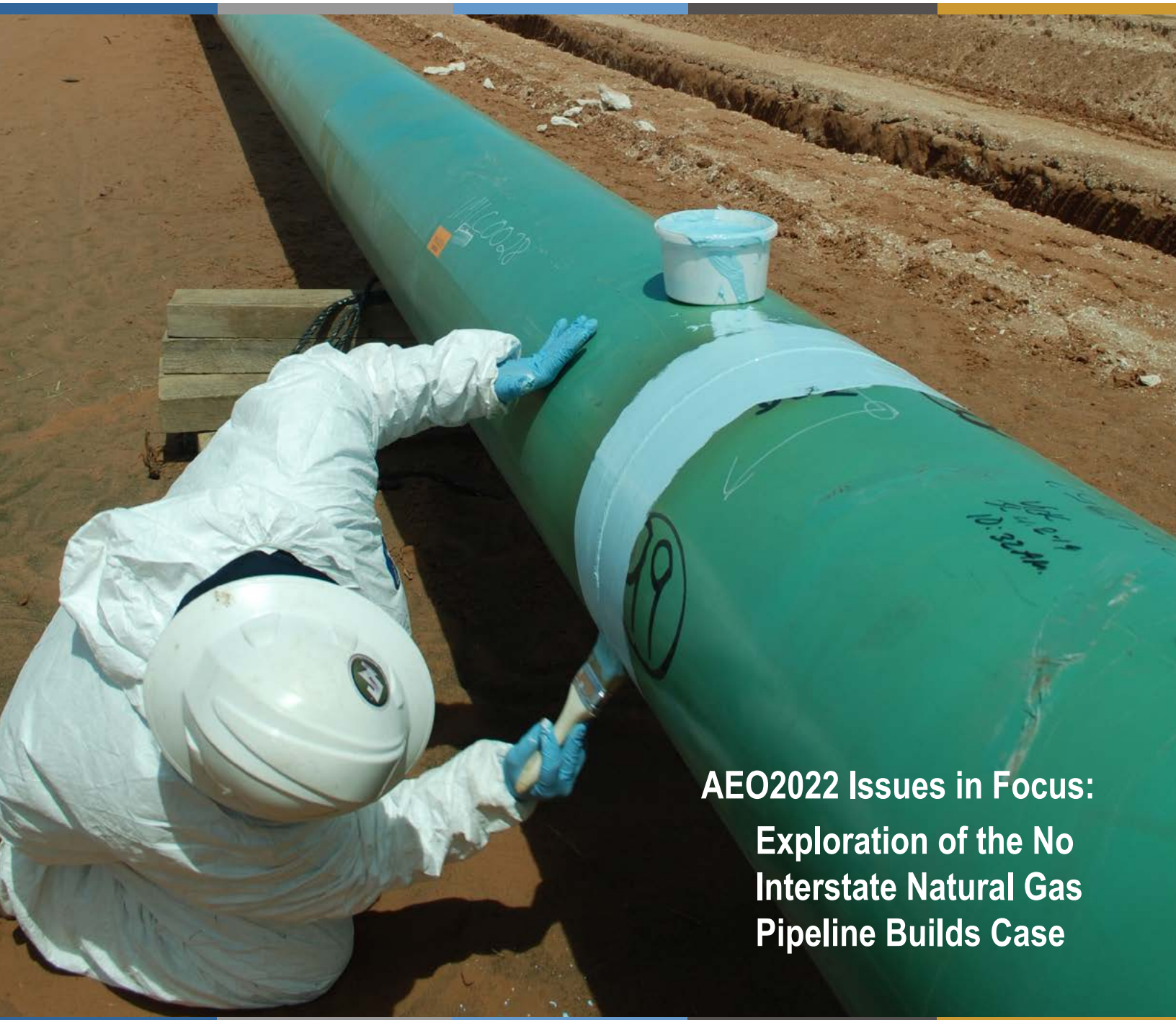


Greater Houston Port Bureau

# Port Bureau News

March 2022



**AEO2022 Issues in Focus:  
Exploration of the No  
Interstate Natural Gas  
Pipeline Builds Case**

**Also in this Issue:** Captain's Corner | Port Watch | Texas Economy |  
Industry PHMSA Regulatory Update | Port Bureau Updates |  
Commerce Club |

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## About the Cover

The increase in natural gas pipeline capacity has accommodated and prompted growth in natural gas production but has come under increased scrutiny in recent years. The U.S. Energy Information Administration's ("EIA") Annual Energy Outlook 2022 ("AEO2022") created a case that explores what happens if no additional interstate natural gas pipelines are built between 2024 and 2050. Read more on page 18. Photo courtesy of Enterprise Products.



**Pipeline Safety:** The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA") issued a final rule expanding federal oversight, 86 FR 63266, which extends reporting requirements to all gas gathering operators and applies a set of minimum safety requirements to certain gas gathering pipelines with large diameters and high operating pressures. Read more on page 8.

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# Captain's Corner

March Milestones



March has been a milestone month in the Diehl household. First, I met my new grandson, John Henry, for the first time as he arrived from Seattle with his big sister, Avery, and my daughter to visit with us for a few weeks. Second, we had the pleasure of joining family and friends as our older boy, Daniel, married his fiancé, Mariana, in Cuernavaca, outside of Mexico City. While our trip was little bumpy – that’s a story for another time – the locale made a truly breathtaking venue for their wedding. It was a wonderful wedding, and I am so proud and happy for the newlyweds.

We’ve also been working toward some milestones this month at the Port Bureau, moving to implement the goals formed as a result of our Strategic Plan study. One important priority established from the Strategic Plan is the move to leverage technology to deliver more timely information products to our members.

One step in achieving this objective is to diversify how we keep you current on the topics and issues that impact you most in the port region. To make this happen with the same staff, we will be changing the frequency of our magazine from monthly to quarterly to explore other platforms, such as podcasts and videos produced especially for businesses that touch the water. This is a new area for us at the Port Bureau, and we are excited to have it under development.

Another milestone for the Port Bureau is the continued development of our PilotTracker and Synchronizer efficiency software products. PilotTracker replaced Haborlights this past January, giving members a superior tool for real-time vessel tracking in Houston. This month PilotTracker released enhancements that included an improved display of channel closures, more

extensive vessel information, upgraded notifications, and more.

Our partner, PortXchange, is strongly committed to listening to clients and incorporating solutions to meet their vessel tracking needs through product development. We are seeing the results of this high level of engagement with each improvement release – milestones in our goal to give members the best data and most efficient methodology for better predictability of vessel movements.

PortXchange is also our partner for Synchronizer, an application that incorporates terminal schedules and additional information for a longer view of port call planning. We are working with PortXchange on a sustainable system that receives data from existing terminal and operator systems, so there is no increase in workload while achieving big dividends when making decisions. We are pleased with the collaboration on the efficiency committee and look forward to more companies joining in the effort as this project progresses.

It’s exciting to be hitting a few milestones in our mission to promote cooperation and efficiency in the maritime community through vessel information, port information, networking, and advocacy – and we want to achieve more. If you haven’t already, join one of our committees or up your involvement with us as we work together to benefit the port region.

*Bill*



**CAPT Bill Diehl**  
**USCG (Ret.), P.E.**  
**GHPB President**

# Port Watch

More For Less



Four-dollar-a-gallon gasoline; a quadrupling of lumber prices over the last two years; bargaining for an automobile above the MSRP - rather than below it; and grocery bills that have skyrocketed in the last several months certainly gives one pause as to the value of the coveted greenback. Perhaps this is simply fallout from the unprecedented supply disruptions due to COVID or a mere aberration driven by \$100-plus-a-barrel oil and Putin's invasion of one of the world's most fertile breadbaskets - Ukraine.

Perhaps. Then again, the nation's M2 (i.e., money supply) has increased by nearly 13% in the last year to almost 22 trillion dollars. Such a marked increase without a concomitant gain in productivity inevitably erodes the value of the U.S. dollar. The habit of "juicing" the Treasury's printing press has not done our dollar any favors over the last 50 years given that a dollar in 1972 would now be worth \$7.00 in terms of buying power. No wonder it takes more cash to buy less.

A 90% erosion of value in a half century would have been viewed as unfathomable to a Roman citizen of

the first century who only faced a 1% inflation rate during the first two hundred years after the birth of Christ. Indeed, the value of a denarius was as fixed as the north star. Whether the denarius' composition was that of silver or gold, it was a currency to be trusted - at least for a few centuries. Paper money, on the other hand, is a different kettle of fish as it lacks intrinsic value. The citizens of the Weimer Republic were made well aware of the hazards of profligate printing of Marks when in a mere 10 months the cost of a loaf of bread skyrocketed from 250 Marks to 200 trillion! One of the most extreme examples of more currency to purchase fewer goods.

