



July 24, 2023

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Mountain Valley Southgate Extension Project Docket No. CP19-14-002
Comments on Request for Extension to construct proposed MVP Southgate
Extension pipeline

Dear Secretary Bose:

The Institute for Energy Economics and Financial Analysis (IEEFA) provides the following comments for your consideration regarding the request submitted by Mountain Valley Pipeline, LLC for an extension of the deadline to construct its proposed MVP Southgate Extension pipeline.¹

The Federal Energy Regulatory Commission (FERC) issued the Certificate of Public Convenience and Necessity for the MVP Southgate Extension Project—which would entail construction of about 73 miles of 24-inch and 16-inch-diameter pipeline, a compressor station, and associated facilities to move gas from a point near the City of Chatham, in Pittsylvania County, Virginia, and a delivery point near the City of Graham in Alamance County, North Carolina²—on June 18, 2020.³ The 2020 order required completion of construction by June 18, 2023.⁴ The final Environmental Impact Statement (EIS) for the MVP Southgate Extension project was issued on February 14, 2020,⁵ more than three years ago. The requested extension to June 18, 2026 would allow the project to be built and launched more than six years after the EIS was completed.

Conditions for the project—and possibly even the project itself—have changed significantly since the original certificate was granted.

¹ See Mountain Valley Pipeline, LLC, [Letter to Secretary Kimberly D. Bose, FERC](#), dated June 15, 2023, FERC docket no. CP19-14-000.

² FERC Permitting Dashboard. [MVP Southgate Extension](#). Accessed July 19, 2023.

³ *Mountain Valley Pipeline, LLC*, 171 FERC ¶ 61,232 (2020), *order on reh'g*, 172 FERC ¶ 61, 261 (2020), *aff'd sub. nom.*, *Sierra Club v. FERC*, 38 F.4th 220 (D.C. Cir. 2022).

⁴ *Ibid.*, Ordering Paragraph (C)(1).

⁵ See FERC. [Final Environmental Impact Statement \(FEIS\) for the Southgate Extension Project](#). CP19-14-000. February 14, 2020.

First, Equitrans Midstream, the primary developer of the project, announced in its report on first quarter 2023 results that it is reconsidering the project's design, scope and timing, stating:

“The MVP JV continues to evaluate the MVP Southgate project and is focused on active negotiations with the shipper and a prospective customer regarding refining the project's design, scope and/or timing in lieu of pursuing the project as originally contemplated.”⁶

This raises questions regarding the costs of the ultimate design, which may affect its value for customers of the Public Service Co. of North Carolina—a subsidiary of Dominion Energy that is expected to purchase gas from the project. Changes in design also could affect the environmental impact of the project. Design issues may arise from problems obtaining property easements for the pipeline. In October 2022, Mountain Valley Pipeline LLC voluntarily withdrew an action for eminent domain involving tracts of land in Rockingham, Guilford and Alamance counties in North Carolina.⁷ The changes should be disclosed and evaluated.

Second, evaluations of greenhouse gas emissions from the pipeline itself as well as from the upstream gas supply must consider new research indicating that natural gas has similar greenhouse gas emissions impacts to coal, and estimates of methane gas leakage from pipeline systems may significantly understate the risk. A new peer-reviewed study finds natural gas, even in a gas system with a leakage rate as low as 0.2%, is “on par” with 1.5% sulfur coal scrubbed at a 90% efficiency rate, with no coal mine methane over a 20-year period.⁸ The Environmental Protection Agency (EPA) relies on a model for estimating methane emissions from oil and gas operations,⁹ but several studies have demonstrated the model falls well short of identifying methane emissions consistent with observations in the field. A 2022 study published in *Environmental Science & Technology*, reporting the results of a basin-wide airborne survey of methane in the New Mexico Permian Basin, found methane emission levels to be 6.5 times higher than the EPA model would predict.¹⁰ A 2021 Stanford University study measured methane levels at rates 1.5 to two times higher than the EPA model would predict, and noted

⁶ Equitrans Midstream. [Equitrans Midstream announces first quarter results](#). May 2, 2023.

⁷ [Notice of Voluntary Dismissal](#), in *Mountain Valley Pipeline LLC v. Easements to construct, operate and maintain a natural gas pipeline over tracts of land in Rockingham County, Guilford County, and Alamance County North Carolina*, No. 1:21-cv-47-TDS-JLW, U.S. Dist. Court, M.D.N.C. (October 20, 2022).

⁸ D. Gordon, et al. [Evaluating net life-cycle greenhouse gas emissions intensities from gas and coal at varying methane leakage rates](#). *Environmental Research Letters* 18. July 17, 2023. The report considered the net emissions of all greenhouse gases, including carbon dioxide and methane, and the cooling effects of sulfur dioxide. The report also found global gas systems that leak over 4.7% of their methane (over a 20-year period) have life-cycle emissions intensities on par with coal where coal mine methane emissions are included.

⁹ See: EPA. [Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2021](#). EPA 430-R-23-002. 2023.

