

Statement of Chad Teply
Senior Vice President, Transmission and Gulf of Mexico
The Williams Companies
Before the Committee on Energy and Natural Resources
United States Senate
Hearing to examine opportunities for Congress to reform the process for permitting
electric transmission lines, pipelines and energy production on federal lands

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Chairman Manchin, Ranking Member Barrasso, and Members of the Committee, thank you for the opportunity to testify today on the importance of natural gas infrastructure and the imperative for permitting reforms to ensure the continued development of natural gas infrastructure to serve our Nation's current and future energy needs.

My name is Chad Teply, and I am the Senior Vice President for the Transmission and Gulf of Mexico Area for The Williams Companies (Williams). I joined Williams in 2020, serving as Senior Vice President of Project Execution with responsibility for successfully delivering projects across the company's footprint through project development and execution, environmental permitting, regulatory engagement, and land management functions. I hold a bachelor's degree in mechanical engineering from South Dakota State University.

Demand for lower-carbon energy is rising, and natural gas is playing and will continue to play a fundamental role in moving the world to a lower carbon emissions future. At Williams, we believe that natural gas is critical to meeting our Nation's and the world's immediate need for reliable and affordable energy while also being a key fuel that will accelerate our transition to a more sustainable future. We believe that the next generation of energy is rooted in a strategic mix – natural gas, NextGen Gas, hydrogen, solar, wind, advanced nuclear, and other emerging technologies that can meet growing energy demand without sacrificing reliability, affordability, or safety. We recognize and embrace the challenge of meeting this growing energy need while at the same time reducing greenhouse gas emissions, ensuring energy security, and stimulating the technological growth required to build a vibrant economy.

Williams has taken essential steps to meet growing energy demand and achieve industry-leading emissions reductions. We were the first North American midstream company to establish a climate commitment. Williams has a near-term goal of a 56% reduction in greenhouse gas emissions from our operations by 2030 from 2005 levels, which aligns well with our Nation's Nationally Determined Contribution target of a 52% emissions reduction by 2030. In addition, Williams was the first North American pipeline company to join the United Nations Environment Programme's (UNEP) [Oil and Gas Methane Partnership 2.0](#) (OGMP 2.0), the global initiative designed to improve the energy industry's methane emissions reporting and to encourage progress in reducing those emissions. And we were a founding member of GTI's Veritas initiative, which was designed to measure and verify methane emissions reductions on natural gas systems consistently, credibly, and transparently. Williams is charting a path to net zero by 2050 involving immediate and long-term solutions, including decarbonizing the natural gas value chain while investing in renewables,

low-carbon solutions, and emerging technologies. We are also committed to growing the diversity and capabilities of our talented workforce, a workforce of team members dedicated to doing what is right every day of the year.

As one of the largest and most experienced midstream companies in the United States, Williams serves as the link between upstream energy producers and downstream users. We own and operate more than 30,000 miles of pipelines systemwide. Our pipelines include the following:

- Transco, the Nation's largest pipeline by volume, extends 10,500 miles in length and moves and delivers natural gas bi-directionally along the Gulf coast of Texas, Louisiana, Mississippi, Alabama, and Georgia and through the Atlantic seaboard states of South Carolina, North Carolina, Virginia, Maryland, New Jersey, and New York. Transco also extends into Pennsylvania.
- Northwest Pipeline is a 4,000-mile bi-directional system crossing the states of Washington, Oregon, Idaho, Wyoming, Utah, and Colorado, providing access to British Columbia, Alberta, Rocky Mountain, and San Juan Basin gas supplies. The pipeline system is the sole provider of significant interstate gas services to the Pacific Northwest market areas of Seattle and Tacoma, Washington; Portland, Oregon; and Boise, Idaho.
- MountainWest includes approximately 2,000 miles of natural gas transmission pipelines primarily located across Utah, Wyoming and Colorado as well as 56 Bcf of gas storage, including the Clay Basin underground storage reservoir.
- Gulfstream is a 745-mile pipeline delivering gas from the Gulf of Mexico to Florida.

Each day we handle approximately one-third of the natural gas used in the United States for power generation, residential, and industrial use. The natural gas that we gather and deliver has helped increase our nation's energy security while lowering utility bills and cutting emissions by displacing dirtier fuels along our footprint. And while we are focused on further decreasing the emissions intensity of the natural gas value chain, we are also placing an increased focus on unlocking the vast potential of additional low-carbon fuels such as renewable natural gas and hydrogen.