In Texas, the good news is that more cargo is entering its ports than last year. Mind you, the cost of transporting both imports and exports are on the rise - but one need not fret over bare shelves since the ships keep-a-coming. As the end of the 2022's first quarter looms, ship arrivals for all ports are up well over 14% year-over-year and inland tow traffic across the Houston Ship Channel has jumped nearly 20%.

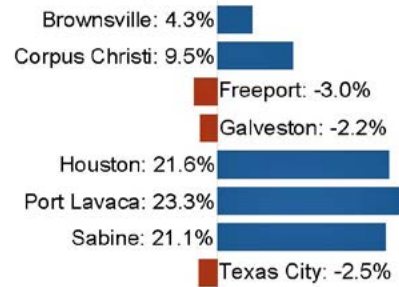
Viewed through the month-over-month

lens, February's arrival counts were in negative territory across the board - a not atypical situation. The "F"s of February - fog, freezes, fronts, and fewer days places this month at a disadvantage compared to its 31-day neighbors. Thus, best to focus on how the first two months of the current year compare to that of the previous one.

The three ports that are in close proximity to one another - Texas City, Freeport, and Galveston - all trailed their prior year's performance. While Freeport's year-to-date wane was slightly higher than its two neighboring ports at 3%, it posted the lowest monthly decline. Galveston may have had the smallest ebb in relation to 2021's first 2 months but it had no equal with respect to its precipitous monthly plunge of over 26%. Texas City's double-digit monthly percentage malaise was roughly half that of Galveston while its 2022 performance was between that of Galveston and Freeport with 2.5% fewer arrivals.

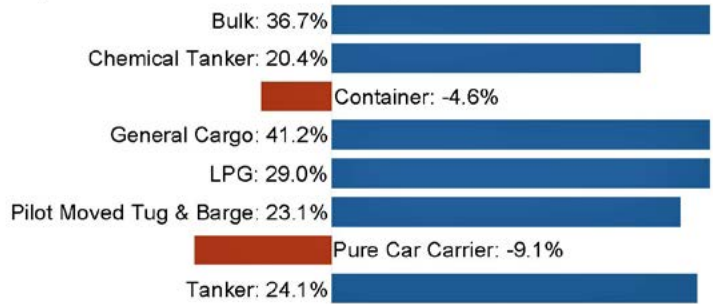
To the south, the Port of Corpus Christi and Brownville logged solid arrival gains over 2021's numbers. The former is up 9.5% and the latter has logged a 4%- and-change gain. LNG and crude

**Deepdraft Vessel Arrivals by Port**  
February 2022 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

**Houston Deepdraft Arrivals by Type**  
February 2022 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

exports played a substantial factor in Corpus Christi's gains whereas imports of project cargo bolstered Brownsville's vessel count.

On the opposite end of the Lone Star's constellation of ports, Sabine's arrival tally was one of the most impressive of the region. After a relative paltry 5% decrease in ship arrivals over the last month, Sabine gained an enormous lead over 2021's count to the tune of 21%. Like Corpus Christi, LNG and refined product exports dominated the trade picture.

Retracing one's track line westward to the Houston Ship Channel, the mariner quickly grasps why Houston is the nation's top tonnage port. 2022 appears to be picking up where the first quarter of 2020 ceased. Today, it may cost a consumer more denarii to acquire foreign-fabricated merchandise. Yet, it takes fewer ships to transport more containers that are brimming with imports. That is, 4.6% fewer container vessels moved 31% more containers in the first two months of 2022 than that of the prior year. The appetite for imports was sated by 33% more inbound containers whereas the world's demand

for exports tailed off by 6% in the first two months of year. Mind you, the overseas yearning for empty containers remains voracious with a year-over-year increase of 218%.

Petrochemical exports from the Bayou City's waterways were every bit as impressive as that of Sabine and Corpus Christi. On a year-to-date basis, chemical tankers climbed 20%; tankers rose by 24% and LPG exports were up handsomely by 27%. Yet, those paled in comparison to general cargo and bulk carrier arrivals which leapt by 41% and 37% respectively – another indication that construction activity ashore is in overdrive. Speaking of driving, car carrier arrivals are few and far between these days. Little wonder that used cars are demanding such a premium as new imports are entering the port by dribs and drabs. Undoubtedly, until the supply of vehicles regains its pre-COVID numbers, it will take far more denaros to purchase a set of wheels than it did two years ago.

It took the violation of the Versailles Treaty by Germany to eventually stabilize its currency after the maniacal printing of the Mark. Conversely, in

ancient Rome, it took a plague from the east to compromise the soundness of the denarius. The plague from returning soldiers decimated the population and caused a severe labor shortage. Consequently, laborers could demand far higher wages for their services. Higher wages required more silver and gold coins. Yet, there was not enough precious metal in the Roman Treasury to satisfy the denarius demand. What to do? The Emperor had a brilliant idea, stretch the silver and gold by adding base metals to the coinage. Alas, the 1% inflation of the 100s gave way to 15,000% inflation from 200 to 300 AD and the empire began to crumble. Hopefully, the world's reserve currency will not mirror the denarius' tale of woe and end up as valueless as the "Continental" – America's first paper currency. By the end of the Revolutionary War, no amount of Continentals could purchase a loaf of bread.



**Tom Marian**  
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# Texas Economy Strengthens as Omicron Fades; Costs and Wages Rise Further

**Authors:**

Jesus Cañas, senior business economist in the Research Department at the Federal Reserve Bank of Dallas.  
James Lee, research analyst in the Research Department at the Federal Reserve Bank of Dallas.

The Texas economy, paced by expansion within the service sector, grew strongly in February as the impact of the omicron variant of COVID-19 faded, data from the Texas Business Outlook Surveys (TBOS) indicated. Wage and price pressures continued and, together with recent geopolitical events, challenge firms' outlooks.

Manufacturing activity decelerated slightly in February but still exhibited above-average output growth. Texas employment grew at a 3.6 percent month-over-month annualized rate in January, considerably above Texas' average long-run job growth of 2 percent but slower than the 5.4 percent pace in 2021 (Chart 1).

Goods-producing employment fell slightly as construction jobs declined 5.3 percent and manufacturing employment increased just 0.9 percent. Energy employment grew an impressive 18.1 percent.

## Services Employment Paces Growth

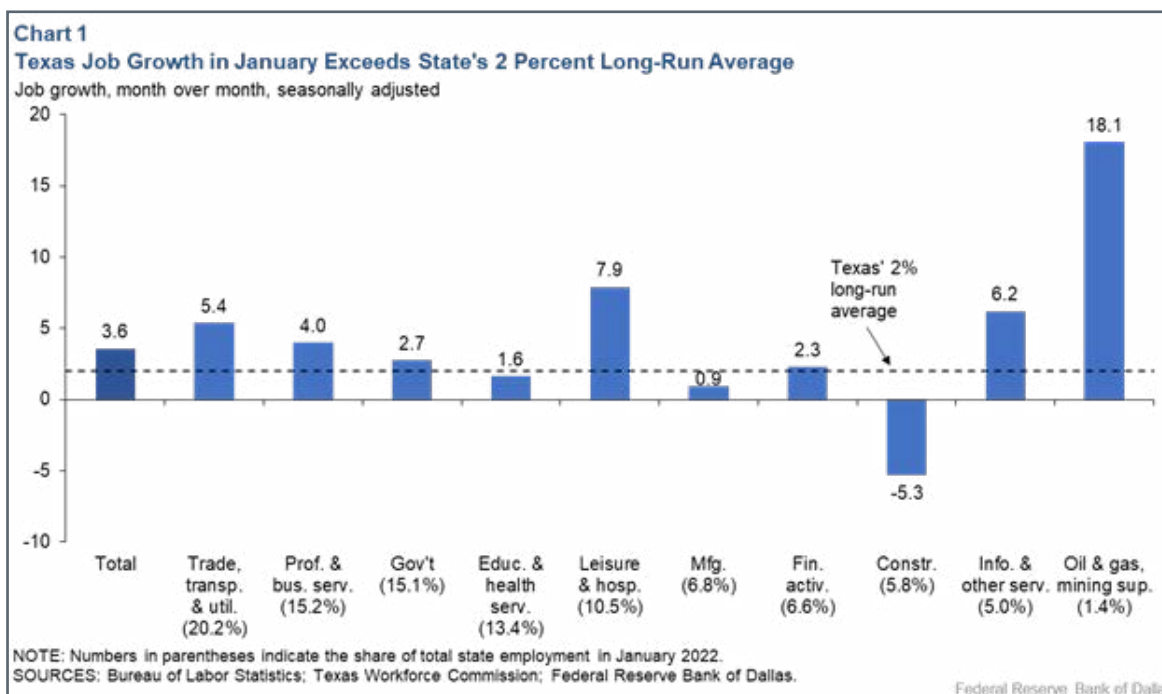
Service sector employment grew 4.2 percent in January, up

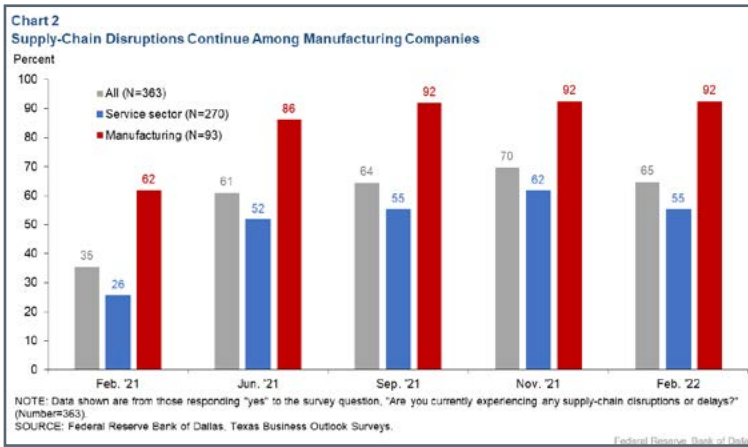
from 2.5 percent in December. The expansion was widespread, with leisure and hospitality rising 7.9 percent and trade and transportation up 5.4 percent.

