

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
(CEI SOUTH OR CENTERPOINT INDIANA SOUTH)

IURC CAUSE NO. 45564

REBUTTAL TESTIMONY
OF
STEVEN C. GREENLEY
SENIOR VICE PRESIDENT, GENERATION DEVELOPMENT

ON
OVERVIEW OF PETITIONER'S RESPONSE TO THE DIRECT TESTIMONY OF
INTERVENING PARTIES

SPONSORING PETITIONER'S EXHIBIT NO. 1-R
ATTACHMENT SCG-R1

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REBUTTAL TESTIMONY OF STEVEN C. GREENLEY

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Steven C. Greenley. My business address is 211 NW Riverside Drive,
5 Evansville, Indiana, 47708.

6

7 **Q. By whom are you employed?**

8 A. I am employed by CenterPoint Houston Electric, LLC, a wholly-owned subsidiary of
9 CenterPoint Energy, Inc.

10

11 **Q. On whose behalf are you testifying in this proceeding?**

12 A. I am submitting testimony on behalf of Southern Indiana Gas and Electric Company
13 d/b/a CenterPoint Energy Indiana South ("Petitioner", "CenterPoint Indiana South",
14 "CEI South", or "Company"), which is an indirect subsidiary of CenterPoint Energy, Inc.

15

16 **Q. Are you the same Steven C. Greenley who pre-filed direct testimony in this**
17 **Cause?**

18 A. Yes.

19

20

21 **II. PURPOSE AND SCOPE**

22

23

1 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

2 A. I will provide a summary of each of our rebuttal witnesses and the areas that they
3 address in their rebuttal testimony. I will also provide an overview of where the various
4 parties have landed in this case. In short, each of them asks that our request be
5 denied; however, they disagree dramatically concerning what path we should take.
6 Collectively, they recommend a course of action that suffers from “analysis paralysis”
7 – the inability to make a decision due to over-analyzing a problem. Were the
8 Commission to adopt their recommendations, we risk losing: (1) our signed
9 Engineering, Procurement, and Construction (“EPC”) contract for the new CTs; (2) our
10 interconnection rights from building new generation at the Brown site; (3) the benefits
11 of environmental netting; and (4) the benefits from securitization recently made
12 available through Senate Enrolled Act 386 adopted during the 2021 Session of the
13 General Assembly. On top of that, we would be subjecting our customers to massive
14 risk from a higher cost portfolio and potentially volatile swings in the price of energy
15 and capacity while we wait for further analysis.

16
17 I have not attempted to respond to every argument made by each OUCC or Intervenor
18 witness. The fact that I may not have responded to any particular argument or
19 statement made by either the OUCC or Intervenor witnesses does not indicate my
20 agreement with that argument or statement.

21
22 **Q. Are you sponsoring any attachments to rebuttal in this proceeding?**

23 A. Yes. I am sponsoring Petitioner's Exhibit No. 1-R, **Attachment SCG-R1**, which is a
24 pleading before the Federal Energy Regulatory Commission (“FERC”) filed by Texas
25 Tas Transmission, LLC (“TGT”) with respect to its proposed lateral pipeline project.

1 **Q. Was this attachment assembled by you or under your supervision?**

2 A. The attachment was reviewed and assembled by me for use as an attachment to my
3 testimony.

4

5 **Q. Please briefly introduce the other witnesses who will be testifying in rebuttal on**
6 **behalf of Petitioner.**

7 A. In addition to my rebuttal testimony, the Company offers the rebuttal testimony of the
8 following witnesses:

9

10 Mr. Wayne D. Games, Vice President, Power Generation Operations, responds to
11 testimony from the Indiana Office of Utility Counselor ("OUCC") regarding coal-to-gas
12 conversion and explains why the proposed CTs are the best economic and reliability
13 option for our customers. He also responds to testimony from Sunrise Coal by
14 explaining why continuation of Brown as coal units is not viable. Finally, he will
15 respond to Citizens Action Coalition of Indiana, Inc. ("CAC") criticism about the status
16 of negotiations for the EPC contract, which will include an update of the best estimate
17 of costs.

