



March 29, 2016

The Honorable Mark Warner  
United States Senate  
475 Russell Senate Office Building  
Washington, DC 20510

The Honorable Tim Kaine  
United States Senate  
231 Russell Senate Office Building  
Washington, DC 20510

CC: Members of the Hampton Roads Caucus

Re: Atlantic Coast Pipeline

Dear Senator Warner and Senator Kaine:

I write to you on behalf of the Allegheny-Blue Ridge Alliance, of which my organization, Friends of Central Shenandoah is a member. My communication concerns the recent letter you received from the Hampton Roads Caucus regarding the proposed Atlantic Coast Pipeline. I have previously worked for electric and gas utilities in Michigan and New York, having led a department that was responsible for the site selection and approval of multi-billion dollar projects working with state and federal agencies, as well as insuring that all company facilities complied with existing environmental regulations. My comments draw upon that utility industry experience.

Although the growth in demand for the traditional uses of natural gas in Virginia such as water and space heating will be essentially flat over the next 25 years, the Hampton area did suffer a shortage of supply during recent extreme weather conditions (the Polar Vortex). It is understandable that public representatives in the region hope to avoid another occurrence of that energy supply bottleneck.

Unfortunately, these same representatives have been told that there is only one way to solve the issue and that is by building the Atlantic Coast Pipeline (ACP). Without investigating whether that is in fact the best option to resolve their concerns, they have pressed you to support the ACP. Before doing so, we would like to point out alternatives to you and your staff that might better serve the Hampton Roads region and the overall interests of Virginia.

Natural gas can be supplied to the Hampton Roads region more quickly, at lower costs, and without disrupting public and private land in Virginia, by using existing pipelines. The Columbia Gas pipeline network, which crisscrosses Virginia, connects to the Virginia Natural Gas pipeline that currently serves the Hampton Roads area. The WB XPress project will expand the capacity of the Columbia Gas system in West Virginia and Virginia by 1.3 billion cubic feet per day of natural gas, nearly equal to the amount proposed by the ACP. Less than 3 miles of new pipeline and 26 miles of replacement pipeline are required (along with more compressor capacity) to provide the added supply. The Virginia Department of Environmental Quality has notified the Federal Energy Regulatory Agency (FERC) that the Columbia Gas expansion project appears "unlikely" to pose a threat to the environment. Final FERC approval is expected this year and the extra natural gas supply should be available well before the in-service date for the ACP.

The 77-mile, 20-inch pipeline constructed on new right-of-way from the Hampton Roads region into North Carolina that is proposed by the ACP would not be required. The residents in the Hampton Roads area would have access to greater supplies of natural gas, more cheaply, with far less disruption of Virginia land and communities, sooner than they would if they depended on the Atlantic Coast Pipeline. If the members of the General Assembly who wrote to you were aware of this option, they might realize that it is a superior answer to their concerns.

Project developers have expressed an urgency to curtail a thorough review of the Atlantic Coast Pipeline and its alternatives by FERC in order to secure a timely supply of natural gas to Virginia. With the nearly flat growth in traditional natural gas use in the state, the primary need for more natural gas in this region is to supply new gas-fired power plants that are coming on line to replace aging, inefficient and highly polluting coal-fired generating plants.

The new gas-fired plant nearing completion in Brunswick County should be operating before the end of 2016. Another power plant is projected for 2019 just four miles away in Greensville County. A new pipeline was completed by Transco in September 2015 to serve these two Southside plants. Dominion has no plans for more power plants that would need additional gas supply in Virginia until 2022 and 2030. At that time, the existing network of Columbia Gas and Transco pipelines throughout Virginia would provide the most flexibility in siting future power plants compared to the single location for the ACP.

It is perplexing that the developers of the ACP make such an urgent request to cut-short proper evaluation of the project in order to construct 339 miles of 42-inch pipeline through West Virginia and Virginia to supply the same two power plants that will be well served by the new 98-mile Transco pipeline that can provide natural gas from both the Marcellus and the Gulf Coast. Several of the main pipelines in the existing Transco corridor can reverse flow to bring gas from the Marcellus production zone to markets in Virginia and North Carolina. Gas transport fees in new pipelines, such as the ACP, are generally much higher than fees for transport in existing pipelines that were built at lower costs and are partially paid for. Ratepayers will pay this higher cost as it will be automatically added to their bills as part of the fuel adjustment without them having any say in the matter.

The much-touted savings associated with gas from the Marcellus could also apply to existing pipelines sourcing supplies from the same region. Currently, not all of the gas available at the Dominion South Hub has easy access to the existing gas transmission system and this “stranded” gas must sell at a discount to the national price to find a market. By 2017, sufficient pipelines will be in operation to transport the full output of the Marcellus to the gas transmission network. Once this occurs, the price of natural gas from the Marcellus should more closely approach the national price. The current cost advantage could well diminish or disappear before the ACP is in operation.

Because of the identified impacts on sensitive karst areas and associated groundwater sources, intrusion on public conservation lands, the decline in land values, community economies and tax bases in the zone of pipeline construction, and the long-term alteration of the special character of one of Virginia’s historic regions, we ask that you request FERC to pursue a complete evaluation of the Atlantic Coast Pipeline project, including evidentiary hearings that would allow for an in-depth evaluation of its impacts and include a thorough assessment of alternatives that might better serve the ratepayers, the landowners, and the needs of all Virginians.

Respectfully yours,

*Thomas Hadwin*

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