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Title:
Comments: Atlantic Coast Pipeline Decision Objection

To: Reviewing Officer Glen Casamassa, Associate Deputy Chief, Forest Service

Attached is our objection to the Forest Service's Draft Decision to Amend the Forest Plan for the Atlantic Coast Pipeline.

The information amplifies comments submitted to the Forest Service on March 18, 2016. The regulatory process used by the Federal Energy Regulatory Commission to evaluate this project, thus far, does not conform to the requirements of the National Environmental Policy Act (NEPA) or the Natural Gas Act. The Forest Service should meet its obligations under NEPA and assess whether impacts to national forest lands can be avoided by using superior alternatives to this project.

Respectfully submitted,

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Objection to the Forest Service's Draft Decision to Amend the Forest Plan

for the Atlantic Coast Pipeline

To: Reviewing Officer Glen Casamassa, Associate Deputy Chief, Forest Service

The following points amplify the comments submitted to the Forest Service on March 18, 2016 regarding the lack of need for this pipeline and impacts caused by a project that is not necessary:

It remains extremely troubling that an agency of the federal government, charged with the stewardship of forest lands owned by the American people, is willing to allow those lands to be harmed, perhaps for centuries, by a project that fails to serve the public good.

It is challenging for contributing federal agencies and state agencies to participate in a process that doesn't conform to the requirements of the National Environmental Policy Act (NEPA). It is especially difficult when the

lead federal agency ignores the federal law governing its own behavior. The Natural Gas Act requires the Federal Energy Regulatory Commission (FERC) to approve interstate natural gas transmission pipelines only if they serve the public "convenience and necessity". For decades, the FERC process has failed to analyze whether a pipeline is "necessary" or "convenient" (providing savings or some other benefit). Signed contracts for at least a portion of the capacity of the pipeline are all that are needed to approve a pipeline project. For most interstate natural gas pipelines, those contracts are signed by affiliates or subsidiaries of the owners of the pipelines. FERC's own guidelines say that these agreements are an inadequate proof of need, especially when they involve self-dealing with the pipeline developers' own affiliates.

The Forest Service cannot govern the behavior of another agency that is unwilling to observe the rule of law. However, the Forest Service can observe its long tradition of protecting the nation's forests for the enjoyment and overall well-being of the people of the United States. Before acquiescing to a project that will disrupt national forest lands, ask for proof that it is needed. If the people of the United States are going to suffer damage to an important resource, there must be proof of a greater offsetting benefit. No proof has been presented thus far.

All of the natural gas provided by the Atlantic Coast Pipeline (ACP) can be provided in the same, or greater, amounts in exactly the same locations as the ACP using existing pipelines. Connections to existing pipelines can be made mostly over existing rights-of-way with far less disruption than constructing the ACP through mountainous terrain and national forests. Using existing pipelines will save utility ratepayers billions of dollars compared to the ACP.

Tell FERC that the Forest Service can render a final decision about accepting the disruption to our national forests when the applicant provides proof of the increase in demand for natural gas in the project area and proof that existing pipelines are unable to meet any increase in demand. It is a simple proposition. Why should the Forest Service accept the impacts of a project on public land when the public good is diminished for private gain? If the project does have a benefit, it should be easy enough to prove with substantive information rather than platitudes and proclamations.

All of the Gas Provided by the ACP Can be Provided by Existing Pipelines

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The FERC application for the ACP states that all of Dominion's allocation from the ACP can be moved from West Virginia to Virginia using the Columbia Gas Pipeline. The Columbia Gas Pipeline is being expanded by about 87 percent of the capacity of the ACP.

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The Transco pipeline is adding 400 percent of the capacity of the ACP to its 1800-mile corridor. Gas is currently being delivered from the Marcellus to the Louisiana-Texas border. The U.S. Department of Energy says that this reversal of flow is more than enough to meet demands for natural gas in Virginia and the Carolinas.

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Dominion claims that the capacity being added to existing pipelines is "fully subscribed". The "subscribers" are subsidiaries or affiliates of the pipeline owners, not real customers. They are mainly the marketing subsidiaries of the gas producers who own most of these pipelines. They are desperately seeking customers, especially in the Mid-Atlantic and Southeast.

