

# COMMON ARGUMENTS MADE IN FAVOR OF THE PIPELINE AND ANSWERS TO THEM

## “We need this gas to keep the lights on and keep houses warm”

- ISO New England’s own analysis shows that annual demand for electricity is flat because of our energy efficiency programs already in place
- ISO’s analysis shows that efficiency programs now coming online in Massachusetts will reduce need by 1,200 MW of capacity
- Pipeline Capacity Constraints (the main reason cited for need)
  - Only a few hours a day for 10-27 days a year in coldest weather when used for both home heating and electric generation
  - Home heating gets first dibs, no shortage for domestic use
  - Price spikes occurring at 75% capacity do not reflect the point of actual physical constraint on the pipelines
  - Market structure forces electric generators to buy on spot market
    - Structure could change to allow long-term contracts
    - Gas storage (LNG) for generation stations could reserve gas during non-peak times to shave peak demand
- Cost effective expansions to efficiency programs could lower demand enough to erase any infrequent “constraints”
  - Encouraging conversion to high efficiency heat pumps might erase “constraints”. Even the gas used to generate the electricity to run them is about half the amount used in gas furnaces to generate the same heat. As the grid becomes cleaner, so does your heat source.
- More renewables slated to come online for utility power
  - 1,600 MW of solar; 2,000 MW of wind mandated to be online by 2020
  - Pipeline wouldn’t be done until 2018 or later

## “New pipelines and gas plants are needed to replace the 8,300 MW of electric generation capacity that is being retired in the next few years”

- Ending the reign of nuclear, coal, and oil plants is a positive step, but replacing them with natural gas creates more vested interest in fossil fuels and gets in the way of renewables.
- Not all of the capacity retiring needs to be replaced with power plants
  - much of this capacity is only used at peak times
  - cost-effective demand-side solutions (e.g., energy efficiency) reduce the overall capacity needed
  - not only can MA implement more cost-effective energy efficiency measures; the rest of New England hasn’t caught up with us
- The cost of utility-scale solar has dropped 78% in the past five years, and renewables are now economically competitive with gas.
- Renewable energy storage is rapidly improving; in the interim, peak energy needs can be met with market reforms for better utilization of existing pipeline capacity and other energy sources (even by keeping a few oil plants available for a few more years to use only at peak times).

## **“This pipeline will lower gas and electric prices.”**

- Exports
  - KM states that they have 0.5 Bcf/day in LDC contracts, target pipeline capacity is 2.2 Bcf/day, leaving 1.7 Bcf/day extra
  - They do NOT deny that they will take export contracts
  - Export terminals are coming online in Canada
  - European market pays 2-4 times as much as US customers
  - Asian market pays 3-5 times as much
  - This drives up domestic prices
- Market insecurity
  - The gas market appears to be experiencing a bubble that will burst  
*(reported by Forbes, Bloomberg, New York Times)*
- ISO New England has manipulated the market
  - Statement: Using LNG for short-term peak demand to keep costs down would “send the wrong signal about the relative scarcity of natural gas.”
- NESCOE letter pointed out ISO left out key factors in forecasting the grid’s capacity needs
  - Didn’t count Performance Incentives
  - Didn’t count current distributed generation (rooftop solar, etc.) currently coming into the grid
  - Didn’t tally new solar and wind coming online until 10 years from now, even though it’s phasing online sooner
- We’ve been increasing the amount of gas used for years - electric rates are beholden to gas commodity prices. We’re caught in a create more capacity / expand use cycle.

## **“Natural gas is a clean fuel solution.”**

- Natural gas is primarily methane - a strong greenhouse gas (GHG)
  - When burned, methane still produces CO<sub>2</sub> - less than coal or oil
  - When released directly into the atmosphere, it’s 86 times more powerful a GHG over 20 years, 34 times more powerful over 100 years
- Aside from leaks at drilling sites, distribution lines at the consumer end and along the transmission line, release of natural gas happens ON PURPOSE and regularly at:
  - Compressor Stations, every 40-50 miles
  - Valve Stations, every 10 miles in rural areas, more closely in more populated areas
  - Pigging Facilities, every 40-50 miles, sometimes closer
- The grid in MA is already cleaner than gas
  - Average electric generation source outputs 910 lb. CO<sub>2</sub> /year
  - Average natural gas plant outputs 1,210 lb. CO<sub>2</sub>/ year

## **“We’ve never had accidents on our pipelines in this state.”**

## **“Our pipelines can last indefinitely with proper maintenance.”**

- “Kinder Morgan” may not have. — Tennessee Gas Pipeline Co. has
  - Sandisfield, 1980s - leak caused on old pipes when installing new, half the town evacuated
- They’ve had many non-third party accidents in other places. Many were caused by bad welds, poor maintenance and corrosion. (See handout with “partial list” of 45 accidents).

