



417 Walnut Street
Harrisburg, PA 17101
717 255-3252 / 800 225-7224
FAX 717 255-3298
www.pachamber.org

FILED
SECRETARY OF THE
COMMISSION

ORIGINAL

2015 NOV -2 A 11: 48

FEDERAL ENERGY
REGULATORY COMMISSION

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Oct. 26, 2015

RE: Docket CP15-558-000 Application of PennEast Pipeline Company, LLC for Certificates of Public Convenience and Necessity and Related Authorizations

Secretary Bose,

On behalf of the Pennsylvania Chamber of Business and Industry (PA Chamber), the largest, broad-based business advocacy group in the Commonwealth, I am writing in support of PennEast Pipeline Company, LLC's proposed PennEast Project, which would add greatly needed natural gas capacity to the interstate pipeline system that provides natural gas to millions of American homes and businesses. As this project, which is currently before the Federal Energy Regulatory Commission as an application for a Certificate of Public Convenience and Necessity, would help our state and nation foster economic growth and environmental progress, I urge the Commission to grant the certificate.

In recent years, the expanded exploration and production of natural gas from the Marcellus shale in Pennsylvania has led to significant environmental and economic gains. There remains, however, a significant lack of pipeline infrastructure that threatens to limit the tremendous potential this resource represents for the state and nation's economy, environment and energy security. Additional pipeline investment, such as the PennEast line, will support valuable, high-paying jobs involved in gas production, encouraging a stable, affordable supply of gas to be used in home heating, power generation, manufacturing and transportation.

An economic analysis conducted by researchers at Drexel University estimated that the design and construction of the PennEast Pipeline will generate approximately \$1.6 billion in additional wages, revenues and investments to regional and state economies of Pennsylvania and New Jersey, in addition to supporting more than 12,000 jobs during the construction period.¹ A separate analysis estimated that had additional pipeline capacity, such as that represented by the PennEast line, been in place during the polar vortex of the 2014 winter, consumers in Pennsylvania and New Jersey could have saved \$890 million in utility costs.²

A recent analysis by Platts and Bentek Energy noted a "substantial opportunity for natural gas demand growth" in Pennsylvania³ – perhaps as much as 1 Bcf/day over the next decade, as more residential and commercial buildings switch to natural gas for a heating source, more industrial facilities construct natural gas co-generation or combined heat and power systems, and more new or converted natural gas

¹ PennEast Pipeline Economic Impact Report and Analysis. Econsult Solutions, Inc. and Drexel University School of Economics, Feb. 9, 2015.
<http://penneastpipeline.com/economic-impact-analysis/>

² PennEast Pipeline Energy Market Savings Report and Analysis. Concentric Energy Advisors, Inc., March 2015.
<http://penneastpipeline.com/ConcentricEconomicStudy/concentric-economic-study.pdf>

³ Northeast Infrastructure Study: Leading the Market in a New Direction. Platts McGraw-Hill Financial & Bentek Energy, Sept. 10, 2013.
http://anga.us/media/blog/C2FB89E8-5056-9F69-D40DD63F89FBDDC3/files/BENITEK_Northeast_InfrastructureDeck_09102013V4.pdf

The Honorable Kimberly D. Bose, Secretary
 Federal Energy Regulatory Commission
 Oct. 28, 2015
 RE: CP15-588-000
 Page 2

power plants are constructed. Such increased use of natural gas would represent additional improvements in local, ambient and regional air quality. However, the same analysis noted a significant gap between current and projected natural gas supply and takeaway capacity.

Another recent analysis noted that while “[l]ast year North America spent nearly \$200 billion on producing oil and gas, attracting over 50% of global upstream investment [. . .] the region has also fallen short in building the infrastructure to ensure the benefits of abundant energy supplies can be fully reaped. As temperatures plunged this past winter, gas could not be delivered where it was needed, creating regional price spikes. If these trends continue, North America will not only fail to harness the benefits from the shale revolution it created, but it will also forego over the next decade more than 2 million new jobs, 1.0% of additional GDP growth and at least a 5% incremental reduction in greenhouse-gas emissions.”⁴

U.S. Department of Energy Secretary Ernest Moniz noted recently at information hearing last summer regarding natural gas pipelines in Pittsburgh that “we have huge infrastructure problem.”⁵ Without more natural gas infrastructure, businesses and consumers face higher electricity prices and poorer air quality. Indeed, as FERC Chairman Cheryl LaFleur noted at a recent National Press Club event, additional natural gas infrastructure is “essential”⁶ to achieving federal environmental policy goals, such as the Clean Power Plan.

