

The Recorder

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Pipeline risky business, investors warned

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BY JOHN BRUCE • STAFF WRITER

MONTEREY – Behind the times. Unjustified. Behind schedule. Over budget.

Monday, right on time for Dominion Energy “Investor Day,” a shareholder-targeted briefing report from Friends of the Earth and Oil Change International confirmed an onslaught of costly troubles plaguing the proposed Atlantic Coast Pipeline.

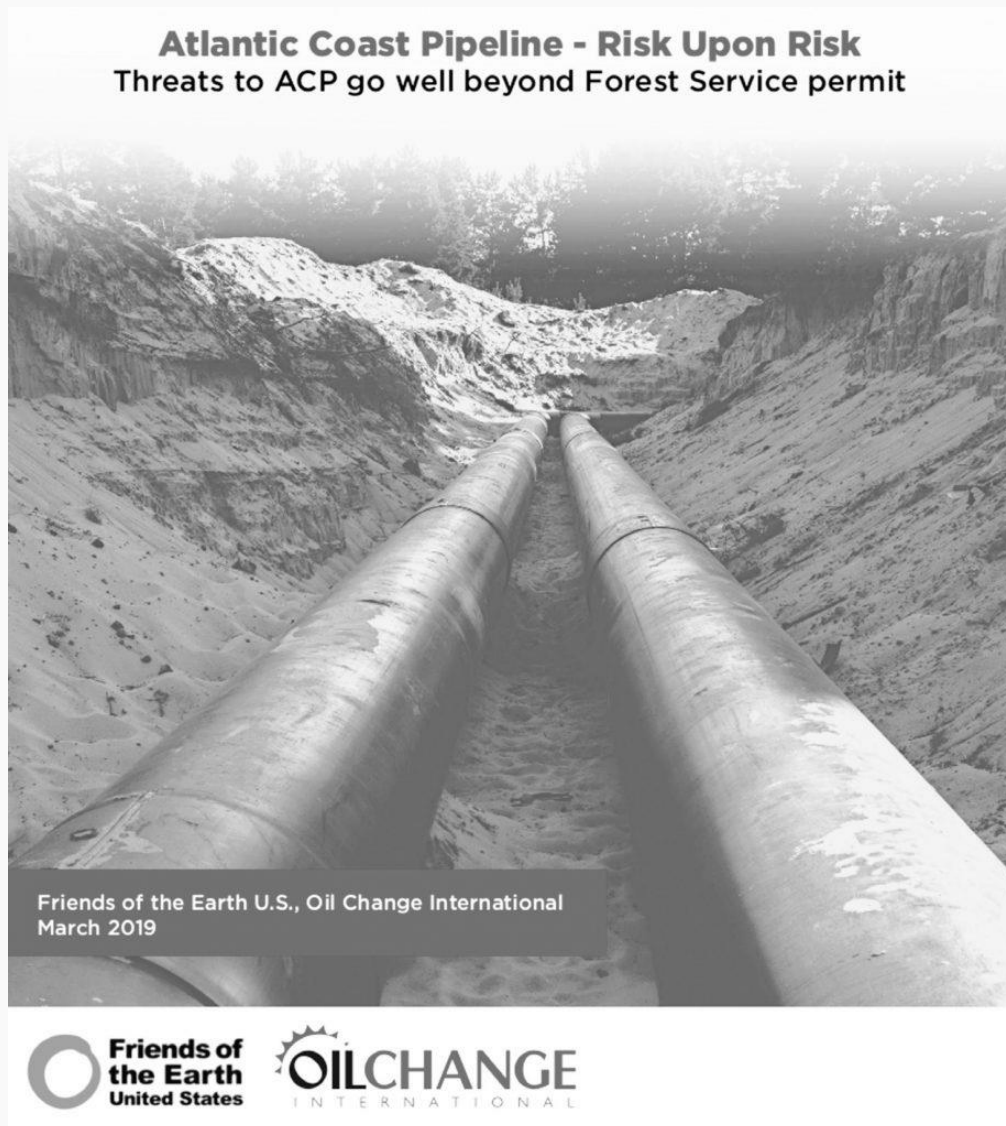
Burning yesterday’s dirty methane fossil fuel in the middle of an American clean energy revolution, at a 50 percent cost overrun, plus a barrage of court challenges, were high on the briefing’s list of problems.

