

# Huntington Public Hearing 9/26/17

## Marc Monteleone – President of IOGA

My name is Marc Monteleone and I'm president of the Independent Oil and Gas Association of WV. I appreciate being here today given the opportunity to provide some comments. I think this is a very, very important thing for our state and I'm glad to see you all are doing this. Don't be discouraged by the turnout here, a lot of people are interested in this stuff and I think we'll have more and more information and hopefully the internet comments will be great, as well.

It is encouraging for me to see that the state is focused on a comprehensive energy plan. I come and talk from the fossil fuel side for natural gas but I'm glad we have a broad, comprehensive plan. I've read all of the plan and think it's a very good plan.

West Virginia has been producing energy and been an energy state throughout its history. Today our state has the opportunity to become both a leading producer of natural gas and the desired location for industries that will be attracted to low cost, abundant West Virginia natural gas. We have the chance to create wealth from that energy production, spur major economic growth, and create enough employment opportunities to retain our young people, and attract the industries needed to move our state forward.

As you ladies know, you've heard me a few times, keeping our young people here is very important and near and dear to my heart, having just had a few go. So I hope you do some things to reverse that trend immediately. I believe the best hope for job creation and economic diversification of West Virginia is the development of our natural gas industry. There's a lot of good things going on here but the natural gas industry is growing and booming and we have this chance to be on the front end of this thing. I hope we stay there.

We're fortunate to set on top the largest natural gas field in the nation and one of the largest gas fields in the world. The drilling of additional oil and natural gas wells, the development of pipeline infrastructure, and support of the Appalachian Ethane Storage Hub are essential to realizing our state's potential. Therefore, our industry is going to recommend several policy initiatives that we hope that the plan includes as it goes forward in the process

- Updating our outdated mineral development laws to utilize the concept of co-tenancy. I don't know if you all know about this but West Virginia is one of only three states in the United States that does not have some form of co-tenancy in place. So we're at the bottom end of the spectrum. We need to change that immediately.
- Encouraging and supporting pipeline infrastructure projects. There's a lot of projects. I think there's from 8-12 different ones going on right now. So we need to do things to foster and make them happen.
- Implement property tax reform measures that allow for the deduction of actual expenses incurred in the production of oil and gas and severance tax reform measures that encourage the

development of wells in distressed natural gas service areas. I don't know how much research you all did but there's a lot of parts of the state now that are running out of natural gas because all of the drilling in the last seven years has been focused on Marcellus and Utica wells, so the conventional wells in certain parts of Lincoln County and Barbour County are running out of gas. And if we don't do things to encourage some of this traditional gas development we're going to have a real problem in the state. So I think that needs to be addressed by this plan. Hope to put some of these things into place and establish some tax reform to make these things happen. Otherwise, they'll be no gas drilled because of the economics right now.

- Updating the deep well spacing laws. Our current laws were promulgated in 1972 and they applied to vertical wells only. We didn't have any idea about horizontal wells in the state and spacing laws make no sense when you read them in regard to horizontal well pad.
- Supporting the concept of bypass, which would allow end users of large volumes of natural gas to buy directly from a natural gas producer or pipeline operator. This would create competition and reduce energy costs. Right now all energy has to be bought through the utility. In other states a large plant that's about to come into place can go directly to the producer and negotiate the price of their gas. Not the case in West Virginia. So we need to try to look at that and see if we can't help encourage that. With the high cost of electricity you mentioned up there, we can do a little competition to get that price down.
- Evaluating the state economic development policies for the purpose of assuring that West Virginia is poised to attract ethane crackers; downstream plastics manufacturing; chemical manufacturing facilities; expanding the existing chemical industry and capturing the full potential of the Appalachian Ethane Storage Hub. I'm sure you've heard a lot about that at WVU
- And lastly, developing policies, including drafting and introduction by the Administration, of such legislation as may be beneficial to encourage the development of natural gas fired power plants in West Virginia consistent with the level of development in our neighboring states of Ohio and Pennsylvania. Which each has an excess of 20 gas fired plants, while right now we have two. There are almost 40 in the permitting process in these other states and we have three. So we are really missing the boat of these gas fired power plants and we need to do this to get these things going.

If enacted we believe the above policies will result in the drilling of additional wells, reduce administrative burdens hampering development, create thousands of jobs and attract manufacturing industries. The obvious benefits are increased tax revenues on both the state and county levels, the cessation of the outmigration of our talented young people and the revitalization of the economy in West Virginia.

