June 3, 2016

Ms. Kimberly Bose
Federal Energy Regulatory Commission
Office of the Secretary
888 1st Street, NE
Washington, DC 20428

Re: Docket No. CP15-558 PennEast Pipeline Project

Dear Ms. Bose,

In an expert report submitted by the Delaware Riverkeeper Network on February 11, 2016, nationally recognized expert Arthur Berman challenged the asserted need for the PennEast Pipeline when he observed:

> "The proposed PennEast Pipeline would deliver an additional 1 Bcf/d of natural gas to New Jersey potentially creating a 53% supply surplus above the current level of consumption."
>
> "Because of the lack of demand for Marcellus gas in Pennsylvania and adjacent New Jersey, it is possible that PennEast and its committed suppliers have an unstated intent to send gas to other markets not specified in their proposal…."

It is now clear that our belief is accurate that owners of the PennEast Pipeline Company, LL.C., namely and at least Spectra Energy Partners, had ulterior motives for the gas to be carried by the PennEast Pipeline. It is now clear that partners of the PennEast Pipeline Company, LLC are proposing additional projects that, given their connected ownership, physical connection, contemporaneousness in terms of time and space, and the planned route for the gas – are integral parts of the PennEast Pipeline project and should be considered as part of cumulative impacts of the PennEast Pipeline project and plan. All agencies with a regulatory voice in the review of the proposed PennEast Pipeline must consider these impacts, including such agencies as the Federal Energy Regulatory Commission (FERC), the Delaware River Basin Commission (DRBC), the Pennsylvania Department of Environmental Protection (PADEP), the New Jersey Department of Environmental Protection (NJDEP), the US Army Corps of Engineers (Corps), the US Fish & Wildlife Service (USF&WS), the Environmental Protection Agency and the National Park Service (NPS).

Spectra Energy Partners is a "member company" in PennEast Pipeline Company, LLC and 10% owner of the PennEast Pipeline proposal. Spectra Energy is 100% owner of Texas Eastern Pipeline that will

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be interconnected with PennEast in/around Lambertville, NJ. Spectra Energy is currently planning for and proposing a new project called the Texas Eastern Marcellus to Market project (M2M) in which it clearly identifies, as a primary goal, the redirection and transfer to western markets of gas brought via the PennEast Pipeline that will transfer at/thru the compressor station in Lambertville, NJ. Spectra's M2M project seeks to increase capacity along the Texas Eastern pipeline segment between the Lambertville NJ Compressor Station and Eagle (in Chester County PA) Compressor Station. The M2M project, consists of upgrades to existing lines including some new facilities.

The M2M project sketch map clearly documents Spectra Energy's plan to receive most of its anticipated gas (over 62%) from the PennEast Pipeline. The map also confirms that Spectra Energy plans to send the gas *west* from Lambertville Station into Pennsylvania via its Texas Eastern systems. On its website, Spectra makes very clear that the proposed PennEast pipeline will be the primary source of gas that the M2M project will transport.

Specifically, according to the Spectra Energy website, the new M2M pipeline would receive the majority of its gas, 62.5%, (up to 125,000 dekatherms per day (Dth/d)) from the PennEast pipeline (this equates to over 11% of PennEast's anticipated capacity)

Spectra is also pursuing the proposed Greater Philadelphia Expansion Project. The stated intent of the project is to increase the volume of gas Spectra can transport to the Philadelphia region from the Eagle Compressor Station – the same station that is part of Spectra's proposed M2M Project. The Philadelphia region has been under discussion for an LNG export facility, which is one obvious pathway for future intended export of PennEast Pipeline gas. This export facility must be disclosed and analyzed in addition to the Cove Point LNG export facility already identified by the Delaware Riverkeeper Network and Mr. Berman as a likely recipient of the gas.

The Delaware Riverkeeper Network and Arthur Berman were right. Owners of the PennEast Pipeline Company are clearly planning the PennEast pipeline in order to carry gas to markets that are different than those asserted in the FERC application, including likely overseas markets.