In part, increased production, transmission and use of natural gas have allowed the power generation sector in Pennsylvania to reduce greenhouse gas emissions by 14% since 2005.⁷ In fact, the United States led the world in reducing greenhouse gas emissions over that time period.⁸ Industry in the Commonwealth has also, since 2008, taken considerable steps to help improve Pennsylvania’s air quality by a significant measure in recent years, in part by increasing use of natural gas statewide. The Pennsylvania Department of Environmental Protection’s (DEP) emissions inventory data since 2008 show a 68% reduction in SOx, a 42% reduction in PM10, a 28% reductions in NOx, a 21% reduction in carbon monoxide and a 20% reduction in volatile organic compounds.⁹ These reductions are having a demonstrated impact on air quality, with DEP forecasting fewer and fewer severe air quality alerts each year.¹⁰ In 2014, on just four days were ozone action days forecasted in one or more regions in Pennsylvania, compared to 28 days in 2012 – a significant development considering DEP announced near the end of ozone forecasting season in 2012 it would begin adding forecasting for eight additional regions, for a total of 13 regions.

⁴ “Unlocking the Economic Potential of North America’s Energy Resources.” Goldman Sachs, June 10, 2014. <http://www.goldmansachs.com/our-thinking/our-conferences/north-american-energy-summit/index.html#naesintro>

⁵ Gas pipeline issues challenge for producers, users. Pittsburgh Tribune-Review, July 21, 2014. <http://triblive.com/business/headlines/6481351-74/gas-pipelines-pipeline>

⁶ Chief energy regulator lays out FERC’s Clean Power Plan role at Press Club Luncheon, Jan. 27, 2015. <http://www.press.org/news-multimedia/news/chief-energy-regulator-lays-out-ferc%E2%80%99s-clean-power-plan-role-press-club-luncheon>

⁷ Electric Power Industry Emissions Back to 1990, Pennsylvania. U.S. Energy Information Administration, April 1, 2014. <http://www.eia.gov/electricity/state/pennsylvania/xls/sent07PA.xls>

⁸ Some fracking good news, *The Economist*, May 25, 2012. <http://www.economist.com/blogs/schumpeter/2012/05/americas-falling-carbon-dioxide-emissions>

⁹ See Summary of the 2012 Natural Gas Emission Inventory at http://files.dep.state.pa.us/Air/AirQuality/AQPortalFiles/Advisory%20Committees/Air%20Quality%20Technical%20Advisory%20Committee/2014/4-3-14/Marcellus_AQTAC_Unconventional_Gas_03-13-2014.pdf and Overview of the 2013 Emissions Inventory for the Natural Gas Industry at http://files.dep.state.pa.us/Air/AirQuality/AQPortalFiles/Advisory%20Committees/Air%20Quality%20Technical%20Advisory%20Committee/2015/2-12-15/5-2013_EI_NG_AQTAC_2-12-2015_Final.pdf.

¹⁰ Action Days. Pennsylvania Department of Environmental Protection, Bureau of Air Quality. http://www.ahs2.dep.state.pa.us/aq_apps/aqpartners/code_red.asp

The Honorable Kimberly D. Bose, Secretary
 Federal Energy Regulatory Commission
 Oct. 28, 2015
 RE: CP15-588-000
 Page 3

Moreover, the approval and construction of the PennEast project and additional pipeline infrastructure would further the growth of the regional, state and national economy by helping create a business environment more conducive to job growth – particularly in Pennsylvania’s manufacturing sector, which is the eight-largest in the nation and which requires affordable, reliable supplies of electricity and heat.¹¹ Natural gas can also serve as valuable feedstock for manufacturing. A 2012 PricewaterhouseCoopers report¹² estimated increased use of domestic natural resources, including the Marcellus shale, could reduce manufacturing costs upwards of \$11 billion annually through the next decade. Such savings would allow businesses to invest in and expand their workforce, spurring a revitalized economy for the region and a growing tax base.