We appreciate you holding this hearing and the Committee's interest in providing regulatory certainty and fostering a regulatory environment that encourages infrastructure investment and lower-carbon energy deployment.

Importance of natural gas infrastructure

Natural gas is an abundant, reliable, and affordable energy source that eases high energy costs and energy insecurity, both domestically and abroad, and helps reduce emissions. Given that our more than 30,000 miles of pipelines already transport about one-third of the Nation's natural gas, Williams is well positioned to help the United States move into a lower carbon energy future. Our assets reach from the Northwest to the Gulf and into the Northeast, forming the backbone of American energy supply and putting Williams in a strategic location for continued growth. With

some thoughtful regulatory reform to help us move forward, natural gas can lead the way for low-carbon, utility-scale renewable electric generation across the country.¹

The U.S. is endowed with significant natural gas resources that could play a key role in addressing three challenges that the global energy industry—and the world—faces today. First, the U.S. could provide reliable, affordable energy to help counter price pressure across the U.S. and Europe. Since the Russian invasion of Ukraine, we have seen unprecedented energy price spikes and insecurity among our allies in Europe. Second, the U.S. could provide energy security by exporting liquefied natural gas (LNG) to U.S. allies in Europe that previously relied on Russian natural gas. Third, natural gas can continue to replace other higher-emission forms of energy to decarbonize the energy sector, particularly in countries like India and China. In addition to replacing power from higher-carbon sources, natural gas-fired electricity provides a vital complement to variable forms of renewable generation, enabling growth of the sector while ensuring reliability.

The U.S. has the potential to provide this low-cost, alternative energy source, and it could be activated quickly. Greater collaboration across the industry, regulators, and consumers could unlock this potential. Stakeholders could develop U.S. gas infrastructure, support reliable gas supply and commit to long-term offtake agreements. These measures will help keep U.S. gas prices low and facilitate increased exports, thereby maintaining U.S. energy independence and providing energy security.²

Overall, as a country, we need to continue working on permitting reform to ensure we have the infrastructure in place to provide safe, reliable and affordable energy to U.S. citizens and the world. A streamlined permitting process would allow for faster and more cost-effective development of infrastructure, lowering energy costs for people worldwide and helping to further reduce our nation's carbon footprint.³

The Permitting Reform Imperative

Williams is encouraged by the broad bipartisan interest in reforming permitting processes for our Nation's energy infrastructure.

Permitting reform is vitally needed, especially in the pipeline sector. Although it only takes 6-9 months to build a pipeline across multiple states, the regulatory process that precedes such a project currently takes about four years. Virtually every pipeline project encounters costly and time-consuming delays due to duplicative permitting processes, a lack of cooperation between agencies, and inadequate judicial review standards.

¹ Armstrong, A. (2023, May 15). *Who will power the power of tomorrow?*. Williams Companies. <https://www.williams.com/2023/05/15/who-will-power-the-power-of-tomorrow/>

² Dalena, M., Dediu, D., Fiori, L. D., & Stackhouse, B. (2022, November 16). *How North American natural gas could alleviate the global energy crisis*. McKinsey & Company. <https://www.mckinsey.com/industries/oil-and-gas/our-insights/how-north-american-natural-gas-could-alleviate-the-global-energy-crisis>

³ Armstrong, A. (2023, May 15). *Who will power the power of tomorrow?*. Williams Companies. <https://www.williams.com/2023/05/15/who-will-power-the-power-of-tomorrow/>

The reforms enacted through the Fiscal Responsibility Act of 2023 were a vital initial downpayment on the permitting reform effort. In particular, we were pleased to see the modifications to the National Environmental Policy Act (NEPA) procedures for environmental impact reviews. Williams is a strong believer in NEPA and the Environmental Impact Statement (EIS) process. We use the EIS process to engage with affected communities and understand their needs. And in our experience, the EIS process helps us identify modifications we can make to pipeline projects that will avoid or mitigate adverse impacts on the environment. The reforms in the Fiscal Responsibility Act will improve NEPA reviews by making them more efficient, effective, and focused on real measurable impacts.

In addition, Williams supports the long-overdue approval of the Mountain Valley Pipeline, which will be a critical natural gas artery for the Southeast.

Even so, the Fiscal Responsibility Act left significant unfinished business for reform of NEPA and for other federal permitting and review processes. We appreciate that Senators on this Committee from both parties – including the Chairman and the Ranking Member – are committed to pressing forward on more comprehensive reforms.

