



*via electronic mail julia.souder@hq.doe.gov
and U.S. Mail*

November 28, 2005

**Ms. Julia Souder
Department of Energy
Office of Electricity Delivery and Energy Reliability
1000 Independence Avenue, S.W.
Washington, D.C. 20585**

**Re: AGA Comments on Department of Energy & Department of
Interior Notice of Intent to Prepare a Programmatic
Environmental Impact Statement, Amend Relevant Agency Land
Use Plans, Conduct Public Scoping Meetings, and Notice of
Floodplain and Wetlands Involvement
(70 Fed. Reg. 56,647, September 28, 2005)**

Dear Ms. Souder:

The American Gas Association (AGA) appreciates the opportunity to comment on the above-referenced notice of intent to prepare a programmatic Environmental Impact Statement regarding "Designation of Energy Corridors on Federal Land in the 11 Western States" (Programmatic EIS or PEIS).

AGA represents 195 local energy utility companies that deliver natural gas to more than 56 million homes, businesses and industries throughout the United States. AGA member companies account for roughly 83 percent of all natural gas delivered by local natural gas distribution companies in the U.S. AGA is an advocate for local natural gas utility companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Natural gas meets one-fourth of the United States' energy needs. Our Association is sharply focused on assisting its member utilities obtain and deliver stable supplies of clean-burning natural gas, safely and reliably.

Over the past five years American consumers of natural gas have borne the brunt of ever increasing prices, the natural outcome of an increasingly tight balance between supply and demand. During that time the price for natural gas has increased over 400 percent, causing severe financial hardship for manufacturers, farmers, homeowners and other consumers throughout the land. To address this situation, it is critically important to increase production of natural gas in the U.S. and to expedite the transportation of natural gas supplies from producing regions to consumers. AGA believes that there are ways to balance the critical need for increased gas supplies while at the same time being good environmental stewards.



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Summary of AGA's Position

- 1. Consumers Need More Natural Gas Supply:** Natural gas prices are soaring and, given the projected 40 percent growth in demand by 2025, AGA strongly urges DOE and BLM to carefully consider how designating common energy corridors could help – or hinder – transporting more natural gas to U.S. consumers safely and reliably.
- 2. Expanded and New Energy Corridors on Federal Land Could Help:** AGA believes that if done wisely, designating common energy corridors across federal lands in the 11 Western states could help streamline the process for approving natural gas pipeline and gas distribution projects. AGA believes this goal would be best served by the “New Corridor Alternative” or “Optimization Criteria Alternative” for designating new corridors. See 70 Fed. Reg. at 56648. We also urge you to clarify that the Programmatic EIS will address environmental impacts that would be common to the types of projects expected to be located there, and that any future environmental review of specific projects would address only additional impacts not previously evaluated in the PEIS. This would prevent unnecessary duplicative work and project delays.
- 3. Safety and Other Concerns Must be Addressed:** AGA does have some concerns particularly with the risks posed by placing multiple utilities too close to one another, as we describe below. These concerns are especially relevant to the “Increased Utilization Alternative” that would involve packing more utilities and pipelines within existing energy corridors on federal land, rather than allowing new lines to be accommodated by expanding existing corridors and designating new corridors. There is also some concern that the current effort might be used for a future effort to designate common energy corridors across private land. The concerns outlined below would be more acute and far more difficult to address in that context.



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AGA's Specific Comments & Concerns Regarding Common Energy Corridors

1. Consumers Need More Natural Gas Supply to Reduce Prices:

Natural gas is the cleanest fossil fuel, which has made it increasingly desirable for home heating, appliances, and electric generation. As a result, demand has been steadily rising in recent years. The "gas bubble" of the late 1980s and '90s, is gone. No longer is demand met while unneeded production facilities sit idle. The valves are wide open, yet demand has been outpacing supply, and the result has been both higher and more volatile prices. See AGA's Study *Avoiding the Wild Ride – Ways to Tame Natural Gas Price Volatility* (<http://www.aga.org/WildRide>).

