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ACP export, eminent domain issues raised

BY JOHN BRUCE • STAFF WRITER

MONTEREY — A University of Virginia faculty member has applied his research skills to question Dominion's claims that gas from the proposed Atlantic Coast Pipeline is not destined for export. Jim Bolton argues, in a comment to the Federal Energy Regulatory Commission, that it is obvious the interstate natural gas pipeline and header projects, as proposed, would be tied to other companies' pipelines, constituting an interconnected transmission system linked to Dominion's newly approved Cove Point, Md., export facility.

He noted his research was wholly on personal time, and U.Va. was not involved. Nonetheless, Bolton's contention brings a weighty body of information to FERC's table.

In point, he says the proposal's environmental and economic impacts are more global than interstate in nature. This assertion raises questions that could present a game-changing situation for the energy giant in its quest to build a \$5 billion pipeline system crossing Highland.

The spider web of pipelines would include interconnections between ACP and the existing Columbia pipeline in Randolph County, W.Va., the Williams Transco Pipeline in Buckingham County, Va., and at least two with Piedmont Gas pipelines in central and southern North Carolina. In addition, Dominion's proposed Supply Header Project would "allow shippers access to natural gas supplies from various receipt points," the comment states.

The fact that the ACP would tie into the interconnected natural gas pipeline system is significant because it bears directly on several issues with potential implications for the FERC approval process, Bolton noted. These issues may include as the scope of the cumulative environmental impacts, how the project may be viewed in terms of "public utility" justifications and, ultimately, the use of eminent domain, he added.

Bolton separately pointed out that Dominion spokespersons have indicated the project's ultimate transmission capacity could well exceed that of the project as proposed and elevate the capacity of the entire natural gas transmission network.

"Just as any additional inputs or outputs to an existing network necessarily have the potential to affect the characteristics of the network in its totality, including its cumulative performance according to any number of measures, the connection of the ACP to the existing network of natural gas pipelines in the region would necessarily affect the overall operation, capabilities, and potential environmental impact of the network as a whole," he wrote.

"Therefore, the environmental impacts of the ACP itself cannot be considered separately from those associated with the overall network to which it will connect, and the scope of any environmental impact statement must, in addition to the impact of the ACP itself, include its potential effects on the overall network," he suggested.

Bolton wrote it will also be imperative to consider the potential release of leaked methane, a powerful contributor to climate change, and potential increase in carbon emissions as the gas is burned.

“While it may be reasonable to assume that if properly constructed the ACP itself would likely be relatively leak-free, gas that may be delivered from it to the Columbia Pipeline, parts of which are some 60 or 70 years old, may be reasonably expected to have a higher rate of escape into the atmosphere through many such minor individual leaks,” Bolton wrote.

A thorough environmental review must take into account that hiking the volume of gas extracted from the Marcellus Plate could cause more leakage as a result of the proposal, he added.

The most challenging of Bolton’s comments calls into question Dominion’s repeated assertion the ACP gas would not be exported.

Bolton wrote that Dominion “has made much of its claims in the media and in the public ‘open houses’ that none of the gas flowing through the ACP is destined for export, and that it is all exclusively for domestic use.

“For example, the following question and answer appears on its web site: ‘Will the natural gas transported by the Atlantic Coast Pipeline be exported overseas? No. This project is about meeting the very real and growing energy needs of consumers and businesses in Virginia and North Carolina, not for export.’

“And again: ‘Myth: The pipeline will move natural gas so it can be exported overseas. Fact: The pipeline will serve customers in West Virginia, Virginia and North Carolina—period. Natural gas moved by the pipeline will not be exported. In fact, no facilities exist along the route to make exporting possible.’

“While it is indeed true that currently ‘no facilities along the route ... make exporting possible,’ it is also the case that the pipeline network that the ACP connects to will, in fact, provide at least two routes that will make it feasible to move gas flowing through the ACP to Dominion’s LNG facility at Cove Point, Md., recently approved as an export facility.”

