

Dominion Energy Transmission, Inc.
707 East Main Street, Richmond, VA 23219



August 13, 2018

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Atlantic Coast Pipeline, LLC. Atlantic Coast Pipeline
Dominion Energy Transmission, Inc., Supply Header Project
Docket Nos. CP15-554-000, CP15-554-001, CP15-554-002, CP15-555-000
and CP15-555-001
Notification of Stop Work Order**

Dear Secretary Bose:

By letter dated 10 August 2018 (“August 10 Notification”) in the above-referenced dockets, the Director of the Office of Energy Projects for the Federal Energy Regulatory Commission (“Commission”) directed Atlantic Coast Pipeline, LLC (“Atlantic”) and Dominion Energy Transmission, Inc. (“DETI”) to suspend construction activity – with limited exceptions – for the Atlantic Coast Pipeline Project (“ACP”) and the Supply Header Project (“SHP”) (collectively, the “Projects”). In the August 10 Notification, the Director also advised Atlantic and DETI to file supporting information with the Commission within three days regarding the independent utility of portions of these Projects that are not affected by an August 6 ruling on certain Project authorizations by the U.S. Court of Appeals for the Fourth Circuit (“August 6 Court Order”).¹

The SHP and ACP will provide reliable access to incremental, competitive natural gas supplies for homes and businesses in the mid-Atlantic region. These Projects are designed to provide needed gas transportation service for natural gas-fueled power generation, distribution utilities and industrial customers. The ACP will also provide key infrastructure support for the distribution of natural gas in eastern North Carolina, an area with limited natural gas pipeline infrastructure. Atlantic and DETI respectfully submit that the Projects’ customers will ultimately be best served by construction of the Projects in their entirety. We look forward to proceeding with all construction once the National Park Service and U.S. Fish and Wildlife Service (“FWS”) re-issue the necessary authorizations, and the Commission Staff then issues the necessary notices to proceed.

Nonetheless, substantial aspects of the Projects’ infrastructure offer independent utility and could be utilized to provide viable transportation services, even in the absence of those portions of the Projects that are affected by the August 6 Court Order. Atlantic and DETI

¹ *Sierra Club v. U.S. Dep’t of Interior*, No. 18-1082, No. 18-1083, 2018 WL 3717067, Order on Petitions for Review, U.S. Court of Appeals for the Fourth Circuit (Aug. 6, 2018) (hereinafter, the “August 6 Court Order”).

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request that construction of these portions be permitted to resume immediately, subject to the terms of any prior and future notices to proceed, as duly issued by the Commission Staff.

Supply Header Project

The SHP is designed to receive 1.5 million dekatherms per day (“Dt/day”) of natural gas on the existing DETI system. Customers will tender gas supply into DETI at various physical receipt points and/or at the Dominion South Point hub. Gas will be redelivered to the interconnection between DETI and ACP referred to as Marts, located in Lewis County, West Virginia. In order to perform the planned transportation service, DETI has been authorized to construct various compression and pipeline assets at locations on its existing system.²

The proposed SHP facilities are not addressed by the August 6 Court Order. Moreover, DETI was not a party to the judicial proceedings. One small portion of the SHP right of way does include a listed species habitat that is subject to the Incidental Take Statement (“ITS”) vacated by the Fourth Circuit on May 15, 2018; DETI affirms that it will continue to avoid that location pending the reissuance of an ITS, consistent with the Commission’s prior and future directives.³

Furthermore, DETI’s SHP certainly has utility independent of ACP. Even if the portions of ACP temporarily affected by the Court’s ruling were not constructed – a prospect that the Commission’s August 10 Notification recognizes as being remote – DETI could utilize all the proposed SHP facilities to receive incremental quantities of natural gas into the existing, reticulated DETI pipeline system. SHP infrastructure will facilitate additional natural gas supplies to and from Dominion South Point among multiple suppliers, markets and interconnected pipeline systems – including at least a portion of the planned ACP.

SHP-related enhancements to the DETI system would also bolster injection and withdrawal capabilities for DETI’s existing underground natural gas storage fields. For example, the gas flows made possible by SHP infrastructure would increase options to bring inventory to and from the 168-Bcf Fink-Kennedy/Lost Creek storage complex, which is located in the immediate vicinity of Marts in Lewis and Harrison Counties, West Virginia.

In summary, given the integrated nature of SHP facilities with DETI’s existing system, all aspects of the SHP infrastructure would serve independent utility without regard to portions of these Projects that are temporarily affected by the August 6 Court Order.

² Several aspects of the SHP involve modification of existing DETI stations and facilities.

³ Atlantic and DETI identified each habitat area that is to be avoided with respect to listed species covered by the ITS, in a supplemental filing to the Commission on May 22, 2018. The species-related information was provided under seal, as required by Commission regulations (Accession Numbers 20180522-0038 and 20180522-0039).

