

Appalachian Storage Hub Discussion Advances

Article By:

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WV Commerce Secretary Woody Thrasher Urges Action. On May 3, 2017 at the WV Manufacturer's Marcellus and Manufacturing Development Conference, WV Commerce Secretary Woody Thrasher spoke of the need for industry professionals to work alongside government officials to realize the full potential of shale gas. "I suggest you have a job to do," said Thrasher. "Go home and do something to make this really come about."

With that in mind, the following report is particularly relevant.

Legislation Introduced for Appalachian Storage Hub Study. On May 9, 2017, Senator Shelley Moore Capito (R-WV) introduced a bill to direct the Secretary of Energy and Secretary of Commerce to conduct a study of the feasibility of establishing an ethane storage and distribution hub in the United States. Co-sponsors to S. 1075 are Senator Joe Manchin III (D-WV) and Sen. Rob Portman (R-OH). This legislation is identical to an amendment Senator Capito offered, that was passed by a voice vote, to an energy bill that did not go forward in the 114th Congress. It is also reported that Congressman McKinley (R-WV) plans to introduce similar legislation in the U.S. House.

Letter to the Trump Administration on Appalachian Storage Hub. On May 17, 2017, West Virginia U.S. Senators Joe Manchin and Shelley Moore Capito sent a letter to Gary D. Cohn, Director, National Economic Council the opening statement of which is,

As the White House considers the future of our nation's energy infrastructure, we encourage you to examine the numerous benefits of the development and construction of the Appalachian Storage Hub, as world-class natural gas liquid (NGL) storage and distribution hub in the Appalachian region.

Citing to the American Chemistry Council ("ACC") research on the potential economic impact of such a project, the Senators comment that ". . .the creation of such a hub would allow the Appalachian region to seize on opportunities associated with these valuable natural resources, potentially attracting up to \$36 billion in new chemical and plastics industry investment and creating 100,000 new jobs in the area."

ACC Economic Report on Appalachian Storage Hub. West Virginia has an important representative to the Board of Directors of the ACC, Dean Cordle, President and CEO, AC&S, Inc., of Nitro, West Virginia. Cal Dooley, CEO of the ACC frequently comes to West Virginia to support the chemical industry. On May 18, 2017 an ACC report was released titled, "The Potential Economic Benefits of

an Appalachian Petrochemical Industry.” The report is prepared by the lead authors Martha Moore and Dr. Kevin Swift both of the ACC which can be accessed here. Ms. Moore previewed this report at the WV Manufacturer’s Association, Marcellus and Manufacturing Development Conference earlier in the month. Her message was clear there are significant opportunities to be had. The report note there is work to do in the form of tax and energy policy to capture the extraordinary benefits that can be gained from managing the shale gas resources of Appalachia. The ACC report profiles the extraordinary opportunity by highlighting the potential for enhancing employment, diversifying supply, addressing market needs in the Midwest and East Coast, and avoiding missed opportunity through “ethane rejection.” This report provides an important step in promoting the discussion of developing the Appalachian Ethane Storage Hub.

Benedum Foundation Research Pending. As the public sector continues to explore its options, a study is underway by private industry players, including Antero Resources Corp., American Electric Power Co., Blue Racer Midstream LLC, Chevron Corp. and XTO Energy Inc., among several others, to investigate NGL storage potential in the basin. The companies came together last year to match a \$100,000 grant from the Claude Worthington Benedum Foundation. This report is forthcoming.

Key Industry Advocate and Spokesperson. Steve Hedrick, President and CEO of MATRIC, South Charleston, WV has been a steady force behind the efforts to advance the discussion of the development of an Appalachian Ethane Storage Hub. He has taken time to educate government and industry representatives of the opportunities presented by shale development in the region and the potential for revitalization of the petrochemical industry in Appalachian. Hedrick is a West Virginia native who is a chemical engineer holding a B.S. from West Point. He has more than 20 years of experience in the petrochemical industry. He has held numerous roles of increasing responsibility at Bayer CropScience, Bayer MaterialScience, Bayer Polymers and Lyondell. Kevin DiGregorio, Director of the West Virginia-based Chemical Alliance Zone and Dr. Brian Anderson, director of WVU’s Energy Institute, have also been active partners with Hedrick as the discussion continues. It can safely be assumed that behind each headline, meeting, legislation, report, commitment this team has been involved in some fashion.

Other Individual Contributors. All of us have something to contribute and many of us already have. Those contributions include outreach to business and government leaders to make introductions, arrange meetings, prepare materials, conduct research, sponsor conferences, plan and execute. This effort is about economic development and the future. We all have a job to do and based upon the efforts in May 2017 we are having an impact.

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