## **Morgantown Public Hearing 9/28/17**

**Energy Efficient West Virginia – Xavier Walter**

*I work for Energy Efficient West Virginia, a nonprofit out of Charleston. Basically, it's our job to promote energy efficiency programs throughout the state and kind of help be the grease on the wheel. We're going to submit comments in writing but I wanted to talk briefly about this plan. First of all, I want to thank Karen and Kelly for being awesome resources, they're really pioneers here in the state and it gives me so much hope in my position, having them here as a resource, we meet often, we talk often, and certainly see lots of opportunity. Thank you, Christine, for writing this report. I believe that a master energy plan is a baseline we can all look at to have a real diverse mix going forward. We in WV are not just a coal state or a gas state, we are an energy state, so there's a good opportunity here for diversity. And to use that diversity to benefit the rate payers here, as well as, the people in the industries and continue to provide economic development for the area.*

*First, I'd like to touch on the residential portion. I believe that the greatest benefit or greatest opportunity lies in the residential marketplace relative to energy efficiency. Everybody, rather they be homeowners, renters, business owners, or industrial users, are all paying utility bills, so that affects everybody in their monthly paychecks. Energy efficiency, also, is just kind of the catch word or the catalyst to some other great benefits; most importantly health and safety. When we go in to schools and we would do an energy retrofit in the schools, it's great that we lower their utility costs but what's more important is that we're going to tend to those mold issues that we're finding in the newspapers these days or getting them that new roof. We're able to hit many areas under the banner of energy efficiency that promote further economic advancement and really improves the quality of life for people in the state.*

*Commercially, we've been working really hard, there's a lot of traction here. I've been working diligently with the Industrial Assessment Center and our pipeline is very large for commercial and small businesses to be able to take advantage of subsidized energy audits – which doesn't save any money – but get them kind of on the path to saving money and making those decisions. One of the significant opportunities I see in the state and local governments, at the schools, at the state parks, I spoke to the superintendent of the state parks and the Industrial Assessment Center has already done assessments in those state parks and the savings is in excess of \$250,000 a year just in several properties that were reviewed and that was done back in 2010. Technology has changed dramatically. Unfortunately, we need money to do that. Something like these QECB's we've been talking about, getting access to that money and being able to push that along into both the schools and the state parks, as well as, other government buildings, could really do a huge number on our deficit. We hear about the budget all the time and how we're broke, this is a turnkey way to utilize municipal bonds to pay for some of the stuff with an appreciable rate of return. Schools like Beckley or Berkeley County were just able to save an astounding amount of money every year off their utility costs, as well as, make their buildings more safe, comfortable and efficient.*

*We need to continue the support of growth through utility based programs. Tax incentives are great and legislative actions are catalysts for this but at the end of the day what really drives energy efficiency is the utility company programs. The best kilowatt hour is the one we don't use. That's the cheapest. So being able to promote those programs more aggressively and most importantly just keeping, at the very least, the ones that we have. Specifically, adding standards to a lot of the work that's being done. It's not*

*reasonable to incentivize using rate payer money into programs that aren't based off of industry accepted standards. Especially, when it crosses the line into health and safety.*

*I do believe that one of the other great benefits and opportunities that we do have here in the state is for natural gas expansion. I've found in my career that establishing gas mains into local communities is a way to dramatically improve the benefits to the customer. Somebody going from \$4,000/year in oil to heat their home to \$1,000/year in natural gas to heat their home really makes a significant impact. I really believe that it's imperative as part of the discussion relative to natural gas expansion, that it has a primary focus on delivering gas to the residents of WV, the businesses of WV and the industries of WV, not just to take it out of state. All too often, we've been providing 5% of the nation's power, with little or none in return. It's important that we start moving that pendulum back to us and using those natural resources that we have to benefit the residents here. As we expand that capacity for natural gas in the state, it's imperative that we size that system appropriately and that's only done in conjunction with energy efficiency programs. At the time of conversions and hookups, the establishment of some good energy efficiency programs, allowing the consumer to lower their demand out of the gate, will stave off any future main extensions and pipe enlargements and a lot of infrastructure in the future.*

## **Charlie Burd – IOGA**

*It's encouraging to see that the state of WV is focused on a comprehensive energy plan. My comments will focus on the fossil fuel portion of the plan, of course. West Virginia is and has been an energy producing state throughout history. Today our state has the opportunity to become both a leading producer of energy and the desired location for industries that would be attracted to low cost abundant WV natural gas.*

*We have the chance to create wealth from that energy production, spur major economic growth and create employment opportunities to retain our young people and attract industries needed to move our state forward.*

*The State Energy Plan quotes "The State of WV 2018-2022 state energy plan will provide analysis and make policy recommendations to guide the state in reliably meeting its future energy needs in a cost-effective and sustainable manner while fostering a clean energy economy."*

*The best hope for job creation and economic diversification in WV is the development of our natural gas industry. We are fortunate to set on top the largest natural gas field in the nation and one of the largest natural gas fields in the world. The drilling of additional oil and natural gas wells, the development of pipeline infrastructure, and support of the Appalachian Ethane Storage Hub are essential to realizing our state's potential. Therefore, recommend policy initiatives in this plan should include, in our opinion:*

- *Updating our outdated mineral development laws, utilizing the concept of co-tenancy, for example. West Virginia is one of only three states that does not have some type of mineral efficiency statute that applies to all natural gas bearing formations.*
- *Implementing property tax reform measures that allow for the deduction of actual expenses incurred in the production of oil and gas and severance tax reform measures that encourage the development of wells in distressed natural gas areas of the state*