18

19 Ms. Angila M. Retherford, Vice President, Environmental and Corporate
20 Responsibility, explains why Sunrise Coal's proposal to terminate our existing Brown
21 Ash Pond Compliance Plan is not in the public interest and would not allow us to
22 continue using Brown as coal-fired units beyond 2023 even if we were to do so. She
23 also responds to speculation from Sunrise Coal about the decision of FERC to prepare
24 an Environmental Impact Study for the gas lateral to serve the two CTs. Finally, she
25 will respond to the OUCC's challenge to our proposed compliance projects in this case.

1 Mr. Matthew A. Rice, Director of Indiana Electric Regulatory & Rates, responds to
2 criticisms that have been raised by all other parties related to modeling. He responds
3 to the OUCC's recommendation that we pursue a coal-to-gas conversion. He
4 responds to the CAC's claims that demand response programs can be used in place
5 of the CTs. He responds to Sierra Club's suggestion that imports and exports can be
6 used to support large amounts of renewables. Finally, he addresses the Industrial
7 Group's claims about cost recovery associated with the fixed demand costs associated
8 with the gas lateral.

9

10 Ms. Paula J. Grizzle, Director of Gas Supply and Portfolio Optimization, responds to
11 testimony about recent trends in natural gas prices and criticisms of the Texas Gas
12 Transmission contract.

13

14 Ms. Kara R. Gostenhofer, Director and Assistant Controller, responds to testimony
15 from the OUCC and Industrial Group regarding various accounting and ratemaking
16 aspects of our proposal.

17

18 Ms. Rina H. Harris, Director, Energy Solutions and Business Services, responds to
19 CAC testimony regarding the prospects for additional demand response.

20

21 Mr. F. Shane Bradford, Director, Power Supply Services, notes the wide variety of
22 expectations among the other parties regarding the risks and likelihood of a capacity
23 shortfall. He will also respond to OUCC testimony to explain the economics of the
24 dispatch of the CTs and to explain the value of fast-ramping, fast-start dispatchable
25 capacity in a market that is rapidly changing.

1 Mr. Steven A. Hoover, Regional Director of Gas Engineering, will respond to Industrial
2 Group and CAC testimony about the size, capacity, and location of the gas lateral.

3
4
5 **III. ALTERNATIVE COURSES OF ACTION RECOMMENDED BY OTHER PARTIES**

6
7 **Q. You indicated that each of the other parties has recommended the certificate of**
8 **public convenience and necessity (“CPCN”) for the two combustion turbines be**
9 **denied. What alternative course of action does each party recommend?**

10 A. The OUCC requests that CEI South be “required” to pursue refueling the Brown units
11 to natural gas.¹ Sunrise Coal recommends that we abandon our approved plan to
12 remediate the Brown Ash Pond by removal for beneficial reuse and instead
13 “immediately . . . refile with the EPA an alternative CCR compliance strategy” that
14 would allow us to continue burning coal at Brown.² The Industrial Group criticizes
15 constructing two CTs instead of one at this time and is also concerned about the
16 potential risk that the CPCN could be issued yet the FERC approval of the gas lateral
17 to serve the CTs could be denied; while the Industrial Group does not recommend an
18 ““alternative”, Mr. Gorman alludes to awaiting the next IRP.³ The Sierra Club
19 recommends that CEI South pursue a portfolio built on renewables and storage.⁴
20 Finally, CAC recommends we wait until after the next IRP.⁵

¹ Alvarez Testimony, at p. 3.

² Medine Testimony, at p. 4.

³ Gorman Testimony, at pp. 2 and 18.

⁴ Goggin Testimony, at p. 56.

⁵ Sommer Testimony, at p. 5.