The ACP would, for example, tie not only into the Columbia pipeline that intersects the Transco in Louisa County, but also directly into the Transco in Buckingham County, he wrote.

The interconnections “will, in fact, allow gas from the ACP to ultimately be moved to a point near Washington, D.C., where a Dominion lateral splits off to Cove Point. In addition, there is good reason to believe that there are plans in the works to build an LNG export terminal at Craney Island in Portsmouth, Va., approximately nine miles from the proposed southeastern terminus of the ACP, that could eventually provide the means for exporting gas for sale on the world market.

“So, once again, even though there are no exporting facilities ‘along [its] route’ per se, it will still be feasible to move gas from the ACP to Cove Point, and furthermore, because it is not possible to ‘track’ the gas once it has entered the gas (transmission system), there will be no way to be sure that any claims, one way or the other, are in fact accurate,” Bolton wrote.

“Dominion will undoubtedly argue that even if gas is being transported to export facilities through the network, as long as there is as much or more gas being delivered to power plants, domestic industry

and home heating distributors than is being delivered to the network by the ACP, that the net effect is that gas from the ACP is not in fact being exported.

“This argument may in fact be useful in terms of keeping track of the net economics, i.e., the credits and debits, of gas distribution, where a given volume of methane delivered from any particular input line is the equivalent of one from any other input, but as soon as Dominion/ACP, LLC makes a statement like ‘Natural gas moved by the pipeline will not be exported,’ it is essentially attempting to label any and all gas transported through the ACP as ‘not for export,’ and since there is ultimately no way to distinguish if a given quantity of gas reaching Cove Point has or has not been transported through the ACP, such a claim simply cannot be made.”

Bolton continued, “In any event, the ability to export gas from the (transmission system) through international LNG transport essentially functions to extend the network worldwide, thus rendering the scope of the potential cumulative environmental impact of the ACP, including that associated with its contributions to greenhouse gas emissions, as global in nature.”

Bolton pointed out the National Environmental Policy Act guides decisions about what must be included in an analysis of a project’s environmental impacts. Uncertainties and unknown risks about the release of greenhouse gases must be weighed in addition to impacts from future exports, he suggested.