- *Encouraging and supporting pipeline infrastructure projects*
- *Updating the deep well spacing statutes. We operate now under current laws that were promulgated in 1972 and is applicable to vertical wells. When drilled in '72 deep well spacing laws did not contemplate the drill of horizontal wells.*
- *Supporting the concept of bypass which would all end users of large volumes of natural gas to buy directly from a natural gas producer or pipeline operator. Bypass would facilitate competition and reduce energy costs to our end users.*
- *Evaluating the state economic development policies for the purpose of assuring that WV is poised to attract ethane crackers; downstream plastic manufacturing; new chemical manufacturing; expansion of existing chemical industry installations; and capturing the full potential represented by the production of natural gas and, of course, the Appalachian Ethan Storage Hub.*
- *Developing policies, including drafting and introduction by the Administration, of such legislation as may be beneficial to encourage the development of natural gas fired power plants in WV consistent with the level of development in our neighboring states of Ohio and Pennsylvania. Which has an excess of 25 natural gas fired power plants, while WV has two.*

*If enacted the above policies will result in the drilling of additional wells, reduce administrative burdens hampering development, create thousands of jobs, and attract manufacturing industries. The obvious benefits are increased tax revenues on both the state and county levels, the cessation of the outmigration of our talented young people and the revitalization of the economy in West Virginia.*

### ***John Christensen – MountainView Solar***

*I really appreciate this opportunity and I know a lot of people here in the room and I think all together we're trying to make WV a better place for everyone and to attract people to move here. You know, we're losing population so I think it's important the decisions we make here in this report, this room, this state, have a lot to do with our population decrease. We want people moving here and paying more taxes so we can survive.*

*I'm involved with a lot of groups. I work with MountainView Solar and I also work with a group called the Citizens Climate Lobby, it's a national organization that's dedicated to establishing a fee on carbon. This group is dedicated to establishing, at the federal level, a fee or a price on carbon. At the extractive level, taking the money that's collected and giving it back to the people as a dividend, so it's called fee and dividend. We're gaining a lot of traction nationally and we've developed a caucus in congress that has now attracted 56 members of congress, half republican, half democrats. They're working together on this, which is great. You know, we have a few chapters in WV and I'm trying to start one in the eastern pandhandle. We have another one in Charleston and I believe another one in Morgantown starting and also, Parkersburg.*

*In this report, there is no mention of climate change in the report, which we think needs to be put in there. There's very little mention of storage technology for renewables and also the fact that electric cars can be used for storage. In other countries in Europe that have electric cars as a battery source. So, at night when they need extra power, they can take power from the batteries of the cars. I don't think it would be too hard to establish here in the US. That in itself would allow renewables to produce power*

*when the sun doesn't shine and the wind isn't blowing, so you'd have a battery backup. Here in WV you'd have a great opportunity with some of our mines and big mountains where you could use pump storage as well and that's something that has just been touched on. WV could be a leader in that. The idea that solar is a problem to the grid, I would have a problem with that. Solar is an investment to produce ones' own power. So all our lives we've been renting our power, it's been cheap, so no one really cared, 5 cents, 6 cents a kilowatt hour and that's why we waste a lot of energy, unfortunately. But if we're allowed to buy our own power and make the investment there, then we're producing our own power on our roofs and we're not paying rent anymore. I think that's something that needs to be said.*

*The EV charging stations, I thought that was great Christine that you added the EV section, that was great. I know our company has installed more charging stations at homes and businesses than what was listed on the report, so it's grossly understated. There's much more than what we said.*

***Christine Risch: Those are public charging stations***

*They're public but a lot of the people that have them at their house open it to the public. There's a network where people can find it with GPS on their phones and drive up to your house and plug in for free. It happens. Not a lot but it does happen. Tesla is installing these high voltage quick charging stations all over the place. In Martinsburg I saw a whole row of them just a couple months ago, they were put in as a major filling station for Tesla vehicles along the I-81 corridor. So, I've seen maybe one or two of the cars there because I go by there a lot but they actually put in like 8 stations. MountainView Solar has installed a couple of the hotels, the Bavarian Inn, the Clarion and River Riders, so there's three hotels in the eastern panhandle that have installed public charging stations.*

*One way to get more people involved in energy and energy efficiency, would be to bring the realtors and appraisers in on it. For energy efficiency, when they sell a house or a business put a sticker price on the house and the building which reflects the monthly or yearly energy cost of that building. They would vary tremendously depending on energy efficiency. The lighting, the insulation, if they have solar panels, there's a lot of things that go into that and this would add more awareness for consumers when they realize they can get a higher price for their building because they save energy. It's pretty simple. As far as getting the data for the public buildings, the court houses, the schools and the agencies, that would be pretty easy to put together because all that data is available. So it would take just like one person to put that together and figure out their avoided cost.*