1 **Q. What is your response to these divergent views?**

2 A. Other witnesses will respond more directly to the particular flaws in each party's
3 alternative recommendation. I am struck by the fact that we have completely different
4 recommendations, ranging from perhaps building one CT after the next IRP, to
5 refueling Brown, to maintaining Brown as coal units, to pursuing all renewables. The
6 task is not to arrive at a "perfect" plan, and certainly not a plan that could appease all
7 of these divergent interests represented by our stakeholders. Indeed, if we had to
8 achieve unanimity among our stakeholders, I do not believe that would be possible.
9 The task is to present a proposal that is required by the public convenience and
10 necessity. CEI South has presented such a proposal. None of the alternative courses
11 of action put forth by our stakeholders does so. Instead, each of them has
12 recommended a course of action that would deny to our customers the benefits of the
13 preferred portfolio and, due to delay, would likely deny to them the benefits these
14 stakeholders have assumed would be provided by their alternate path. In short, delay
15 is not an option.

16
17 **Q. Why is further delay not an option?**

18 A. As explained by Witness Retherford on direct and in rebuttal, Brown must be retired
19 as coal-fired generation in 2023; and retaining Brown beyond that date presents far
20 greater problems beyond terminating our existing approved Compliance Project for
21 the Ash Pond. We have procured capacity for the bridge between the retirement of
22 Brown and the placement in service of the proposed CTs, but not for the much more
23 extensive delays that would result from waiting until after our next IRP. We are in the
24 2022 IRP cycle, but if the CPCN is denied later this year, it will completely upset that
25 timing. We would need an extension of six months (perhaps more) to revise the

1 planning process to account for the Order in this case, which means we will be
2 presenting our next IRP no sooner than mid-2023. I would not expect the process for
3 the IRP to have concluded until at least mid-2024. After we have filed the IRP, we
4 must pull together all of the required competitive procurement evidence to support a
5 request for generation identified in the preferred portfolio from the IRP. In this period
6 of rising inflation, one can only speculate as to what costs estimates will look like in
7 three years compared to what they are today. Assuming the preliminary cost
8 estimates are in line with the bids, that case could not realistically be filed before mid-
9 2024. Given the differences of opinion we have seen in this case, I would expect that
10 case to be just as contentious as this one has been. Even if we adopted precisely one
11 of the recommendations of the parties presented here, I would anticipate all of the
12 other parties to continue to oppose it. We are likely looking at an order no sooner than
13 mid-2025. Assuming the same two years of construction that we have estimated here,
14 we would expect to place in service the ultimate replacement generation by mid-2027.
15

16 **Q. Why is that additional delay inconsistent with the public convenience and**
17 **necessity?**

18 A. Several reasons. First, that is an additional three years of capacity that we would be
19 short and that we do not presently have. Second, we will have lost the benefits of our
20 recently executed EPC contract, which is designed to provide protection against
21 inflation. There is nothing to protect our customers from the inflation that might occur
22 during the additional three years. Third, we may very well lose the benefits of the pilot
23 program to securitize the Brown stranded costs. The OUCC's proposed course of
24 action does not involve retirement of Brown; and if there is no use of the pilot program,
25 it is uncertain what the General Assembly will have to study concerning securitization

1 in the 2023 Session. Fourth, the length of delay we are discussing could very well
2 cost the interconnection rights and, as Witness Retherford explains, may also risk the
3 environmental netting that constructing on the Brown site would otherwise enjoy. We
4 are talking about a course of action that could result in placement in service of the
5 replacement generation at least four years after Brown is retired.

6

7 **Q. What about the possibility of waiting until after the FERC has made its decision**
8 **on the gas lateral before granting a CPCN?**

9 A. This is akin to a chicken/egg issue. Both the FERC approval and the CPCN are
10 needed for our preferred portfolio under the current IRP. If the CPCN is granted, we
11 may proceed to issue a limited notice to proceed under our EPC contract, managing
12 the risk so that costs incurred will be minimal before the FERC has ruled. Then if the
13 FERC were to deny the approval, we would have to address the changed
14 circumstances in our next IRP, presenting all of the problems that I just covered. But
15 if the CPCN were denied so that the FERC could rule first, it puts us in this worst-case
16 scenario where we get pushed into the next IRP cycle even though the FERC has not
17 ruled.