The National Environmental Policy Act clearly requires FERC consideration of these interconnected projects obviously being contemplated and planned for in the same time frame by the same owner for delivery of the same gas. There exists a physical, functional, and temporal nexus that cannot be overlooked and FERC is now fully aware of these additional elements of the PennEast Pipeline project that is before FERC and freely available to the public for review and consideration. Spectra Energy clearly intends and plans for these projects to operate as an interconnected whole, and as such their cumulative impacts must be considered as part of the review of the PennEast Pipeline project and the M2M project when it is actually proposed.

Respectfully,

Maya K. van Rossum

Maya K. van Rossum
the Delaware Riverkeeper

Attachments:

M2M Open Season document

Arthur Berman report regarding PennEast Pipeline need.

M2M 0pen season document can also be viewed at:
https://infopost.spectraenergy.com/GotoLINK/GetLINKdocument.asp?Pipe=10076&Environment=Production&DocumentType=Notice&FileName=Texas+Eastern+Marcellus+to+Market+Project+Open+Season+Notice.pdf&DocumentId=8a7842c94bc5a9a1014be4c38be80670)

Open Season Notice
March 4, 2015 – April 10, 2015

Texas Eastern Marcellus to Market Project

Open Season

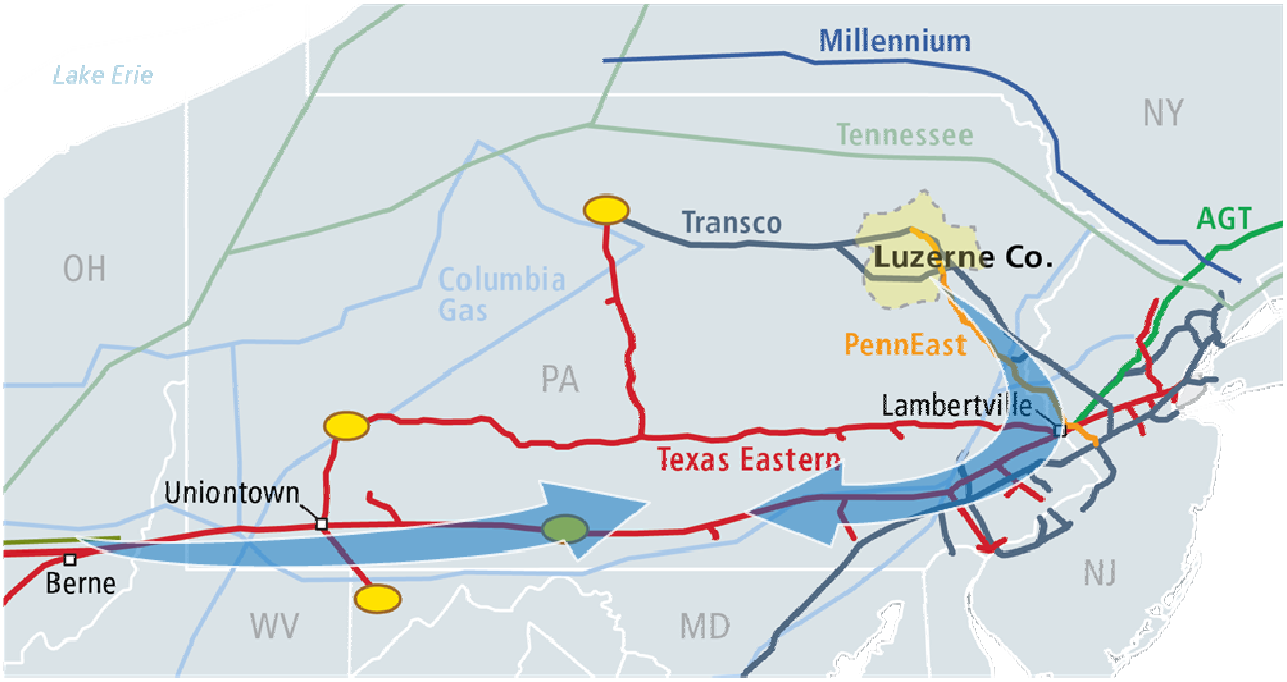
Texas Eastern Transmission, LP ("Texas Eastern"), a leading provider of natural gas transportation service to many of the largest natural gas markets in the United States, is conducting an open season ("Open Season") for its Marcellus to Market Project ("Project"). The Project (also referred to herein as the "Marcellus to Market Project") will provide shippers with an opportunity to obtain firm transportation service to deliver new incremental production from the Appalachian shale supply region to markets in the Northeast. The target in-service date for the Marcellus to Market Project is as early as November 1, 2017.

