

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7970

In Re: Petition of Vermont Gas Systems, Inc., requesting a certificate of public good, pursuant to 30 V.S.A. Section 248, authorizing the construction of the "Addison Natural Gas Project" consisting of approximately 43 miles of new natural gas transmission pipeline in Chittenden and Addison Counties, approximately 5 miles of new distribution mainlines in Addison County, together with three new gate stations in Williston, New Haven and Middlebury, Vermont

**REPLY BRIEF OF VERMONT
FUEL DEALERS ASSOCIATION**

Introduction

Vermont Gas Systems, Inc. (VGS) should be denied a Certificate of Public Good to construct the pipeline in issue in this docket. The proof offered in support of the pipeline is sketchy or misleading in the areas that matter most: environmental impact and economics. After a media blitz and the filing of initial testimony that misstated the project's contribution to greenhouse gases and the supposed savings to Vermonters from the proposed pipeline, VGS was obliged to backpedal during the hearings to the point that it failed to meet its burden of proof that the project would bring benefits in these areas.

The testimony adduced from all expert witnesses on environmental impact questions showed a remarkable lack of answers regarding leaks in the pipeline transmission system that would supply the gas and the environmental damage caused by new technologies such as hydraulic fracturing and directional drilling. Furthermore, it became clear that these impacts will likely be measured with much more precision in studies that are underway and will be completed over the next couple of years.¹ Since the pipeline is not necessary for continued service to VGS customers, but rather is proposed simply to extend VGS' reach to customers who are now heating with other fuels, there is no urgency that justifies constructing the project before we have a clearer picture of its true environmental costs.

Environmental Impact

In its Proposed Findings of Fact and Brief dated October 11, 2013, the Conservation Law Foundation (CLF) set out proposed findings on the environmental impacts and made arguments in support of those findings that fairly reflect the proof in this case and the conclusions the Board should reach. (See CLF Brief, proposed findings 1 through 30, and related arguments.) The Vermont Fuel Dealers Association (VFDA) urges the Board to adopt those findings for the reasons given in the CLF brief. Specifically, we note that, consistent with the

¹ The Conservation Law Foundation's initial brief had an illustration of the fast-evolving knowledge in this field on page 8, with its citation to the final draft of the 5th IPCC Assessment, which found methane's potency over that of carbon dioxide to be significantly greater than previously thought.

testimony of VFDA witness Richard Sweetser, methane is a much more potent greenhouse gas than carbon dioxide, especially when compared over the “short” time of 20 years. We urge the Board to reinforce Vermont’s leadership in combating greenhouse gas by adopting the 20-year standard in its measurements, rather than waiting 100 years. The only purpose served in this case by applying the 100-year standard would be to make methane look more benign.

Economic Impact

The findings proposed by CLF relating to Least Cost Analysis (proposed findings 31 – 34, page 12 of the Brief) are also valid, although proposed finding 32 is incomplete, in that the comparison VGS did to fuel oil and propane failed to present any meaningful analysis of the likely relationship of natural gas prices to those of oil and propane in a volatile energy market in future years. As VFDA witness Eugene Guilford points out, all signs suggest that oil prices will moderate in relation to natural gas prices, due to increased demand for export of natural gas and its use for power generation, as well as lower incentives to drill for gas and higher incentives to drill for oil. In that regard, the VFDA proposes the following findings:

- By simply comparing the present-day costs of natural gas with those of heating oil and propane and projecting them out over time, the VGS least cost analysis failed to present a credible case for the

proposition that the price of heating oil and propane will exceed that of natural gas over the life of the project.

- A more sophisticated analysis would have taken into account the many variables that are likely to influence the price relationship of these fuels.

Comprehensive Energy Plan

It is ironic that a major fossil fuel project would be among the first undertakings after issuance of the Comprehensive Energy Plan that had the goal of 90% renewables by 2050. One would have thought that at least a few years should pass before the Department of Public Service promoted a source that is likely to deliver fossil fuel to a substantial segment of the Vermont population well past 2050. The fact that the expansion of natural gas was mentioned in passing in the Plan doesn't mean it won't make the 90% goal much harder to achieve. Therefore, the adoption of CLF's proposed findings 35 – 38 is appropriate.

Conclusion

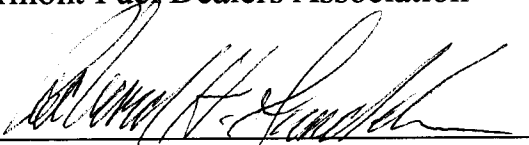
The petition should be denied. The project has not been adequately justified by sound environmental and economic analyses. In fact, it threatens to impose on Vermont and its neighbors a new, potent source of greenhouse gas with economic effects that are uncertain at best and could backfire over time.

Dated: October 25, 2013

Respectfully submitted,

Vermont Fuel Dealers Association

By


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