The Federal Reserve Bank of Dallas employment forecast for 2022 (December to December) estimates the number of jobs in Texas will increase 2.9 percent in 2022, amounting to 382,000 new positions. However, increasing uncertainty due to persistent supply-chain woes, high inflation and the prospect of additional problems arising from Russia's invasion of Ukraine may present future challenges.

## Supply-Chain Problems Endure

Supply-chain issues continue, respondents to February's TBOS special questions indicated. There was improvement within the service sector, as 55 percent of respondents experienced supply-chain disruptions or delays compared with 62 percent in November.





However, manufacturers indicated no improvement—92 percent of respondents continue to experience supply-chain disruptions or delays (Chart 2).

Texas firms with international supply chains are more exposed to disruptions—93 percent of TBOS firms with foreign suppliers are experiencing supply-chain disruptions, compared with 34 percent of firms with only domestic suppliers.

Affected companies are attempting to broaden their supply base, looking domestically for alternatives, substituting other inputs and increasing inventories. Several respondents noted that costs will rise as a result.

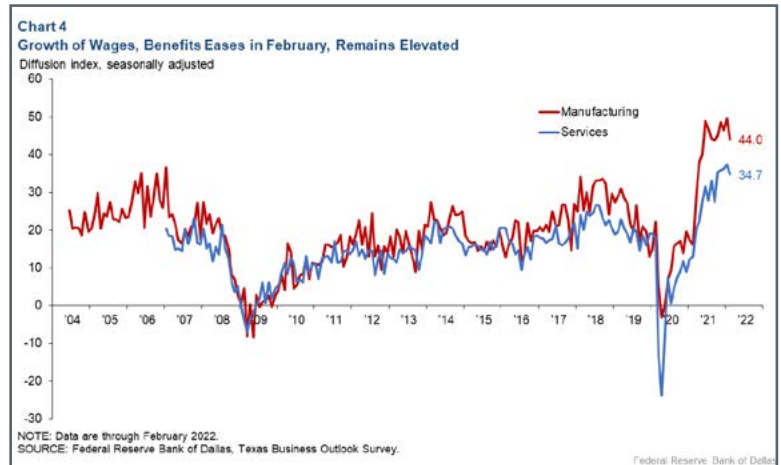
The expected timeline for supply-chain normalization continues to lengthen. Only 30 percent of firms anticipate that their supply chains will return to normal within the next six months; 43 percent expect the process will require seven to 12 months, and 27 percent say it will take more than a year. In June 2021, 41 percent of respondents expected normalcy within six months, 35 percent in seven to 12 months and 22 percent in more than a year.

Supply-chain disruptions are likely to worsen because of the Ukraine–Russia conflict and will push prices higher. Risk factors include further disruptions to global manufacturing logistics networks affecting, among other items, supplies for wire and plastics, coils, capacitors and ignition systems.

As a result, Texas' electronics-related production may continue slowing. Deliveries of electronics represent about 25 percent of the state's total exports. Conversely, Texas energy-related production and oil and gas exports may increase if global demand for U.S. energy products rises because of the conflict in Ukraine and reduced Russian oil and gas exports.

### Persistent Price Increases

Supply-chain disruptions and labor shortages continue pushing prices and wages higher. Selling-price and input-price pressures again increased in February for manufacturing and remained near record levels for services (Chart 3). Wage and benefit growth also remained elevated (Chart 4).



### Price Pressures Vary Across Metros

High regional inflation has accompanied persistently rising prices and wages. However, price growth in Texas is not evenly distributed across regions.

While Consumer Price Index inflation in the Dallas–Fort Worth area is higher than in the nation, inflation in Houston is lower (Chart 5).



Housing and housing-related costs are largely responsible for the price growth differential between DFW and Houston. Overall housing costs—which includes shelter, utilities and rent—represents about one-third of overall household expenditures.

Year-over-year housing inflation was 6.8 percent in DFW and 4.2 percent in Houston in January.

# Industry PHMSA Regulatory Update

Pipeline Safety: Safety of Gas Gathering Pipelines: Extension of Reporting Requirements, Regulation of Large, High-Pressure Lines, and Other Related Amendments





If not aware, the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA") issued a final rule expanding federal oversight, 86 FR 63266, which extends reporting requirements to all gas gathering operators and applies a set of minimum safety requirements to certain gas gathering pipelines with large diameters and high operating pressures. The rule does not affect offshore gas gathering pipelines. PHMSA estimates that at least 425,000 miles of onshore gas gathering lines have not been subject to PHMSA oversight and will now be covered.

**Link to rule:** <https://www.federalregister.gov/documents/2021/11/15/2021-24240/pipeline-safety-safety-of-gas-gathering-pipelines-extension-of-reporting-requirements-regulation-of>

**What has changed?** First, it requires all onshore gas gathering lines operators to report safety incidents and file annual reports with PHMSA. The new rule also subjects previously unregulated gathering lines in rural areas to federal minimum safety standards by establishing a new category of regulated gathering lines, discussed below.

#### Key compliance dates:

- The rule goes into effect on May 16, 2022
- New reporting timeframes:
  - Incident Reports: start reporting events occurring after May 16, 2022
  - Annual Reports: 2022 reports due March 2023
- Identification (including start and endpoints) of Type-C Lines: November 16, 2022
- Section 192.9 Compliance (a jurisdictional review of the system): May 16, 2023
- Maximum allowable operating pressure ("MAOP") lookback: 5-year period ending May 16, 2023

Operators must also comply with the requirement to document the methodology used in determining the beginning and endpoints of onshore gas gathering within six months of the effective date. Operators of Type-C lines must comply with the applicable requirements in Part 192 within 12 months of the effective date. As with most regulations, PHMSA wants to ensure a sound process is used. Operators may request alternatives to these compliance deadlines by submitting a notice to PHMSA that details measures that will be taken and other relevant facts at least 90 days in advance. Then they may proceed with their proposed alternative deadline if they receive a no objection letter from PHMSA or if PHMSA has not replied within 90 days of submitting the notification.

On an important note, the new rule sets a ten-mile limitation on the use of "incidental" gathering on new, replaced, relocated, or otherwise changed gathering lines, which differs from the new definition of the incidental gathering found in the second edition of API RP, which imposed a 20-mile distance limitation.

**New pipeline categories:** PHMSA's new rule creates two (2) new categories of regulated gas gathering lines, Type-R and Type-C.

Type-R gathering lines are those that have an outside diameter less than 8.625 inches or operate below the pressure or stress level criteria noted below and did not have to comply with any Part 192 requirements and are subject only to the incident and annual reporting under Part 191.

The new annual report (DOT Form PHMSA F 7100.2-3) and incident report forms for Type-R gathering lines address:

- Requiring incident location information that is equivalent to what is required for regulated gas gathering lines;
- Annual report fields appropriate for identifying and evaluating public safety and environmental risks that may be associated with unregulated gas gathering lines, including:

- Miles by the decade of installation,
  - Miles by pipeline diameter,
  - Miles by pipe material and corrosion protection status, and
  - The number of leaks that were repaired or scheduled for repair.
- o On the Type-R annual report form, allow reporting of an unknown decade of installation.
  - o On the Type-R incident report form, allow reporting of an unknown date of installation and certain fields related to pipeline material properties and damage prevention investigations.

buildings intended for human occupancy within a 1-mile-long class-location unit (full definition includes the word offshore pipelines, but the rule itself says these aren't covered, and pertains to just onshore pipelines); or

2. are 8.625 inches or greater in diameter and are metallic, with an MAOP producing a hoop stress of 20 percent or more of specified minimum yield strength ("SMYS"), or metallic, with an MAOP greater than 125 psig if the hoop stress is unknown, or non-metallic, with an MAOP greater than 125 psig.
3. Type-C gathering lines are subject to certain parts of Part 191 reporting and registration requirements, and parts of Part 192 safety standards.

