

News : Mountain Valley seeks US FERC nod to start service on 304-mile gas pipeline

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- Expects facilities to be ready in May
- Seeks regulator's signoff by May 23

The Mountain Valley Pipeline, a 304-mile, 2 Bcf/d natural gas pipeline project that will add another outlet for Appalachian Basin supplies, "will be ready for service in May," the developer said in a request to the US Federal Energy Regulatory Commission for authorization of the startup.

Timely authorization, which the developer has requested be given no later than May 23, is needed to enable project customers to make final preparations, including scheduling and nominations, ahead of long-term contracts that go into effect June 1, the company said in a April 22 request to FERC.

The pipeline project had been stalled for years amid litigation from environmental groups, but Congress cleared legal hurdles last summer as part of legislation to lift the US debt ceiling, allowing progress to resume.

The project, running through Virginia and West Virginia, has now finished all waterbody and wetlands crossings, Mountain Valley told FERC, adding that it has completed four interconnect facilities and three compressor stations, and packed the pipeline with gas from its northern terminus to milepost 77.4.

Remaining pipe segments are expected be welded by early May, and all project facilities are expected to be mechanically complete by May 22, the developer said in its April 22 request.

The final months of work have included challenging water crossings, according to executives speaking at Mountain Valley's recent earnings calls.

As for progress on restoration, Mountain Valley said more than 192 miles of the 304-mile project are in final stages of that work. While Mountain Valley indicated that two construction spreads had less than 50% in final restoration stages, the company presented the regulators with a summary of its restoration and post-construction monitoring plan.

"The entire project area is expected to be fully restored by August 2024 (depending on weather and other external factors)," Mountain Valley said.

Production ceilings

Analysts with S&P Global Commodity Insights have estimated that the long-anticipated pipeline would raise the Northeast's production ceiling by 600 MMcf/d.

"MVP capacity should grow the ceiling directly by reordering flows and enhancing Northeast production optionality, but is limited since it can only flow gas between West Virginia and Virginia," said Senior Research Analyst Olivia Arcuri. "It is possible MVP could flow at a rate above its production-enabling capacity of 600 MMcf/d, depending on seasonal demand variability and/or substituting for flows on other routes exiting the region."

She added, however, that the production ceiling would reach the full 2 Bcf/d of the pipeline project's capacity if Transcontinental Gas Pipe Line's 1.6 Bcf/d Southeast Supply Enhancement advances to operation, currently planned for late 2027.

Over the years since Mountain Valley was first authorized, environmental groups challenged multiple federal authorizations needed for construction in court, often warning of impacts of sedimentation and erosion on sensitive resources along the steep terrain. But their repeated legal victories in the US Court of Appeals for the 4th Circuit were overtaken by the June 2023 provisions in the debt ceiling bill, which told federal agencies to ratify and maintain permits to allow the project to progress to operation.

After the debt ceiling bill, project opponents raised concerns about the safety of pipes that had sat in the field for years, and the Pipeline and Hazardous Materials Safety Administration issued a consent decree outlining steps the developers needed to take to ensure pipeline integrity.

Mountain Valley told FERC April 22 that it had satisfied most aspects of that consent agreement, although some additional requirements remained to be satisfied in three spreads.

Recent pacing

One permitting analyst said Mountain Valley's time targets appear to align with the developers' construction status filings at FERC.

"Based on the most recent construction reports, we think they are on track for June 1 in-service," said Tom Sharp, director of permitting intelligence at Arbo. "The last construction report was filed on [April 12], and if they match their fastest recent pace, they could reach mechanical completion as soon as [April 27]," he said in an email, adding that he did not anticipate FERC would stand in the way.

David Sligh, conservation director of Wild Virginia, said in an interview that FERC should require full restoration before the project starts service, but added he would not be surprised if FERC grants the company request.

Separately, alongside the request for MVP in-service, Equitrans Midstream asked FERC for permission by May 23 to place into service the related Equitrans Expansion project (CP16-13), designed to provide 600 MMcf/d of north-to-south capacity on the mainline Equitrans system, including deliveries to Mountain Valley.

And Mountain Valley proposed to make a variety of updates to its tariff to reflect changes since it received its certificate order in 2017. Among those, the company proposed to add wording to allow for recovery of carbon tax or greenhouse gas costs when agreed to by pipeline shippers.

On a related project, Wild Virginia and other conservation groups filed a petition in the US Court of Appeals for the District of Columbia Circuit on April 22 challenging FERC's extension of the certificate for the 75-mile, 375 MMcf/d MVP Southgate project, running from southern Virginia into central North Carolina.

In their request for rehearing at FERC, the groups argued that days after the commission's extension approval, the pipeline company disclosed plans to alter the project, increase its capacity and serve a new customer -- and that the regulator has yet to review whether that version of the gas pipeline is required by the public convenience and necessity (CP19-14).

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