



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.

January 2017

PennEast project 'unlikely to go forward' - Rob Rains, Washington Analysis

Rob Rains, an analyst at [Washington Analysis](#), published a research note on December 16, 2016 detailing his outlook on proposed natural gas projects.

- On **PennEast**, Mr. Rains states: "In our view this project is **unlikely to go forward** due to significant organized opposition," citing "strong opposition in New Jersey" as part of his reasoning
 - Mr. Rains also gives his views on the effect that the incoming Trump administration and its policies will have on pipeline permitting: ³We retain a mixed outlook for natural gas pipelines, particularly northeastern projects, due to the persistent tension between state and federal regulators, which **we do not expect to be alleviated by the incoming Trump administration**. While we suspect that the new administration, combined with Republican leaders in Congress, will be interested in reforming project approvals through legislation in order to limit pushback from states like New York, it is doubtful that Democrats like Elizabeth Warren (D-MA) and Bernie Sanders (I-VT) will allow this to happen.²
 - Mr. Rains reiterates that they are bearish on the Constitution Pipeline project, as they believe NYSDEC's denial of Clean Water Act certification will ultimately be upheld. We concur, based on our review of precedent, and note that the NYSDEC's move to protect state resources may influence similar decisions NJDEP faces on the PennEast project. Moreover, New Jersey has an even broader role than NYSDEC did when reviewing such proposed projects.
-

NJDEP continues to flag deficiencies in FERC's review of PennEast

The **NJDEP** is encouraging stronger evidence collection that would signal delays and permitting uncertainty if the project reaches state review.

- NJDEP stated on Dec. 20, 2017: ³PennEast has completed less than 35 percent of the required full environmental assessment for the entire proposed pipeline route due to a lack of complete route access.² NJDEP then indicated that, upon obtaining access, PennEast would be required to perform two years of critical survey activity missing from the federal review process.
- ³Completed surveys and analysis for all regulated impacts is required for DEP to accept many of the permit applications as complete and prior to DEP initiating a review of those permit applications.²
- "Without site-specific geotechnical analyses, DEP geologists have opined that directional drilling may be problematic.² NJ DEP also notes that ³trenched crossings will likely result in adverse impacts to state-listed species and may result in permitting challenges at DEP.²
- NJDEP states that Rare Plant Species Survey Protocols require a minimum of one survey every two weeks from April to October for a period of two years.
- **Strong criticisms of PennEast pipeline** have been raised by numerous state and federal agencies, including NJDEP, U.S. Fish & Wildlife Service and EPA.

[NJ DEP's Letter to FERC re. PennEast Pipeline](#)

We believe that NJDEP's strong statements indicate that PennEast will face significant challenges, delays and uncertainty if its project moves forward to state level review. NJDEP noted the project would have significant permitting challenges to receiving necessary Clean Water Act permits, or Water Quality Certification. Investors should note that New Jersey is one of only two states responsible for administering the federal Clean Water Act 404 wetlands permits. This puts NJDEP in a unique position, and projects seeking to impact New Jersey resources face far higher levels of scrutiny because New Jersey's review is both stricter and broader in scope than federal Clean Water Act regulations. Thus New Jersey presents a significantly different permitting landscape compared to projects in other states.

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.

For more information, visit rethinkenergynj.org and find ReThink Energy NJ on [Facebook](#) and Twitter [@rethinkenergynj](#).

Contact: Tom Gilbert, campaign director, tom@njconservation.org.



ReThink Energy NJ

<http://rethinkenergynj.org>

[Unsubscribe](#)