Type-C gathering lines are defined as gas gathering lines in Class 1 locations:

1. location is an onshore pipeline that has 10 or fewer

| Applicability of Type-C Requirements Based on Size and Location of a Given Segment |   |   |
|--|---|---|
| Outside diameter   | Not located near a building intended for human occupancy or other impacted site (§ 192.9(f))  | Located near a building intended for human occupancy or other impacted site (§ 192.9(f))  |
| Greater than or equal to 8.625 inches up to and including 12.75 inches             | <ul style="list-style-type: none"> <li>• Design, Construction, Initial Testing (new/replaced/relocated/changed lines)</li> <li>• Damage Prevention,</li> <li>• Emergency plans</li> </ul> | <ul style="list-style-type: none"> <li>• Design, Construction, Initial Testing (new/replaced/relocated/changed lines)</li> <li>• Damage Prevention</li> <li>• Emergency Plans</li> <li>• Corrosion Control</li> <li>• Line Markers</li> <li>• Public Awareness</li> <li>• Leakage Surveys</li> </ul>  |
| Greater than 12.75 inches up to and including 16 inches                            | <ul style="list-style-type: none"> <li>• Design, Construction, Initial Testing (new/replaced/relocated/changed lines)</li> <li>• Damage Prevention</li> <li>• Emergency Plans</li> </ul>  | <p><b>All Type-C Requirements</b></p> <ul style="list-style-type: none"> <li>• <i>Design, Construction, Initial Inspection and Testing (new/replaced/relocated/changed lines)</i></li> <li>• <i>Corrosion Control</i></li> <li>• <i>Damage Prevention</i></li> <li>• <i>Emergency Plans</i></li> <li>• <i>Line Markers</i></li> <li>• <i>Public Awareness</i></li> <li>• <i>Leakage Surveys</i></li> <li>• <i>Establishment of MAOP</i></li> <li>• <i>Applicable requirements of part 192 for plastic pipe and components)</i></li> </ul> |
| Greater than 16 inches   | <b>All Type-C Requirements</b>  | <b>All Type-C Requirements</b>  |

### How to recognize the location of a pipeline

Markers are located in the pipeline right-of-way and indicate the approximate location, but not the depth, of a buried pipeline.

Although not present in certain areas, these can be found at road crossings, fence lines, and street intersections. The markers display the product transported in the line, the name of the pipeline operator, and a telephone number where the operator can be reached in the event of an emergency.



From left to right: InView™ Marker, Dome Marker, Flat Marker, Round Marker, Aerial Marker, Casing Vent Markers.

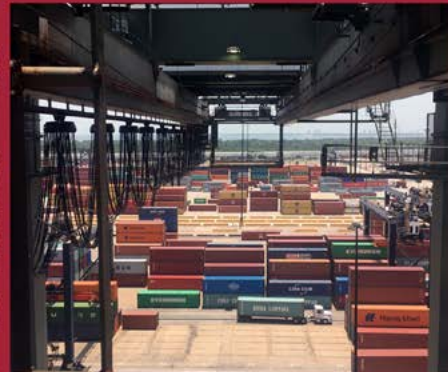
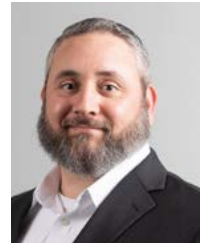
Source: 811 public awareness.

Ultimately, PHMSA's critical accomplishments with the new rule are to subject all gas gathering lines, including previously unregulated lines, to annual and incident reporting requirements as well as capture previously unregulated gathering pipelines (SMYS >20%) and now make them subject to safety standards. The rule also limits the use of the incidental gathering line exceptions to lines 10 miles or less.

Moving forward, operators need to identify the start and endpoints of their systems to determine regulated lines – jurisdictional analysis to determine, pipeline applicability. Once applicable pipelines are determined, develop a plan forward to address the new regulatory requirements.

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# Port Bureau Updates

## Crowe LLP Launches New ESG Center of Excellence



Employees, regulators, investors and other key stakeholders require transparency and data-driven disclosures related to greenhouse gas emissions, diversity & inclusion, labor practices, environmental risk management and overall societal impact. Companies are challenged to create and implement environmental, social and governance (“ESG”) strategies to measure and report progress and hold themselves accountable. To help companies identify and implement tailored ESG programs, Crowe LLP, a public accounting, consulting and technology firm in the U.S. with offices around the world, has launched the Crowe ESG Center of Excellence (“COE”).

“This is an example of Crowe living up to its purpose of ‘shaping a better tomorrow’ for our clients and society. We have provided services related to governance and sustainability for many years, but by establishing the Crowe ESG COE, we are bringing the full power of our firm’s capabilities to our clients,” said Mark Baer, Crowe CEO. “As companies face increased scrutiny to be proactive with their efforts, they need a trusted adviser that can see across the entire regulatory and societal landscape to help implement meaningful, impactful and innovative programs.”

The Crowe ESG COE will serve as facilitator and integrator across the firm’s advisory, audit & assurance, consulting and tax business units and the industry verticals – bringing clients efficient access to the depth and breadth of the firm’s ESG expertise and solutions, which include:

**Environmental.** Waste and pollution; resource use and depletion; greenhouse gas emissions; habitat destruction/preservation; climate change adaption/risk management; and product compliance and stewardship

**Social.** Diversity, equity & inclusion; human rights; fair trade; community investment; workplace safety; hiring practices; consumer protection; and training and education

**Governance.** Transparency, ethics & integrity; corporate reputation (corruption, fraud, regulation); stakeholder engagement; internal system of controls, practices and procedures; privacy and data security; executive compensation; donations and political lobbying; board diversity and structure; and supply chain resiliency.

In addition, as Crowe continues to focus on and enhance its own sustainability and corporate social responsibility programs, the firm will leverage the ESG COE to ensure it is implementing best practices and setting standards and accountability.

## ExxonMobil Planning Hydrogen Production, Carbon Capture and Storage at Baytown Complex

**ExxonMobil** ExxonMobil is planning a hydrogen production plant and one of the world’s largest carbon capture and storage projects at its integrated refining and petrochemical site at Baytown, Texas, supporting efforts to reduce emissions from company operations and local industry.

“Hydrogen has the potential to significantly reduce CO2 emissions in vital sectors of the economy and create valuable, lower-emissions products that support modern life,” said Joe Blommaert, president of ExxonMobil Low Carbon Solutions. “By helping to activate new markets for hydrogen and carbon capture and storage, this project can play an important part in achieving America’s lower-emissions aspirations.”

The proposed hydrogen facility would produce up to 1 billion cubic feet per day of “blue” hydrogen, which is an industry term for hydrogen produced from natural gas and supported by carbon capture and storage. The carbon capture infrastructure for this project would have the capacity to transport and store up to 10 million metric tons of CO2 per year, more than doubling ExxonMobil’s current capacity.

Using hydrogen as a fuel at the Baytown olefins plant could reduce the integrated complex’s Scope 1 and 2 CO2 emissions by up to 30%, supporting ExxonMobil’s ambition to achieve net zero greenhouse gas emissions from its operated assets by 2050. It also would enable the site to manufacture lower-emissions products for its customers. Access to surplus hydrogen and CO2 storage capacity would be made available to nearby industry.

The project would form ExxonMobil’s initial contribution to a broad, cross-industry effort to establish a Houston carbon capture and storage hub with an initial target of about 50 million metric tons of CO2 per year by 2030, and 100 million metric tons by 2040. Evaluation and planning for the Baytown project are ongoing and, subject to stakeholder support, regulatory permitting and market conditions, a final investment decision is expected in two to three years.

Equally important is the company’s more than 30 years of experience capturing and permanently storing CO2. ExxonMobil has cumulatively captured more human-made CO2 than any other company and has an equity share of about one-fifth of the world’s carbon capture and storage capacity, which amounts to about 9 million metric tons per year.

## Targa Resources Executes Agreements to Acquire Bolt-On Assets for \$200 Million



Targa Resources Corp. announced on March 17 that it has executed agreements to acquire Southcross Energy

Operating LLC and its subsidiaries in South Texas for \$200 million.

### Transaction Highlights

- Attractive acquisition price represents approximately 4 times adjusted EBITDA multiple
- Further synergy potential to reduce acquisition multiple over time
- Potential to move a currently idle 200 million cubic feet per day plant
- Fee-based contracts, with the vast majority of volumes being low pressure wellhead gathering
- Continued simplification through acquisition of remaining T2 joint venture interests

Wells Fargo Securities, LLC is serving as Targa's financial advisor and Winston & Strawn LLP is acting as Targa's legal counsel on the transaction. The acquisition is expected to close in the second quarter of 2022 following customary closing conditions.