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Dominion has claimed that there is not enough available capacity from these sources to serve new power plants in Virginia. Yet, Dominion has reserved an even greater amount of capacity from these same "unavailable" sources to supply the LNG facility at Cove Point.

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Cabot Oil & Gas, the source of this additional gas supply to Cove Point, says it is very interested in supplying other customers in the region.

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As much, or considerably more, of the gas supply provided by the ACP to southeast Virginia via Virginia Natural Gas can be supplied using connections to Transco or Columbia Gas over existing rights-of-way.

* Two-thirds of the capacity of the ACP is intended for North Carolina. All of the gas provided by the ACP can be provided to exactly the same locations using a connection to Transco extending along the existing Cardinal Pipeline right-of-way and linking with the last 90 miles of the ACP corridor where all of the delivery points are located.

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This pipeline could be designed to deliver as much or more capacity as the ACP for perhaps 20-30% of the cost because it would involve only 200 miles of smaller diameter pipe, built mostly over existing right-of-way and flat terrain. North Carolina ratepayers would have all of the benefits of the ACP, far fewer impacts, and save billions of dollars compared to using the ACP.

Connections to the Transcontinental Pipeline corridor serve the same customers in North Carolina as the ACP, saving billions

Why should the Forest Service accept the impacts of the ACP when existing pipelines can deliver as much, or more, natural gas as the ACP in a way that completely avoids any disruption of Forest Service land? Connecting to existing pipelines would require only about 90 miles of pipeline on new right-of-way compared to more than 600 miles on new right-of-way with the ACP, much of it over steep terrain. Using existing pipelines is much cheaper than the ACP, and has far less impacts. Connections to existing pipelines can be developed in time to meet the needs of any new power plants in Virginia (2025) or North Carolina (2022).

The ACP Costs Ratepayers Billions more than Using Existing Pipelines

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The study commissioned by Dominion that showed a $377 million per year savings in energy costs resulting from the ACP was based on a temporary situation and faulty assumptions. The savings projected in the ICF report was actually less than the price of transportation using the ACP, but that cost was not factored in. Even Dominion's study showed the ACP would increase costs when ACP transportation costs were included.

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The cost of transporting gas using the ACP is over 60% of the current price of natural gas. The total delivered price of natural gas will be far cheaper using existing pipelines than what can be provided by the ACP.

* The owners of the ACP will ask their captive utilities to pass the cost of the 20-year contracts on to their ratepayers. These contracts must be paid in full whether or not all of the capacity is used. Based on the published tariff for the ACP and the Shipper allocations for capacity, the costs of the 20-year contracts to ratepayers would be:

Costs are for transportation only. Natural gas is purchased separately.

Dominion Energy Virginia - $4.1 billion

Virginia Natural Gas - $2.1 billion

Duke Energy Carolinas - $6.2 billion

Duke Energy Progress - $3.75 billion

Piedmont Natural Gas - $2.2 billion

Total - $18.35 billion charged to ratepayers by the captive utilities of the owners of the ACP in 20 years.

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Using long-term capacity agreements for existing pipelines will have a cost too, but one that is far less expensive than using the ACP. Taking into account price differences between production zones and pipeline transportation

costs, it is estimated that the delivered cost of gas using the ACP would be about $9 billion more expensive for utility customers in Virginia and North Carolina, compared to the cost of delivered gas using existing pipelines over the 20-year term of the contracts.

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Delivered gas that is $9 billion more expensive than gas delivered using existing pipelines does not lower energy costs in Virginia and North Carolina.

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Adding $9 billion to the cost of energy in these states will not lead to greater employment or other economic benefits.

*
Energy costs that are billions higher because of the expense of the ACP might even cost some of the jobs we already have.

*
Using the data provided by the owners of the ACP in the FERC application, shows there is no overall public benefit associated with the construction of the pipeline.

