UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

VEPCO – Warren County Project	)	Docket No. CP11-490
Columbia Gas Transmission, LLC	)	

On behalf of the Industrial Energy Consumers of America (IECA) we urge approval of the VEPCO – Warren County Project. IECA member companies are natural gas and electricity-intensive consuming companies from every major industrial sector. We are an important stakeholder because our ability to maintain and increase manufacturing jobs is completely dependent upon an increase in the deliverability of the supply of natural gas. If we do not have sufficient deliverability capabilities to move natural gas to operate our facilities, we have no choice but to relocate to other states or offshore. Manufacturing companies do not have an alternative for natural gas. Major manufacturing production processes and equipment are designed to specifically use natural gas. Nothing else can be substituted for natural gas. We cannot operate manufacturing facilities on electricity, especially solar or wind power. Coal and oil are also not an alternative for a variety of reasons, including EPA air regulations that limit their use.

I. Industrial Energy Consumers of America (IECA)

IECA is a nonpartisan association of leading manufacturing companies with over $1.0 trillion in annual sales, and with more than 1.6 million employees. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.

II. Dismiss "Keep it in the Ground" Campaign Claims

There are entities that oppose building this pipeline, and the motives vary. There is a significant environmental activist movement who call for and support the "keep it in the ground" mantra. Their objective is to force their will upon consumers of natural gas in order to stop the use of fossil fuels for other alternatives, such as the exclusive production of electricity from solar or wind.

These activists do not represent consumers in the state and they are not accountable for millions of employees who work in our factories in order to sustain their families and lifestyles. They represent an ideology that is not realistic when it comes to commerce or the wellbeing and safety of consumers who need the natural gas from this pipeline to heat their homes. For the record, IECA and its member companies support cost-effective production of renewable energy and its many environmental benefits. However, renewable energy is not a viable alternative to replace natural gas in manufacturing.

Manufacturing companies cannot operate facilities on electricity alone, whether it is produced from renewable energy, natural gas, nuclear, hydro, or coal. Our equipment will only operate on natural gas. And, natural gas on a Btu basis costs substantially less than a Btu of electricity. This is important because manufacturers compete globally and the competition is very tough. Business orders can be won or lost based on pennies on the dollar. If costs are not kept low, our products will be displaced by foreign imports. Due to technical limitations of manufacturers, if we were forced to stop using natural gas, we would have no choice but to shutdown.

Also, renewable energy from solar and wind are variable and provide little capacity value to the grid. Supply is determined by when the wind blows and when the sun shines. Most manufacturing facilities operate 24/7, so consistency of supply is crucial. If we have an electricity disruption, it can result in the shutdown of the entire facility, causing product losses and damage to equipment. The disruption in supply of electricity can cost a single manufacturer millions of dollars, depending on size. Gas-fired power generation is low-cost in and of itself, but it also fills the void when renewable power is not available. It assumes the vitally important role of stabilizing the power grid as more intermittent renewables are added to the system, driven by increased state renewable portfolio standards.

Therefore, activists should not be able to deny this fundamental service of natural gas supply to consumers in the state. Activists' motives are impractical and dangerous to the safety of people living in the state. Imagine forcing homeowners to be solely dependent upon renewable energy during severe weather conditions. If this pipeline is not built, activists will not be held accountable for the results. However, the FERC's mandate does include acting in support of the public interest, and FERC should act upon it.

III. Disapproval of Pipeline Permits Directly Damages Commerce Across the Country

FERC has the responsibility to approve this pipeline to prevent commerce from slowing or stopping at great costs to the U.S. economy. Manufacturing companies buy raw materials from other manufacturing companies and sell their products to other manufacturers. This fully integrated network of suppliers, called the supply chain includes facility locations all over the country. The supply chain is very integrated. Disruptions to the supply chain are costly. Of course, the ultimate consumer of these products is the retail consumer.

For example, let us assume that Company A will be supplied by the pipeline. Company A purchases raw material inputs to produce its products. Its suppliers may also be dependent upon the pipeline. Company A is also a supplier to other manufacturing companies who may or may not be supplied by the pipeline. If U.S. manufacturers cannot supply the goods others need, they will be imported. Although importing products may be the best solution, it does not preserve U.S.-based jobs or job-related economic growth.

IV. Manufacturing Companies Cannot Grow without Increased Supply of Natural Gas

The VEPCO – Warren County Project will traverse Virginia and supply needed natural gas to allow manufacturing companies in the state to produce their products. According to the U.S. Energy Information Administration (EIA), natural gas demand by manufacturing companies in the state has increased by 23.3 percent since 2006. Adding new pipeline capacity relieves congestion in the overall geographic area and helps to avoid pipeline transportation costs that are due to congestion.

The following information makes it clear that manufacturing companies are vital to the economy of the state.

State (VA)	Manufacturing Statistics
Employment	233.1 thousand manufacturing jobs
Annual Payroll	$12.4 billion
Gross Domestic Product	$42.9 billion
Value Added	$57.3 billion
Total Value of Shipments and Receipts for Services	$101.1 billion
Capital Expenditures	$2.4 billion

V. Accelerate and Streamline the Pipeline Permitting Process

It is taking too long for the Commission to review and make a determination on whether a natural gas pipeline is approved. According to reseach conducted by Bloomberg Intelligence, "since the end of 2013, it takes almost 70 days longer to go from an initial FERC filing to notice of construction. Overall, the average approval time was 429 days.[1]"

Manufacturing companies cannot make capital investment decisions without knowing there is new available pipeline capacity. We urge the Commission to fully understand that the U.S. is in competition with the world for economic growth. Every day of delay in approving a pipeline cascades into delays of other very significant capital investments. Manufacturing sector growth is largely dependent upon access to affordable natural gas and feedstocks that can only be delivered by pipeline.

VI. Conclusion

IECA urges the FERC to approve the pipeline and to reject the claims of the environmental "keep it in the ground" movement. We also ask that the decision is not

[1] Bloomberg Daily Report for Executives, December 14, 2016

delayed. It is in the public interest to approve the pipeline and ensure the absolute necessity of natural gas supply to manufacturers in the state.

Sincerely,

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