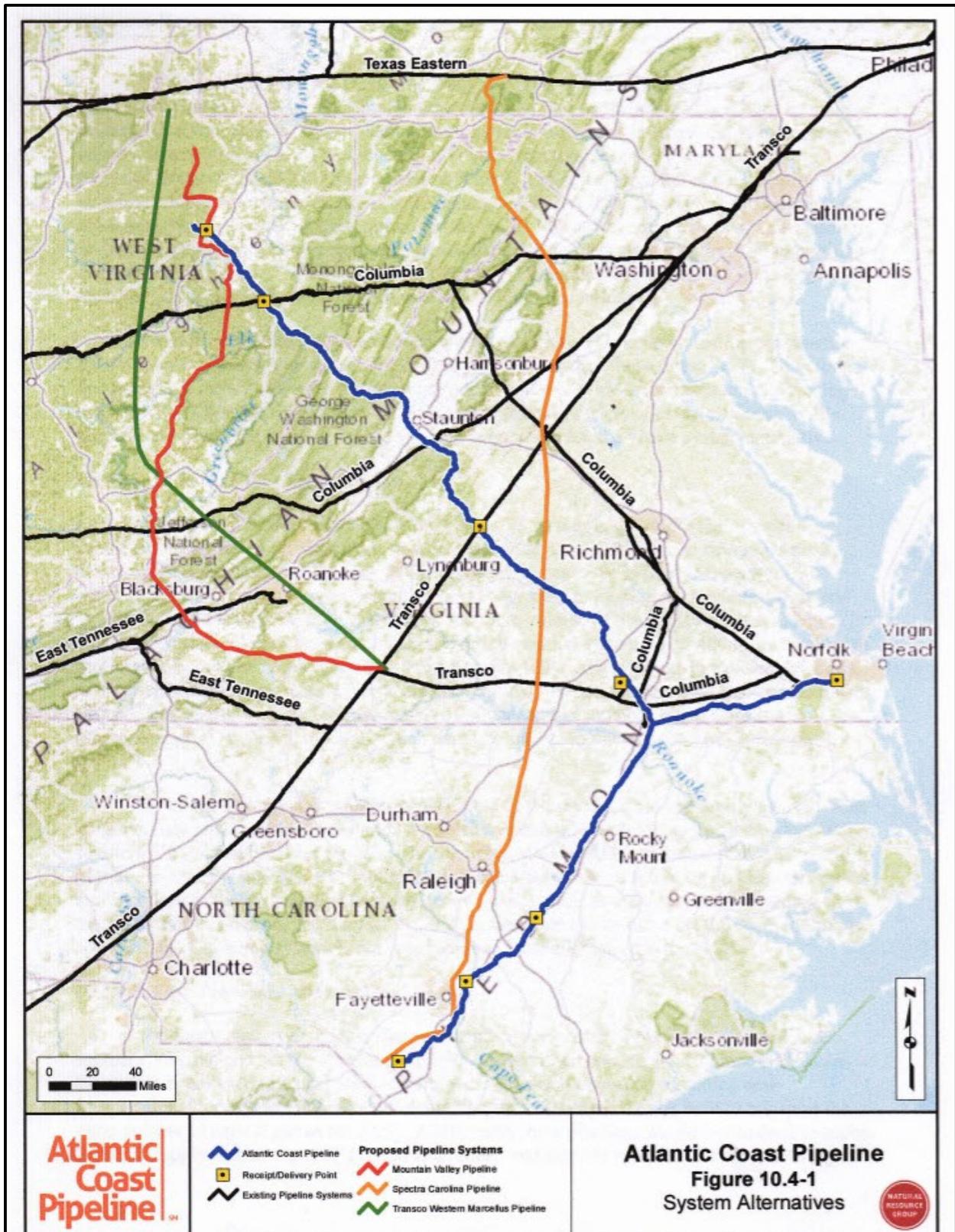
Dominion denied exportation of gas from the ACP or supply header project is plausible as a foreseeable future action.

“The purpose of the Supply Header Project is for Dominion Transmission (DTI) to provide up to 1.5 Bcf/day to the Atlantic Coast Pipeline, which is designed to meet the urgent energy needs in Virginia and North Carolina,” Dominion spokesman Frank Mack told The Recorder Monday. “Demand for natural gas in these two states is expected to increase in coming decades due to a combination of population growth and displacement of coal-fired electric power generation.

“Nearly 92 percent of the natural gas to be delivered by the ACP already has been subscribed by the four partners (Dominion, Duke Energy, Piedmont Natural Gas and AGL Resources, parent of Virginia Natural Gas) as well as PSNC (Public Service of North Carolina). All five major energy companies have signed 20-year contracts to have the natural gas delivered at various points along the ACP route in the South Atlantic Region,” Mack said.

Mack also denied that Dominion’s expectation of the proposed ACP or SHP capacity has changed since the pre-filing with FERC in December 2014. “As we reported in Resource Report 1 ... the Supply Header Project will enable DTI to deliver up to 1.5 Bcf/day to the ACP, which then will provide up to that amount of firm natural gas transportation service. The FERC requires that you only build capacity to service the confirmed need, which in this case, is 1.5 Bcf/day. The natural gas is intended to be used to generate electricity as well as to heat homes and run local businesses in Virginia and North Carolina,” he said.

Mack said besides the interconnections with companies along the proposed route, Dominion is interconnected near the location of the proposed supply header project with Tennessee Gas Pipeline, Texas Eastern, Equitable Gas Transmission and Rockies Express. In this same area, Dominion interconnects with three local distribution companies: Dominion Hope, Dominion East Ohio and Peoples Natural Gas.



Map shows a spider web of pipelines that a U.Va. faculty member says could be used for exporting ACP gas.