Texas Eastern will determine the total volume of capacity for the Project based on its evaluation of the bids received during this Open Season. Parties interested in obtaining capacity in this Open Season may submit a Service Request Form for:

- Up to 125,000 Dth/d from Luzerne County, PA;
- Up to 75,000 Dth/d from Texas Eastern-Lambertville or Algonquin Gas Transmission, LLC ("Algonquin")-Ramapo/Mahwah; and
- Additional paths from Texas Eastern Southwestern Appalachia receipt points.

The Project will transport gas to delivery points in Texas Eastern's Market Zone 3 in New Jersey and Pennsylvania, including points with available capacity between Lambertville, NJ and the Market Zone 2/Market Zone 3 border.

Any bidder who submits a valid Service Request Form for at least 75,000 Dth/d with Luzerne County receipt point(s) will be considered an anchor shipper on the Marcellus to Market Project ("Anchor Shipper"), and its capacity request will only be subject to pro-rationing (if necessary) among other Anchor Shipper bids. Anchor Shippers may receive certain rate and rate-related benefits which may not be offered to other potential Project shippers.



Nomination Process

During the Open Season period (beginning at 8:00 a.m., CDT, on March 4, 2015 and ending at 4:00 p.m., CDT, on April 10, 2015), parties interested in obtaining capacity must submit a Service Request Form, which specifies: the party's requested Maximum Daily Quantity (MDQ); contract term (15-year minimum required); primary receipt point(s); and primary delivery point(s). Bidders may request receipt points at Williams Springville; PVR/Regency Wyoming; UGI Auburn; and Transco Leidy Line (all in Luzerne County, PA). As part of the Marcellus to Market Project, bidders may also request capacity from a Texas Eastern – Lambertville, Algonquin-Ramapo or Algonquin-Mahwah receipt point if at least 62.5% of such bidder's total requested receipt capacity is from a Luzerne County receipt. In addition, Texas Eastern may consider one or more additional firm receipt points in Texas Eastern's Market Zone 2 between Berne, OH and Uniontown, PA, provided that bidders may be required to reimburse Texas Eastern for the cost of installing any new proposed receipt points and certain other facilities installed to move gas from these new receipt points to the delivery points. Bidders may request delivery points on Texas Eastern's system in Market Zone 3, including but not limited to: Lambertville, NJ; the existing Marietta, PA interconnect between the Texas Eastern mainline and Texas Eastern's Marietta Extension; the existing Eagle, PA interconnect between the Texas Eastern mainline and Texas Eastern's Philadelphia Lateral; and the Market Zone 3/Market Zone 2 in-line transfer point. Texas Eastern will also consider new proposed delivery points in Market Zone 3, provided that bidders may be required to reimburse Texas Eastern for the cost of installing any new proposed delivery points and certain other facilities installed to move gas to these new delivery points.

Texas Eastern will also consider service offerings to accommodate demand from those shippers who may require additional flexibility to match their unique operational profiles. Shippers who are interested in such options should contact a Texas Eastern representative.