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Atlantic Coast Pipeline

The ACP is designed to transport natural gas from its interconnection with the DETI SHP facilities at Marts, to natural gas customers in Virginia and North Carolina. When completed, ACP will transport 1.5 million Dt/day, from the SHP receipt points to consumers in Virginia and North Carolina. However, even without components of the ACP that are temporarily affected by the August 6 Court Order, other portions of ACP would serve an independent utility.

Natural gas received via SHP, at Marts, can be redelivered by the planned ACP pipeline to its Long Run delivery point into Columbia Gas Transmission Corporation, LLC, in Randolph County, West Virginia. As designed, this interconnection will accommodate up to 300,000 Dt/day delivered into the Columbia Transmission system, which could be utilized to provide service to markets downstream of that point.⁴ The Long Run interconnection thus would provide a substantial, viable, competitive supply option for existing Columbia Transmission shippers, even if other portions of ACP were not constructed. Subject to avoidance of any areas affected by the vacatur of the ITS as noted below, Atlantic should be allowed to proceed with construction of this useful component of the ACP.

The ACP infrastructure from its Buckingham, Virginia interconnection with Transcontinental Gas Pipe Line Company LLC (“Transco”) to points downstream could be used for gas deliveries to markets in both North Carolina and eastern Virginia. These markets are chronically constrained in terms of natural gas supply. Independent of ACP’s proposed construction of pipeline upstream of the Buckingham – including areas affected by the August 6 Court Order – ACP could receive up to 885,000 Dt/day from Transco for service on the ACP main line and the Virginia lateral. Depending on the availability of supply and relative operating pressures on the Transco system, ACP expects that its physical receipts at Buckingham could exceed 885,000 Dt/day. Although this approach would not provide the full benefit of access to the DETI system and the liquid South Point market hub (which customers expect upon completion of the ACP), this portion of the ACP infrastructure (absent the portions of the project temporarily affected by the August 6 Court Order) would serve to redeliver gas to Hampton Roads and eastern North Carolina markets, where interstate pipeline capacity is either already fully subscribed, or nonexistent. This portion of the pipeline would also have independent utility from those portions impacted by the August 6 Court Order; therefore, ACP should be allowed to proceed with its construction.

⁴ Atlantic’s Marts compressor station includes several gas-fired units rather than a single large unit; therefore, the ACP compression will include the flexibility to support lower average flow rates as required for a more limited delivery of natural gas solely to the Long Run point in this scenario. Future modifications to the Long Run interconnection could accommodate increases in natural gas deliveries.

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Incidental Take Statement

Atlantic and DETI request clarification that the August 10 Notification should relate solely to vacatur of the authorization for the crossing of the Blue Ridge Parkway – which was the only new holding of the August 6 Court Order. Atlantic and DETI note that the August 6 Court Order affirms – but does not expand or modify – the Fourth Circuit court action to vacate the ITS as published on May 15, 2018. In fact, the August 6 Court Order notes that as to the Roanoke Logperch, the existing ITS methodology was appropriate.⁵

By letter dated May 22, 2018, Atlantic and DETI provided the Commission staff with a complete delineation of any Project areas with species or habitat that had been covered by the ITS.⁶ And as confirmed by letter to the Commission from the FWS dated June 28, 2018,⁷ the FWS Biological Opinion for these Projects was not suspended by the May 15 Fourth Circuit decision. Nor did the order review or suggest in any way that the analysis in the Biological Opinion is flawed or insufficient. As a result, the Biological Opinion for the Projects remains in full force and effect, notwithstanding the court's vacatur of the ITS.

On July 20, 2018, Atlantic and DETI submitted supplemental information explaining why the Court's vacatur of the ITS had no effect on construction in North Carolina.⁸ Subsequent to the FWS confirmation that its Biological Opinion remains in force, the Commission staff has authorized full construction in North Carolina, and has issued further limited notices to proceed with aspects of the Projects that are demonstrated to avoid any areas related to the ITS at issue. Subject to continued avoidance of all such areas, Atlantic and DETI respectfully submit that the Commission should not suspend work on portions of the Projects that are not affected by the ITS aspect of the August 6 Court Order. Rather, the Commission should continue to require Atlantic and DETI to avoid the identified, relevant work areas pending reissuance of the ITS.

In light of this information, Atlantic and DETI respectfully request that the Commission promptly allow construction to resume for independently useful portions of the Projects, subject to such conditions as the Commission may impose.

⁵ August 6 Court Order, slip op. at 20.

⁶ See the references at note 3, above.

⁷ Accession Number 20180628-5068.

⁸ Accession Number 20180720-5098.

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If you have any questions, please contact me at 866-319-3382.

Respectfully submitted,

/s/ Matthew R. Bley

Matthew R. Bley
Director Gas Transmission Certificates

cc: Terry Turpin, FERC

Document Content(s)

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