¹⁰ Y. Chen, et al. [Quantifying regional methane emissions in the New Mexico Permian Basin with a comprehensive aerial survey](#). *Environmental Science & Technology* 56(7):4317-4323. March 23, 2022.

unintentional leaks were responsible for almost half of all methane emissions in the oil and gas sector.¹¹

Third, the substantial increase in exports of liquefied natural gas (LNG) appear to have placed upward pressure on domestic gas prices, and this impact is likely to increase as more LNG export facilities come online.¹² These dynamics were affected in part by international energy systems disruptions resulting from the Russian invasion of Ukraine, which began in February 2022,¹³ as well as Russian manipulation of European gas markets in the months leading up to the invasion.¹⁴

FERC should examine the extent to which higher domestic natural gas prices, passed along to the consumer, would affect the evaluation of the MVP Southgate Extension's impact on the public interest, given the alternative of increasingly cheaper renewable energy sources.¹⁵ Passage of the Inflation Reduction Act of 2022,¹⁶ as well as the Bipartisan Infrastructure Law of 2021,¹⁷ can reasonably be expected to further enhance renewable energy economics.

FERC's regulations require the agency to set a deadline for completion of construction and making a project "available for service."¹⁸ The commission has stated the purpose of setting construction deadlines is to diminish "the potential that the public interest might be compromised by significant changes occurring between issuance of the certificate and commencement of the project,"¹⁹ and "to ensure that the facts, analysis, and rationale regarding a particular proposal do not grow stale."²⁰ FERC also has stated that all extension requests are considered on a case-by-case basis.²¹ Although FERC's notice asserts that the review of this extension request will focus on whether the company has demonstrated good cause to grant the extension and will not consider arguments that "relitigate the issuance of the certificate order,"²² FERC should not pre-judge the issue of staleness here. The extension request for the proposed MVP Southgate Extension pipeline should be given closer scrutiny.

¹¹ J. Rutherford, et al. [Closing the methane gap in U.S. oil and natural gas production emissions inventories](#). *Nature Communications* 12(1):4715. 2021.

¹² IEEFA. [Global LNG Outlook 2023-27](#). February 15, 2023. Also see: IEEFA. [LNG exports may spell trouble on the horizon for U.S. consumers](#). April 24, 2023.

¹³ New York Times. [How Russia's war in Ukraine has unfolded, month by month](#). February 24, 2023.

¹⁴ New York Times. [As Europe Faces a Cold Winter, Putin Seizes on the Leverage From Russia's Gas Output](#). Oct. 7, 2021.

¹⁵ Bloomberg. [Solar is now 33% cheaper than gas power in U.S., Guggenheim says](#). October 3, 2022.

¹⁶ [Inflation Reduction Act of 2022](#), P.L. No. 117-169, 136 Stat. 1818 (2022).

¹⁷ [Infrastructure Investment and Jobs Act \("Bipartisan Infrastructure Law"\) of 2021](#), P.L. No. 117-58, 135 Stat. 429 (2021).

¹⁸ [18 C.F.R. § 157.20\(b\)](#).

¹⁹ *Altamont Gas Transmission Co.*, 75 FERC ¶ 61,348, at 62,103 (1996).

²⁰ Order granting requests for extension of time, *Mountain Valley Pipeline LLC*, 173 FERC ¶ 61, 026 (October 9, 2020), ¶8, *citing Arlington Storage Co., LLC*, 155 FERC ¶ 61,165, ¶ 8, *citing* Order Denying Rehearing, *Iroquois Gas Transmission System, L.P.*, 104 FERC ¶ 61,307, ¶14 (Sept. 17, 2003).

²¹ *Ibid.*

²² FERC. [Mountain Valley Pipeline, LLC: Notice of Request for Extension of Time](#). MVP Southgate Project. FR Doc. 2023-13759. June 28, 2023.

The information on which FERC relied in granting the certificate has grown stale.

As a final note, the MVP Southgate Extension Project depends on construction of the Mountain Valley Pipeline, which is the mainline system the Southgate project would extend. At this time, despite a federal legislative mandate passed as part of the negotiated debt ceiling package requiring permit approvals for the Mountain Valley Pipeline and barring appeals,²³ the future of the mainline system remains uncertain. A Fourth Circuit appeals court panel on July 10 and July 11 granted motions to stay construction while it considers legal challenges to the legislative mandate and federal agency decisions.²⁴ Mountain Valley Pipeline, LLC has asked the U.S. Supreme Court to review the issue as an emergency proceeding.²⁵ The outcome is not known as of this writing.

Thank you for your consideration of these comments.

Respectfully submitted,

A handwritten signature in blue ink that reads "Suzanne Mattei". The signature is written in a cursive, flowing style.

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²³ [Fiscal Responsibility Act of 2023](#), P.L. 118-5, §324(b), 137 Stat. 10, 47-48 (2023).

²⁴ Order granting stay pending review of consolidated petitions for review, *The Wilderness Society v. U.S. Forest Service*, No. 23-1592 (4th Cir. June 10, 2023) and *The Wilderness Society v. Bureau of Land Management*, No. 23-1594 (4th Cir. June 10, 2023); and Order granting stay pending review of petition for review, *Appalachian Voices v. U.S. Dep't of the Interior*, No. 23-1384 (4th Cir. June 11, 2023).

²⁵ *Mountain Valley Pipeline LLC v. The Wilderness Society, et al.*, no. 23A35, in the Supreme Court of the United States.