



David J. Collins, Executive Secretary
Maryland Public Service Commission
6 St. Paul Street, 16th Floor
Baltimore, MD 21202

Re: Case No. 9449 – Public Comments in opposition to the Settlement Agreement

Submitted by: The Sierra Club Maryland Chapter

To Whom It May Concern,

The settlement agreement in the proposed merger of AltaGas Ltd. (AltaGas) and Washington Gas Light Company (WGL) includes dedicated funding to “kick-start gas expansion efforts throughout the State of Maryland.”¹

Specifically, the applicant parties agreed that AltaGas will fund the “Maryland Gas Expansion Fund” with \$33,000,000 to be administered by the Maryland Energy Administration (MEA). MEA would have the “discretion” to use these funds “for the purpose of promoting the expansion of natural gas infrastructure to serve businesses, residents, industrial enterprises, and utility generation facilities in Maryland.” Additionally, MEA would work with AltaGas and WGL to review and approve proposals for additional gas expansion, with a projected investment of \$70,000,000 over ten years.²

These proposed settlement agreements are incongruous with the State of Maryland’s public commitment to fighting accelerated climate disruption. Maryland has most recently demonstrated this commitment by joining other states and communities in the U.S. Climate Alliance to uphold the greenhouse gas emissions standards of the Paris Climate Accord. In 2017 the state also supported the final proposal to strengthen the Regional Greenhouse Gas Initiative to achieve an additional 30% reductions in greenhouse gas emissions from the electric sector by 2030. Further, Maryland passed an update to the Greenhouse Gas Reduction Act (GGRA) in 2016 agreeing to reduce the state’s climate pollution 40% below 2006 levels by 2030, and in 2017 Maryland legislatively banned hydraulic fracturing for natural gas.

Natural gas is NOT a bridge fuel. It is in fact an extremely potent greenhouse gas. It is primarily methane, which according to the EPA, has a Global Warming Potential (GWP) of 84-87 times that of carbon dioxide the first 20 years after emission, while it is more than 28-36 times greater than CO₂ over a 100-year period.³

¹ AltaGas Ltd. - WGL Holdings, Inc. - Request for Adoption of Settlement Agreement. Case No. 9449. (ML 218043), Dec. 1, 2017, *available at* <http://www.psc.state.md.us/search-results/?keyword=9449&x.x=22&x.y=22&search=all&search=cas>

² *Id.*

³ Understanding Global Warming Potentials, *available at* <https://www.epa.gov/ghgemissions/understanding-global-warming-potentials#Learn%20why>

Maryland cannot afford to wait to reduce these climate-warming emissions.

On Maryland’s own website dedicated to climate change,⁴ it is stated that “Maryland is among the states most vulnerable to climate change. Rising sea levels, along with increased storm intensity, have devastating and far-reaching environmental and economic impacts on the Chesapeake Bay and the quality of life Marylanders enjoy... For these reasons, addressing climate change must be among the state’s highest priorities.” Water levels are threatening to rise over 2 feet by 2050, thus impacting much of Maryland’s 3100 miles of shoreline and the nearby communities.

Maryland has not sufficiently acted to protect its residents from poorly regulated gas infrastructure expansion. Imminent rapid expansion of gas infrastructure due to the liquified natural gas (LNG) export facility at Cove Point already poses a serious threat to Maryland residents. According to the data compiled by the Pipeline Safety Trust from the U.S. Pipeline and Hazardous Materials Safety Administration’s database, from 2005 – 2013, the rate of incidents attributed to pipelines developed 2010s was higher than the rate of incidents attributed to pipelines developed in any decade prior. The closest similar rate of incidents over the time period analyzed was the result of pipes developed before the 1940s (or an unknown date).⁵ Please see Figure 1 for data.