The Service Request Form is included in this Open Season package. The completed Service Request Form must be executed by a duly authorized representative and mailed, faxed, or emailed in PDF format to Texas Eastern's offices at:

5400 Westheimer Court, Houston, TX 77056
Attn: Erin Petkovich, Project Director,
Business Development
EKPetkovich@spectraenergy.com
Fax No. (713) 627-4727

Texas Eastern reserves the right to reject any Service Request Form that is not received on or before the end of the Open Season period.

Contracting for Service

After the Open Season concludes, Texas Eastern representatives will contact all parties who have submitted valid bids and been awarded capacity for the Marcellus to Market Project in order to finalize the terms on which service will be provided.

Project Rates

Project rates will be determined at the conclusion of the Open Season and are dependent upon the final scope of facilities required for the Marcellus to Market Project facilities. Bidders in this Open Season can choose to pay the maximum applicable recourse rate or a negotiated rate to which the bidder and Texas Eastern have mutually agreed.

Capacity Allocation Process

In the event that Texas Eastern has received valid Service Request Forms for a quantity of capacity that exceeds the quantity of capacity that Texas Eastern desires to construct for the Project, then Texas Eastern will allocate such Project capacity first to qualifying Anchor Shippers executing binding Precedent Agreements on or before the May 8, 2015 deadline and next to non-anchor shippers that have executed binding Precedent Agreements on or before the May 8, 2015 deadline. With respect to Anchor Shippers, Texas Eastern will pro-rate capacity, to the extent

necessary, taking into account the MDQ and the quantities at the primary points subscribed under each such binding Precedent Agreement, on a not unduly discriminatory basis. A bidder's status as an Anchor Shipper, and the Anchor Shipper's attendant rights, will continue to apply even if the pro-rated amount of capacity awarded to such bidder is less than 75,000 Dth/d of Luzerne County receipts. If no bidder qualifies as an Anchor Shipper or if there is any remaining capacity after meeting the requirements of any Anchor Shipper(s), Texas Eastern will allocate any remaining capacity to such other (non-Anchor Shipper) bidders on a not unduly discriminatory basis, with Texas Eastern providing priority to Project capacity among the non-anchor shippers based on the quantity of capacity requested at Luzerne County receipts.

To the extent capacity remains in the Project following completion of negotiations with all qualifying bidders in this Open Season, Texas Eastern reserves the right to negotiate mutually acceptable precedent agreements with any potential shipper for the remaining unsubscribed capacity upon request irrespective of deadlines herein for execution of Precedent Agreements.

Limitations and Reservations

Texas Eastern reserves the right to decline to proceed with the Project or any portion of the Project, including all or any portion of the Project for which Texas Eastern has requested bids as part of this Open Season. Texas Eastern reserves the right to proceed with one or more projects that will be defined through the contracting process and to develop alternative projects from the requests received during this Open Season that may be more representative of the timing requested and markets served. Texas Eastern reserves the right to negotiate with only those parties that submit valid bids as part of this Open Season. Texas Eastern also reserves the right to reject any and all bids or requests that do not satisfy the requirements set forth in this Open Season Notice. Without limiting the foregoing, Texas Eastern may, but is not required to, reject any submitted Service Request Form in which the Service Request Form is incomplete, is inconsistent with the terms and conditions outlined in this Open Season, contains additional or modified terms, or is otherwise deficient in any respect. Texas Eastern reserves the right to request a bidder to modify its proposed receipt or delivery point(s), to the extent that Texas Eastern determines that the nominated point(s) will unduly increase the cost of the overall Project or otherwise adversely affect the scope of the Project in light of the other nominations received prior to or as part of this Open Season. Texas Eastern also reserves the right to reject Service Request Forms in the event requesting parties are unable to meet applicable creditworthiness requirements. No Service Request Form submitted in this Open Season shall be binding on Texas Eastern unless and until duly authorized representatives of both a requesting party and Texas Eastern have executed a binding Precedent Agreement. Texas Eastern reserves the right to reject any party's valid Service Request Form in the event a duly authorized representative of such party has not executed a binding Precedent Agreement on or before May 8, 2015.