18

19 **Q. Are there any reasons why it would not be appropriate for the Commission to**
20 **deny or delay approval based upon the pending FERC docket?**

21 A. Yes. I am attaching Petitioner's Exhibit No. 1-R, Attachment SCG-R1, which is a
22 copy of the Answer TGT filed in the FERC docket to comments filed by two of the
23 parties to this proceeding, CAC and Sierra Club. From reading the answer, it appears
24 to me that CAC and Sierra Club are arguing before the FERC that the requested
25 pipeline approval should be denied because there are allegedly "alternatives" to the

1 two CT Project that we have proposed here. The determination whether the CT
2 Project should be approved or not is exclusively a decision for this Commission, not
3 the FERC. Both entities, the Indiana Utility Regulatory Commission ("IURC") and the
4 FERC, are independent agencies with their own enabling legislation, regulations,
5 rules, and processes. It is inappropriate to imply that one proceeding is dependent
6 upon the or should wait on the other. This attempt to usurp the IURC's valid authority
7 to determine the resource mix for the future of Indiana is improper.

8

9

10 **IV. RECOMMENDATION AND CONCLUSION**

11

12 **Q. What is your recommendation?**

13 A. I recommend the CPCN be issued for the two CTs and that the other relief CEI South
14 has requested in this cause be granted.

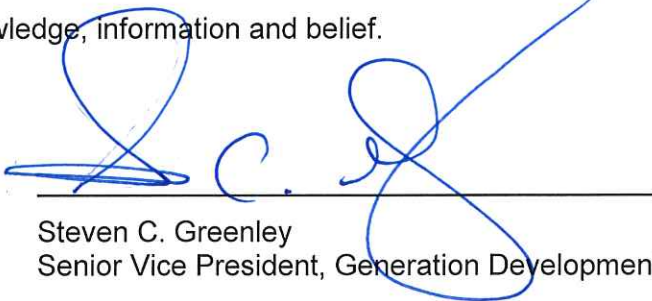
15

16 **Q. Does this conclude your prepared rebuttal testimony?**

17 A. Yes, it does.

VERIFICATION

I, Steven C. Greenley, Senior Vice President of Generation Development for CenterPoint Energy Inc., under the penalty of perjury, affirm that the answers in the foregoing Rebuttal Testimony are true to the best of my knowledge, information and belief.



Steven C. Greenley
Senior Vice President, Generation Development

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Texas Gas Transmission, LLC) Docket No. CP21-467-000

ANSWER OF TEXAS GAS TRANSMISSION, LLC

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure,¹ Texas Gas Transmission, LLC ("Texas Gas"), submits this Answer to the scoping comments filed by Citizens Action Coalition of Indiana ("CAC"), Sierra Club, and the U.S. Environmental Protection Agency ("EPA") in response to the Commission's Notice of Intent to Prepare an Environmental Impact Statement for the Proposed Henderson County Expansion Project, Request for Comments on Environmental Issues, and Schedule for Environmental Review.² The Commission should reject CAC's and Sierra Club's continued mischaracterizations of Texas Gas' Henderson County Expansion Project ("Project") and the policies that govern the Commission's environmental review of the Project. The Commission should also address EPA's comments as discussed herein. Upon completion of its environmental review of the Project, the Commission should conclude that the Project is required by the public convenience and necessity and issue an order authorizing the Project no later than September 16, 2022.

¹ 18 C.F.R. § 385.213 (2021).

² *Texas Gas Transmission, LLC*, Notice of Intent to Prepare an Environmental Impact Statement for the Proposed Henderson County Expansion Project, Request for Comments on Environmental Issues, and Schedule for Environmental Review, Docket No. CP21-467-000 (Oct. 7, 2021) ("NOI").