In 2015, the National Transportation Safety Board (NTSB) launched a safety study because of concerns about deficiencies in the operators’ integrity management programs required by the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the oversight of these programs by PHMSA and state regulators. These concerns were identified in three gas transmission pipeline accidents in 5 years that resulted in 8 fatalities, more than 50 injuries, and the destruction of 41 homes.⁶ PHMSA has been under constant scrutiny for the last decade.⁷ Colorado, California, Texas, and our neighboring Pennsylvania have all passed or submitted laws in the last year to provide additional protection to safeguard their citizens from this risky development.⁸

Recently, in Pennsylvania, the Mariner 2 East pipeline construction was halted due to excessive blowouts (“inadvertent returns” in industry terms) that were contaminating the drinking water of local residents.⁹ Similar halts in construction due to massive drilling fluid spills have been

⁴ Climate change Maryland, <http://climatechange.maryland.gov/science/>

⁵ Pipeline Safety Trust. “Are Old Pipelines Really More Dangerous?” Spring 2015. Accessed February 27, 2018. *available at:* <http://pstrust.org/wp-content/uploads/2013/03/Incidents-by-age-of-pipes-PST-spring2015-newsletter-excerpt.pdf>

⁶ Integrity Management of Gas Transmission Pipelines in High Consequence Areas Safety Study NTSB/SS-15/01 National PB2015-102735 *available at:* <https://www.nts.gov/safety/safety-studies/Documents/SS1501.pdf>

⁷ New York Times, *Pipeline Spills Put Safeguards Under Scrutiny*. *available at:* <http://www.nytimes.com/2011/09/10/business/energy-environment/agency-struggles-to-safeguard-pipeline-system.html>

⁸ The National Law Review, Pipeline Safety Update, December 1, 2017, *available at:* <https://www.natlawreview.com/article/pipeline-safety-update-december-1-2017>

⁹ State Impact, *DEP suspends all construction on Mariner East 2 pipeline*, *available at:* <https://stateimpact.npr.org/pennsylvania/2018/01/03/dep-suspends-all-construction-on-mariner-east-2-pipeline/>

plaguing construction of the Rover pipeline in Pennsylvania.¹⁰ These excessive blowouts are a direct result of a lack of federal oversight, a lack of regulation on horizontal drilling in the presence of known risks and hazards, and insufficient review of threats and mitigation techniques before pipeline approval.

Maryland residents are entirely dependent upon our state legislature and our Public Service Commission to safeguard their interests in the face of rapidly expanding, poorly regulated development of new gas infrastructure. Under-regulated horizontal drilling techniques, and a lack of federal regulatory oversight, make it imperative that we seek to understand and urgently manage new risks to the best of our ability at the state level ahead of new gas infrastructure development, not fast track further reckless infrastructure projects. This settlement would transfer significant local control to a foreign company and force rate payers to cover the cost until profits are leveled. It would fast track unneeded added infrastructure that would leave Marylanders dependent on non-locally produced fossil fuels for decades to come, while legally limiting our ability to transition to renewable sources. Chesapeake Climate Action Network's (CCAN) letter regarding this merger expounds on this effect in detail and we fully endorse their comments.

The Eastern Panhandle Expansion Project (EPEP) demonstrates that the Hogan administration is already willing to irresponsibly expand natural gas infrastructure by failing to employ the State's full capacity to review this proposed pipeline project under the 401 Water Certification of the Federal Clean Water Act. Furthermore, the Hogan administration exempted horizontal directional drilling 114' underneath the Potomac River bed from review under the State's non-tidal wetlands and waterways permit. This exemption occurred in non-transparent negotiations with TransCanada, the Canadian pipeline operator proposing the project. This particular project is of serious concern because of the use of horizontal drilling through karst geology. The drilling process alone on the proposed EPEP poses an immediate threat to the drinking water of 89,000 Washington County residents, which is why local officials from Washington, DC to Washington County have urged Governor Hogan's MDE to use the state's authority to ensure the protection of Maryland residents' drinking water.

As recently as February 16, 2018, Secretary of the Environment Ben Grumbles was quoted in the Washington Post as saying that "natural gas is a bridge fuel to cleaner energy" referring to the Hogan administrations support for the EPEP, proving that the Hogan administration is not seriously responding to Maryland's vulnerability to accelerated climate disruption, and that they refuse to recognize that methane is an extremely potent greenhouse gas.¹¹

The Hogan administration has also failed to order a safety review for the Dominion Cove Point LNG facility, a request that has been made by concerned citizens who fear for their lives, given

¹⁰ Reuters, *Ohio officials worry about possible new spills from Rover natgas pipe*, available at: <https://www.reuters.com/article/us-energy-transf-ohio/ohio-officials-worry-about-possible-new-spills-from-rover-natgas-pipe-idUSKBN1F128N>

¹¹ The Washington Post, *Ohio officials worry about possible new spills from Rover natgas pipe*. available at: https://www.washingtonpost.com/local/pipeline-protesters-take-frustrations-to-hogans-doorstep/2018/02/16/391915bc-1357-11e8-a68c-e9374188170e_story.html?utm_term=.33619d3a1e96

the proximity of this facility to their homes. Cove Point is the first liquefied fracked gas export terminal in the world in such a densely populated area.

