

HOW PIPELINES CAN SPUR IMMEDIATE POST-COVID ECONOMIC RECOVERY



VIRGINIA/WEST VIRGINIA/NORTH CAROLINA



The Actual or Potential Economic Harm to Virginia, West Virginia and North Carolina Includes:

- \$2.7B in economic activity, \$7.5B in projected energy savings & 17,000 jobs already lost
- Destruction of decades of annual tax revenue of more than \$31M/Yr
- Mountain Valley Pipeline's \$4.6B investment, 10,000 jobs still at risk

Activists have put at risk – or already destroyed – billions of dollars in economic activity by employing contorted legal theories and endless delay tactics against the pending Mountain Valley Pipeline and the now-canceled Atlantic Coast Pipeline (ACP). Their anti-energy activism created enough higher costs and uncertainty to force the latter project's cancellation. In doing so, these actions led to the

destruction of billions in investment, hundreds of million in future tax revenue and at least 17,000 jobs.

CURRENT ECONOMIC CHALLENGES

COVID-19 nearly quadrupled Virginia's unemployment, peaking at 11.2% in April. Though Virginia has fared better than other states, the pandemic has hobbled a strong economy. To put it in perspective, consider that the number of job losses from February to April 2020 exceeded all the job gains in Virginia over the past decade.⁴⁷

Although the Old Dominion's residential electricity rates are near the national average, sweeping and far-reaching legislation considered and passed during the 2020 session will significantly hit energy budgets of families and businesses in the state. According to analysis by the Virginia Corporation Commission, these new legislative mandates will, at minimum, increase annual residential electricity bills by almost 20% in just a few years.⁴⁸

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Against this backdrop, anti-energy activist groups have waged a continual war against pipelines in the Mid-Atlantic, working to stop the now-canceled ACP and the pending Mountain Valley Pipeline through non-stop litigation and delay tactics.

⁴⁷ https://www.richmond.com/business/virginia-unemployment-rate-improves-to-9-4-percent-in-may-but-pandemic-effect-remains-deep/article_ebbd5def-826b-512f-b01e-25a34f692890.html

⁴⁸ <https://assets.documentcloud.org/documents/6807035/VA-SCC-HB-1526-SB-851-Bill-Impact.pdf>

One notable attempt tried to bend clear and existing federal law to stop the ACP from crossing the Appalachian Trail, despite the fact that dozens of other pipelines already cross it and the use of modern engineering technologies would have left the trail undisturbed during construction. The stretched legal theory cropped up after the project cleared exhaustive federal permitting reviews.

Fortunately, the Supreme Court rejected the argument in a resounding 7-2 decision in favor of the pipeline. Had the activists succeeded, the Appalachian Trail would have become a 2,000-mile plus barrier stopping the area of the country east of the trail from connecting with energy infrastructure to the west of it. The Supreme Court victory proved hollow, however. The ACP's developers canceled the project because of increased regulatory uncertainty and higher costs – driven higher by delays and litigation.

While many anti-energy groups claim this as a win, be sure that it is not. Traditional energy, especially natural gas, will be needed and used far into the future to meet underserved regions across Virginia and the Mid-Atlantic that need service, and to maintain grid reliability. The tactics activists use to stall and delay are in service of a strategy to make projects more expensive, which renders them either financially infeasible to develop or increases the cost to consumers when completed. Either way, this risks the public's access to affordable, reliable energy.

ATLANTIC COAST PIPELINE

Beyond the cost to consumers and their energy access, there is a higher price to Virginia, West Virginia and North Carolina caused by this activist strategy. The ACP would have injected over \$2.7 billion in new economic activity into West Virginia, Virginia and North Carolina, and created more than 17,000 construction jobs, more than \$28 million in annual local tax revenue and kept consumer costs low for years.⁴⁹ The 600-mile project was planned to start in West Virginia, a state just turning the corner and leading the nation with the highest GDP growth, and finish in the southeastern part of North Carolina, an area that has faced significant economic hardship for generations – even before the latest economic downturn. This, all while the state remains fourth in electricity consumption, of which, 33% is generated from natural gas.⁵⁰

This is a conundrum for utilities in the region, particularly those in North Carolina and Virginia that desperately need additional gas to serve customers, heat homes and supply growing industries. Over the next 20 years, the ACP was projected to generate \$7.5 billion in energy savings, \$2.6 billion in labor income and \$4.4 billion in gross state product to Virginia and North Carolina.⁵¹ All that is gone now, thanks to opposition tactics that dragged out legal proceedings,⁵² resulting in extended delays and cost overruns that led to this significant loss for families, manufacturers, farmers and small businesses across the region.

⁴⁹ <https://atlanticcoastpipeline.com/>

⁵⁰ <https://www.eia.gov/state/?sid=NC>

⁵¹ <https://energysure.com/the-facts/making-our-region-energy-sure.aspx>

⁵² <https://energysure.com/news/2019/4/10/listen-david-butterworth-of-pipe-fitters-union-blasts-activist-judges-for-lost-jobs.aspx>

VIRGINIA/WEST VIRGINIA/NORTH CAROLINA

PIPELINES FOR AMERICA

The impact on each state from these misguided actions includes:

North Carolina

- Jobs Lost: 4,400
- State and Local Tax Revenue Lost: \$12.8 million annually

Virginia

- Jobs Lost: 8,800
- State and Local Tax Revenue Lost: \$8.8 million annually

West Virginia

- Jobs Lost: Over 3,000
- State and Local Tax Revenue Lost: \$10 million annually

- State and Local Tax Revenue: \$34 million
- Energy Savings: \$5.6 million annually⁵⁴

West Virginia

- Economic Activity: \$811 million
- Jobs: 4,500
- State and Local Tax Revenue: \$47 million

North Carolina

- Economic Activity: \$113 million
- Jobs: 1,130
- State and Local Tax Revenue: \$9.7 million

MOUNTAIN VALLEY PIPELINE

The \$4.6 billion project will move 2 billion cubic feet of natural gas into Virginia and the Southeast. The 300-mile project has been approved by federal regulators and would create roughly 10,000 jobs paying an estimated average income of \$56,200 in Virginia, and \$49,300 in West Virginia.⁵³ A 75-mile extension is planned into Alamance and Rockingham Counties in North Carolina with a capital expenditure of \$468 million is underway but faces activist roadblocks.

What follows is a state-by-state breakdown of what's at risk:

Virginia

- Economic Activity: \$407 million
- Jobs: 4,400

⁵³ <https://www.mountainvalleypipeline.info/local-summaries/>

⁵⁴ https://www.roanokecountyva.gov/DocumentCenter/View/6192/12-10-2014-Mountain_Valley_Pipeline_Virginia_Report?bidId=#:~:text=Ongoing%20operation%20and%20maintenance%20of,second%20area%20of%20operational%20benefits