

## Comments Regarding

Permit: Minor Source Construction Permit issued under the authority of the  
Air Pollution Control Board

Applicant Name: Atlantic Coast Pipeline, LLC

Permit Number: 21599

Facility Name and Address: Atlantic Coast Pipeline – Dominion Energy  
Buckingham Compressor Station 5297 S. James River Hwy, Wingina, VA 24599

I served as an executive for an electric and gas utility and led a department that was responsible for obtaining state and federal approvals for multi-billion dollar utility projects. Each permitting process, at the state or federal level, begins with establishing the need for the proposed project and then progresses to an evaluation of the economic and environmental effects resulting from its development. The Department of Environmental Quality, if following federal law that delegates responsibility to Virginia for permitting air quality emissions under the Clean Air Act, has a similar responsibility.

The Federal Energy Regulatory Commission (FERC) never addressed the need or public benefit of the Atlantic Coast Pipeline, even though they issued a certificate that makes it appear as though they did. The Commission looked only for the existence of contracts between the pipeline and organizations that have reserved capacity on the pipeline. All but 6% of the reserved capacity on the pipeline is allocated to companies that are controlled by the owners of the pipeline.

The Commission has guidelines that say contracts between pipeline owners and their affiliates are not necessarily an indication of true market demand, and that contracts with affiliates deserve greater scrutiny. But FERC has never followed those guidelines in their approval of all but two of over 400 applications to build new gas transmission pipelines in the last 20 years. Project developers continually claim that this is the most thoroughly reviewed project in our region, but fail to mention that the federal regulator made no independent evaluation of whether the project was actually necessary or would serve the public's interest.

This lax approach on the part of FERC has resulted in the addition of new pipeline capacity over the past 20 years that is twice our peak national gas usage in 2017. And

those additions were on top of all of the pipeline capacity that was built in the U.S. during all of the 20<sup>th</sup> century.

The Atlantic Coast Pipeline claimed that nearly 80 percent of its capacity would be required for new power plants planned for Virginia and North Carolina. Dominion has canceled all of the major gas-fired power plants it planned to build when the pipeline was announced. They have confirmed that they have no plans to build any more of that type of unit. Four of the six new power plants originally planned for North Carolina have been canceled.

The two plants that remain are projected for the early to mid-2020s and are supported only by over-optimistic forecasts for future electricity use. They have not been approved by the North Carolina regulator. It is likely that they will fall to the same shift in economics for gas-fired plants that caused the cancelation of the other units.

Although Dominion no longer has a need for additional gas supply in Virginia, it still expects to pass on to its customers the full cost of the 20-year \$4 billion contract that its subsidiary signed with the Atlantic Coast Pipeline. The contract requires that the full cost be paid even if only a portion or none of the reserved capacity is used.

Virginia Natural Gas customers are also expected to pay over \$2 billion for its capacity reservation. Subsidiaries of Duke Energy will be expected to reimburse the pipeline more than \$12 billion over the next 20 years. This will be very profitable for the utility holding company owners of the pipeline, but it will be a very bad deal for the ratepayers of their utility subsidiaries. Utility customers would save billions if the utilities chose to access the abundant gas supplies that are available from existing pipelines.

Billions of dollars will be extracted from families and businesses in Virginia for a project that is completely unnecessary. Several years ago, an independent study by Synapse Energy Economics showed that the approved expansions of existing pipelines that have served this region for decades could provide all of the gas we need and more. All of the new power plants that were originally proposed could have been accommodated, as well as an even higher gas usage scenario.

The Atlantic Coast Pipeline will be the most expensive pipeline on the east coast. Transporting gas on the ACP will add more than a 60% premium to the current price of gas. Existing pipelines can provide more capacity and will transport gas 3-8 times cheaper than can the Atlantic Coast Pipeline. Existing pipelines are less expensive to use because they have been mostly paid for by previous users. It makes sense to use what we have before building something new.