Targa Resources Corp. is a leading provider of midstream services and is one of the largest independent midstream infrastructure companies in North America.

## Watco Selected as Rail Service Provider for Port of Corpus Christi



Watco and the Port of Corpus Christi have announced the signing of a ten-year contract

for Watco to become the operator of the short line railroad servicing the Port of Corpus Christi. Watco's newly formed entity, Texas Coastal Bend Railroad ("TCBR"), will be providing rail service along the 63-mile line.

The Port of Corpus Christi has allocated significant capital in recent years to upgrade its rail infrastructure to better serve its current and future customers. This includes an approximately \$12 million infrastructure expansion near the port's Bulk Materials Terminal, which will be complete later this year.

"As one of the largest rail and port terminal operators in North America, we see the potential for growth, expansion and economic development in the region," said Stefan Loeb, Watco's chief commercial officer. "We look forward to building our partnership through the years."

The port railroad system has connectivity to three Class I railroads: the BNSF, KCS and UP. The TCBR is expected to begin operations in August 2022.

## 2022 Commerce Club

### Join us for our April 14, 2022 Commerce Club



**Nick Karim**

General Manager  
Vopak Moda Terminal

The Greater Houston Port Bureau will hold our April 14th Commerce Club luncheon with guest speaker Nick Karim. He is General Manager of the Vopak Moda terminal in Houston where he leads, develops, and implements the businesses' growth strategy to develop the site into a low-carbon and hydrogen hub on the US Gulf Coast.

Network with 180+ professionals from maritime, transportation, energy companies, and organizations in the port region. We hope you'll join us!

### Location

#### Houston Marriott South at Hobby Airport

9100 Gulf Freeway  
Houston, TX 77017  
11:15 AM - 1:00 PM

### Information and RSVP

[txgulf.org/events](http://txgulf.org/events)  
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**May 12-Guest Speaker:** Jennifer Carpenter, president & CEO, American Waterways Operators.

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## Port of Brownsville's Ribbon Cutting Ceremony Opens South Port Connector Road



Officials gather for a ribbon cutting ceremony opening the South Port Connector Road at the Port of Brownsville on March 4. Photo courtesy of the Port of Brownsville.

The Port of Brownsville held a ribbon cutting ceremony on March 4 for the Rio Grande Valley's latest commerce route, the 1.9 mile-long South Port Connector Road. The new road officially opened for business on Monday, March 7, at 6 a.m.

The road project is a collaborative effort between the Brownsville Navigation District ("BND"), Cameron County, the Cameron County Regional Mobility Authority ("CCRMA"), the Rio Grande Valley Metropolitan Planning Organization ("RGVMPO"), and the Texas Department of Transportation ("TxDOT") to improve port access and ease urban traffic in the Brownsville area.

BND Board Chairman Sergio Tito Lopez commemorated the event by driving a truck through a ceremonial ribbon, officially opening the road for domestic and international trade.

"The Port of Brownsville is committed to investing in infrastructure to meet the growing business needs of our region for today and tomorrow," said Lopez. "Thousands of workers depend on the first-rate logistics services provided by the port as the leading economic engine of the Rio Grande Valley. I commend our partners involved in the project for contributing greatly to the success of the construction of this road."

The Port of Brownsville has seen an increase in truck traffic in recent years, registering 438,000 truck movements in 2021, which represents an average of 1,200 truck movements per day.

Funding for the \$25.6 million port connector road was procured by the Port of Brownsville, Cameron County, the CCRMA, RGVMPO and TxDOT. Construction of the road began August 2020 and its completion marks the first phase of CCRMA's larger East Loop Corridor project.

The South Port Connector Road is the first entrance/exit located on the south side of the Brownsville ship channel. It will directly link Ostos Road inside the port with State Highway 4 and eventually offer a direct route to nearby commercial traffic lanes at Veterans International Bridge. The new access road also creates a convenient connection to the neighboring SpaceX launch site, facilitating the shipping and receiving of critical components for the space industry.

"The South Port Connector Road is a testament to the Valley's growth and its leading business industry between the Port of Brownsville, the Cameron County International Bridge System, and the space industry. This road will continue to promote the region's success in travel and trade," stated Cameron County Judge Eddie Treviño, Jr.

## Campbell Transportation Company Purchases the Marine Assets of E Squared Marine Service, LLC



Campbell Transportation Company, Inc.

Campbell Transportation Company, Inc. ("CTC"),

a fully integrated marine services company, announced they have purchased the marine assets of E Squared Marine Service, LLC. Campbell Transportation owns and/or manages a growing number of dry and liquid cargo barges. In addition, CTC operates 50 towboats on the inland waterways system. This acquisition is another step forward in Campbell's strategic plan to grow by diversifying and expanding its current business into new and growing markets. This acquisition is a significant expansion of Campbell's tank barge operations providing an operating and fleet location in Houston, Texas.

Campbell is committed to providing the safest, most efficient, and reliable marine logistics and services solutions to its customers by adhering to 5 core values of safety, customer service, efficiency, reliability, and continuous improvement

## ExxonMobil Appoints Dan Ammann President of Low Carbon Solutions; Joe Blommaert to Retire



ExxonMobil has announced that Dan Ammann, former General Motors president and CEO of Cruise autonomous vehicle company, has been appointed president of ExxonMobil Low Carbon Solutions, effective May 1. Ammann replaces Joe Blommaert, who has elected to retire after 35 years of service.

"We welcome Dan to ExxonMobil and will use his knowledge and experience to continue to build our Low Carbon Solutions business," said Darren Woods, chief executive officer and chairman. "I thank Joe for his contributions to the company's success and the significant progress made in developing our lower-emissions business. I wish Joe all the best in retirement."

Ammann was named CEO of Cruise, which is majority-owned by GM, in 2018, and was appointed president of GM in 2014. He was previously GM's chief financial officer and joined GM as treasurer in 2010. He helped lead GM's initial public offering following the company's 2009 restructuring.

Ammann began his career as an investment banker, starting at Credit Suisse First Boston in 1994 and moving to Morgan Stanley in 1999, where he was named a managing director in 2005. Ammann received a bachelor's degree in management studies from the University of Waikato in New Zealand.

## RRC Accepting Comments on Draft Oil & Gas Division Monitoring and Enforcement Plan



The Texas Legislature in 2017 directed the Railroad Commission of Texas (RRC) to develop an annual plan to assess the most effective use of its limited resources to protect public safety and minimize damage to the environment.

The purpose of this plan is to define and communicate the Oil and Gas Division's strategic priorities for its monitoring and enforcement efforts. The plan confirms many of the division's current priorities as well as establishing direction for data collection, stakeholder input, and new priorities for fiscal year 2023.

The RRC seeks input from stakeholders in the development of this plan. We look forward to hearing from you as this planning process moves forward. To view the draft plan, visit the RRC website at <https://www.rrc.texas.gov/oil-and-gas/compliance-enforcement/enforcement-activities/>.

To submit comments online by 5 p.m. on Friday, April 29, 2022, complete the survey at <https://survey.alchemer.com/s3/6738067/> <https://survey-alchemer-com-s3-6738067-Commission-Accepting-Comments-on-FY-2023-Oil-and-Gas-Division-Monitoring-and-Enforcement-Plan>.

Comments received by mail after April 29 may not be incorporated into the fiscal year 2023 iteration of the plan but will be reviewed.

## Coast Guard Releases Ballast Water Type-Approval Testing Final Policy Letter; Maritime Cyber Alert 01-22



The Coast Guard's Office of Operating and Environmental Standards ("CG-OES") has released Policy Letter 02-22 which describes the process for submitting viability testing methods to the Coast Guard and explains the information needed to evaluate a testing method.

Stakeholders may submit viability testing methods to the Coast Guard as outlined in Policy Letter 02-22. The Coast Guard will make a decision on submitted testing methods using the established evaluation process found in the policy letter.

The Coast Guard Cyber Command, Maritime Cyber Readiness Branch has issued Maritime Cyber Alert 01-22 to inform stakeholders of an increase in fake business websites targeting the Marine Transportation System ("MTS").

Multiple MTS partners have discovered well-constructed, fake websites masquerading as their legitimate business websites. These sites are created presumably to steal information from or install malware on customers' devices interacting with the sites. These spoofed websites are not designed to impact the maritime organization directly but resemble watering-hole style attacks where the intended targets are individuals and entities visiting the site. The spoofed websites are professional in appearance and quite sophisticated, some of which are presenting as .com domains. This level of detail can make it difficult to discern a real site from a fraudulent one. Read more: <https://mariners.coastguard.blog/2022/03/25/maritime-cyber-alert-01-22-spoofed-business-websites>.

