

The Appalachian Energy and Manufacturing Infrastructure Revitalization Act

Sponsored by Senator Shelley Moore Capito

WHAT THE BILL DOES:

The *Appalachian Energy and Manufacturing Infrastructure Revitalization Act of 2017* directs the Secretary of Energy and the Secretary of Commerce, in consultation with other relevant federal agencies, to designate an Appalachian regional energy hub for natural gas and natural gas liquids – including storage and associated pipelines – as a “critical energy infrastructure” project. The Secretaries will designate one or more projects based on applications demonstrating direct and indirect economic and job creation benefits for Appalachia, a sound business model, secure sources of private and public funding, and the potential to revitalize manufacturing capacity in the region.

A designated project will enjoy expedited federal permitting. The Secretaries will identify the liaisons of federal and state agencies with regulatory oversight of the different elements of the hub to encourage coordination. The Federal Energy Regulatory Commission (FERC), which permits natural gas pipelines through a cooperative process with other regulators, will conduct its consensus-based approval process. Once a project has been approved by FERC, other regulatory agencies with oversight – which would have been conducting their own oversight processes contemporaneously and in coordination with that of FERC – would have 60 days to finalize their reviews or have them deemed approved.

The legislation also directs federal agencies overseeing federal grant and loan programs utilized by a designated project to expedite consideration of those applications to ensure no delays in development as a result of federal bureaucracy.

WHY THIS LEGISLATION IS IN THE NATIONAL INTEREST:

The unprecedented growth in natural gas production in the Marcellus, Utica, and Rogersville shales has fundamentally changed the natural gas market in the United States and helped restore America’s place as an energy superpower. However, a lack of infrastructure has meant much of the gas being produced has been “locked in” to the region, depressing prices and limiting the potential use of associated natural gas liquids such as ethane – a feedstock for a wide variety of consumer and industrial chemicals, plastics, and polymers – in manufacturing.

Right now, due to a lack of storage, these natural gas liquids are being sold alongside and at the same rate as methane. This leads to natural gas producers losing value, since the ethane and associated natural gas liquids have a higher energy yield than methane and would command a higher price if sold for use in making chemicals and polymers. In essence, manufacturing feedstocks are currently being burned off for heating and power generation. Establishing a storage hub, and thereby a regional market for this material, will end this waste and drive refining and manufacturing activity. A May 2017 study by the American Chemistry Council estimates that the project could create nearly \$36 billion in capital investment and more than 100,000 permanent jobs in Appalachia by 2025.

Drawing private sector investment to the initiative will require certainty that federal regulators will not indefinitely delay the relevant permits. The *Appalachian Energy and Manufacturing Infrastructure Revitalization Act* would require coordination between federal regulators and prevent agencies with auxiliary roles in energy permitting to endlessly delay this job creating infrastructure project.