

S. 1075, the Appalachian Ethane Storage Hub Study Act

Sponsored by Senator Capito; Cosponsored by Senators Manchin and Portman

WHAT THE BILL DOES:

The *Appalachian Ethane Storage Hub Study Act of 2017* directs the Secretary of Energy and the Secretary of Commerce, in consultation with other relevant federal agencies, to conduct a feasibility study of establishing a subterranean ethane storage and distribution hub in the Marcellus, Utica, and Rogersville shale plays in the United States.

The study would include an analysis of potential locations based on favorable geology, the economic feasibility and benefits of the project, infrastructure, and proximity to production sites and potential industrial consumers.

The study would be completed within two years of enactment of the Appalachian Ethane Storage Hub Study Act. This legislation is identical to an amendment Senator Capito offered, that was passed by voice vote, to an energy bill in the 114th Congress. Unfortunately, that legislation did not go on to be enacted, necessitating this standalone legislation.

WHY THIS STUDY 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.

An Appalachian storage hub and regional energy market would also add needed redundancy to the concentration of the country's refining and manufacturing capacity in the Gulf, which is threatened by natural disasters in Hurricane Alley. Geographically diversifying this American industry will enable producers and gulf refineries to focus on exports – reducing America's trade imbalance – while the Appalachian market could support domestic manufacturing of plastics, resins, and other polymers, in turn driving greater production of natural gas and its byproducts. Expanding these markets has the potential to create thousands of jobs and domestic consumers will benefit from lower prices and access to more goods that are made in America.

A federal feasibility study will demonstrate the economic potential of such a project, inform future federal energy and infrastructure policy in this arena, and encourage private investment in a region of the country that has faced unique challenges as the result of the reduction in domestic manufacturing. This study is the first step in an infrastructure development that will be vital to an America first energy and manufacturing strategy.