To that end, Williams strongly supports the “Spur Permitting of Underdeveloped Resources” (SPUR) Act, introduced by Ranking Member Barrasso. The SPUR Act will unlock the Nation’s full energy potential by eliminating inefficient bottlenecks in federal permitting and approval procedures. The SPUR Act includes vitally important reforms that will ensure the efficient development of our Nation’s substantial energy resources and the infrastructure necessary to delivering it to end-users, including the following:

- Section 1101 directs the Secretary of Energy to resume quarterly onshore oil and gas lease sales from federal lands and to undertake a process for determining whether a reduction in royalty rates for such sales is in the national interest.
- Section 1102 directs the Secretary of Energy to complete a long-delayed five-year plan for offshore oil and gas lease sales. Section 1102 also ensures that lawsuits will not impede such sales.
- Sections 1201-1205 establish a cooperative federalism approach for oil and gas development, recognizing the vital interests that states have in their subsurface resources.
- Sections 1301 and 1302 break through bottlenecks for approval of liquefied natural gas facilities, including directing the Secretary of Energy to act on applications for such facilities within 45 days.
- Title III includes a range of vital reforms to actions by the Federal Energy Regulatory Commission (FERC). Among other things, Title III directs FERC to adopt tariff provisions, rate treatments, and other reforms necessary to ensure the adequacy, affordability, reliability, and security of natural gas delivered by pipelines. Title III also reforms judicial review procedures. It requires a reviewing court to remand any federal or state agency denial of a permit for an interstate pipeline project if the permit denial is not supported by clear and convincing evidence.

In addition to these reforms, I want to highlight a provision in Title III that is critically important to the Nation’s pipeline infrastructure: Section 3004 (“Promoting interagency coordination for review of natural gas projects”).

Section 3004 goes a long way to restoring the federal-state balance of permitting and review processes contemplated by Congress when it enacted the Natural Gas Act of 1938. In that legislation, Congress affirmed that there is a public interest in interstate natural gas pipelines. Congress also recognized that interstate natural gas pipelines were a unique type of infrastructure because they cross multiple jurisdictions. To ensure that pipelines deemed in the national interest can be efficiently developed and constructed, Congress strengthened the federal oversight role and generally preempted state permitting. This approach was designed to prevent one state from “breaking the chain” of a needed multi-state pipeline project absent compelling reasons.

Even so, interstate natural gas pipeline projects remain subject to a vast complex of federal permitting and review procedures, as illustrated in Appendix A (*Regulatory Flow Chart*). A cornerstone of this complex is the NEPA review process, which, as discussed above, mandates a full analysis of a proposed project’s environmental impacts—with ample input from federal, state, and local agencies.

Although Congress emphasized a relatively stronger federal oversight role for interstate pipeline projects, it carved out limited but important permitting roles for states in such projects. One of these exceptions to the Natural Gas Act’s general preemption of state permitting is Section 401 of the Clean Water Act. Section 401, a federal program, authorizes a state to determine whether a federally authorized project of any kind will comply with the state’s EPA-delegated water quality standards. Section 401 authorizes a state to condition or deny the proposed project if the state determines that it will be in violation of federal water quality standards.

Most states use their Section 401 authority as Congress intended—i.e., to work with project developers to ensure that the project is designed to avoid or mitigate adverse water impacts. However, a few states have abused their Section 401 authorities in the context of interstate natural gas pipelines—effectively using Section 401 as a one-state veto power over an interstate project. These states oppose almost all interstate natural gas pipelines. And they are using minimal—and, in some cases, temporary—projected water quality impacts as a pretense to block projects that would provide benefits to multiple states. Oftentimes, these states move the goal line for projects they do not like, applying a different standard to pipeline projects. In fact, their denials have been directed almost exclusively against pipelines that FERC has already determined are in the public interest and that do not, based on multi-agency NEPA environmental reviews, have the sort of water quality impacts that should prevent the project from moving forward.

Williams has firsthand experience with this sort of blocking action. Two pipeline projects proposed by Williams demonstrate the need for restoring the federal-state balance enshrined in the Natural Gas Act.

