

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

**GAS TRANSMISSION
NORTHWEST LLC**

)
)
)
)

Docket No. CP22-2-000

**COMMENT BY WASHINGTON, OREGON AND CALIFORNIA REGARDING GAS
TRANSMISSION NORTHWEST’S MAY 15, 2023 SUPPLEMENTAL RESPONSE**

The Attorneys General of Washington, Oregon, and California (“the States”) hereby comment on GTN’s supplemental response to the Commission’s April 4, 2023 Data Request. GTN provides a market briefing from IHS Markit, but this briefing does not support a finding of need. *See* Supplemental Response to April 4, 2023 Data Request (May 15, 2023) (“IHS Markit Report”). As the Commission will note, the IHS Markit Report forecasts falling regional demand and rising production in the Western U.S., which more than offsets any declining production in the Rocky Mountains (“Rockies”). This is not a picture of need for more gas from Western Canada. As the IHS Markit Report makes clear, it is a desire to increase gas production in Western Canada that motivates GTN’s pipeline expansion, not to serve growing demand in the Northwest U.S.

According to the IHS Markit Report, the Western U.S. is experiencing “a steep drop in power sector demand,” as renewable energy replaces gas-fired electric generation. *Id.* at 7.¹ “[A]ny further potential electrification of residential and commercial space and water heating, especially in California,” will reduce regional gas demand even more. *Id.* at 9. Since IHS Markit’s Report in 2021, the States have further advanced policies to electrify residential and

¹ The States’ expert, David Hill, concluded the same, noting that any potential growth from commercial and residential heating loads – if it exists – would be “de minimis as compared the expected decline in demand for natural gas as fewer power plants in the region are fueled by natural gas.” States’ Protest, Ex. C at 56-57.

commercial heating, and even more renewable energy projects to supplant fossil fuel electric generation are underway. *See* States’ Mot. Intervene and Protest (Aug. 22, 2022), Ex. A at 4-12 (listing numerous state and local policies to electrify residential and commercial buildings and pending renewable energy projects since 2021). The projected drop in demand from electrification and clean electricity laws is not speculation. *See* GTN Response to April 4, 2023 Data Request (Apr. 18, 2023) at 4. GTN’s proffered market analysis confirms it.

The Report also illustrates how rising gas production in the Western U.S. more than offsets any decline in production from the Rockies, and may even oversupply the market. *See* IHS Markit Report at 9. While “Rockies production is expected to fall by 4.2 [billion cubic feet per day (“Bcf/d”)] over the next 30 years,” production from the Permian Basin is expected to rise by 5.6 Bcf/d over the same period. *Id.* at 7. “Total [U.S.] West production is projected to average 11.1 Bcf/d in 2050, 5 Bcf/d higher than 2021.” *Id.* at 50; *see also id.* at 44 (noting the trend of declining Rockies exports “is supported by our expectation that Rockies gas will continue to compete with supplies from other regions and the continued expansion of renewable energy sources in the west.”). In the Western U.S., the combination of falling regional demand and rising regional production will lead the region to become a net *exporter* of gas as early as 2032. *See id.* at 54, 55.²

In the absence of growing demand or a shortage in available supplies, the IHS Markit Report reveals that the market driver for GTN Xpress is a desire to enable more Western Canadian gas production. *See id.* at 10 (“Our forecast production increase [in Western Canada]

² The IHS Markit Report includes the impact of GTN Xpress in its forecast, *see id.* at 72, but concludes this expansion project “[is] expected to largely displace Rockies deliveries to [the Pacific Northwest] market,” not to fill a gap from declining Rockies production. *Id.* at 62.

. . . is predicated on the timely completion of pipeline expansions on the [NOVA Gas Transmission Limited] system in the short term”), 57 (“Western Canadian production remains demand constrained”). In light of this and other evidence showing that GTN Xpress will cause Western Canadian companies to produce more gas, the Commission must consider upstream emissions from that production as a reasonably foreseeable indirect effect of authorizing GTN Xpress. *See States’ Comment on Draft EIS (Aug. 22, 2022) at 10-12.*

Finally, the IHS Markit Report highlights the fact that, in the Western U.S., renewable energy competes with, and increasingly replaces methane gas. *See IHS Markit Report at 46* (“Our most recent power outlook for the Rockies shows significantly lower growth in gas-fired power generation from 2021 to 2030 from the prior outlook, owing largely to the penetration of solar power generation. We expect solar generation to rise by more than 6,000 GWh from 2021 to 2030”); 53 (“Over the long term, we expect demand to be weaker than previously expected owing to the continued gains of renewable energy fuels in the power market”); *see also id.* at 8, 10, 16, 39 (noting competition between renewables and methane gas in other regions). The Commission should therefore consider renewable energy alternatives that can and will satisfy the public’s need for more energy in the region. *See States’ Mot. Intervene and Protest at 28; States’ Comments on Draft EIS at 19-22.*

In conclusion, the IHS Markit Report provides the Commission further reasons to deny GTN’s Application. There is no evidence supporting a finding of project need.³

³ Should the Commission disagree and nonetheless approve the project, it should, at a minimum, impose conditions to mitigate ratepayer harms for when this project inevitably becomes a stranded asset (as there is no evidence that the project will be needed throughout its useful life). For instance, the Commission should ensure the project shippers bear all costs from the expansion, including the 2020 compressor replacements, and that the annual

Respectfully submitted this 31st day of May, 2023,

FOR THE STATE OF WASHINGTON:

ROBERT W. FERGUSON
Attorney General of Washington

By: /s/ Megan Sallomi
MEGAN SALLOMI
AURORA JANKE
Assistant Attorneys General
Environmental Protection Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188
Tel: (206) 389-2437
Megan.Sallomi@atg.wa.gov
Aurora.Janke@atg.wa.gov

FOR THE STATE OF OREGON:

ELLEN F. ROSENBLUM
Attorney General of Oregon

By: /s/ Paul Garrahan
PAUL GARRAHAN
Attorney-in-Charge
STEVE NOVICK
Special Assistant Attorney General
Natural Resources Section
Oregon Department of Justice
1162 Court Street NE
Salem, OR 97301-4096
Tel: (503) 947-4540
Paul.Garrahan@doj.state.or.us
Steve.Novick@doj.state.or.us

FOR THE STATE OF CALIFORNIA:

ROB BONTA
Attorney General of California
ABIGAIL BLODGETT
Supervising Deputy Attorney General

By: /s/ Adrianna Lobato
ADRIANNA LOBATO
Deputy Attorney General
Environmental Section
California Department of Justice
1300 I Street
Sacramento, CA 95814
Tel: (916) 210-6384
Adrianna.Lobato@doj.ca.gov

depreciation rate of assets is tied to GTN's current thirty-year precedent agreements, rather than the forty-seven-plus years that GTN currently estimates. *See* States' Mot. Intervene and Protest, Ex. C at 62-64.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding, by electronic mail.

Dated this 31st day of May, 2023 in Seattle, Washington.

/s/ Megan Sallomi
Megan Sallomi
Assistant Attorney General
Environmental Protection Division
Washington State Attorney General
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188
Tel: (206) 389-2437
Megan.Sallomi@atg.wa.gov