Furthermore, this tight supply/demand balance makes the natural gas market even more sensitive to supply disruptions, such as the ones that have occurred with Hurricane Katrina and Hurricane Rita. Our economic security often depends on the timely expansion, or repair of energy production and transportation facilities, which enable the nation to have access to existing and new reserves of oil and natural gas. The designation of energy corridors across federal lands in the 11 Western states could help to expedite the repair and construction of new natural gas distribution lines, pipelines and other utilities. This could help more supply to reach the market and reduce the imbalance between energy supplies and demand.

A study completed by the Interstate Natural Gas Association of America Foundation (INGAA Foundation) last year, researched the economic impact to American consumers that a two-year delay in constructing needed natural gas pipelines and other infrastructure would create. That study revealed that it would cost American consumers \$200 billion by 2020. This points out just how critical and costly any disruption, delay, or denial of access to needed energy supplies can be to the American consumer.

Natural gas utilities and customers are in the same boat when prices go up—we are all hurt. Higher and more volatile prices have made customers shocked and angered by their monthly natural gas bills. AGA's member companies have borne the brunt of that anger, even though we simply pass the costs we pay for that gas on to the customer—with *no* mark-up or profit.

There are only two ways to solve this problem. We must decrease demand *and* increase supply. Americans have already significantly decreased their per capita use of energy—by around 20 percent per person during the past decade. Yet overall demand for natural gas is rising due to population increases and regulatory pressure for using clean natural gas for electric power production. Conservation alone is not the answer. Instead, we must also increase supplies of natural gas to meet rising demand. We need *both* conservation and increased supplies to ensure a healthy, vibrant economy with sustained growth. See AGA study *From the Ground Up – America's Natural Gas Supply Challenge* (<http://www.aga.org/FromTheGroundUp>).



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This two-pronged policy approach was recently advocated in the National Commission on Energy Policy's December 2004 report. In order to provide the ample, secure, clean and affordable energy supplies the nation requires, the Commission recommended "policies to expand and diversify available supplies of natural gas" among other things. Furthermore, the Commission notes that natural gas is a "fuel that is critically important to the nation's energy supply and that is likely to play a substantial role in the transition to a lower-carbon energy future." See *Ending the Energy Stalemate, A Bipartisan Strategy to Meet America's Energy Challenges* (<http://www.energycommission.org>).

Public health and welfare is also at stake. Poor families have had to struggle to pay to heat their homes in recent winters. Applications for charitable assistance and federal assistance under the Low Income Home Energy Assistance Program (LIHEAP) soared in recent winters. And many working poor families do not qualify for such assistance. Many poor families have to make hard choices between being warm and being fed. This tough fact often seems forgotten. From a broader public welfare perspective, if the current supply-demand imbalance and the resulting price volatility are allowed to continue, it could cause natural gas customers to switch to other less efficient, less secure and less environmentally friendly fuel sources. An AGA study estimates that a 50 percent increase in natural gas use could reduce oil imports by approximately 2.6 million barrels a day, while reducing emissions of our principal greenhouse gas, carbon dioxide, by some 930 million tons every year. See *Fueling the Future – Natural Gas & New Technologies for a Cleaner 21st Century (2001 Update)* at page 1 (<http://www.aga.org/FuelingTheFuture>).

To ensure that the United States has adequate supplies of natural gas to meet demand and to moderate prices, it must pursue new gas supply options in a timely and environmentally responsible manner. In this proceeding, BLM and DOE have an opportunity to help achieve this goal by streamlining the process for permitting repairs and construction of natural gas distribution lines and pipelines across federal lands in the West.

2. Expanded and New Energy Corridors on Federal Land Could Help:

AGA believes that designating new and expanded common corridors across federal lands in Western states could help to streamline environmental reviews and permitting for constructing and repairing new natural gas pipelines and distribution lines, *if* DOE, BLM and other relevant agencies use this as an opportunity to coordinate their permitting reviews, conduct consecutive rather than sequential reviews, and do as much as possible up front on a programmatic basis. AGA is concerned about the statement made on page 56648 in the Sept. 26, 2005 notice that:



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“Any corridor designation, and subsequent incorporation into an agency’s land use plan by this plan amendment process does not, itself, authorize project activities. Any new proposed project activities, such as construction of a new pipeline or electric transmission line or retrofitting utilities within an existing corridor, would be analyzed in subsequent NEPA analyses which would also involve public notice and comment. This PEIS is for corridor designation only.”

