The Atlantic Coast Pipeline:

Gambling billions of customer dollars on a bubble that's bursting

Duke Energy and Dominion Power are proposing to build a 600-mile pipeline to carry fracked natural gas from West Virginia and Pennsylvania to Virginia and North Carolina. Even the *initial* cost estimate is $5.1 billion, to be paid for by Duke and Dominion customers.

The project is a gamble for many reasons. Here are two key ones:

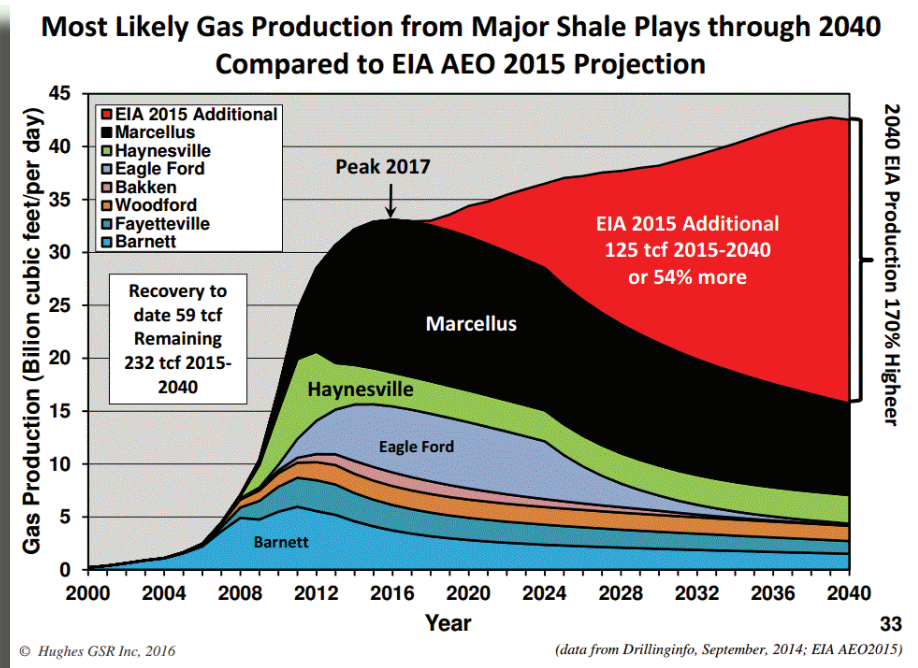
- There is far less gas in the underground shale than the gas industry and federal regulators have claimed.
- Too many pipelines are being planned for the amount of gas still underground.[1]

Underground Gas Supply Exaggerated

For years, the fracking industry and federal regulators have badly exaggerated – by 50% or more – the amount of underground natural gas that can be produced by fracking (drilling) at shale gas sites.

Fracked gas wells run dry quickly – up to 82% of the gas is gone in just three years.[2] Most US shale gas wells are producing less and less already, so the fracking boom relies on drilling more and more wells to keep gas production high. But the billions of investment dollars to keep drilling are drying up too, as investors finally get wise.