The briefing described a citizen-powered construction surveillance program formed in Highland County as one of the key threats to the gas pipeline project.

“If construction proceeds, an unprecedented, highly coordinated science- and technology-based Pipeline Compliance Surveillance Initiative (CSI) is positioned to make sure environmental laws and regulations are strictly applied and enforced during construction. It is spearheaded by the Allegheny-Blue Ridge Alliance and member organizations,” the briefing states.

“The Pipeline CSI promises unparalleled public scrutiny, utilizing innovative approaches. Concerned citizens will collect and submit ‘evidence-grade information concerning noncompliance with, or failure of, required environmental protection practices.’ There will be CSI incident response teams, a CSI mapping system, a Pipeline CSI reporting hotline, and more. Criminal charges are being investigated against the Mountain Valley Pipeline as a result of evidence compiled by a similar compliance effort. The Pipeline CSI intends to hold ACP to account for construction violations in some of the most difficult terrain for pipeline construction. While violations have often gone undetected in remote regions on many similar projects, this citizen’s initiative promises to expose a higher number of incidents leading to possible further delays and cost increases.”

Titled “Risk Upon Risk,” the March 25 Friends of the Earth and Oil Change International briefing report aimed to inform Dominion Energy investors the project is currently two years behind schedule and estimated to be more than \$2 billion over budget. Along with the Pipeline CSI, the project faces significant financial, legal and regulatory hurdles.



‘Boondoggle’

“The Atlantic Coast Pipeline is an environmental, climate and human rights boondoggle,” Donna Chavis, lead ACP campaigner with Friends of the Earth, said in a news release. “As the transition to clean energy gathers pace, the risks and growing costs of this major methane gas pipeline project look increasingly unwise to ratepayers, regulators and investors alike.”

The briefing outlines the significant regulatory and legal burdens the pipeline faces. Besides the vacating of a key U.S. Forest Service permit, for which project sponsors plan an appeal to the U.S. Supreme Court, there are challenges to U.S. Fish and Wildlife Service permits and a lawsuit aiming to block the Buckingham County Compressor Station.

There are legal challenges to permits issued in North Carolina and a well-organized citizen's surveillance initiative that aims to report every possible construction violation should construction ever restart.

Currently, seven federal permits have been stayed, suspended or vacated, which has put a halt to construction along the entire 600-mile corridor.

Lorne Stockman, senior research analyst at Oil Change International and briefing coauthor said in the release, "The ACP was always a bad idea. But now it's clearer than ever that it is a failure. While news about the project's challenges has mostly focused on the Forest Service permit and Appalachian Trail crossing, this report shows that the project's problems do not stop there. If Dominion and Duke don't drop the project soon, investors can only expect more cost hikes and delays.

"The over-budget project continues to hemorrhage money. Dominion Energy claims that the halt on construction is costing the company \$20 million per week. Additionally, Moody's Investors Service stated in February 2019 that 'Dominion's execution risk with its ACP is credit negative.'"

The briefing was released as Dominion held its 2019 investor day meetings, which began Monday.

The full briefing report can be found at priceofoil.org/acp-risk-upon-risk.

The annual meeting of Dominion shareholders is set for May 7 in Columbia, S.C. Dominion took ownership of that state's largest investor-owned utility Jan. 1 after conceding the ACP's ultimate destination would not be North Carolina as originally announced, but South Carolina under a future regulatory proceeding.

Founded in 1969, Friends of the Earth is an international network of environmental organizations in 74 countries. Oil Change International is a research, communications, and advocacy organization focused on exposing actual costs of fossil fuels and facilitating the ongoing transition to clean energy.