

The Bottom Line: Pipeline not dead yet, but vital signs are flickering

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LENOX >> Is the 412-mile Tennessee Gas Co. pipeline project suspended on April 20 by parent company Kinder Morgan dead, as in terminated, once and for all?

Two prominent organizations opposing the project are flashing yellow lights, focusing on "suspended" and voicing fears that the ultra-controversial Northeast Energy Direct (NED) pipeline could yet be revived, perhaps in a reconfigured form — in other words, back from the almost-dead.

Even if the project is truly gone, it's not forgotten by the many town governments, homeowners and concerned citizens who organized intense opposition to the pipeline that would have crossed seven Berkshire towns, a half dozen more in the Pioneer Valley, and 18 communities in southern New Hampshire.

A 'SOLID CHANCE'

Northeast Energy Solutions (NEES) issued a statement this past week warning that it's premature to celebrate the demise of the pipeline dreaded by many, though in fairness it's necessary to point out that the project was supported by business leaders and some energy officials who believe natural gas is in short supply throughout our region and that more is needed.

"There is a solid chance that Kinder Morgan will reconfigure the proposed pipeline," declared Vincent DeVito, the legal counsel for NEES, in a filing to the state's highest court. "Kinder Morgan has only stated that it 'suspended further work and expenditures for the proposed Northeast Energy Direct pipeline project.' "

"Neither Kinder-Morgan, the DPU [Department of Public Utilities], the Berkshire Gas Co., nor the Columbia Gas Co. have officially confirmed that the [project] has been canceled, terminated, rescinded," he wrote to the Supreme Judicial Court.

DeVito cited a recent filing with the DPU by Berkshire Gas stating that they are engaged with Tennessee to explore "a possible amendment of their arrangement in order to determine whether some other agreement may achieve their mutual objectives."

In DeVito's view, there is "a solid chance" that "the parties may reach an alternative or amended agreement as a result of their ongoing negotiations which might allow them to proceed with some variation of the NED Project."

STATUS REPORT COMING

Earlier this month, Kathryn Eiseman, the Cummington-based director of the Pipeline Awareness Network for the Northeast, asked federal regulators to dismiss the Tennessee Gas project application once and for all.

I reached out to Richard Wheatley, Kinder Morgan's top public affairs official, who emphasized that within the next 10 days the company will submit a "status report" to the Federal Energy Regulatory Commission.

And what will the status be? He can't say right now, but he recommended a close inspection of the Kinder Morgan official statement issued April 20 that put the project on hold.

There are plenty of clues. The company couldn't get enough customers for the pipeline's voluminous natural gas supply. Only seven gas distribution companies, including Berkshire Gas, and utilities such as National Grid signed up.

"Unfortunately, despite working for more than two years and expending substantial shareholder resources, Tennessee did not receive the additional commitments it expected," the statement reads. "As a result, there are currently neither sufficient volumes, nor a reasonable expectation of securing them, to proceed with the project as it is currently configured."

Aha! "Currently configured." That's another phrase the opposition groups are seizing upon to fuel their publicly stated anxiety.

But the company also pointed out that Massachusetts has not adopted "regulatory procedures" that would allow utilities to pass along construction costs to electricity ratepayers who would see savings in their bills only after the pipeline went into operation.

'ALTERNATIVE SOLUTIONS'

The Kinder Morgan statement also referred to the "low-price environment" for gas and oil that "while good for consumers, has made it difficult for producers to make new long-term commitments." Because of those current market conditions and related financial instability, Tennessee Gas may not have been able to get the additional natural gas supply from the shale fields of Pennsylvania to market the project.

But the company left an opening for ongoing doubt when it stated that it "will continue to work with customers to explore alternative solutions to address their needs, particularly local distribution companies that are unable to fully serve consumers and businesses in their areas because of the lack of access to abundant, low-cost domestic natural gas."

I have a strong hunch that the Northeast Energy Direct project is indeed a goner. Confidence increases following a report in the Keene (N.H.) Sentinel that National Grid and Liberty Utilities in New Hampshire have withdrawn their agreements to purchase gas from the pipeline.

In addition, Berkshire Gas and Bay State Gas have told the DPU to stop reviewing their petitions to approve purchases from the pipeline.

Also in the power mix is the proposed Access Northeast pipeline project, a joint venture of National Grid, Eversource Energy and Spectra Energy.

It would pipe natural gas along an upgraded, existing line from New Jersey across two suburban counties north of New York City, then through central Connecticut to the Boston area and points northeast.

It looks as if the gravedigger is poised to bury the massive Tennessee Gas project once and for all. We'll know for sure by May 26.