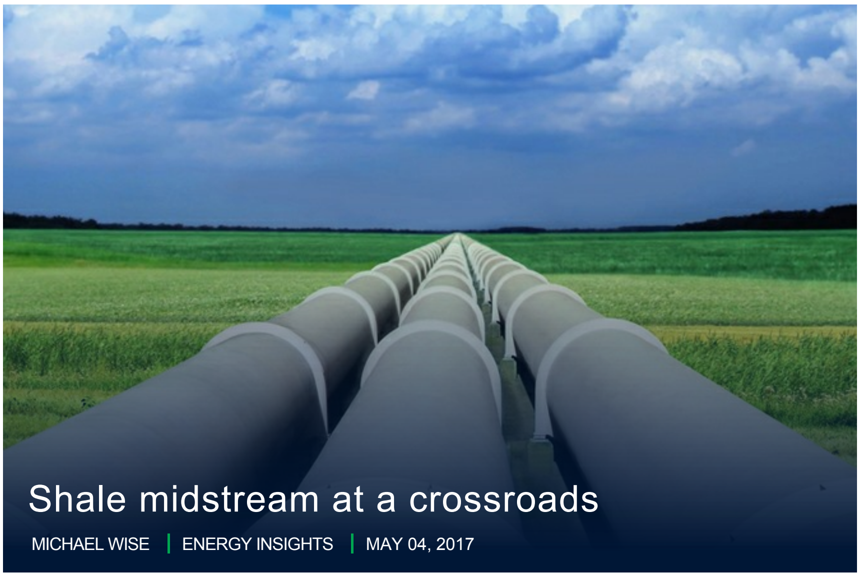

Shale midstream at a crossroads

MICHAEL WISE | ENERGY INSIGHTS | MAY 04, 2017

Investment in shale infrastructure has been critical to realizing the incredible economic potential of shale – and pipelines are at the core of this infrastructure.

Pipelines allow shale oil and natural gas to reach the U.S. and Canadian markets that currently have the highest priced fossil fuels. The U.S. Chamber just released a study indicating that not completing pipeline development in the Northeast U.S. would be devastating to the economies of Pennsylvania, New York, New Jersey, Ohio and West Virginia. Energy in Depth reported on the study and stated:

> With the Marcellus Shale producing around 19 billion cubic feet (BCF) of natural gas per day and the Utica Shale producing 4 BCF per day, according to the U.S. Energy Information Administration, one would think the Northeast would have some of the lowest energy costs in the country. But the report finds this is not the case. According to federal data, Northeast states have some of the highest delivered natural gas prices in the entire country, with residential and commercial consumers paying about 30 percent more overall than the average American household." (page 14) That's because while there is an abundance of natural gas in fairly close proximity, there isn't currently enough infrastructure to get this gas to consumers, especially in New England. In fact, as the report explains,"A study by La Capra Associates for the New England Coalition for Affordable Energy found that the lack of new energy infrastructure 'will cost New England households and businesses $5.4 billion in higher energy costs (in 2014 dollars) between 2016 and 2020.' The study estimates that the 'lack of energy infrastructure will reduce household spending by $12.5 billion.'" (page 19, emphasis added)

The Federal Energy Regulatory Commission (FERC) is the federal agency that approves interstate pipeline development. In 2016, the FERC approved 17.6 billion cubic feet per day (Bcf/d) of new natural gas pipeline capacity. So far in 2017, the FERC certificated seven projects representing more than 7 Bcf/d of new pipeline capacity. Currently, the FERC lacks a quorum to approve new projects but should that be resolved, 2017 could easily exceed 2016 in project approvals. This clip from the Washington Examiner does a great job of detailing the importance of an active FERC.

I recently wrote about the transformative nature of U.S. shale and mentioned the excellent shale downstream event hosted by the Canton Chamber of Commerce. The status the shale industry and the FERC will be one of the topics that will be discussed at our Shale Update: Midstream Rising event on May 24. Event and registration information can be found here. The panel will include Karl Johnson, Petroleum Business Development Manager from Ohio CAT, and Morgan Griffith, Senior Counsel from the Columbia Pipeline Group, as well as three McDonald Hopkins energy attorneys.

One of the other topics that will be addressed at our event has to do with public and legal opposition to pipeline development. The Toledo Blade, Energy in Depth and Akron Beacon Journal have all reported on pipeline opposition in recent stories. A dynamic community relations effort must be coupled with a strong legal team to see these projects through to federal, state and local approval.

I hope to see you on May 24 to continue this discussion on pipeline development and community impact.

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