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

Aug. 16, 2016

RE: Docket CP15-558-000 Notice of Availability of the Draft Environmental Impact Statement for the Proposed PennEast Project

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, 1.1 million dekatherms per day, to the interstate pipeline system that provides natural gas to millions of American homes and businesses. The Draft Environmental Impact Statement (DEIS) prepared for this project demonstrates the project will be constructed largely with minimal and temporary impacts, and with less than significant cumulative impacts, to the environment. The DEIS also demonstrate there is clear consumer demand for the gas that would be delivered by the PennEast Project and that such delivery is best suited by building PennEast, rather than expanding capacity of other existing or proposed projects. There are also significant economic gains and benefits to consumers that must be recognized. For these reasons, I urge the finalization of the DEIS in a timely manner so that the permitting process for this project can move forward.

The DEIS Appropriately and Accurately Notes that the Construction of the PennEast Project Will Result in Minimal Environmental Impacts and Will Continue to Allow the Commonwealth to Make Progress With Respect to Air Quality

The DEIS makes clear throughout its discussion of impacts to various environmental resources the projects' impacts will be minimal, temporary, appropriately mitigated and/or minimized, provided the project is constructed and operated with implementation of the numerous measures proposed.

For example:

- "the Project is not expected to significantly impact groundwater, surface water, or wetland quality or quantity during construction or operation" (ES-6)
- "the overall impacts on aquatic resources would be adequately minimized" (ES-7)
- "overall impacts on vegetation and wildlife would be adequately minimized" (ES-8); and
- "the cumulative impacts associated with the Project, when combined with other known or reasonably foreseen projects, would be effectively limited" (ES-15)

The PA Chamber agrees with and supports these statements. The measures proposed by the project applicant, as well as the regulatory environment in which the project will be constructed and operated, will ensure these outcomes.

In addition, the 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.[1] 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.[2] These reductions are having a demonstrated impact on air quality, with DEP forecasting fewer and fewer severe air quality alerts each year[3]– 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.

It is also expected that, should the EPA's Clean Power Plan survive its legal challenge, there will be a continuation of the on-going trend of retiring coal-fired power plants or of the re-purposing of those facilities to be fueled, in part or in whole, by natural gas. The combustion of natural gas results in lower carbon emissions compared to coal or oil, and the availability of the resource will be necessary to ensure both that the state meet its requirements of the Clean Power Plan and that there is a reliable fuel source for baseload generation.

With further respect to greenhouse gas emissions, the DEIS makes appropriate mention of the pollutant. The recently finalized guidance regarding greenhouse gas emissions from the White House Council on Environmental Quality[4] allows agencies discretion with respect to applying the guidance to projects under review under the National Environmental Policy Act, such as the PennEast Project, which is awaiting a final Environmental Impact Statement. Agencies are directed by CEQ to consider whether application of the guidance "would inform the differences between alternatives [… and whether] the additional time and resources needed would be proportionate to the value of the information included." The DEIS accurately recognizes that the air emissions from the proposed project and its compressor station will not have "significant air quality impacts," and that the project does not trigger PSD thresholds as a major source for criteria or GHG pollutants. GHG emissions due to leakage are expected to be a "small fraction," which is expected given the necessary environmental controls required by permitting and the inherent economic incentive for the operators to not lose the commodity during transmission. The DEIS also accurately and appropriately notes that use of natural gas will result in cumulative improvement in regional air quality (and, implicitly, the reduction of greenhouse gas emissions in the region). In the event that other commenters raise the CEQ guidance as a reason to delay finalization of the EIS or to require additional expenditure of resources by the project applicant, the existing characterization of the greenhouse gas emissions in the draft – and the discretion afforded by the CEQ – is sufficient to deny such a request. Any additional quantification regarding greenhouse gas emissions or their impacts as a result of this project would not result in a different conclusion than the one already reached in the draft:

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[1] Electric Power Industry Emissions Back to 1990, Pennsylvania. U.S. Energy Information Administration, April 1, 2014.
http://www.eia.gov/electricity/state/pennsylvania/xls/sept07PA.xls

[2] *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.