The Constitution Pipeline, proposed by Williams and its partners, natural gas producers in the Marcellus region, was a planned 124-mile natural gas pipeline originating in Pennsylvania and terminating in New York with connections to other major pipelines to transport the gas to

consumers in New England. After a comprehensive review that included an environmental analysis consistent with NEPA, the Federal Energy Regulatory Commission found that the project was required by the public interest and authorized the project. Other federal and state agencies, including state agencies in Pennsylvania, also issued the required permits for the project. The New York Department of Environmental Conservation, however, denied certification of the project using authority under Section 401 of the Clean Water Act for the first time to stop a federally regulated interstate pipeline project in the state. Although, FERC later ruled that New York's denial came too late and New York's authority had been waived, the time spent litigating the denial ultimately doomed the project. The project would have benefited New England by bringing natural gas from the Marcellus region—right on New England's doorstep—lowering natural gas prices and allowing some people and businesses to switch from dirtier and more expensive fuel-oil heating to clean-burning natural gas for the first time, ultimately reducing emissions.

Williams's Northeast Supply Enhancement Project, or NESE, has a similar and unfortunate story. NESE is an expansion of Transco's existing pipeline system in Pennsylvania, New Jersey, and New York designed to serve New York markets. The customer for the project, National Grid, will use the natural gas transported on the project to serve some of its 1.8 million customers in Brooklyn, Queens, Staten Island, and Long Island. One of the main drivers of the project is to allow National Grid, the largest distributor of natural gas in the U.S., to convert customers heating their homes and businesses with fuel oil to natural gas. FERC approved the nearly \$1 billion project in 2019, finding the project is required by the public interest. Despite this, the New York Department of Environmental Conservation has denied the Clean Water Act Section 401 water quality certification—twice—on dubious grounds. The NESE project will have demonstrated benefits, including generating over \$300 million in additional economic activity, preventing a natural gas moratorium in NYC and on Long Island, and facilitating oil-to-gas conversions for homes. In addition to providing a reliable source of energy for New York City and Long Island and helping National Grid meet its growing demand for natural gas oil-to-gas conversions, the project allows for the potential displacement of 900,000 barrels of heating oil and a 200,000-ton reduction of CO2 emissions. These numerous benefits to National Grid, its customers, and the general public have been delayed due to the unreasonable denial of certification by New York.

In both the Constitution and NESE projects, Williams made extensive good-faith efforts to address any concerns about water quality impacts, including through various modifications to the design of the project and the construction process. However, it became clear that the state was simply “anti-gas” and deploying its Section 401 authority as a veto power, denying the benefits of these projects to other states. Such actions are inconsistent with the intent of the Natural Gas Act.

These projects illustrate the need for permitting reforms in Section 3004 of the SPUR Act. Section 3004 does the following:

- Brings state reviews of interstate natural gas projects into the FERC-led NEPA environmental review process and removes them from the Section 401 process. Other intrastate activities that require federal permits and authorities remain subject to Section 401.
- Provides a state that has concerns about a project's water quality impacts with the right to be a participating agency under the FERC-led NEPA process—the proper forum to address such concerns.

- Authorizes FERC, based on state and EPA input, to include in any order or certificate for a project those terms and conditions that FERC finds are necessary to ensure the project's compliance with applicable water quality requirements—provided that the finding is supported by clear and convincing evidence.
- Under long-standing NEPA case law, the NEPA lead agency must give due consideration to input from states and other participating agencies. Long-standing case law requires any NEPA review to take a “hard look” at environmental impacts that could arise from a project. If a NEPA review ignores impacts that could result in a violation of federal environmental law, the review will fail the “hard look” standard. Accordingly, the NEPA process provides robust safeguards for water quality resources in any affected state.

Accordingly, Section 3004 of the SPUR Act solves the one-state veto problem while still preserving critical environmental protections:

- States still get the benefit of NEPA review. States participate in, and recommend mitigation measures as part of, the NEPA review process.
- Interstate natural gas pipelines still have to comply with the Clean Water Act. Just because the SPUR Act removes proposed interstate natural gas pipelines from the purview of Section 401 certification, that does not mean it removes pipelines from the purview of the entire Clean Water Act. An interstate natural gas pipeline will still have to comply with all applicable water quality laws and mitigation measures.

For these reasons, Section 3004 is a common-sense reform that will provide continued assurances of water quality protection while serving the public's interest in building needed interstate energy infrastructure. We strongly urge the Committee to enact these reforms.

Conclusion

With its abundant natural gas supplies, the United States is perfectly positioned to move to a lower-carbon future with affordable, reliable and secure energy. Reforms to federal permitting and review processes will help us realize this future. Williams appreciates the efforts of this Committee to apply its expertise to these issues. We stand ready to be a resource in your work.