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*ever so politely.*

**B** Buffalo Marine Service, Inc. [www.BuffaloMarine.com](http://www.BuffaloMarine.com)

## March Celebrates Women in Construction

Women in Construction Week takes place during the first full week in March every year. It is a time to highlight all the initiatives and work of women within the industry. According to the U.S. Bureau of Labor Statistics, women in construction numbered 1.5 percent of the entire U.S. workforce in 2018. The construction industry and jobs have evolved, and more women are finding multiple opportunities. Some are helping to building our ports.

Port Bureau member McCarthy Building Companies (“McCarthy”) is home to some of the industry’s most talented women and several are involved in their projects in the Houston port region. A senior project engineer, Jaqueline Martinez has been with McCarthy for two and a half years. She has worked on multiple projects for the Port Houston Authority, including both Container Yard 7 at Bayport Terminal as well as Container Yard 3N at Barbour’s Cut Terminal. She is a graduate of Tec de Monterrey, Campus Monterrey with a bachelor’s degree in Civil Engineering. Jacqueline received her master’s in Construction Engineering and Project Management from the University of Texas at Austin.

Valeria Zebrowski, project engineer for McCarthy, has been with the company for two years. Her work in the marine sector has included projects for Magellan, Port Houston Authority, and Port

Freeport. Most recently, she worked on the Port Freeport Harbor Levee Stabilization project and Port Houston’s Wharf 6 project. Valeria graduated from University of Texas at El Paso with a bachelor’s degree in Civil Engineering.

McCarthy celebrated their women leaders during Women in Construction Week. To read about more of the McCarthy women making an impact, visit [www.mccarthy.com/insights/celebrating-women-leaders-during-women-construction-week](http://www.mccarthy.com/insights/celebrating-women-leaders-during-women-construction-week).



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## Committee Leaders Introduce Bipartisan Coast Guard Authorization Act of 2022



The Chair of the House Committee on Transportation and Infrastructure Peter DeFazio (D-OR), Transportation and Infrastructure Committee Ranking Member Sam Graves (R-MO), Chair of the Subcommittee on Coast Guard and Maritime Transportation Salud Carbajal (D-CA), and

Subcommittee on Coast Guard and Maritime Transportation Ranking Member Bob Gibbs (R-OH) introduced bipartisan legislation to authorize funds for, reinforce, and support the United States Coast Guard.

The bill is a two-year authorization of the Coast Guard's policies and programs. The bill authorizes a level of support that enhances Coast Guard operations and helps the Service replace and modernize its cutters, and shoreside and cyber infrastructure.

"The Coast Guard works tirelessly to keep our coastal communities safe, protect our ports and waterways, support our marine environment, fight drug trafficking, and respond quickly to dangerous emergencies and disasters," said Chair DeFazio. "This bipartisan bill ensures the Coast Guard has the resources necessary to accomplish these critical missions. I am pleased to see the committee once again demonstrate true bipartisan cooperation and I encourage my House and Senate colleagues to swiftly pass this legislation and send it to the President's desk."

"Given the ongoing crisis in Ukraine, we need to ensure our armed forces, including the Coast Guard, are prepared and have

the assets they need to carry out their missions. The Coast Guard has national defense responsibilities, as well as port security and commercial vessel safety and security oversight missions which are of particular importance during this time of heightened international tension. The Coast Guard also helps keep maritime commerce moving, even when other parts of the supply chain are bogged down," said Ranking Member Sam Graves.

"Every single day, members of our Coast Guard all over the U.S. go to work to guard our country, enforce our laws, protect our environment, and keep Americans safe. To have their backs in their missions, I'm committed to ensuring that the Coast Guard has the resources and structures it needs to respond to emergencies from sea to shining sea. This legislation gives our Coast Guard that unwavering support," said Rep. Carbajal.

"Given the unique nature of the Coast Guard's missions and multiple crises the United States is confronting, it is essential Congress provides them with the funding, equipment, and training needed to complete those missions. The Coast Guard is critical to our national security as they are part of the 'front lines' in border security and drug interdiction. Their efforts in port security and maritime safety play a large role in ensuring safe American commerce and maritime activity. The bipartisan Coast Guard Authorization Act will help the Coast Guard maintain the readiness necessary in these troubling times of international turmoil," said Ranking Member Gibbs.



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# AEO2022 Issues in Focus: Exploration of the No Interstate Natural Gas Pipeline Builds Case

*The increase in natural gas pipeline capacity has accommodated and prompted growth in natural gas production. However, natural gas pipeline projects have come under increased scrutiny in recent years.*



Photo courtesy of Enterprise Products.

## Executive Summary

In addition to the Reference case and side cases in the U.S. Energy Information Administration's ("EIA") Annual Energy Outlook 2022 ("AEO2022"), EIA created a case that explores what happens if no additional interstate natural gas pipelines are built between 2024 and 2050, the No Interstate Pipeline Builds case. In this case, EIA projects 4.6% less natural gas production and 4.3% less natural gas consumption in 2050 compared with the Reference case. In addition, their projected 2050 spot price at the Henry Hub is 11.0% higher than in the Reference case. EIA finds that not building interstate natural gas pipelines affects some regions significantly more than others. They found the East North Central, Middle Atlantic, and South Atlantic regions were the most sensitive to changes in pipeline capacity because of limitations to growth in production in the Appalachia Basin.

## Market Overview

Between 1990 and 2020, U.S. interstate natural gas pipeline capacity grew considerably, increasing by nearly an estimated 300 billion cubic feet per day ("Bcf/d") over that period, according to EIA's state-to-state capacity tracker. The increase in natural gas pipeline capacity has accommodated and prompted growth in natural gas production, allowing additional natural gas volumes to reach sectors with growing natural gas consumption, such as natural gas exports and natural gas-fired electric power generation.

However, natural gas pipeline projects have come under increased scrutiny in recent years. Over the past few years, several large, interstate natural gas pipeline projects (such as the Atlantic Coast Pipeline, the Penn East Pipeline, and the Constitution Pipeline) have been cancelled following heightened legal and public pressure. In addition, in March 2021, the Federal Energy Regulatory Commission ("FERC"), which regulates interstate pipelines, announced that it would commit to considering greenhouse gas emissions and their contributions to climate change when assessing a proposed natural gas pipeline project's environmental impact.

## Methodology

Because of growing interest in natural gas pipelines due to in part to legal and public pressures, EIA developed the AEO2022 No

Interstate Pipeline Builds case to assess the potential impacts to the energy sector of a possible permanent moratorium on new natural gas pipeline builds.

The modeling in the No Interstate Pipeline Builds case assumes no unplanned interstate natural gas pipeline capacity will be added between 2024 and 2050. In their AEO2022 forecasts, EIA added unplanned natural gas pipeline capacity endogenously after the model determines it is economical to do so. Before 2024, their modeling incorporates natural gas pipeline projects that are already approved or under construction into interstate pipeline capacities based on projects published on their Natural Gas Pipeline Projects Tracker. EIA chose the year 2024 because some pipeline projects already are approved by regulators and are under construction with target in-service dates in 2023. This timeframe also aligns with the Reference case, which also begins to incorporate unplanned capacity expansions starting in 2024. The No Interstate Pipeline Builds case assumes new pipeline capacity will be restricted and additional capacity to reverse flows on existing pipelines will be prevented; EIA assumes all planned or existing bi-directional capacity remains the same as in the Reference case.

## Results

### National Overview

Restricting interstate natural gas pipeline builds results in an interregional capacity of 163.0 Bcf/d in 2050, which is 7.4 Bcf/d less than the Reference case projection. Fewer pipeline builds in the No Interstate Pipeline Builds case results in nearly 2.0 trillion cubic feet ("Tcf") less dry natural gas produced in 2050 compared with the Reference case.

