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NEW MONEY BEHIND THE MOUNTAIN VALLEY PIPELINE

EIGHT ‘MAIN STREET’ U.S. BANKS DOMINATE THE TOP 10 PIPELINE BACKERS: JPMORGAN CHASE, BANK OF AMERICA, TD, PNC, UNION BANK, WELLS FARGO, CITIGROUP AND U.S. BANK

In May 2017, we released *The Money Behind the Mountain Valley Pipeline*. In it, we showed EQT Midstream Partners (EQM)[a] as the driving force behind the Mountain Valley Pipeline (MVP), a then-USD 3.5 billion, 301-mile, fracked-gas project proposed to run from West Virginia through south central Virginia. EQM’s financing revealed the clearest links to the banks that wanted to fund the pipeline. Eighteen banks were invested in EQM’s key financing sources. Six U.S. “main street” banks – banks that are leading providers of personal banking services in the United States – rank among the top eight financiers. These included Bank of America, Wells Fargo, PNC, SunTrust, Bank of the West (through parent company BNP Paribas) and U.S. Bank.

Since then, the financial and climate dangers of the Mountain Valley project have significantly increased, as delays and costs grew. Yet, twenty-five financial institutions – including most of the initial funders – pumped billions more into EQM, even as many claimed a commitment to sustainable financing.[1] And a new boondoggle, the Southgate extension of MVP into North Carolina, further undermines the notion that these banks take the climate crisis seriously.

MVP’S GROWING DELAYS AND COSTS

MVP’s previous construction end date of late 2018 has aged to late-2021, with no guarantee against costly, further delays. For example, MVP claims 92 percent completion for pipeline construction. However, an analysis by the Allegheny-Blue Ridge Alliance, using MVP’s own documentation, indicates only 51 percent of the pipeline’s sections are fully constructed. Worse, the most difficult sections of the pipeline remain.[2] With repeated and ongoing construction delays, and the project still lacking some required permits, a late-2021 completion looks highly uncertain.

These delays contributed to MVP’s estimated cost ballooning to between $5.8 billion and $6 billion.[3] That’s nearly double the $3.5 billion reported at the time of our last briefing. The companies behind MVP also announced plans to spend another $500 million to increase the pipeline’s gas pressure.[4] This would increase the volume of fracked gas transported per day, and with it, the pipeline’s climate damage. This brings the potential project cost to between $6.3 billion and $6.5 billion. Even without the capacity increase and recent cost explosion, MVP already ranked as the most expensive recent pipeline project, on a cost-per-mile basis.[5] MVP outranked even the Atlantic Coast Pipeline (ACP) by this measure. ACP’s developers recently cancelled the pipeline due to ever-increasing costs.[6]

SOUTHGATE EXTENSION MAKES A BAD PROJECT WORSE

Despite mounting costs and an increasing timeline, EQM has chosen to expand the scope of the project with the announcement of the 75-mile Southgate extension. This add-on pipeline picks up right where MVP ends and runs into north central North Carolina. Owned by the same consortium of companies proposing MVP, Southgate will cost an additional $468 million[7] and add 16.8 million metric tons per year to MVP’s climate damage.[b] Southgate has faced its own share of delays. This includes a recent denial of water quality permits by the North Carolina Department of Environmental Quality.[8] Most importantly, Southgate cannot operate without MVP in service.

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a The company changed its name to EQM Midstream Partners in October 2018
b See “MVP: From Bad To Worse” for calculation methodology