## “Everything is built to regulations.”

- The base line regulations are not enough
  - In rural areas, aka “low consequence areas”
    - thinnest gauge of pipe can be used
    - shut-off valves can be 10 miles apart (10 miles of gas needs to burn off when fires occur)
    - less stringent road crossing construction necessary
  - EPA allows for “blow off” at compressors, valves and pigging facilities, but a study publicized by NIH found over 60 carcinogens, neurotoxins and endocrine disrupters in the gas in transmission lines
  - There are NO minimum distances from structures required by FERC or DOT. Pipeline co. prefers to stay 25 ft. away to allow equipment through, but that’s it. “Incineration Zone” for this size of pipeline is approx. 900 ft. from point of rupture.

*Pipeline construction is regulated by the Pipelines and Hazardous Materials Safety Administration (PHMSA)*

## “We’ll put everything back the way it was.”

- Initial right-of-way cleared for construction 100 ft, (wider at staging areas), “grows back” to 50 ft.
  - How long does it take for trees to grow back?
  - Blasting required in many areas
  - Pipeline only required to be 3 ft. deep (2 ft. if bedrock is hard for blasting, 5 ft. under active agricultural land or shallow water ways)
  - Susceptible to frost heave damage, has caused major explosions in MN & PA just this year
  - Will maintain a permanent 50’ path cleared all the way across the state
- The pipeline will permanently fragment large blocks of forest habitat - “interior” forest species won’t breed near these fragmentations and we are losing our interior species. Ground nesting birds are taking a hit. Pipeline corridors spread invasive species.
- Near bore-hole areas for surveys, or where waterways are tunneled underneath, penetrated rock strata will always have cross-migration of fluids and deposits
- If there’s anything that looks remotely like a wetland, get advice from Conservation Commission

## “FERC will not Permit the project if it’s not a sound proposal.”

- FERC has a VERY high rate of pipeline project approval
  - Not funded by taxpayer money, but by fees associated with applications and tariffs on energy projects it approves
  - Run by 5 commissioners appointed by the President
  - Chairman Cheryl LaFleur in recent statement to WPI students
    - “Everyone wants the energy to come from someplace else. The oil that came from the Middle East entangled us in wars, but it came from somewhere else and we didn’t see it and worry about it. But a pipeline running through your backyard or a transmission line going by your summer home are things that are difficult for people to accept. Something has to be built somewhere. I really think this is a serious problem, because everyone thinks it’s going to be somewhere else. We’re already paying the price for lack of gas here in New England.”*
- New Chairman Norman Bay takes over in April 2015

## **“We’ll bring lots of jobs to the region.”**

- Yes, a pipeline will bring jobs to the region, but KM’s claim of 3,000 jobs is a bit exaggerated.
  - It’s 3,000 jobs during peak construction, approx. 18-24 months
  - A good portion of them will go to specialized workers, like pipeline welding crews from Oklahoma
  - Dollar for dollar, jobs in efficiency and clean energy could provide 36,000 jobs for the same investment
  - LiUNA union workers are trained for clean energy and weatherization jobs as well. Some have stated they would rather work in these fields if more of them were available.

## **“They pay you lots of money for your land.”**

- May look like a good amount of money
  - Avg. is \$1/inch of diameter per foot across your property
    - 36” diameter x 500 ft. = \$18,000
    - 36” diameter x 2,000 ft. = \$72,000
  - Keep in mind, reduction of property value - nationwide avg. 10-30%
  - Keep in mind, stigma value
    - Some properties along proposed route have been classified “unsellable”
  - If you negotiate with TGP, you still hold liability and tax liability on the land
- Advising people to hold out for eminent domain
  - *It’s best for homeowners to contact a lawyer to help them through this process and to review a pipeline’s effect on their mortgage and insurance coverage*—
  - Compensation could be better through eminent domain
  - You are no longer liable if they take the right-of-way outright

## **“If I don’t give permission to survey, or negotiate for an easement, I’ll lose my home.”**

- They only want easement, not your house
  - Won’t take your home, just devalue it
    - You have the right to rescind permission to survey\*
    - You have right to preemptively deny permission to survey\*
  - \*We have easy letters for them to fill out and send*
- Denying permission to survey will not affect your ability to negotiate with them later on.
- They may get access to your land if they petition for permission with the MA Dept. of Public Utilities. DPU has stated that it would hold hearings in Kinder Morgan petitions for access. If the DPU grants them permission to survey, it’s not the same as them getting right to eminent domain - FERC makes that determination.