



rethink energy Investments

Exploring Investment Risks of Fossil Fuel Infrastructure

Examining the risks of new pipeline proposals in New Jersey a battleground state for companies seeking to market gas from the Marcellus Shale in Pennsylvania.

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PennEast Delayed for Third Time, Bay Resignation May Result in More Delays

As opposition to PennEast grows, federal pipeline permitting is devolving into chaos. We discuss PennEast's third delay with FERC, Norman Bay's resignation, and the implications of a quorum-less FERC. Bay's substantial concern about how FERC evaluates projects like PennEast prompted him to urge FERC to re-evaluate the need for proposed pipelines and the risk of overbuilding.

FERC Deals Delay for PennEast Pipeline

On January 23, 2017, [FERC revised its review schedule for the PennEast pipeline](#) application, resulting in a third delay for the project. FERC's deadline for releasing a Final Environmental Impact Statement (FEIS) was delayed from February 17 to April 7, with a federal authorization decision deadline of July 7, 2017. FERC's third FEIS postponement reflects the utter disarray of PennEast's environmental submissions and the agency's struggle to pull the inadequate and delayed submissions together.

NJ Spotlight reports: ³The announcement by the federal agency comes after the New Jersey Department of Environmental Protection told the developer it **wants much more information about the project** before it considers any requisite permits.²

Uncertainty for PennEast in Wake of Bay Resignation and Statement

No Quorum at FERC = No Approvals.

Adding to the uncertainty and three delays that PennEast has already suffered is the fact that Norman Bay's departure has left FERC without a legal quorum. *The Pittsburgh Gazette* reports: "When Bay departs, the five-person commission, which already has two vacancies, will **no longer have a quorum**. No quorum means **no approvals for contested issues** including electric transmission lines, **natural gas pipelines** and utility plans. Any new FERC Commissioner Trump nominates must go through Senate confirmation, **which could take another four months**.²

[Associated Press names PennEast as an affected project, stating](#), ³at least a half dozen major pipeline projects totaling more than \$10 billion await approval while FERC works to fill vacancies on the five-member panel.²

Bay Describes the Risk of Overbuilding Presented by Projects Such as PennEast

In one of his last acts as a member of the Federal Energy Regulatory Commission (FERC), Former Chairman Norman Bay issued a statement that encourages current and future Commissioners to explore the important question of how FERC establishes need for new pipeline capacity.

³It is in the public interest to foster competition for pipeline capacity but also to ensure that the industry remains a healthy one, not subject to costly **boom-and-bust cycles**. Pipelines are **capital intensive** and long-lived assets. It is **inefficient** to build pipelines that **may not be needed** over the long term and that become stranded assets.² (pgs. 90-95, [FERC Docket CP15-115-000](#), Feb. 3, 2017)

Bay also suggested that when determining whether a new pipeline is needed, **FERC should look beyond whether the pipeline developer can produce contracts for gas shippers**. Bay said that while this is one way to measure a pipeline's need, relying on it exclusively ignores several important factors.

Many of the issues Bay cites mirror those made by independent energy experts and the NJ Rate Counsel about PennEast, including the dangers of overbuilding, the lack of documented public need, and self-dealing relationships between the owner companies and their regulated affiliates. FERC has yet to consider the issues raised regarding lack of need for PennEast.

UGI CEO John Walsh Repeatedly Pressured on Possible PennEast Delays

On UGI's Q1 2017 [Conference Call](#), three separate analysts (**Michael Gaugler** of Janney Montgomery, **Chris Sighinolfi** of Jeffries, and **Jeremy Tonet** of J.P. Morgan) asked about the timing of the PennEast project and the FERC vacancies. CEO John Walsh avoided a direct response and downplayed the impact of FERC's lack of quorum. Considering that these top analysts **repeated the question several times**, it appears they either did not believe or were not satisfied with Walsh's answer.

NJR Shareholders Oppose PennEast at Annual Meeting

Citing financial risk, continued delays by FERC, and strong, growing public opposition, multiple shareholders urged New Jersey Resources Corporation (NJR) executives at the company's annual meeting to withdraw from its 20 percent stake in the PennEast project.

Shareholder Jacqueline Evans said, "When I purchased stock in this company it was because I believed your mission statement demanded that we act as responsible stewards of our environment for the next generation.¹ However, NJR is a partner in the PennEast pipeline project, which is an **unnneeded and unwanted project that will undermine consumers' trust.**²

About

ReThink Energy Investments is a publication of ReThink Energy NJ. The newsletter looks at the risks facing new pipeline proposals in New Jersey, a battleground state for companies seeking to bring to market natural gas from the Marcellus Shale.

ReThink Energy NJ empowers New Jersey citizens by informing them about the need for reduced use of fossil fuels and pipelines that threaten our state's preserved lands, water, environment, public health, and communities. Our goal is a swift transition to efficient, clean and renewable energy.

ReThink Energy NJ is supported by New Jersey Conservation Foundation, Stony Brook-Millstone Watershed Association and Pinelands Preservation Alliance.

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