by the CPUC to be “significant and unavoidable.”

Constance Slider, with the Avondale Glen Elder Neighborhood Association, said this finding means the project is toast. “It’s great news. It should be game over. But we’re not out of the woods yet.”

The project’s backers, on the other hand, say the risks described by the CPUC are so low as to be outweighed by the project’s economic benefits.

“This project is going to bring millions of dollars to Sacramento coffers,” says SNGS partner Jim Fossum. “And you may have noticed that Sacramento could use a little money.”

You know who else can use a little money? Sacramento City Council members who may ultimately vote this thing up or down. If the CPUC does give the project a go-ahead, despite the final EIR, it still has to be approved by the council.

SNGS has been making decent-sized campaign contributions—\$1,500 each—to certain council members. The company backed Ray Tretheway and Robbie Waters in their failed re-election bids. Those fellows will be gone come November 23. Councilman Steve Cohn was another beneficiary, and he isn’t going anywhere. And though SNGS gave \$1,500 to council hopeful Patrick Kennedy, he was far behind in the voting going into a November runoff against his opponent Jay Schenirer.

Also needing money: hundreds of largely low-income homeowners in the Avondale and Glen Elder neighborhoods. Many have agreed to sign leases for the mineral property rights below their houses, in exchange for annual payments of \$500.

Then again, the SNGS project seems a bit like a profit-making enterprise in search of a problem. That’s generally great for capitalism, but it gets weird when you add in “remote” risks of explosions.

The project is supposed to provide a backup gas supply in the event of an interruption on the pipeline into SMUD territory.

The last time that happened was, well, never. Regarding the potential of a future interruption, SMUD officials have told SN&R that “the probability is low, and the risk is high.”

The same might be said of the chances that the SNGS project will leak gas into the groundwater, or the chances that a given deep-water oil well would explode in the Gulf of Mexico.

With or without the project, SMUD says our electricity rates won't be affected. And, the CPUC points out there are safer, more environmentally sound sites in unpopulated areas. Those alternatives wouldn't be as lucrative. But they also wouldn't have Constance Slider and her neighbors living on top of them.

“At this point, they have to be thinking about how much money they want to put in before they call it quits,” Slider explained.