BACKGROUND

Texas Gas filed, on June 25, 2021, an application to construct the Henderson County Expansion Project, which is designed to serve two new natural gas-fired combustion turbines (“CTs”) to be constructed by Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“CenterPoint”) at its A.B. Brown Generating Station (“A.B. Brown Plant”) in Posey County, Indiana.³ The Project will allow CenterPoint to implement its generation transition initiative, under which CenterPoint plans to substantially reduce greenhouse gas (“GHG”) emissions by, among other things, retiring existing coal-fired generating facilities located at the A.B. Brown Plant and adding 700 to 1,000 megawatt (“MW”) of new wind and solar resources in addition to the 460 MW from the new CTs that would be served by Texas Gas’ Project.⁴ The Project is intended to meet CenterPoint’s need for gas transportation to serve the CTs, which will allow CenterPoint to maintain electric system reliability while also transitioning its generation portfolio to include more renewable resources.⁵

The Commission issued the NOI on October 7, 2021. CAC, Sierra Club, and EPA, among others, submitted scoping comments on November 8 and November 9, 2021.⁶

³ See Texas Gas Transmission, LLC, Abbreviated Application for a Certificate of Public Convenience and Necessity, Abandonment Authorization and Related Authorizations, Docket No. CP21-467-000 (June 25, 2021) (“Application”).

⁴ In addition to enabling CenterPoint to retire the coal-fired units at the A.B. Brown Plant, the CTs and additional renewable resources will enable CenterPoint to retire an additional 90 MW coal-fired unit located at its F.B. Culley Generating Station and exit its 150 MW stake in the Warrick coal plant.

⁵ Texas Gas designed the Project to further reduce emissions by retiring an existing compressor unit; transitioning two existing compressor units to standby; and installing a Centaur 50 turbine, with an additive electric seal gas booster.

⁶ Additional Scoping Comments on Environmental Impact Statement of Citizens Action Coalition of Indiana, Docket No CP21-467-000 (Nov. 8, 2021) (“CAC Second Scoping Comments”); Second Comments of Sierra Club in Response to Notice Requesting Comments on Environmental Issues, Docket No. CP21-467-000 (Nov. 8, 2021) (“Sierra Club Second Scoping Comments”); EPA Comments on the Notice of Intent for the Henderson County Expansion Project, Docket No. CP21-467-000 (Nov. 9, 2021) (“EPA Scoping Comments”).

Texas Gas submits the instant answer to respond to several specific scoping comments, including certain comments by CAC and Sierra Club that continue to mischaracterize the facts and legal precedent that relate to the Commission's review of the Project.

ANSWER

1. The Commission Should Reject CAC's Mischaracterization of the Purpose and Need of the Project and the Proposed Alternatives That Are Based Upon That Mischaracterization.

CAC once again mischaracterizes the purpose and need of the project.⁷ CAC contends that the purpose and need of the Project "is to *broadly* support CenterPoint's new intermittent renewable resources and to replace the retiring coal-fired units."⁸ The purpose of the Project is significantly narrower than CAC contends. The purpose of the Project has always been to *provide natural gas transportation service to allow CenterPoint to receive the gas supplies needed to fuel the two new CTs* to be located at the A.B. Brown Plant.⁹ The Commission should reject CAC's overly broad characterization of the Project's purpose and need.

The Commission should also reject CAC's attempt to bootstrap its mischaracterization of the Project's purpose to support its contention that the Commission must engage in an overly-expansive and legally-unsupported analysis of project alternatives. CAC states that the Commission must consider alternatives in which CenterPoint would construct only "one new gas combustion turbine in 2024 and the second

⁷ Texas Gas responded to CAC's previous mischaracterizations of the Project's purpose and need in the answer that Texas Gas filed with the Commission on September 21, 2021. *See* Motion for Leave to Answer and Answer of Texas Gas Transmission, LLC at 12-14, Docket No. CP21-467-000 (Sep. 21, 2021) ("Texas Gas September 21 Answer").

⁸ CAC Second Scoping Comments at 2 (emphasis omitted).

⁹ *See* Application at 34 ("[t]he purpose of the Project is to serve CenterPoint's A.B. Brown Project by transporting natural gas to fuel CenterPoint's proposed new 460 MW natural gas-fired electric generating facilities."). *See also* Texas Gas September 21 Answer at 12-14.

combustion turbine in 2033” or “no new gas combustion turbines” altogether.¹⁰ These proposed alternatives would require CenterPoint to undertake an entirely different project than the A.B. Brown Project, despite the fact that CenterPoint’s project is not before the Commission and the Commission has no authority to require CenterPoint to modify its project.

