American Chemistry Council Statement for the Record

Submitted to the Senate Committee on Energy and Natural Resources

Business Meeting to Consider Pending Legislation

March 8, 2018

The American Chemistry Council (ACC) is pleased to submit a Statement for the Record in support of the Senate Energy and Natural Resources Committee's markup of *S. 1337, the Capitalizing on American Storage Potential (CASP) Act*. We applaud its sponsors — Senators Manchin, Capito, and Brown — for their steadfast efforts on behalf of this important national project.

The CASP Act has the potential to help turn the Appalachian Region into a major center of petrochemical and plastics products manufacturing in the United States, according to an ACC analysis, thanks to the region's world-class supply of energy resources and proximity to customers in the Midwest and along much of the East Coast.

ACC's report, *The Potential Economic Benefits of an Appalachian Petrochemical Industry,* found that the quad-state region of West Virginia, Pennsylvania, Ohio and Kentucky could play a substantial role in America's chemical manufacturing renaissance.

The basic building blocks of innovation

Ethane and propane are natural gas liquids (NGLs) found in Appalachia's massive shale formations. They're also key raw materials that U.S. chemical manufacturers rely on to create materials and solutions used in countless products that make our lives safer, healthier, more comfortable, and more convenient.

That's a big reason why America's shale gas resources have been able to make the United States the most attractive place in the world to invest in chemical manufacturing – driving a manufacturing revival of the sort not seen in decades.

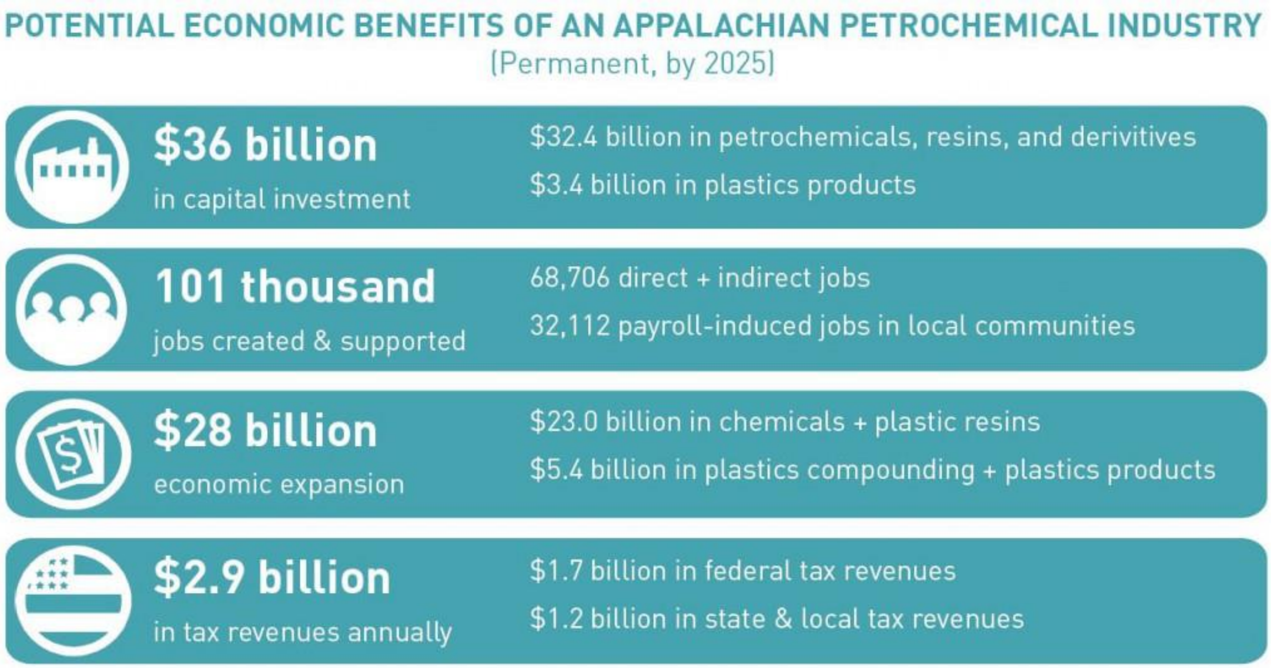
Thanks to abundant, affordable domestic natural gas, $188 billion in new chemical industry investment has been announced nationwide since 2010, supporting 313 projects including new factories, expansions, and restarts of facilities shuttered during the recession. The investment will create and support an estimated 823,000 permanent new jobs by 2025.

Historic opportunity for Appalachian region

Much of the new chemical industry investment has been concentrated along the Gulf Coast, longtime center of the U.S. chemical industry, with more to come. So far, 210 chemical and plastics industry projects cumulatively valued at $133 billion have been announced there. By 2025, the investment could create and support 317,000 jobs and $76 billion in tax revenue annually, ACC analysis shows. The Gulf Coast investment is well underway, with 53 percent completed or under construction.

The Appalachian region could attract significant additional investment. ACC's report projects that much-needed jobs and tax revenue could come to the quad-state region. The report found that $36 billion in new chemical and plastics industry investment could result in 100,000 permanent new jobs, including 25,700 new chemical and plastic products manufacturing jobs, 43,000 jobs in supplier industries, and 32,000 payroll-induced jobs in communities where workers spend their wages. The new investment could also lead to $2.9 billion in new federal, state, and local tax revenue annually.

Several companies have already announced investment projects in the Appalachian region, and there is potential for a great deal more. Shell's petrochemical complex in Potter Township, Pa. is a prime example. Gov. Tom Wolf has said it's the largest industrial investment in Pennsylvania since World War II.



New energy infrastructure is the missing link

To touch off a new wave of investment in the Appalachian petrochemical industry, there needs to be a way to store and transport NGLs and chemicals. Only then will manufacturers have ready access to the resources needed to develop a community of petrochemical and derivative producers and support a supply chain of industries throughout the region.

What's needed is the *Appalachian Storage and Distribution Hub* — an NGL storage facility and pipeline distribution network. In ACC's report, we present a hypothetical scenario that includes the development of a storage hub for NGLs and chemicals, a 500-mile distribution network, petrochemical and plastics manufacturing, and potentially other energy infrastructure and manufacturing.

Policymakers must do their part

Private industry can develop the Hub, but Congress and the Administration need to help get things started:

- Uncertainty around financing is a key barrier to the development of energy infrastructure in the Appalachian region. Policymakers should affirm that the Hub is eligible for existing private-public financing programs.

- As Congress and the Administration consider infrastructure modernization legislation, the Appalachian Hub should be a priority.
- Ensuring a timely and efficient regulatory permitting process is essential.

In June 2017, Senators Joe Manchin and Shelley Moore Capito introduced the *Capitalizing on American Storage Potential (CASP) Act (S. 1337).* The bill is co-sponsored by Senator Sherrod Brown. The bipartisan legislation would make a regional storage hub eligible for the U.S. Department of Energy's successful Title XVII loan guarantee program.

For decades, those who live in and study the Appalachian region have envisioned a thriving center of manufacturing activity. And they know that energy infrastructure — the Hub — will be critical to unlocking the opportunity. We urge the Committee to approve this important legislation.