* Owners of the pipeline would reap billions of dollars of additional profit, but all at the expense of the customers of their utility subsidiaries. Customers could receive the same service at a far lower cost from existing pipelines.

* The ACP is a project for private gain, not for the public good. There is no good reason to allow disruption of public land for a project that does not serve the public interest.

We Have the Time for a Thorough Evaluation

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There is enough time to ask the applicant to prove the need for a project that will cause significant disruption to public land.

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Dominion has reduced the need for new large gas-consuming power plants by 50% in its latest 15-year plan from what was expected when the ACP was first proposed. Since the ACP was announced, Dominion has steadily reduced the amount of new generation required and pushed back projected dates of operation.

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Duke has reduced its need for new combined cycle plants by 45% in its latest 15-year plan from what was projected when the application for the ACP was filed. Since the ACP was announced, Duke has also cut back the amount of new generation required and postponed projected dates of initial operation.

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The rush to develop more pipelines and power plants seems to be a supply led-phenomenon promoted by gas producers and the energy industry to raise the price of gas and increase revenues. Results of the recent PJM capacity auction indicate that this is not a demand-led situation. Analysts declared that this might be the end of the push to build new capacity in the region. This is not surprising with PJM's surplus capacity currently over 75% higher than its required level.

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Other studies show that the amount of natural gas used to produce electricity is sensitive to the price of natural gas, which is on a long-term increasing trajectory. Several years ago, an industry insider stated that "we can have cheap natural gas or we can have plentiful natural gas, but we can't have cheap, plentiful natural gas".

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There is ample time to get a complete evaluation of the actual need for the project before rendering a decision on the permit for the use of Forest Service land. There is plenty of time to build any necessary connections to existing pipelines to fulfill any need that does exist.

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Any permitting activities could go on for more than two years without affecting the operation of proposed new power plants that were used to justify the ACP. The first power plant that might need additional gas supply is scheduled for 2025 in Virginia and 2022 in North Carolina. The 600-mile ACP is intended to be constructed in two years on new right-of-way. Far shorter pipelines could be constructed in less time to connect to existing pipelines.

* To match the capacity of the ACP, the only segment of the connections to existing pipelines that isn't on existing right-of-way would the last 90 miles of the ACP that has already been surveyed and studied. If these connections are actually needed, they could be permitted and constructed well within the time required to serve possible new power plants.

Remedies to Resolve the Objection

The Forest Service should demand proof that a project actually provides a public benefit before allowing disruption of public forest lands.

The Atlantic Coast Pipeline (ACP) will add about $9 billion to the cost of energy to residents of Virginia and North Carolina compared to using existing pipelines.

Existing pipelines can provide as much or more capacity to serve the same customers, in the same location, as the ACP.

Using existing pipelines totally avoids the disruption of national forest land caused by the construction of the ACP.

Normally the need for a project and a thorough comparison of alternatives is part of the NEPA evaluation. FERC, the lead federal agency for this project, has not conducted such an evaluation other than looking for signed precedent agreements for pipeline capacity. FERC has dismissed consideration of any alternatives that are not pipelines from West Virginia to Virginia and North Carolina. This is contrary to NEPA requirements and the Natural Gas Act.

Because FERC has ignored its legal responsibilities, it is imperative that the Forest Service meet its requirements. A participating federal agency should also meet NEPA requirements.

The Forest Service has been presented with an option that avoids the disruption of national forest land. This option will also save residents of Virginia and North Carolina billions of dollars compared to using the ACP. Available data, Department of Energy studies, consultants' reports, and the statements of gas producer's show that an abundant supply of natural gas is available in the region supplied by the ACP and can be delivered using existing pipelines at a much lower cost with far less disruption.

The remedy requested is for the Forest Service to withhold a final decision to amend the Forest Plan to allow construction of the Atlantic Coast Pipeline unless, after rigorous evaluation of substantive data, it is shown that the Atlantic Coast Pipeline provides a greater public benefit than an option that avoids national forest land altogether and saves customers in Virginia and North Carolina billions of dollars while providing access to as

much natural gas as would be supplied by the ACP.

Respectfully submitted, September 4, 2017

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