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

[4] Final Guidance for Federal Department and Agencies on Consideration of Greenhouse Gas Emissions and the Effects of Climate Change in National Environmental Policy Act Reviews. Executive Office of the President Council on Environmental Quality, Aug. 1, 2016.
https://www.whitehouse.gov/sites/whitehouse.gov/files/documents/nepa_final_ghg_guidance.pdf

the air quality impacts of this project are minimal, and any additional quantification of emissions or impacts would not overcome the real and significant need for this project, as discussed in the alternatives analysis.

The DEIS' Discussion of Alternatives Make Clear There is Significant Consumer Demand for the Gas This Project Would Deliver, and that No Viable Alternatives Exist to Meet that Demand

The stated goal of the project is to "provide about 1.1 million dekatherms per day of year-round natural gas transportation service from northern Pennsylvania to markets in New Jersey, eastern and southeastern Pennsylvania, and surrounding states" (ES-2). FERC and other agency staff have appropriately considered whether other alternatives exist to provide such service, such as not constructing this project at all, deploying additional renewables or energy conservation measures, or enhancing capacity at existing or proposed projects. The DEIS accurately and appropriately notes that these alternatives are not feasible.

The PA Chamber agrees that renewable resources and energy conservation programs would fail to "satisfy the objectives of the Project, provide and equivalent supply of energy, or meet the demands of the Project shippers." Electric generation resources that function intermittently, such as wind and solar, are not a feasible alternative to the service that will be provided by PennEast. A stable supply of natural gas is needed for heating residential, commercial or industrial buildings or for power generation resources, such as electric generation units or combined heat and power technologies on site. Further, with respect to adding capacity to existing or proposed pipeline projects, the DEIS accurately notes that "there is no available capacity for existing pipeline systems to transport the required volumes of natural gas to the delivery points proposed by PennEast [. . . and] with the exception of the Transco Leidy Line, none of these existing pipeline systems are in close proximity to the production areas of northern Pennsylvania."

The DEIS also appropriately recognizes that expanding Transco Leidy is not a viable alternative to constructing PennEast, nor is expanding the proposed Atlantic Sunrise Project, which is already subscribed at 100 percent capacity and which will not deliver to the same points as PennEast. PennEast, being already nearly 100 percent subscribed, will deliver gas to delivery points that have significant consumer demand that are not currently being served by existing projects nor that will be served by proposed projects. Finally, the DEIS describes several route alternatives, none of which are preferable from an environmental impact perspective. In short, the PennEast Project is the best way to deliver this gas, as safely as possible and with the least impact.

The Economic Benefits of the PennEast Project to Consumers and the Economy are Significant and Should be Recognized

The general and specific economic benefits as described in this section are relevant for the consideration of FERC staff to include in the final EIS under the discussion of Socioeconomic Impacts (ES-12, 4-151 to 4-175). The DEIS does accurately note the Project will have a minor to moderate positive impact on local tax collections, as well as jobs and income, but there are additional, positive economic impacts that will be realized with the construction and operation of this project.

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.[5] 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.[6]

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.[7] Natural gas can also serve as valuable feedstock for manufacturing. A 2012 PricewaterhouseCoopers report[8] 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."[9] 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"[10] 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.[11]

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[5] 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/

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

[7] 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

[8] Shale gas: A renaissance in US manufacturing? PricewaterhouseCoopers LLC, February 2012. http://www.pwc.com/us/en/industrial-products/publications/shale-gas.jhtml

[9] 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

[10] Natural Gas: Low Prices Mean Big Changes for U.S. Energy. Standard & Poor's, June 13, 2012. http://www.standardandpoors.com/spf/swf/cw/cw_0612/data/document.pdf

[11] 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

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."[12] 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."[13]

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The DEIS makes clear the PennEast Project will serve real and significant consumer demand in Pennsylvania, New Jersey and surrounding states in a responsible, safe, and environmentally protective manner. There are no viable alternatives to meet this demand, other than constructing the project. Significant economic gains will be realized for the state and regional economy, and environmental impacts will be minimized, mitigated and/or temporary. For these reasons, on behalf of the PA Chamber, thank you for your efforts in preparing the DEIS and for considering our comments, and I urge the timely approval of a final Environmental Impact Statement so that this vital project – and our economy – can move forward.

Sincerely,

Gene Barr
President and CEO
Pennsylvania Chamber of Business and Industry

[12] Game changers: Five opportunities for U.S. growth and renewal. McKinsey Global Institute, July 2013. http://www.mckinsey.com/insights/americas/us_game_changers

[13] 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