CONSUMER ENERGY ALLIANCE
THE VOICE OF THE ENERGY CONSUMER

March 2, 2022

The Honorable Joe Manchin III
Chairman
Senate Committee on Energy and
Natural Resources
304 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable John Barrasso
Ranking Member
Senate Committee on Energy and
Natural Resources
304 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Manchin and Ranking Member Barrasso,

On behalf of Consumer Energy Alliance (CEA) and our more than 350 affiliates and over 550,000 grassroots members across the country I write today to share our perspective on the upcoming full committee hearing concerning the Federal Energy Regulatory Commission's (FERC) recent policy statements on natural gas pipeline permitting and operations as well as related energy infrastructure.

CEA is a nationwide association made up of both energy consumers – families, farmers, truckers, distributors, small and large businesses - and producers working to advance all-of-the-above energy and environmental policies that will lower energy costs and improve reliability for all. CEA supports actions that thoughtfully advance our nation towards a cleaner, more environmentally responsible energy future. We believe that responsible policies always consider the needs of consumers while leveraging and supporting the development of state-of-the-art technologies to improve our environmental stewardship, aiding in the continued reductions of all emissions.

As we can all see by polling, consumer confidence data and public sentiment, businesses and households are extremely concerned with the highest rate of inflation in over 40 years and the rising costs of goods and services in nearly every facet of our economy. They receive a daily reminder when they see rapidly rising gasoline prices, and monthly heating and utility bills that are soaring.

It is telling that energy and food prices, the two things people cannot live without, are excluded from official government measures of "core inflation" in the Consumer Price Index because of their "volatility". This is especially true since a big driver of that "volatility" are the results from decisions that are made by elected officials, agencies and regulators. For too long, America has let the extreme politics of a few vocal activists slow down, obstruct and deny domestic energy development, including the critical pipeline infrastructure needed to keep prices down and ensure reliable service for seniors, families and households struggling to make ends meet.

Nowhere is this disconnect starker than in New England and regions of the Northeast like New York and New Jersey. These regions are particularly dependent on natural gas for home heating and electricity needs, yet these states have experienced significant pipeline opposition that would have provided clean, American energy and have instead relied on LNG imports from foreign countries—including adversaries like Russia - on high demand days.

Just a cursory review of canceled and obstructed pipelines in the Northeast total over 7 billion cubic feet of natural gas, primarily from the Marcellus Region, that could have served the equivalent of more than 25 million homes. The result of this regulatory and political obstruction is a reduction in domestic energy security and rapidly rising prices for families, seniors and energy-intensive manufacturers. It is precisely these regulatory obstacles over the past several years that have caused less affordable and less reliable energy in this region; and not, as some are now alleging, factors associated with Russian aggression and the war in Ukraine.

According to the latest data from the Energy Information Administration (EIA), from November 2021 through February 2, 2022, spot prices at the Henry Hub national benchmark in Louisiana fluctuated between a low of $3.30 per million British thermal units (MMBtu) on December 27, 2021, and a high of $6.44/MMBtu. EIA went on to find that spot prices at the Algonquin Citygate, which is a major pricing point for natural gas delivered to New England, have exceeded $20.00/MMBtu on 18 days since November 1 and hit a high of $28.04/MMBtu. Since November 1st, natural gas prices have averaged $11.28/MMBtu at the Algonquin Citygate.

There is abundant, American, low-cost, and clean natural gas sitting nearby in the Marcellus waiting to be delivered to Northeast consumers – there is no reason for our increased dependency on foreign shipments of LNG to keep lights on and homes heated. According to a recently released statement by New England's grid operator, the regions electricity consumers paid over $1 billion more in electricity market costs in January of 2022 than they did in the prior year—and because natural gas pipeline constraints limited supply to natural gas, generators in New England relied on power from more emission intensive oil- and coal- fired generation which resulted in CO_2 emissions increasing 51%.

It is through this lens that CEA views the new policy statements out of FERC on natural gas infrastructure siting, operation and construction. Our organization is perplexed as to why the Commission felt it was necessary to make such drastic and sweeping changes to well-established and understood rules and procedures to develop natural gas pipelines and related infrastructure. It is especially troubling that the Commissioners acted on this initiative now, in the middle of record inflation, soaring energy costs, and global unrest in energy markets.

Now is the time to expand our ability to utilize clean, abundant natural gas. Not a time to restrict energy choices, hamper construction of energy delivery and inflict financial burdens on families across the nation – especially those who cannot afford to pay more for energy.

Contrary to rosy statements following the Commission's meeting, these new policy statements emphatically do not provide more clarity or assurances for projects and developers. In fact, it made a murky situation at the Commission even more confusing. Instead of limiting the impact of its new policy statement on new or proposed projects still in development, the Commission places this new regulatory framework on literally every submitted project in the queue under consideration. Thus, pipeline projects that followed the requirements of federal law and established FERC procedures must now go back and try and make sense of the practical implications of the imprecise and vague objectives included as part of the new considerations that will be used to evaluate projects. Further, the Commission provided very little specific guidance on how pipeline projects are supposed to comply with weighty topics like engagement with environmental justice communities or the mitigation of greenhouse gas emissions associated with projects. There was no serious consideration of the cost implications it may have for consumers or whether such requirements like emissions mitigation exist under the Commission's jurisdiction. It is also troubling that these new procedures could have a chilling effect on new energy projects, leading to "just-in-time" decisions to prevent power outages, black-outs or brownouts; events that could easily lead to an aggregate increase in emissions and direct harm to disadvantage communities.

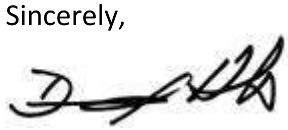
It is clear from these recent FERC policy statements that there is a drift from Congressional intent. At some point these issues need to be resolved with Congress and specifically with this Committee rather than through ambiguous concepts, expectations and interim policy statements.

In the meantime, the people who ultimately pay for these decisions are consumers struggling today with high energy bills and industries hit with supply chain disruptions and delays. Regular people are paying nearly $1 more per gallon for gas today at the pump than they were a year ago and we imported nearly 670,000 barrels per day of Russian oil ($67 million per day!) to meet our demands here because of unserious energy policies and permitting decisions at the federal level.

American taxpayers were indirectly subsidizing though our federal energy policy an aggressive regime that's attacking a peaceful neighbor and jeopardizing our nation's energy security.

In the Fall of 2021, average spot prices for natural gas were more than double from 2020 levels. As important as it is to ensure projects before FERC are treating communities and landowners fairly and respectfully we think it is equally important to consider the energy justice implications for these very same people. We cannot as a nation continue to deny and arbitrarily delay pipelines and related infrastructure upgrades. At a minimum, we urge the Commission to suspend these harmful policy statements during this unprecedented moment and instead look for ways to remove barriers and delays to help improve and shore up our nation's energy infrastructure – regardless if its from fossil fuels or renewable energy. Baring that, we urge this Committee to quickly initiate legislative action to course correct FERC's direction and offer Congressionally-led statutory instruction for our energy policy.

Sincerely,



David Holt
President
CEA