Communications

At any time during the Open Season, interested parties are encouraged to contact their Texas Eastern account manager or Erin Petkovich at (713) 627-6371 to discuss any questions or to seek additional information.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's premier pipeline and midstream companies. Based in Houston, Texas, the company's operations in the United States and Canada include more than 22,000 miles of natural gas, natural gas liquids, and crude oil pipelines, approximately 305 billion cubic feet (Bcf) of natural gas storage, as well as natural gas gathering and processing, and local distribution operations. Spectra Energy is the general partner of Spectra Energy Partners (NYSE: SEP), one of the largest pipeline master limited partnerships in the United States and owner of the natural gas, natural gas liquids, and crude oil assets in Spectra Energy's U.S. portfolio. The company also has a 50 percent ownership in DCP Midstream, the largest producer of natural gas liquids and one of the largest natural gas gatherers and processors in the United States. Spectra Energy has served North American customers and communities for more than a century. The company's longstanding values are recognized through its inclusion in the Dow Jones Sustainability World and North America Indexes and the Carbon Disclosure Project's Global 500 and S&P 500 Carbon Disclosure Leadership Indexes. For more information, visit www.spectraenergy.com.

Texas Eastern Marcellus to Market Project
Service Request Form
Bidder Information

Company _____

Contact _____

Title _____

Address _____

Telephone _____ Fax _____

Email _____

Contract Requirements

Maximum Daily Quantity (dekatherms): _____

Receipt Point(s)	MDRO (Dth/d)	Delivery Point(s)	MDDO (Dth/d)

Contract Term: *(15-year minimum required)*

Signature of Requester/Customer: _____ Date: _____

Please mail, fax or email a pdf of the completed service request form to:

Erin Petkovich, Project Director, Business Development

Texas Eastern Transmission, LP 713-627- 4727 fax

5400 Westheimer Court EKPetkovich@spectraenergy.com

Houston, TX 77056

Bidders may request receipt point(s) Williams Springville; PVR/Regency Wyoming; UGI Auburn; and Transco Leidy Line (all in Luzerne County, PA). Additional consideration will be given for receipts at Texas Eastern-Lambertville, Algonquin-Ramapo or Algonquin-Mahwah, if at least 62.5% of total requested receipt capacity is from a Luzerne County receipt. Texas Eastern may consider one or more additional firm receipt points on Texas Eastern's Market Zone 2 between Berne, OH and Uniontown, PA. Primary delivery points available for the Project are meter locations in Texas Eastern M3 zone west of Lambertville, NJ that have available meter capacity, with additional delivery points to be considered. The sum of the Maximum Daily Delivery Obligations (MDDO) among all such delivery point(s) must not exceed the MDQ bid.

February 26, 2014

Ms. Kimberly Bose
Federal Energy Regulatory Commission
Office of the Secretary
888 1st Street, NE
Washington, DC 20428

Re: Docket No. PF15-1-000: Comments Regarding PennEast Pipeline Project, Scoping Period

Dear Ms. Bose,

Attached please find an expert analysis of "need" for the PennEast Pipeline Project.

Arthur E. Berman, author of the attached analysis, is a Geological Consultant and Director of Labyrinth Consulting Services. Mr. Berman is a petroleum geologist with 36 years of oil and gas industry experience. Mr. Berman is an expert on U.S. shale plays, and has published more than 100 articles on oil and gas plays and trends.

Please accept this expert analysis for the record from the Delaware Riverkeeper Network.

Sincerely,

Maya K. van Rossum
the Delaware Riverkeeper

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Labyrinth Consulting
Services, Inc.

