



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.

March 2017

US Senators Booker and Menendez Object to PennEast Draft Environmental Statement

In another example of growing concerns about the project, U.S. Senators Cory Booker and Robert Menendez of New Jersey urged FERC to address the many well-documented deficiencies within its Draft Environmental Impact Statement (DEIS) for the proposed PennEast pipeline.

The Senators reminded FERC of the ³significant² and still unanswered concerns previously raised in recent months by the EPA, U.S. Fish & Wildlife Service, and U.S. Department of the Interior regarding the impact PennEast could have on public health and the environment. The Senators said that these ³impacts are not yet fully understood.²

Booker and Menendez expressed their ³serious concern² that PennEast could create harmful levels of arsenic in drinking water, referencing evidence from geologists at Princeton University and the U.S. Geological Survey.

PSEG Walks Away From PennEast Equity Stake

PSEG threw another log on the fire of uncertainty for PennEast when it announced on March 9 that it will [pull out of the project](#). Spectra Energy (which was acquired by Enbridge) will pick up PSEG's 10% stake in the venture, boosting Spectra's ownership to 20%.

Opponents were quick to point out that this exit by PSEG, New Jersey's largest utility, was significant as it is yet another sign of the project's troubles. The growing opposition, delays, and mounting challenges with permitting continue to take a toll on the project, and PSEG bailing on PennEast will likely only embolden opposition to intensify efforts in the coming months.

PSEG's CEO Sheds Light On Decision to Exit PennEast

On PSEG's [Q1 2016 earnings call](#), Chairman and CEO Ralph Izzo summarized his company's growing aversion to getting involved in pipeline projects, in responding to a question about future plans to increase the company's stake in the pipeline project.

Said Izzo: "...Our interest in expanding further is low to zero."

He cited the daunting challenges of building pipelines. "...New York State obviously had an unpleasant surprise,² Izzo said, referring to the Constitution pipeline, which was derailed by the New York State Department of Environmental Conservation when it denied the pipeline's Section 401 Water Quality Certification.

Further distancing his company from PennEast, Izzo said: "[Pipeline development] is a very challenging business with fairly different DNA than what we have in our company."

PennEast is now down to five owners, each with 20% interest: South Jersey Industries, New Jersey Industries, the Southern Company, Spectra Energy/Enbridge, and UGI. The vast majority of the contracts for PennEast are held by affiliates of these companies, demonstrating the self-dealing nature of the project that has been criticized by the NJ Division of Rate Counsel and energy experts as failing to reveal true public need.

The question now is what impact PSEG's move will have on the project's future.

Bipartisan Gov. Candidates Oppose PennEast

Two of the candidates vying for the spot on the Democratic ticket for this year's gubernatorial election Philip Murphy, and state Senator Ray Lesniak have clearly stated their opposition to the PennEast pipeline. On the Republican side, state Senator Jack Ciattarelli has previously indicated his strong opposition to the project.

Philip Murphy emphasized that he cannot see how the self-dealing project benefits the public, saying: "I'm against it. Period. Full stop."

In September, Senator Lesniak sent a letter of opposition to FERC stating, "PennEast proposes to route the pipeline through an environmentally sensitive area of the state

that is teeming with tax-payer preserved open space, pristine streams and critical wildlife habitat. These public trust resources should not be harmed for a project that is not clearly in the public interest. Energy experts have pointed out that self-dealing contracts between the PennEast owners and shippers do not demonstrate market need and could result in an uneconomic pipeline being built, at the expense of ratepayers."

Opposition to PennEast Intensifies as FERC Deadline Approaches

On January 23, 2017, [FERC revised its schedule for reviewing PennEast](#), in a third delay for the proposed project. FERC's deadline for releasing a Final Environmental Impact Statement (FEIS) was delayed to April 7.

Opponents are planning to rally in opposition to the project on April 8, signaling that opposition will only intensify if FERC ignores the significant environmental concerns that have been raised about the project. The organized and well-funded opposition is prepared to challenge the project as FERC considers whether to issue an FEIS, followed by a Certificate for PennEast, which would follow at least 30 days afterward. After each of these initial steps for the project, PennEast still has a long path ahead as it moves to a lengthy review by the NJ Department of Environmental Protection and Delaware River Basin Commission.

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



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