With little remaining demand for its capacity, the owners of the Atlantic pipeline will likely seek to use it to export gas. Dominion's executives in South Carolina have been telling customers for three years that the ACP will extend over the border from North Carolina to connect to Dominion's gas transmission system in South Carolina. An existing connection to the Elba Island LNG facility would be used to export gas when the export facility begins service by the end of 2018.

Transco, the largest pipeline system in the nation, runs from New York down along the eastern seaboard all of the way to the Gulf Coast. It has served Virginia, and all of North Carolina's gas needs, and most of South Carolina's for many decades. Transco filed a motion with the South Carolina Public Service Commission to say that the Atlantic Coast Pipeline is unnecessary and duplicates the more than adequate capacity that Transco provides.

Commissioner LaFleur, a former utility executive who has served FERC for over eight years (several years as Chairman) agreed. She dissented with FERC's approval of the Atlantic Coast Pipeline saying that it was not in the public interest. She was over-ruled by two newly appointed Commissioners who had been on the job just a few months when the decision was rendered.

Several years ago, Congress retained a consultant to investigate the economic impacts of exporting liquefied natural gas (LNG) from the United States. The consultant's report stated that "U.S. natural gas prices increase when the U.S. exports LNG."

The Industrial Energy Consumers of America assessment of the report concluded that "U.S. LNG exports would reduce wages and disposable income, increase energy prices, curb investment in the U.S. economy (less investment in manufacturing), and that owners of the resource base would benefit. Said another way, owners of the natural gas resource will benefit, while the vast the majority of people in the country will lose economically."

Traditional uses of natural gas are not expected to increase much. Gas used to produce electricity is likely to increase a bit over the next few years then begin to taper off. The primary source of new gas demand in the U.S. will be from exports, over 80% according to Forbes.

There is a problem with sending our cheap gas overseas. Shale gas wells reach peak production within about three years then rapidly decline. We are using the most productive wells first. It will cost more to get gas from the next group of wells. An industry insider once said, "We can have cheap gas, or plentiful gas, but we can't have plentiful supplies of cheap gas."

Australia has already traveled the road we are just embarking on. In the 10 years since they began exporting their plentiful supplies of low-cost gas, Australia's domestic gas prices rose 300% to 400%. Manufacturers closed their doors or switched back to coal. Utility bills skyrocketed. Domestic consumers suffered because public policymakers failed to take care of the people whose interests they were supposed to represent. Following this path will squander a strategic asset for the short-term profits of a few energy companies.

In the last few 15-year plans, Dominion has projected that gas prices would double or triple within the next 10-15 years from their current \$2.50 - \$3.00 price. This would increase the prices of energy produced by Dominion's recently built gas-fired plants by 50% - 100%. Gas and electric customers throughout the state will pay more because of the higher gas prices created by aggressive exports.

It does not make sense for Virginia to approve permits for projects that will increase profits for a few private companies while increasing energy costs for families and businesses throughout the state.

Although Buckingham County is served by a utility co-operative, higher gas prices will affect all of Virginia's utilities. And Dominion is a major provider of the electricity used by the co-ops throughout the state.

This is a double insult to the residents of Union Hill. Not only have they been targeted to endure the impacts of the compressor station that the project developers expect they will have little ability to oppose. But lower-income residents pay a much higher portion of their income for energy costs than most other families do. Higher energy costs created by this unnecessary project will affect them the most.

This air quality permitting activity must take into account the fact that there is no net economic benefit to the general public that would offset the harm that would result from the development of this mammoth compressor station. You would be permitting an activity that would lead to billions in added energy costs for the citizens of Virginia. A regulator's statutory duty is to weigh the benefits of a project against its costs and impacts. This duty has so far been overlooked in the DEQ's handling of the water quality issues. It is now your duty to speak on behalf of Virginians to determine that the billions in added energy costs to families and businesses in Virginia and the local impacts borne by citizens in Buckingham County far outweigh the profits to a few energy companies from an unnecessary pipeline.

Respectfully submitted,

Thomas Hadwin

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