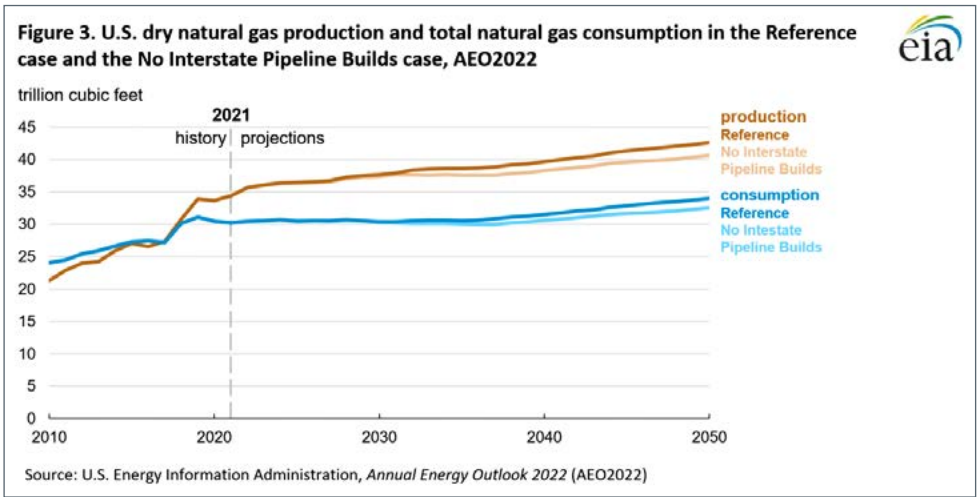
### Supply, Demand, And Prices

The No Interstate Pipeline Builds case projects that the Henry Hub spot price reaches nearly \$4.00 per million British thermal units ("MMBtu") in 2050, which is \$0.40/MMBtu higher than in the Reference case. Natural gas consumption in 2050 in the No Interstate Pipeline Build case is 4.3% lower than in the Reference

case. Most of the difference results from less natural gas consumption in the electric power sector, which EIA projects to be about 1.2 Tcf lower by 2050 than in the Reference case. Higher natural gas prices in the No Interstate Pipeline Builds case make natural gas a less economical fuel for electric power generation compared with alternative sources, such as coal or renewables.

Reference case. EIA projects that natural gas pipeline exports to Canada and Mexico combined will be 0.3 Tcf lower by 2050 compared with the Reference case, and EIA projects liquefied natural gas (“LNG”) exports to be lower by 0.2 Tcf.

### Energy-Related CO2 Emissions



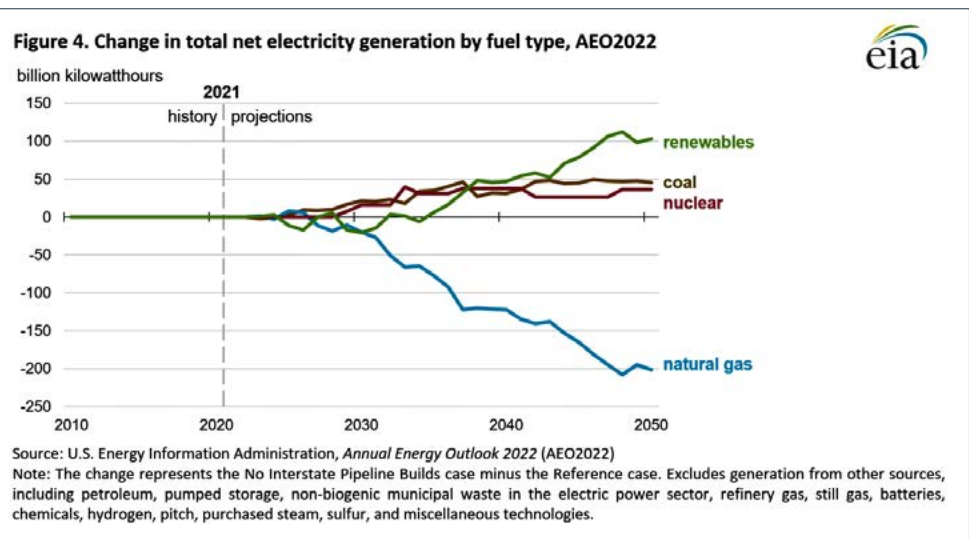
EIA projects 201 billion kilowatthours (BkWh), or 10.8%, less natural gas-fired generation in 2050 in the No Interstate Pipeline Builds case compared with the Reference case. In 2050, natural gas’s share of U.S. electricity generation falls from 34.1% in the Reference case to 30.5% in the No Interstate Pipeline Builds case. Different fuel sources combine to make up for the lower level of natural gas-fired generation. Generation from renewable sources is 103 BkWh higher, coal-fired generation is 46 BkWh higher, and nuclear-powered generation is 36 BkWh higher in 2050 compared with the Reference case.

EIA projects restricted interstate natural gas pipeline capacity will only slightly lower energy-related carbon dioxide (“CO2”) emissions in the United States. In the No Interstate Pipeline Builds case, the amount of CO2 emitted from natural gas combustion in 2050 is 1,748 million metric tons (“MMmt”), about 80 MMmt (4.4%) lower compared with the Reference case. Almost all of the difference comes from natural gas-related CO2 emissions in the electric power sector, which they project to be 561 MMmt, or 10.6%, lower than the Reference case in 2050.

However, total CO2 emissions from all fuel sources are only 34 MMmt (0.7%) lower in the No Interstate Pipeline Builds case than in the Reference case in 2050. The relatively small difference in CO2 emissions from all fuel sources partly results from higher levels of coal-fired power generation, which is more carbon intensive than the natural gas-fired generation it displaces.

### Regional Impacts

In the Reference case, most interregional natural gas pipeline capacity expands capacity out of the Mid-Atlantic and Ohio natural gas region to demand areas such as the Eastern Midwest. New pipelines accommodate additional supply volumes from the

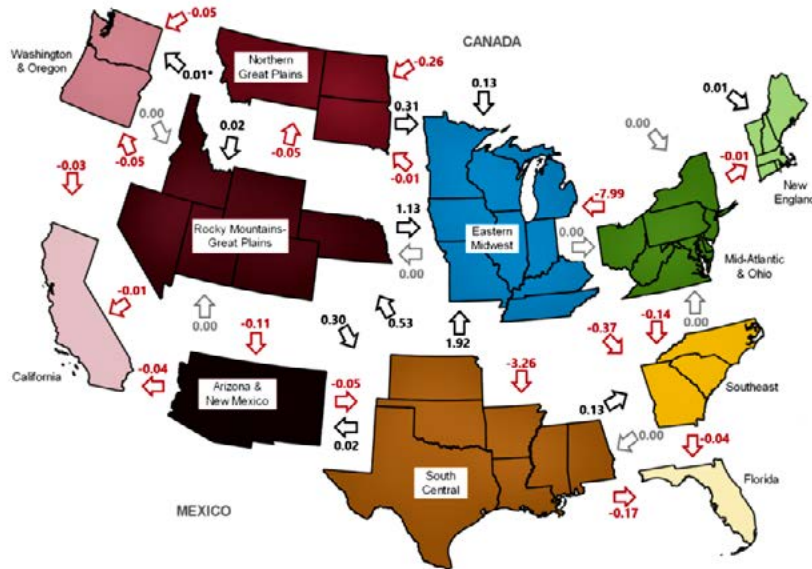


Appalachia natural gas production area, and almost all of the capacity additions are built after the late-2020s. Restricting unplanned interstate pipeline builds after 2023 results in 5.1 Bcf/d less capacity from the Mid-Atlantic and Ohio region to the Eastern Midwest region by 2050. Although other interregional pipeline capacity builds are also affected, the impact is not as great as prohibiting new infrastructure between the Mid-Atlantic and Ohio region and the Eastern Midwest region because the Reference case builds less new capacity between these other regions. Other differences between the No Interstate Pipeline Builds case and the Reference case include 1.1 Bcf/d less capacity into the Eastern Midwest region from the Northern Great Plains region, 0.7 Bcf/d less capacity from the Eastern

Midwest region into the Southeast region, and 0.05 Bcf/d less capacity into the New England region from Canada.

Interregional pipeline capacity between the Eastern Midwest and the South Central regions is not affected in the No Interstate Pipeline Builds case. However, natural gas flows between these two regions increase significantly compared with the Reference case to partly make up for the more limited natural gas flows

**Figure 6. Changes to interregional natural gas flows in 2050, billion cubic feet per day (No Interstate Pipeline Builds case minus Reference case, AEO2022)**



Source: U.S. Energy Information Administration, *Annual Energy Outlook 2022 (AEO2022)*

Note: The changes in flow represent the No Interstate Pipeline Builds case minus the Reference case. Flows to Washington and Oregon from Canada are through Idaho.

going into the Eastern Midwest region from the Mid-Atlantic and Ohio region. In the Reference case, by 2050, the Eastern Midwest region exports more natural gas to the South Central region than it imports from the South Central region. However, in the No Interstate Natural Gas Builds case, the Eastern Midwest region imports more natural gas from the South Central region than it exports. The net South Central-to-Eastern Midwest region flows increase by 1.3 Bcf/d in 2050 compared with the Reference case.

## Production

Most of the nearly 2.0 Tcf difference in dry U.S. natural gas production in 2050 between the No Interstate Pipeline Builds case and the Reference case is due to lower levels of dry natural gas production in the oil and natural gas East supply region, which includes the Marcellus and Utica shale plays. Compared with the Reference case, the East region produces 3.6 Tcf less dry natural gas by 2050 in the No Interstate Pipeline Builds case. Restricting new pipeline capacity leads to takeaway capacity constraints out of the region, effectively capping production increases beyond that level. However, dry natural gas production in other regions is slightly higher. As a result, less natural gas production in the East is partly offset by more dry natural gas production in the Gulf Coast and the Southwest, 0.7 Tcf and 0.4 Tcf, respectively, by 2050 compared with the Reference case.

