

Dysfunction in Washington impacts energy projects

MICHAEL WISE | ENERGY INSIGHTS | AUG 10, 2017

The continued polarization and increase in bureaucratic logjams that exist in Washington has forced shovel-ready pipeline and gas-export projects across the United States, worth billions of dollars, to be delayed. The growing wait list is the direct cause of elected officials using the Federal Energy Regulatory Commission (FERC) as a political vehicle and their unwillingness to fill vacancies in the agency.

FERC is a bipartisan agency which oversees interstate pipelines, liquefied natural gas exports and wholesale electricity markets, as well as balancing potential environmental risks these projects could pose, which has been forced to be center stage regarding complex political issues.

Two weeks after President Donald Trump's inauguration, former chairman Norman Bay was demoted, sending the agency into a tailspin and resulting in a string of resignations. Since July 1, four of the agency's five seats have been vacant, forcing Acting Chair Cheryl LaFleur to hold up energy projects, which many are estimating could be worth at least \$13 billion and are expected to generate more than 23,000 construction jobs, according to an August 5 article by POLITICO.

The NEXUS pipeline being built by Enbridge, is one project still awaiting FERC approval, and because of this, Enbridge will miss the year-end deadline to begin operating the 256-mile pipeline, worth \$2 billion. The project, which finished its environmental review in November 2016, would create 3,360 construction jobs. Other projects being held up by the bureaucratic red tape include TransCanada's WB Xpress, the Mountain Valley Pipeline, the Atlantic Coast Pipeline and PennEast.

While it is easy to blame one individual, the issues that plague FERC are a result of both parties politicizing the agency and Washington's inability to reach across the aisle to govern. In 2015, President Barack Obama, following the resignation of GOP commissioners Phil Moeller and Tony Clark, refused to fill the two GOP-designated seats, due to a growing political feud between the Democrats and Senate Majority Leader Mitch McConnell over the blocked nomination of Merrick Garland to the Supreme Court. Democrats have blamed the current stalemate on the White House's reluctance to nominate Democratic candidates, despite the Senate's tradition of confirming nominees as a package representing both parties. Others, such as Bernie Sanders, hoped to keep the vacancies open to highlight concerns that the agency takes too narrow a view on environmental protection.

Some much needed relief appears to be coming for energy companies and Americans who are eager to begin working on these projects. On August 3, the last day prior to Congress' August recess, the Senate confirmed the nominations of Neil Chatterjee and Robert Powelson by unanimous consent, following the nomination of Democrat Richard Glick.

While FERC having quorum for the first time in six months will assist in getting the backlog of energy projects off the ground, the continued uncertainty and lack of trust among officials in Washington is worth monitoring as at any moment it could send the agency into a state of paralysis once again.



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