The ultimate determination to construct the A.B. Brown Project to meet the demands of CenterPoint’s electric customers is a state-based determination that CenterPoint makes in coordination with the Indiana Utility Regulatory Commission (“IURC”). It is not within this Commission’s purview to second-guess that determination or require CenterPoint to modify its own proposed facilities or to construct a different type of electric generation resource. Chairman Glick and Commissioner Clements have explained that “[t]he states, not [FERC], are responsible for shaping the generation mix, and that “[a]lthough the [Federal Power Act] vests [FERC] with jurisdiction over wholesale sales of electricity, as well as practices affecting those wholesale sales, Congress expressly precluded [FERC] from regulating facilities used for the generation of electric energy.”¹¹ Chairman Glick and Commissioner Clements added that “Congress *instead reserved to the states exclusive jurisdiction* to regulate generation facilities.”¹² The Commission should recognize that it is not authorized to interfere with CenterPoint’s and the IURC’s ultimate determination to construct the CTs.

¹⁰ CAC Second Scoping Comments at 3 (emphasis in original).

¹¹ See, e.g., *PJM Interconnection, LLC*, Statement of Chairman Glick and Commissioner Clements at P 17, FERC Docket No. ER21-2582-000 (Oct. 19, 2021) (internal punctuation and footnotes omitted) (“*PJM Interconnection Statement*”). See also *Pac. Gas & Elec. Co. v. State Energy Res. Conservation & Dev. Comm’n*, 461 U.S. 190, 205 (1983) (recognizing that issues including the “[n]eed for new power facilities, their economic feasibility, and rates and services, are areas that have been characteristically governed by the States”).

¹² *PJM Interconnection Statement* at P 17 (emphasis added).

The goal of Texas Gas' Project is to serve CenterPoint's two new CTs. The courts have held that an agency's alternatives analysis involves looking at "the range of projects that could achieve the same goal as the proposed project."¹³ The Supreme Court has explained that "[a]n agency cannot redefine the goals of the proposal that arouses the call for action . . . it must evaluate alternative ways of achieving its goals, shaped by the application at issue and by the function that the agency plays in the decisional process."¹⁴ This precedent requires the Commission to reject CAC's contention that the Commission must consider alternatives that would redefine *CenterPoint's project*, which the Commission has no jurisdiction to do. The Commission should consider only alternative methods by which Texas Gas could provide natural gas transportation service to CenterPoint's proposed two new CTs.¹⁵ As stated by the 9th Circuit, "[w]hen the purpose is to accomplish one thing, it makes no sense to consider the alternative ways by which another thing might be achieved."¹⁶

2. The Commission Should Reject Sierra Club's Misleading Contentions Regarding the Project's Cumulative Impacts.

Sierra Club contends that the Commission's review of the cumulative air quality impacts of the Project "will provide an even stronger record for rejecting the Project."¹⁷ This contention simply ignores that the Project will result in a net improvement in air quality in the region surrounding the Project. The Commission should recognize that the compression associated with the Project will be constructed at Texas Gas' existing

¹³ *Delaware Riverkeeper Network v. U.S. Army Corps of Eng'rs*, 869 F.3d 148, 157 (3d Cir. 2017).

¹⁴ *Citizens Against Burlington, Inc. v. Busey*, 938 F.2d 190, 199 (D.C. Cir. 1991).

¹⁵ Texas Gas provided an analysis of such potential alternatives, including the "No-Action Alternative" in Resource Report 10, which was included with the Application.

¹⁶ *City of Angoon v. Hodel*, 803 F.2d 1016, 1021 (9th Cir. 1986) (per curiam).

¹⁷ Sierra Club Second Scoping Comments at 3.