More than 84 groups signed a letter urging Governor Hogan to halt construction and perform a "thorough and transparent" independent Quantitative Risk Assessment (QRA) of the Dominion Energy liquefied gas facility. A QRA would study the health and safety risks ranging from explosions in a populated area (within three miles of the Calvert Cliffs Nuclear Power Plant) to exposure to toxic, carcinogenic chemicals such as benzene. Cove Point could emit 22.5 tons of pollutants into the air each year and cause increased respiratory and cardiovascular disease.

Explosions have occurred at gas plants in the U.S. and around the world. In April 2014, an explosion at a gas plant in Washington State required a two-mile evacuation zone. There is no buffer zone to protect residents in the Lusby neighborhoods adjacent to the plant. When liquefied gas leaks into the environment, it forms a highly flammable vapor cloud that can asphyxiate or, if ignited, create a flash fire or explosion. This can result in serious burns, injuries, and death.

Maryland does not need new natural gas infrastructure that will put our residents and climate change agreement at risk. The CCAN letter submitted separately summarizes the legislative steps to reduce greenhouse gas emissions that have resulted in successful job-creating, clean-energy programs. Maryland is now in position to move forward and advance long-sought-after proposed projects and new legislation that will accelerate these goals. According to Lazard's most recent Levelized Cost of Energy report, wind is already cheaper than gas, and solar is slated to follow right behind it.¹²

The Maryland Energy Administration states that two specific proposed offshore wind projects "are estimated to create 9,700 full time equivalent jobs and result in more than \$2 Billion of economic activity in Maryland, including \$120 million of investments in port infrastructure and steel fabrication facilities."¹³

Maryland has an opportunity to be a leader on the east coast in offshore wind production. Our state legislature and advocates are pushing to expand our clean and renewable energy goals via the Renewable Portfolio Standard and other incentive programs to spur robust development of local solar and wind production, including 100% clean, renewable electricity generation by 2035. As we decarbonize our electric sector with wind and solar, we need to launch forward with efforts to decarbonize our other emission sources. According to our state's own greenhouse gas inventory using 2014 data, the third-largest emissions sector is from Residential-Commercial-Industrial (RCI) Fuel Use.¹⁴ A large portion of that is from gas heating and combustion – Maryland needs to be electrifying our RCI Fuel Use sector with products like electric heat pumps. We should not and cannot be locking our state into decades of continued reliance on fossil fuel for this sector, which is exactly what this proposed settlement does.

¹² Lazard, Levelized Cost of Energy 2017 <https://www.lazard.com/perspective/levelized-cost-of-energy-2017/>

¹³ Maryland Energy Administration, *Offshore Wind Energy in Maryland*, available at: <http://energy.maryland.gov/Pages/Info/renewable/offshorewind.aspx>

¹⁴ Maryland Department of the Environment, State of Maryland 2014 Greenhouse Gas Inventory Documentation. June 14, 2016. available at: <http://www.mde.state.md.us/programs/Air/ClimateChange/Documents/2014Inventory/MD2014PeriodicGHGInventory.pdf>

These job creating, economy-growing measures are greatly needed to reach our climate change goals and are severely threatened by the legal implications of this settlement.

The state of Maryland and the Public Service Commission simply cannot afford to accept a gas industry merger settlement that will stifle the growth of green infrastructure and threaten our climate change goals. The residents of Maryland cannot afford massive new gas infrastructure development in the current poorly regulated and unsafe conditions that will inevitably force them into paying higher rates for dirty fuel in the long term.

For these reasons, the Maryland Sierra Club respectfully requests that the PSC consider redirecting settlement funds to much needed and delayed leak detection and repair of existing pipelines, remove the funds for additional gas infrastructure expansion with profit return guarantees, and leave us the freedom to continue to wean off our dependence on fossil fuels as quickly as possible.

Sincerely,

Josh Tulkin
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Sierra Club Maryland Chapter