



QER spurs enthusiasm, skepticism in pending energy debate

May brought the beginning of what will likely be a multiyear debate over the future of American energy policy, starting with the release of the Quadrennial Energy Review (QER), the Obama administration's overview of the current state of America's energy infrastructure. Designating most action to the U.S. Department of Energy (DOE), the QER proposes more than \$15 billion in new spending programs and/or tax credits to support a range of energy infrastructure including gas and oil pipelines and improvements to the electric grid.

The following are some specifics included in the QER recommendations:

- DOE should create a program to accelerate pipeline replacement and enhance maintenance programs for natural gas distribution systems, and provide financial assistance to states to create incentives for cost-effective improvements.
- Congress should approve the administration's \$10 million request to help update methane emissions data from natural gas systems.
- DOE should coordinate with federal agencies and states to mitigate the loss of electric transformers as part of the Obama administration's plans to release a "formal national strategy for strengthening the security and resilience of the entire electric grid for threats and hazards."
- DOE should analyze the appropriate size and configuration of the Strategic Petroleum Reserve and make infrastructure investments to its distribution systems.

- DOT should establish a program to improve energy transportation infrastructure connectors.
- Congress should also provide funding to the Energy Information Administration to fill in the gaps in data that deal with the transport of energy commodities.

Not surprisingly, Republicans have resisted White House calls for steep spending increases, but the investments outlined in the QER seem targeted toward GOP priorities such as expansion and replacement of natural gas and oil pipeline infrastructure. For example, the administration is calling for \$2.5 billion to \$3.5 billion over 10 years for natural gas pipeline improvements.

A fact sheet distributed about the QER also highlights calls for improvements in infrastructure permitting requirements and improved coordination between the United States, Canada and Mexico. Both of these are DCA priorities and appear to be mere olive branches to congressional Republicans who continue to complain about ongoing delays associated with environmental reviews related to approval of the Keystone XL pipeline from Alberta.

While gas pipeline advocates cautiously support the president's proposal, the amount of money the administration is pitching represents a fraction of what it would take to replace remaining amounts of antiquated cast-iron and bare-steel natural gas distribution pipes, which are by far the most vulnerable to leaks and other failures.

If and when the administration is serious about pipeline infrastructure improvements, they will agree to legislative proposals that expedite the approval process for natural gas pipeline permits. When talking pipeline replacement on Capitol Hill,

DCA also makes the point that the gas distribution industry is already in the process of a very aggressive replacement program to get the old pipes out of the ground, and putting a lot of good people to work in the process.

Senate ENR makes initial move to develop “comprehensive” energy package

Following the release of the White House QER, key players in the House and Senate wasted no time making their own initial moves on the congressional energy chess board. The Senate Energy and Natural Resources (ENR) Committee moved first, holding a hearing to discuss 22 individual measures to begin committee Chairman Lisa Murkowski's (R-Alaska) effort to stitch together comprehensive energy legislation this year. “When I think of energy infrastructure, first to my mind is the energy midstream,” Murkowski said in an opening statement. “And that is, facilities that move energy all over the country, from where it is produced to where it is used by families and businesses, such as natural gas pipelines.”

Sen. Maria Cantwell (D-Wash.), Ranking ENR Democrat, agreed that it's time to get to work on energy. “We are at an ‘energy crossroads.’ The dynamic and changing nature of our domestic resource mix—and not just expanded supplies of natural gas, but also the growth of distributed generation—is creating both new challenges and great opportunities,” Cantwell said. “Clearly, we are here because we want to move our infrastructure investments forward. And we want the U.S. both to continue to grow a strong and resilient infrastructure for our energy needs and to seize the economic opportunities available to the United States.”

New approach to pipeline permitting reform introduced

DCA is on the record for the past several years in support of pipeline permitting reform, most recently as a lead supporter for the Natural Gas Pipeline Permitting Reform Act (HR 161), which passed the House again earlier this year. When freshman Sen. Shelley Moore Capito (R-WV) introduced a Senate version of the bill (S 1210), DCA quickly encouraged its inclusion in a pending energy package in the “upper chamber.”

Capito introduced the legislation (S 1210), known as the Oil and Gas Production and Distribution Reform Act, just before the ENR hearing, calling for strengthening the role of the Federal Energy Regulatory Commission by requiring it to coordinate the actions of all government agencies involved with the permitting of pipelines. “West Virginia's Marcellus Region has the largest shale gas reserves in the United States,” Capito said. “This rapid rise in production in the Marcellus region has been great for our economy but has outpaced our pipeline's capacity.”

DCA quickly wrote a letter of support of Sen. Capito's bill, stating that despite the huge economic benefits that come with pipeline construction, “pipeline projects are often stalled because of delays in acquiring federal and state permits and rights-of-way approvals from various regulatory agencies. These delays increase costs and lead to missed in-service dates and displacement of workers, neglecting the strong economic benefits that come with pipeline construction projects.”

Meanwhile on House side, the Energy and Commerce (E&C) Committee introduced the companion bill to S 1210. Chairman Fred Upton (R-Mich.) underscored the need for reform, stating that “in spite of the critical need for new energy infrastructure, the permitting process for interstate natural gas pipelines has become increasingly complex and challenging.”

According to E&C Committee staff, the new House bill:

- Expedites consideration of much-needed natural gas pipelines;
- Reforms and modernizes the siting and review process;
- Increases transparency and accountability in the overall review process; and
- Builds on previous legislation (HR 161) introduced by Rep. Mike Pompeo (R-KS) that passed the House with bipartisan support earlier this year.

By strengthening FERC's role as the lead agency for siting interstate natural gas pipelines and requiring the agency to coordinate with all other agencies involved and establish firm deadlines for decisions, passage of the legislation will result in a streamlined permitting process that continues to provide ample environmental review. DCA will continue to play a lead role in pipeline permitting reform efforts as a comprehensive energy bill moves forward in the 114th Congress.

House votes to stop flawed “Waters of the United States” rule

In a month filled with action on DCA legislative priorities, the House also approved bipartisan legislation that would throw out the administration's flawed “Waters of the United States” proposed rule. The ultra-controversial proposal would give the federal government unprecedented authority to regulate essentially any place that water flows, and inevitably, broader federal authority over land use decisions.

House Transportation and Infrastructure Committee Chairman Bill Shuster (R-Penn.) hailed the action as a needed step to keep overzealous federal agencies in check. The House passed the Regulatory Integrity Protection Act of 2015 (HR 1732) on May 12 on a vote of 261 to 155.

“State and local governments and the regulated community all have voiced significant concerns about the EPA's failure to properly consult with them or consider the impacts in the development of this proposal. Today's bill simply stops this rule-making, and requires the EPA to go back and do it right – consult with state and local governments and other stakeholders in developing a new regulation. We can continue to protect our waters without unreasonable and burdensome regulations on American businesses, farmers, and families.”

The legislation would require the withdrawal of the rule and requires the Environmental Protection Agency and U.S. Army Corps of Engineers to engage in outreach to stakeholders, including holding consultation with states and local governments, consulting with and soliciting recommendations from other stakeholders, and considering all public comments before putting forward a new proposed rule. The issue now awaits consideration in the Senate.



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