

Consumer Analysis of the Draft Environmental Impact Statement for the Atlantic Coast Pipeline

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The pipeline is being built by Atlantic Coast Pipeline, LLC (ACP). Its owners are Dominion, Duke Energy, Piedmont Natural Gas and Southern Company Gas. As the highest percentage owner, Dominion will operate it.

ACP is designed as a transmission pipeline. Other companies have distribution rights in each community and would have to build a transfer facility and local distribution network as well as commit to regular large purchases of gas for ACP owners to agree to provide access to the gas. The ACP will cross the existing Transco Pipeline in Buckingham County, VA. It has proposed there the only compressor station in 300 miles of pipeline in Virginia and the station's horsepower has increased three times during the planning process

The process of pipeline approval is described as being collaborative, involving communities, landowners and the industry (FERC, 2015). However, the Federal Energy Regulatory Commission (FERC) is set up so that it is controlled by the industry. All of its funding comes from the industry and it has only failed to approve one pipeline proposal in the 30 years since its creation.

One of the most important steps in the FERC approval process is review of the Draft Environmental Impact Statement (DEIS) (FERC, 2016). This is the opportunity for landowners and others to point out the strengths and weaknesses of the document before FERC decides whether to approve the pipeline. This information may be used in litigation so it is important to ensure that needed information is "on the record."

FERC policies state that for approval of a certificate there must be present and future convenience and necessity for the infrastructure. This statement is organized using the factors that must be balanced:

1. Public need
1. Impacts on existing ratepayers
3. Environmental impacts (NEAPA)
4. Impacts to landowners

Public need

Dominion plans for the pipeline to serve two existing natural gas fueled electric generation facilities in Virginia. It will provide redundant supply since they are currently served by the existing Transco Pipeline under 20-year contracts. Dominion may build an additional generation facility.

They project that the ACP will bring new industry to the areas it crosses and distribution systems will be built for new natural gas users. Currently there is no need for the additional gas. No community crossed by the ACP will receive gas and most are served by electric cooperatives, not Dominion. Even rural communities that have been crossed by the Transco Pipeline for 50 years do not yet have local access to natural gas. The local distribution companies have not found it economically feasible to build the necessary infrastructure. With our country moving toward a knowledge-based and service economic focus, it is unlikely that it will suddenly become economical to expand gas infrastructure in these areas.

In the case of Buckingham County, VA, the existing Transco Pipeline has not lured new industry or local distribution in 50 years to the part of the county served by rail. With no four-lane roads serving the county and no rail access in the area crossed by the ACP, landowners question the need for the pipeline. However, Buckingham County, Dominion, the gas company with the local distribution system authority, and Kyanite Mining, a long time Buckingham business that would like to get natural gas, have signed a secret memorandum of understanding to attempt to bring in additional users near Kyanite's site. Kyanite offers land for sale to potential businesses. However, the location does not have access to a four lane or interstate road, public water, or even, currently, industrial electricity or internet service.

The Transco Pipeline provides direct access to Dominion's Cove Point Liquid Natural Gas facility on the Maryland coast. Dominion has a contract with Japan which Japan will pay for whether they use the gas or not. Since Dominion is currently serving their facilities using contracts with Transco, if they switch to the ACP the Transco gas will be unneeded in Virginia and easy to get to Cove Point. Landowners believe Dominion's real plan is to export the gas, which would not be a public use but would

enrich stockholders.

The US Department of Energy determined that instead of building new pipelines, the needs of the area can be adequately served until at least 2030 with minimal adaptation of the existing pipeline. Trucks currently serve some businesses with gas. NG Advantage is promoting its business model to expand truck provided gas that it obtains from existing infrastructure.

It is clear that owners of fracked gas facilities desire to export gas for current earnings, not to protect the supply for long-term US energy independence. It is projected that the gas will only be available for about 10 years at current rates of use. New pipelines will accelerate that timeline and thus there is no known use for the proposed infrastructure that will have a 50 year life. However, FERC will guarantee the ACP repayments by ratepayers for at least 30 years at 10-15% guaranteed rate of return, an extremely high and safe guarantee for stockholders.

Multiple natural gas pipelines are proposed to move gas from the Marcellus Shale Region. FERC has refused to conduct a programmatic review which would reveal that there is not a need for all of the proposed pipelines. It accepts owner plans to self-purchase the gas as evidence of need and does not require those owners to clarify how gas will be used. It also does not consider the anticipated life of the shale regions compared with the anticipated life of the infrastructure built, it simply considers relatively current demands.

Impacts on existing ratepayers

The existing Transco Pipeline that serves Dominion's rate payers today is fully paid for so delivery costs are low. If FERC approves the ACP, ratepayers will be responsible for paying for it over 30 years, with a guaranteed rate of return to owners of 10-15% (Hadwin, 2016). The additional tax revenue paid to localities where the ACP crosses would also be borne by ratepayers. Clearly this would be more expensive for ratepayers, even if the gas purchased costs less.