The benefits to Pennsylvania’s manufacturing industry were also highlighted in a Standard & Poor’s report last year, which noted that “lower natural gas and NGL prices also have materially benefited raw material costs and profit margins for petrochemical companies, nitrogen fertilizer producers, and energy-intensive manufacturers, including metals, cement, glass, and paper. North American petrochemical producers’ costs have improved compared with those of other global producers.”¹³ A separate Standard & Poor’s report also noted that, as a result of the shale boom, “North America has moved from being the highest-cost region to the second-lowest”¹⁴ in terms of costs for the petrochemical industry. As a result, North America – and Pennsylvania – is well-poised to benefit greatly from increased global demand for petrochemicals and plastics, which is expected to grow at 4.4% per year – or about 1.5 times the expected growth in global gross domestic product. A March 2015 review by the American Chemistry Council showed 225 proposed or started chemical industry projects as a direct result of the shale resources available in Pennsylvania and our nation – projects which will result in 383,000 direct and indirect jobs created over the next decade and more than \$266 billion in increased economic output.¹⁵

With these potential economic gains before our state, it is no wonder McKinsey & Company identified energy and infrastructure as two of five “game changer” opportunities for the United States’ future economic growth. The firm noted that the “shale boom could add as much as \$690 billion a year to GDP and create up to 1.7 million jobs across the economy by 2020. The impact will extend to energy-intensive manufacturing industries and beyond.”¹⁶ The White House’s recently released 2015 Quadrennial Energy Review also echoed the economic growth opportunities represented by additional pipeline development, noting that “there is the potential to support 1.5 million additional energy sector jobs for the transmission, storage and distribution segment alone.”¹⁷

The EPA’s Clean Power Plan, which seeks to reduce greenhouse gas emissions from the power generation sector, expects that, given the significant reductions in greenhouse gas emissions that come from combusting the fuel for power generation, additional natural gas capacity should be dispatched in

¹¹ Manufacturing Fact Sheet. Pennsylvania Department of Community and Economic Development, Feb. 27, 2015.

http://www.newpa.com/sites/default/files/uploads/Manufacturing_FactSheet_2015.pdf

¹² Shale gas: A renaissance in US manufacturing? PricewaterhouseCoopers LLC, February 2012. <http://www.pwc.com/us/en/industrial-products/publications/shale-gas.html>

¹³ Game Changer: How Shale is Transforming Global Energy – and Affecting Industry and Ratings. Standard & Poor’s, Jan. 7, 2014.

<http://marcelluscoalition.org/wp-content/uploads/2014/01/197319624-Untitled.pdf>

¹⁴ Natural Gas: Low Prices Mean Big Changes for U.S. Energy. Standard & Poor’s, June 13, 2012.

http://www.standardandpoors.com/sof/swf/cw/cw_0612/data/document.pdf

¹⁵ New manufacturing projects are growing our economy and creating jobs. American Chemistry Council, March 2015.

<http://www.americanchemistry.com/Policy/Energy/Shale-Gas/Shale-Investment-Infographic.pdf>

¹⁶ Game changers: Five opportunities for U.S. growth and renewal. McKinsey Global Institute, July 2013.

http://www.mckinsey.com/insights/americas/us_game_changers

¹⁷ Fact Sheet: Administration Announces New Agenda to Modernize Energy Infrastructure. The White House Office of the Press Secretary, April 21, 2015. <http://energy.gov/sites/prod/files/2015/04/f22/QER%20SUMMARY%20FACT%20SHEET%20final.pdf>

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
Oct. 28, 2015
RE: CP15-588-000
Page 4

Pennsylvania.¹⁸ Such dispatch cannot happen without significant additional investment into natural gas pipeline infrastructure. Importantly, the construction of this infrastructure must begin in earnest in the immediate near future so that sufficient power generation capacity is available in the wake of a significant number of expected power plant retirements.

Natural gas has also helped push wholesale electricity prices downward significantly in recent years, with a more than 50% decrease between 2008 and 2012.¹⁹ Additional cost savings, economic growth and environmental progress can be made with the approval of the PennEast project. For these reasons, on behalf of the PA Chamber, I urge the Commission to grant the PennEast Pipeline the Certificate of Public Convenience and Necessity.

Sincerely,



Gene Barr
President and CEO
Pennsylvania Chamber of Business and Industry

¹⁸ Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Generating Units. Environmental Protection Agency, June 2, 2014. <http://www2.epa.gov/sites/production/files/2014-05/documents/20140602proposal-cleanpowerplan.pdf>

¹⁹ Pennsylvania State Energy Plan. Office of Governor Tom Corbett, January 2014. <http://energy.newpa.com/wp-content/uploads/2014/01/PA-State-Energy-Plan-Web.pdf>