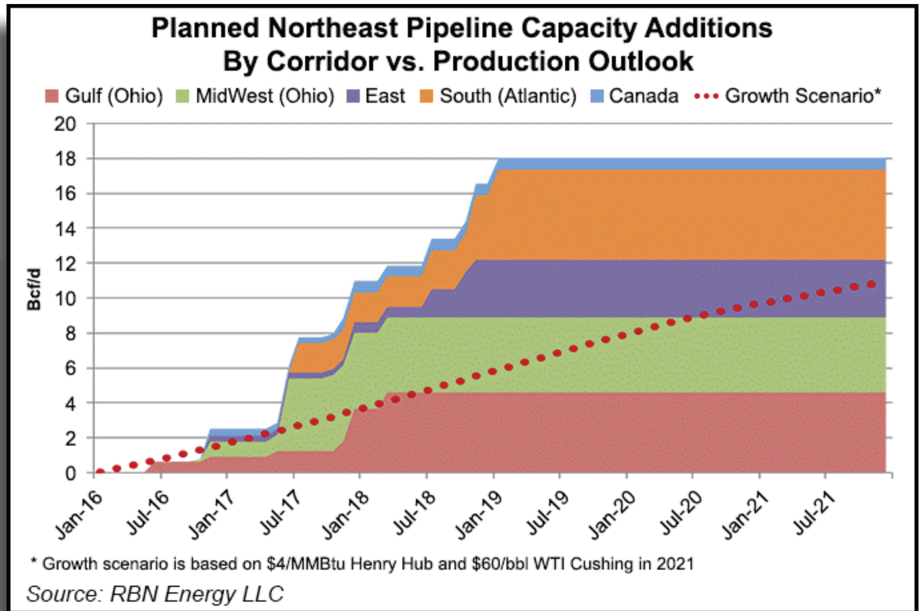
Canadian shale gas expert David Hughes hoped to explain this gas bubble in hearings on Duke Energy's Asheville gas-fired power plant and Duke's merger with Piedmont Natural Gas. But Duke and the NC Utilities Commission refused to allow discussion of the fracked gas supply and price problem, bizarrely claiming it doesn't impact Duke Energy's plans to massively expand its burning of fracked gas.



David Hughes' estimates of future shale gas production (from black curve down) versus estimates of the US Energy Information Administration (EIA), represented by the red curve.

> ***"If natural gas production declines, as is currently the case, and drilling rates cannot be maintained due to poor economics, fuel prices could skyrocket, putting [electricity customers] at risk of shortages and price spikes."***
>
> – David Hughes, 32-year veteran of the Geological Survey of Canada

Pipeline Overbuild: Too Many Straws in the Milkshake



The dotted red line shows that even exaggerated industry projections of gas production would only keep the planned pipelines (represented by colored bars) a little over half full.

With companies looking to build 3,500 miles of new natural gas pipelines across the US – mostly to fuel power plants – even industry leaders warn that production from fracking gas fields cannot keep all the pipelines filled up.

In June, natural gas industry expert Rusty Braziel compared the fracking boom with the housing crash during the Great Recession. He said too many pipelines are planned for the Marcellus and Utica shale fields that Duke-Dominion would draw from.

And get this: Braziel was assuming the industry's estimates of underground gas are correct – not exaggerated as explained by David Hughes.

If Braziel and Hughes are even close to correct, the ACP is a gamble Duke and Dominion would never risk with their own money. But they're gambling with our money and our economic future.

Other factors also point to higher natural gas prices, including much-needed regulations to reduce climate-busting methane leakage and venting throughout the gas industry.[3]

Jobs Promise Won't Survive Empty Pipeline

"What we're seeing is the tail end of a bubble."

– Rusty Braziel,
President of RBN Energy, LLC

In communities along the proposed route, the ACP is promoted as a driver of new business and jobs. But the falling shale gas supply and high future prices make this a risky promise. New jobs and businesses that come to the area based on the promise of cheap, abundant gas might not survive when fracking production begins to decline, driving gas prices up.

Get involved! Call 919-416-5077 or email ncwarn@ncwarn.org. Learn more at ncwarn.org/ACP.

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Citations

[1] "Marcellus/Utica on Pace for Pipeline Overbuild, Says Braziel," *Natural Gas Intelligence*, June 8, 2016: http://www.naturalgasintel.com/articles/106695-marcellusutica-on-pace-for-pipeline-overbuild-says-braziel

[2] Affidavit of David Hughes, Position and Comments of NC WARN and The Climate Times filed in North Carolina Utilities Commission Docket E-2 Sub 1089, February 12, 2016: http://www.ncwarn.org/wp-content/uploads/NC-WARN-The-Climate-TImes-Position-and-Comments-and-Exhibits-A-C.pdf

[3] Direct Testimony of Touché Howard, submitted to North Carolina Utilities Commission Docket E-2 Sub 1095, June 10, 2016 (testimony was later stricken from the record): http://www.ncwarn.org/wp-content/uploads/HOWARD-Testimony.pdf