## Prices

Although EIA projects that restricting interstate natural gas pipeline builds leads to a relatively higher Henry Hub spot price, they expect that regional delivered end-use prices, which are a function of the Henry Hub spot price plus a distribution markup, vary widely. In the No Interstate Pipeline Builds case, EIA projects that the only region where natural prices are lower than in the Reference case is in the Middle Atlantic Census Division, where average delivered end-use prices are \$0.69/MMBtu lower by 2050 compared with the Reference case. The lack of natural gas takeaway capacity out of the Appalachia Basin results in an excess

of natural gas supply in the Mid-Atlantic. Average delivered end-use prices are higher in almost every other census division. The largest difference occurs in the East North Central Census Division, where EIA projects average delivered end-use prices to be about \$1.25/MMBtu higher by the end of the projection period compared with the Reference case. Less incoming natural gas produced from the Appalachia Basin decrease natural gas supply available for that census division.

## Consumption

Because of generally higher natural gas prices, EIA projects that consumption in most census divisions will be lower in the No Interstate Pipeline Builds case relative to the Reference case, primarily resulting from less natural gas consumed by the electric power sector. They project that consumption in the East North Central Census Division and South Atlantic Census Division will be lower by about 1.0 Tcf (15.9%) and 0.5 Tcf (13.3%) by 2050, respectively, compared with the Reference case. However, in the Middle Atlantic Census Division, EIA projects that consumption will be 0.6 Tcf (17.8%) higher as lower prices in the Middle Atlantic Census Division lead to more natural gas consumption in the electric power sector.

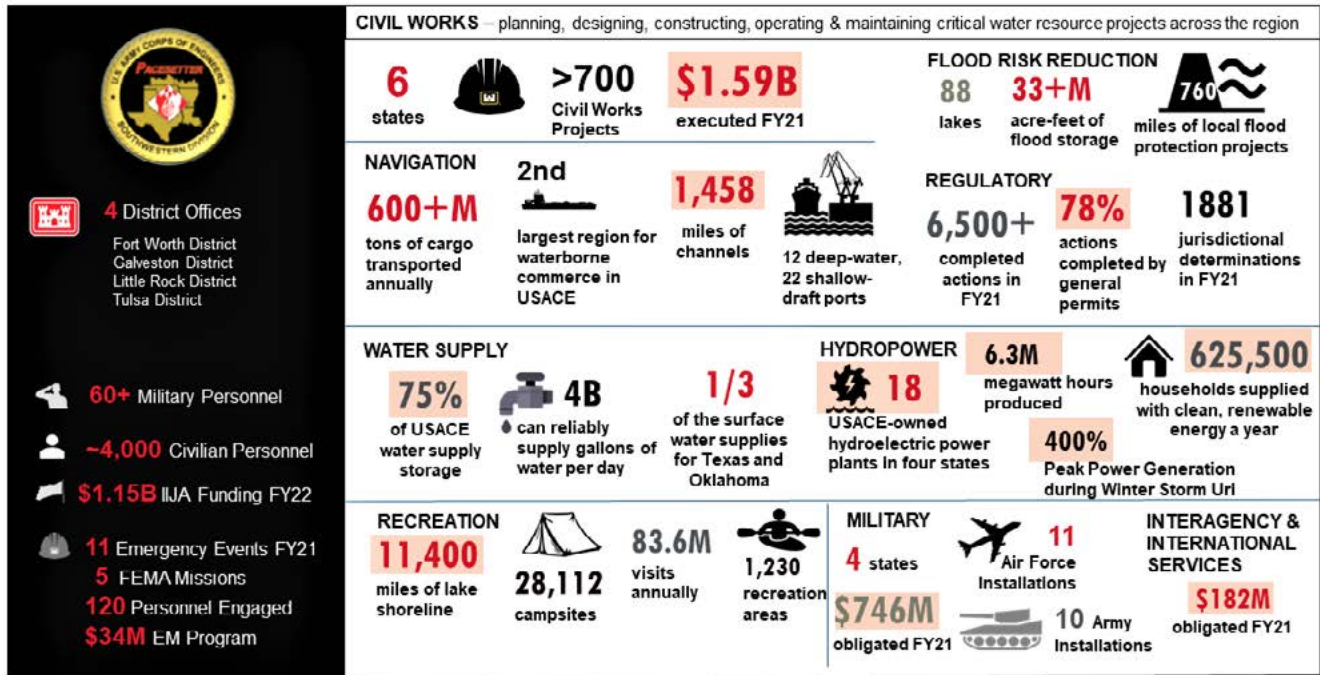
These changes in natural gas consumption for the electric power sector ultimately result in changes to the electricity generation mix at a regional balancing authority level. In many of the large Electricity Market Module regions, such as the PJM Interconnection and the Texas Reliability Entity, coal and nuclear power generation primarily replace the lower levels of natural gas-fired generation. This shift occurs because fewer coal and nuclear power plants retire in this case. The primary exception is in the Midcontinent Independent System Operator, where wind and solar replace almost all of the natural gas-fired generation.

*For the Appendix and other data, visit: [https://www.eia.gov/outlooks/aeo/IIF\\_pipeline..](https://www.eia.gov/outlooks/aeo/IIF_pipeline..)*

# March Commerce Club Featuring Brig. General Christopher Beck, U.S. Army Corps of Engineers



## SOUTHWESTERN DIVISION MISSION



## Overcoming Challenges to Project Delivery through Partnerships



**Brig. Gen. Christopher Beck**  
 Commander,  
 Southwestern Division  
 of USACE

The Greater Houston Port Bureau welcomed Brig. General Christopher Beck, Commander, Southwestern Division of the U.S. Army Corps of Engineers (“USACE” or “Army Corps”), as guest speaker at our Commerce Club luncheon on March 14, 2022. The event was hosted at the Houston Marriott South at Hobby Airport.

“It is my pleasure to represent Southwestern Division of the Army Corps of Engineers. We have an incredible partnership with everyone in this room,” said Beck as he greeted the crowd.

“There is no way we could do what we do along the Galveston Coast without you, and I’d like to think many of you couldn’t do it without us as well.”

### Southwestern Division Overview

Beck described the USACE leadership team as the strength of their enterprise. The Southwestern Division mission includes over 700 civil works programs over seven states. There are four district offices – Fort Worth, Galveston, Little Rock, and Tulsa. They are responsible for planning, designing, constructing, operating, and

maintaining critical water resource products across the region. “We are proud to be the second largest region for waterborne commerce, with over 1400 miles of channels – and this region is a significant part of that,” said Beck. “... Navigation and port support is critical to what we do in this region, and I’m very excited about that.”

The Southwestern Division has had significant funding increases for the region. Texas received about \$5 million of the Army Corps’ \$15 billion budget in 2022, with a large share designated for port region projects.

In speaking to the challenges of the projects, Beck referenced Lieutenant General Scott Spellmon, and said “We are not going to hire or engineer our way out of this, but we are going to deliver it with partnerships. That is really what the port of Houston, the Houston Ship Channel, and with many of you in this room our efforts have been really characterized by.”

### Revolutionize

Beck used “revolutionize” to describe the Army Corps’ approach to project completion. Included in this goal is accelerated project delivery, transforming project financing and budgeting, and improving permitting and regulation reform in USACE



civil works projects. They also seek to “revolutionize” research and development (“R&D”) that support projects by proactively planning, programming, budgeting and executing R&D for faster, cheaper, and better delivery enabled by technology. Partnerships and relationships continue to play a crucial role in project completion.

“We cannot solve the problems or work to mitigate the challenges along the Texas Coast and the port area here, without having a strong relationship with you,” stressed Beck.

### Civil Works Strategic Plan

Detailing the USACE approach in developing their Civil Works Strategic Plan, Beck said the team focused on what the future might look like 20 to 30 years down the road. They examined the challenges and how to structure USACE to successfully meet the missions of tomorrow. Beck urged attendees to be involved in any Army Corps events that offer stakeholders the opportunity to add their outlook for the future and identify gaps in USACE plans.

### Q&A Session

The presentation closed with a Q&A session that included coastal protection needs, Project 11, dredging requirements, accelerating permit delivery, environmental considerations, and Army Corps projects around the world. As Beck spoke to each concern, he underscored the importance of USACE’s goal to work in partnership with communities, organizations, and stakeholders to overcome challenges and complete projects or improve processes.

“Thank you for your partnership. I want to thank you for what this organization has done together, and we want to continue moving forward. There are a lot of ‘heavy lifts’ in this area, and we will only do that together,” Beck concluded.

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