623 Lorfing Lane • Sugar Land, TX 77479

February 26, 2015

Professional Opinion on the Proposed PennEast Pipeline Project

The PennEast Pipeline project proposal fails to adequately address need and volume requirements and, therefore, should not be approved unless these issues are adequately addressed. Based on current natural gas supply and demand, there is no apparent need for the gas that would be transported by the pipeline. If future demand is anticipated, this must be stated and explained clearly in the proposal. Assuming that need is shown, the proposal is vague about what portion of the approximately 1 billion cubic feet per day (Bcf/d) would be delivered to consumers in southeastern Pennsylvania versus New Jersey. It is also unclear whether there may be an intention not stated in the proposal to supply gas to markets beyond Pennsylvania and New Jersey.

Existing interstate pipelines provide all of New Jersey's natural gas demand and Pennsylvania is a net exporter of natural gas to other states so has no unfilled demand. Based on these facts about present supply and demand, it is not clear that a need exists for the PennEast Pipeline project.

Natural gas consumption for New Jersey has been relatively flat for the past four years at average rate of 1.8 billion cubic feet of gas per day (Bcf/d), somewhat below the higher levels of the late 1990s (Figure 1). Although consumption increased slightly in 2013 compared to the three previous years, New Jersey cannot be called a growth market as the proposal states. New Jersey gas supply is shown in Table 1. The small difference between supply and consumption is accounted for by processing and transportation loss, and compression needs.

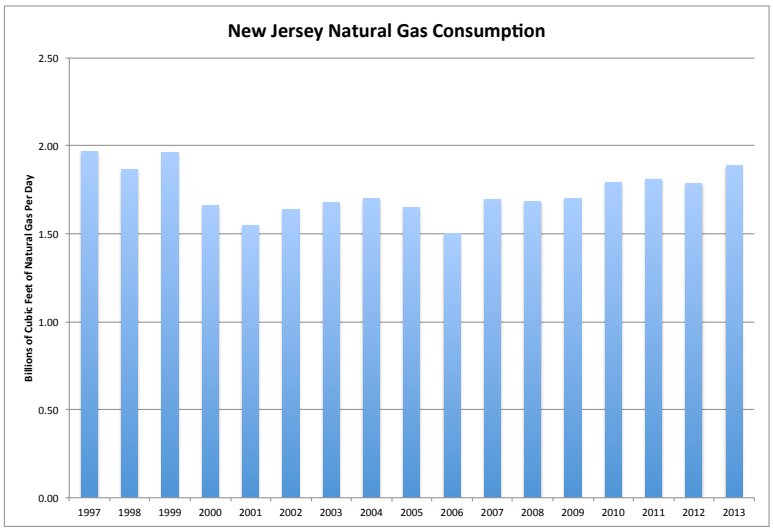


Figure 1. New Jersey annual natural gas consumption. Source: EIA.

Net Natural Gas Pipeline Deliveries

Bcf/d	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
New Jersey	1.8	1.8	1.7	1.7	1.3	1.3	1.2	1.4	1.2	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.1	1.1
Pennsylvania	-2.8	-2.5	-1.6	-1.2	-0.2	0.0	0.0	-0.7	-0.3	0.0	0.0	0.0	0.0	-0.4	0.3	0.3	0.4	0.6

Table 1. New Jersey and Pennsylvania net natural gas deliveries by interstate pipeline. Source: EIA.

Pennsylvania natural gas demand has grown since the recent boom in Marcellus Shale production (Figure 2). At the same time, Pennsylvania has been a net exporter of natural gas since 2003 (Table 1). Pennsylvania exported 2.5 Bcf/d in 2013 and 2.8 Bcf/d in 2014. It must, therefore, be assumed that most if not all of the gas for the proposed PennEast Pipeline would go to New Jersey.

