

# US FERC releases favorable environmental review for PennEast Pipeline

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## HIGHLIGHTS

**Two phases pitched amid New Jersey hurdles**

**Finds no significant impact on environment**

Washington — In a step forward for the stalled PennEast Pipeline project, staff of the Federal Energy Regulatory Commission has found the developers' new plan to divide the project into two phases would not constitute a major federal action significantly affecting the environment.

The roughly 118-mile, 1.1 Bcf/d natural gas pipeline project, originally intended to link Marcellus Shale dry gas production with markets in Pennsylvania, New Jersey and New York, has faced regulatory hurdles in New Jersey, and an appeals court ruling thwarting its ability to condemn lands in which the state held an interest.

To help the project advance in spite of those obstacles, PennEast proposed to amend the authorization and begin with a first phase, a 68-mile segment in Pennsylvania with the capacity to carry 695,000 Dt/d. A second phase segment, mostly in New Jersey, would enable the full capacity.

## Limited scope

The commission's plans to conduct an environmental assessment by July 10 focused on the limited new facilities required to build the project in two phases. It drew pushback from those calling for a more extensive review or more explanation of the need for each phase.

After the July 10 target date for the EA passed, PennEast recently argued that prompt release was critical for the project to meet shippers' needs for firm natural gas transportation service on the Phase I facilities by the winter 2012-22 hearing season.

Commission staff acted Aug. 3, releasing a favorable report for the project, mostly focused on the impacts of building a new above-ground facility within a 2.1-acre site — the Church Road interconnects in Bethlehem Township, Pennsylvania. The EA also considered effects of phasing in the pipeline on three areas, air quality, socioeconomics and cumulative impacts.

Tony Cox, chair of the PennEast Pipeline board of managers, welcomed the action as "another boost" for the project, which he described as "necessary to meet the vital and growing demand in the region for clean, low-cost, reliable natural gas to serve homes and businesses."

## Construction target

"PennEast will continue to work with stakeholders and adhere to the FERC process in the months ahead to receive the necessary approvals to begin Phase 1 service next year," he said in a statement Aug. 4.

The staff environmental report, however, drew quick criticism from some that have opposed the project and FERC's regulation of it.

"This is a new low in the commission's consideration, or lack thereof, of this project," said Jennifer Danis, senior fellow of the Sabine Center for Climate Change Law. "FERC asserts that 'the project' won't impact waters of the US because it is only about building the Church Street interconnect — while paradoxically defining project purpose as building both Phase 1 and Phase 2."

Her group and others challenging PennEast contend that FERC lacks jurisdiction to consider the proposal as a certificate amendment since the original certificate is already on appeal and jurisdiction already has shifted to the appeals court.

## PROPOSED PENNEAST PIPELINE ROUTE



Source: PennEast Pipeline

The PennEast project was set back by permit denials in New Jersey and by a ruling in the 3rd US Circuit Court of Appeals blocking it from condemning lands in which New Jersey holds an interest. The court ruling has been appealed to the US Supreme Court.

In a previous move helpful to the pipeline developers, FERC weighed in prior to the Supreme Court petition. The commission, in a split vote, issued a declaratory order stating that the Natural Gas Act empowers pipeline companies to use eminent domain to acquire state lands and warning of profoundly adverse impacts to interstate gas transportation development should the 3rd Circuit ruling stand.

The Supreme Court on June 29 put off deciding whether to hear the case, potentially for months and instead sought the view of the US solicitor general in that case.