AGA is concerned that limiting the scope and effect of the Programmatic EIS in this manner will simply add another layer of review and delay to the process, and would delay getting needed supplies of natural gas delivered to customers in a time of rising demand and volatile prices. AGA urges DOE and BLM to clarify that the Programmatic EIS will consider foreseeable environmental impacts of the types of projects to be located in the corridors, and that environmental impacts already considered in the PEIS need not be re-evaluated in an EIS or EA for subsequent projects located in the common corridors. We believe this would help to expedite projects that will transport more energy supplies to consumers, as Congress intended the agencies would do under section 368 of the Energy Policy Act of 2005.

3. Safety and Other Concerns Must be Addressed:

AGA has several concerns about the risks that could be posed by locating multiple utilities and pipelines too close together. We are also concerned that the designation of corridors could block the use of more direct and efficient routes and could make needed energy projects infeasible. Our concerns, listed below, would be especially relevant to the “Increased Utilization Alternative” described in the notice at 70 Fed. Reg. 56,648. Also, these concerns would be heightened if a similar approach were extended in the future to designating energy corridors across private land in other states.

- a. **Homeland Security Risk:** Designating common energy corridors could present some downsides, especially if this concept were to be extended from federal lands to private lands nearer population centers. For example, placing all utilities in a common corridor could allow terrorists to locate them much more easily for a potential strike, and it could allow them to damage multiple sources of energy supply for a region with a single well-placed strike. DOE and BLM should consider whether there are any acceptable ways to reduce this risk.



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- b. Worker & Public Safety Risk:** Packing multiple utilities into a confined area could increase safety risks. Imagine for example a common corridor running along a town border with signs marking the below ground utilities. Then picture above ground high voltage electric transmission towers and lines. It would be likely that some construction or utility workers would be out in that corridor often, working under those overhead transmission lines and digging near multiple underground utilities with a backhoe. The close proximity of multiple buried lines could increase the risk of third party damage to natural gas pipelines and distribution lines, as well as to other utilities, and it could increase the risk of worker injuries. This could increase safety risks for adjacent landowners, the public, and utility workers employed by our member companies and others. Construction of a major transmission line typically requires large construction equipment, including for example large side-booms to lift and lay replacement pipe or looping pipe. It would be difficult to operate such equipment if other utilities are close by. Large equipment operated too close to other utility lines could create the potential for a spark of electricity to arc and injure someone or create a fire hazard. Workers sent out on a common corridor would need expertise to work over other pipelines or utilities that are "hot." AGA urges BLM and DOE to consider whether and how common corridors on federal lands could be designed or managed to help reduce these risks, while still helping to streamline and expedite projects that can transport energy supplies to consumers.
- c. Corridors Should Not Block Efficient Projects:** Designating common corridors for energy transmission could create some unintended consequences and could make needed energy projects financially infeasible. For example, say a natural gas utility company works with a potential new client that wants to build an efficient electric distributed generation facility or some other new growth customers that want to build new businesses in the immediate area. Say the utility determines it can build a new natural gas line into the area to serve those needs. If the DOE and BLM designate a common utility corridor that is several miles away from a more direct, efficient corridor that the utility company would propose to use, would the utility company be prevented from using the more direct route? If so, the more circuitous route



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through the designated corridor could make the project uneconomical. In addition, even if feasible, running the gas line to the common corridor and then running a market lateral out of that corridor to the customer could result in increased rather than decreased environmental impacts. It would be helpful to allow some flexibility when designating common energy corridors to avoid this result.

In closing, AGA supports the wise and careful designation of common energy corridors across federal land in the 11 Western states, if DOE and BLM are able to address the above concerns and ensure that their efforts help to expedite the delivery of natural gas to consumers.

If you should have any questions, please call Pam Lacey at 202-824-7340.

Respectfully submitted,

American Gas Association

By:

Pamela A. Lacey
Senior Managing Counsel
American Gas Association
400 North Capitol Street N.W.
Washington, D.C. 20001
placey@aga.org
(202) 824-7340