Multiple sources have documented that there is no need for this pipeline (Wilson, et. al, 2016; Phillips, et. al., 2016). Existing resources and growing use of renewable resources that will not only reduce the need for natural gas but that will also save rate payers money and will diversify Virginia's energy sources for electricity generation, will meet the expected needs.

Ratepayers may also face costs in the future to clean up pollution from existing electric generation sources (Stockman, 2017). Although there is strong pressure in the US to ignore the impact and cost of pollution, costs of future clean-up could be assigned to ratepayers

Environmental impacts (NEAPA)

Global warming is a worldwide concern and international agreements limit future use of fossil fuels (Stockman, 2017). Currently, the natural gas industry accepts as a cost of doing business methane losses of 5-10%. The Obama Administration established a new rule requiring companies to measure and record the methane losses across their systems which would have revealed the actual numbers and encouraged them to reduce losses. However, the Trump Administration has already overturned that requirement so companies still lack any motivation to "tighten up" their systems.

The ACP is proposed for new mountain crossings which will require mountain-top removal type construction to create ridges wide enough for the pipe (Webb, 2017). It will cross karst terrain that is extremely unstable and unpredictable, and thousands of watersheds and water ways. Permanent clear cutting of timber is required to create a safe space for the pipe. This often results in water runoff that removes topsoil and puts sedimentation into waterways. The disruption of watersheds can cause damage to or failure of water wells that supply homes and businesses in areas without public water service.

The ACP will release methane; estimated up to 5% of gas is released across pipeline systems. Methane is recognized recently as an even more dangerous greenhouse gas than carbon in the first ten years that it is in the atmosphere. The Obama Administration promulgated rules requiring that methane releases into the atmosphere be measured and recorded. This was one of the first Obama rules that the Trump Administration overturned.

Compressor stations are inherently noisy and regularly release gas into the atmosphere. Those living near them, especially within the first mile, are most affected by the risks of the pollutants and noise. Localities crossed by these facilities, especially around the fracking sites and compressor stations, will be subject to unmonitored methane releases. Since the gas has no smell (the familiar gas odorant is added at the distribution stage and these are transmission facilities), color, or taste, local residents will not be

able to tell when typical or unusual releases occur. In recent years, local residents have identified most gas and oil leaks due to odors, fluid, or other signs that natural gas will not provide.

Because the lifespan of the ACP will be at least 50 years, building it will lock in use of fossil fuels for electric generation for at least 50 years, violating international agreements on air quality and pollution. Even though federal requirements to clean up air are being removed by the Trump Administration and it also threatens to withdraw the US from the Paris Climate Agreement, businesses are already working to meet these goals for business competitiveness goals. Businesses seeking to employ and provide services to Millennials who have great concern about the environment are trying to engage them by reducing the pollution they produce.

Impacts on landowners

Landowners face irreversible limitations on use of their own land. Trees, ponds, and even equipment storage are not allowed over the pipeline right of way. Crossings are limited for heavy equipment, affecting daily activities of landowners.

Air that humans and animals breathe will be polluted. Since the proposal for the pipelines has been segmented in such a way that the infrastructure is categorized as a non-point source of pollution, and the existing quality of air along the route is so good, the company claims that there will be no significant reduction in air quality. However, residents with asthma and other breathing problems are likely to experience problems. Elderly landowners are concerned about their health as well as the health of visiting grandchildren (Fjord, 2017).

Landowners must anticipate that ACP staff may be on the land at any time. However, they may not visit it for extended periods as grass, etc. will only be cut once every three years, at best. The right of way may be sprayed with strong chemicals.

Landowners continue to pay property taxes on the land. The remainder of land's value is permanently decreased (Phillips, et. al., 2016). Only those landowners whose property is directly crossed get small one-time easement payments. Others within the blast or evacuation zones are not compensated but all live with the daily risk of explosion/ fire that must burn out. Safety standards for pipelines vary according to the population of the area.

Since the PHMSA budget has never allowed sufficient staffing to meet its mandate, Congress directed it to prioritize populated areas. Thus, there are three levels of pipeline, primarily defined by population with populated areas designated high priority and rural areas low priority. Thicker pipe is used in high priority areas, all pipe welds are fully inspected, and cut off valves are placed a maximum of three miles apart. In low priority areas, the thinnest pipe is used, only 10% of pipe welds are fully inspected, and cut off valves are placed up to 20 miles apart.

Conclusions

There is no public need for the ACP. It would increase the rates of existing ratepayers without additional benefit to them. Environmental damage in the building process would be widespread and permanent, not minimal and mitigatable. Building the ACP would require at least 50 more years of fossil fuel use. Landowners face uncompensated losses and daily safety/ health risks.

Policy changes are needed to make the process fair. Landowners want assurance that eminent domain is used as intended, only for public benefit.

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