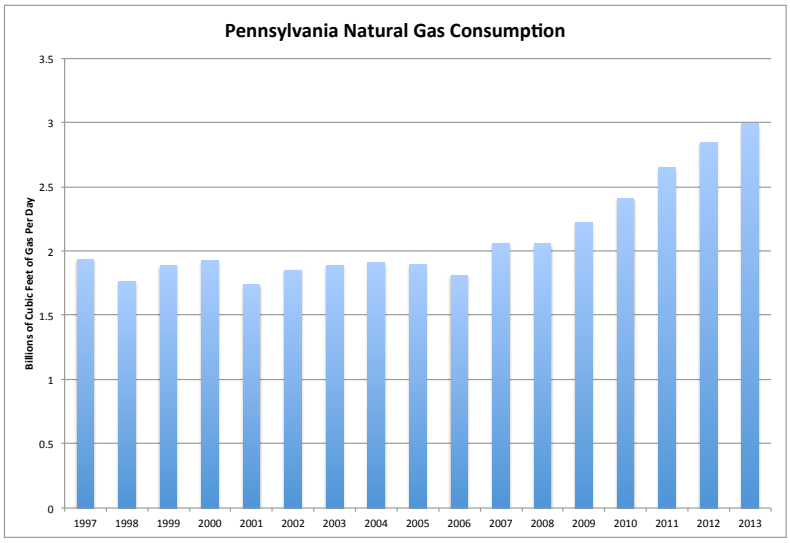


Figure 2. Pennsylvania annual natural gas consumption. Source: EIA.

Although PennEast discusses price competition and diversity of supply as positive potential outcomes for their proposed pipeline, they fail to address need. Additional future need for natural gas may exist as New Jersey moves away from heating oil and coal-fueled sources of electric power but these are not mentioned in the proposal.

The proposed PennEast Pipeline would deliver an additional 1 Bcf/d of natural gas to New Jersey potentially creating a 53% supply surplus above the current level of consumption. Assuming that PennEast can demonstrate some need, it is unclear why 1 Bcf/d of additional supply is warranted or appropriate particularly in light of the considerable property and environmental issues that construction will entail. If PennEast intends to supply additional markets outside of New Jersey, there is no mention of this in the proposal.

Marcellus Shale production today can only be described as an epidemic of over-production. When the play began in earnest in 2005, the northeastern United States relied on pipeline gas deliveries from the Gulf Coast. At that time there was a positive differential relative to Henry Hub pricing. As production has increased, the northeastern gas market is near saturation and spot prices are presently at a negative differential of about -$1/ million cubic feet compared with the Henry Hub.

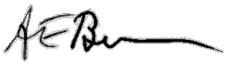
The over-supply from the Marcellus Shale is expected to increase as more wells are drilled. The only relief for producers is to export gas outside of Pennsylvania via new pipelines and by reversing flow in existing pipelines. The plan to export gas to New Jersey benefits producers who have consciously destroyed value in Pennsylvania by providing them with additional markets for their gas. It is unclear if there is any benefit to the public. Although it is certainly the right of mineral owners to over-produce natural gas at a loss if

they choose to and can justify it to shareholders, it is unclear why FERC should grant them the means to remedy the unfavorable price environment that they have deliberately brought upon themselves.

Because of the lack of demand for Marcellus gas in Pennsylvania and adjacent New Jersey, it is possible that PennEast and its committed suppliers have an unstated intent to send gas to other markets not specified in their proposal including the Cove Point LNG export facility in Maryland. Although much has been made of the supposed profitability of LNG export based on the price arbitrage between North America and Europe and East Asia, these claims fail to address the cost of liquefaction and trans-ocean transport.

The best case for LNG export from a brown field export terminal like Cove Point yielded marginally economic outcomes before the recent drop in oil prices. Since most LNG contracts in Europe and Asia are based on crude oil-price linkage, lower oil prices now make LNG export sub-commercial.

In summary, the proposed PennEast Pipeline project should not be approved because need has not been demonstrated. If need can be shown, the proposed 1 Bcf/d volume must be justified.



Arthur E. Berman
Petroleum Geologist