Slaughters Compressor Station and that the proposed changes to this compressor station are designed to significantly mitigate air emissions to facilitate a net improvement in air quality at this location. The proposed new C50 compressor unit at the Slaughters Compressor Station is equipped with the manufacturer's patented SoLoNox combustion technology integral to its design, and Texas Gas has opted to purchase the manufacturer's 9 ppm NOx turbine unit which is its lowest emitting unit.¹⁸ Texas Gas is further proposing to abandon an existing compressor unit, Unit 5, and to transition two existing compressor units, Units 6 and 7, to standby.¹⁹ These overall changes will result in a net reduction of 692.14 tpy of NOx and a net reduction of 206.19 tpy of methane at this location.²⁰

The Project will also support additional regional air emission improvements by facilitating CenterPoint's energy transition, which includes the replacement of coal-fired generating facilities at CenterPoint's A.B. Brown Plant with new gas-fired turbines and renewable resources. CenterPoint has explained that "[g]as combustion turbines . . . inherently produce fewer regulated air emissions" as compared to coal-fired generation.²¹ This is consistent with the U.S. Energy Information Administration's ("EIA") explanation that "[b]urning natural gas for energy results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) than burning coal or petroleum products to produce

¹⁸ See Application at 31-32. Emissions will be further mitigated by Texas Gas' proposed installation of additive electric seal gas booster pump to keep the compressor seals pressurized when the unit is not running (which will greatly reduce methane emissions).

¹⁹ *Id.* at 32.

²⁰ *Id.* See also Table 9.2-7 and Table 9.2-9 of the Environmental Report, attached to the Application as Exhibit F-I, Volume I-A.

²¹ *In re Petition of Southern Indiana Gas and Elec. Co. d/b/a CenterPoint Energy Indiana South*, Cause No. 45564, Direct Testimony of Wayne D. Games, Sponsoring Petitioner's Exhibit No. 2 (Public) at 13, available at <https://iurc.portal.in.gov/docketed-case-details/?id=ab9e3466-6ecf-eb11-bacf-001dd801c642> (emphasis added).

an equal amount of energy.”²² The Commission should recognize that the Project will promote improvements in air quality for the region surrounding the Project and reject Sierra’s contention the Project should be denied due to cumulative air quality impacts.

The Commission should further disregard the ProPublica analysis cited by Sierra Club.²³ Sierra asserts that “ProPublica’s analysis confirms that the region that would be impacted by the Henderson County Project already hosts numerous facilities with corresponding zones of elevated air pollution and cancer rates, including near the town of Robards, Kentucky where the Henderson County Project would increase harmful air pollution.”²⁴ Sierra Club ignores the fact that Robards, Kentucky, which is located in Henderson County, Kentucky, is not the location of Texas Gas’ Slaughters Compressor Station. Slaughters Compressor Station is located in Webster County, Kentucky, and the portion of Webster County where the compressor station is located is designated as an attainment area for all criteria pollutants.²⁵ Sierra Club further ignores that, due to the large NOx decrease associated with the Project, the Project will improve air quality in the area surrounding the Slaughters Compressor Station. The improvements in air quality from the Project would help to address the general concerns regarding air quality in the ProPublica analysis. Sierra Club’s citation to the ProPublica analysis is misleading at best and should be disregarded.

²² EIA, Natural Gas Explained, available at <https://www.eia.gov/energyexplained/natural-gas/natural-gas-and-the-environment.php>.

²³ Sierra Club Second Scoping Comments at 1-3 (providing link to ProPublica analysis at https://projects.propublica.org/toxmap/?utm_source=twitter&utm_medium=social#hotspot/63).

²⁴ Sierra Club Second Scoping Comments at 2.

²⁵ Application at 32.

3. Responses to EPA Scoping Comments

The Commission should accept in part EPA's recommendation regarding the Commission's evaluation of the Project's indirect GHG emissions. Texas Gas agrees with EPA's recommendation that the Commission should "avoid[] percentage comparisons between project-level and national emissions."²⁶ Contrary to EPA's contention, however, a comparison of project emissions to national emission levels does not "inappropriately *diminish the significance* of project-level GHG emissions."²⁷ A comparison to national emissions levels or local or regional emission levels instead *overstates the significance* of the Project's emissions. Commission Staff has explained:

GHG emissions do not result in proportional local and immediate impacts; it is the combined concentration in the atmosphere that affects *the global climate system*. These are fundamental global impacts that feedback to local and regional climate change impacts. Thus, *the geographic scope for cumulative analysis of GHG emissions is global*, rather than local or regional. For example, *a project 1 mile away emitting 1 ton of GHGs would contribute to climate change in a similar manner as a project 2,000 miles distant also emitting 1 ton of GHGs*.²⁸

The Commission should compare the Project's GHG emissions to global GHG emissions, which better reflects that climate change is a global phenomenon and would avoid overstating the Project's contribution to that global phenomenon.

The Commission should not accept EPA's recommendation that the Commission estimate GHG emissions upstream of the Project.²⁹ Texas Gas has previously explained that the ultimate source of the supplies that CenterPoint will transport on the Project is unknown and will likely change over the life of the Project.³⁰ The Commission has in

²⁶ EPA Scoping Comments at 4.

²⁷ *Id.* (emphasis added)

²⁸ *Iroquois Gas Transmission System, L.P.*, Final Environmental Impact Statement, Docket No. CP20-48-000 (Nov. 2021) (emphasis added).

²⁹ EPA Scoping Comments at 4.

³⁰ Texas Gas September 21 Answer at 7-8. *See also* Application at 45-46.

similar circumstances rejected requests that it estimate upstream GHG emissions, holding that that the environmental effects resulting from natural gas production are likely neither caused by a proposed project nor are they reasonably foreseeable consequences of the Commission's approval of a pipeline transportation project.³¹ The Commission should similarly reject EPA's request that the Commission provide an estimate of GHG emissions upstream of Texas Gas' Project.

The Commission should reject EPA's recommendation that the Commission "utilize[e] the interim [Social Cost of Greenhouse Gases ("SC-GHG")] estimates established by the Interagency Working Group on SC-GHG" to evaluate Project emissions.³² The Commission has previously explained that the closely-related Social Cost of Carbon methodology is "not a suitable method for determining whether GHG emissions that are caused by a proposed project will have a significant effect on climate change,"³³ and the courts have upheld the Commission's decision not to use the Social Cost of Carbon methodology.³⁴ The Commission should reaffirm this holding and reject EPA's recommendation regarding the use of the SC-GHG methodology.

The Commission should further conclude that there is no need to consider the application of SC-GHG in this proceeding. Texas Gas has explained that the Project will not result in significant climate change impacts because *the Project will facilitate a net reduction in GHG's* by allowing CenterPoint to retire coal-fired generation assets as part

³¹ See *Birckhead v. FERC*, 925 F.3d 510, 516-17 (D.C. Cir. 2019). See also *Double E Pipeline, LLC*, 173 FERC ¶ 61,074 at PP 97-99 (2020).

³² EPA Scoping Comments at 4.

³³ *Transcon. Gas Pipe Line Co.*, 171 FERC ¶ 61,032, at P 15 (2020).

³⁴ See, e.g., *EarthReports, Inc. v. FERC*, 828 F.3d 949, 956 (D.C. Cir. 2016); *Appalachian Voices v. FERC*, Nos. 17-1271, et al., 2019 WL 847199 at *2 (D.C. Cir. Feb. 19, 2019). See also Texas Gas September 21 Answer at 9-11.

of its generation transition and by allowing Texas Gas to reduce emissions at the Slaughters Compressor Station.³⁵ The Commission should recognize that the Project will result in a net decrease in GHG emissions and conclude that there are no increased net GHG emissions to evaluate using SC-GHG.

³⁵ Texas Gas September 21 Answer at 5. *See also id.* at 3-7.

CONCLUSION

For the reasons set forth above, Texas Gas requests that the Commission reject CAC's and Sierra Club's mischaracterizations of Texas Gas' Project and the policies that govern the Commission's environmental review of the Project. The Commission should further address EPA's comments as discussed by Texas Gas in this answer. Following the environmental review of the Project, the Commission should hold that the Project is required by the public convenience and necessity and issue an order authorizing the Project no later than September 16, 2022.

Respectfully submitted,

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December 7, 2021

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 pursuant to 18 C.F.R. § 385.2010(f)(2).

Dated at Washington, D.C., this 7th day of December, 2021.

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