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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

MVP: FROM BAD TO WORSE

	MVP 2017	MVP 2020	Southgate Extension	Total MVP Project
Ownership	Mountain Valley Pipeline, LLC, a joint venture of: EQM Midstream Partners (45.5%); NextEra Energy Resources (31%); Con Edison Transmission (12.5%); WGL Midstream (10%) and RGC Midstream (1%)	Mountain Valley Pipeline, LLC: EQM Midstream Partners (47%), NextEra Energy Resources (31%), Con Edison Transmission (10%), WGL Midstream (10%), RGC Midstream, LLC (1%)[c]		
Project Cost (Est.)	$3.5 Billion	Up to 6 Billion; plus $500 Million to expand capacity	$468 Million	**Up to $6.97 Billion**
Annual Greenhouse Gas Pollution	89.5 million metric tons – equivalent to 26 coal plants or 19 million passenger vehicles[9]	111.9 million metric tons with expanded capacity (over 32 coal plants or nearly 24 million passenger vehicles)[d]	16.8 million metric tons (nearly 5 coal plants or 3.6 million passenger vehicles)[e]	**128.7 million metric tons (over 37 coal plants or 27.3 million passenger vehicles)**
Areas Affected	Northwestern West Virginia to south central Virginia	Northwestern West Virginia to south central Virginia	South central Virginia to north central North Carolina	

EQM REMAINS THE DRIVING FORCE BEHIND MVP

EQM's ownership share of the joint venture managing MVP construction edged up to 47 percent, from 45.5 percent in our last briefing. This came in part from partner Con Edison capping its investment at 10 percent, down from 12.5 percent.[10] Con Edison's President also said in August that it is reconsidering investments in fossil gas pipelines like MVP.[11] In June 2020, Equitrans Midstream Corp (ETRN) acquired the portion of EQM that it did not already own.[12] ETRN will fund $2.9 billion of MVP's $6 billion cost.[13] Likewise, ETRN would incur a substantial share of the costs of expanding MVP and building Southgate. Thus, the banks financing EQM continue to legitimize MVP.

MAJOR BANKS HAVE INCREASED FUNDING TO EQM

Large financial institutions have substantially increased their funding for EQM since our last briefing. As shown in Table 1, Banks and their related capital market institutions have financed EQM through $9.5 billion in active senior notes (a type of bond), an unsecured loan, and increases to EQM's revolving credit facility. These were issued between 2014 and June 2020. Most of this financing came after our 2017 briefing, when we reported "only" $1.25 billion in lending. This funding continued to flow, despite major credit rating agencies judging EQM a speculative investment with long-term risk.[f]

While these funds support more than just MVP, they represent enough to cover ETRN's entire share of MVP's costs. ETRN has received so much money from banks, in fact, that it can fund an increase in MVP's capacity without taking on additional debt.[15]

As described in more detail in Table 1, top financiers now include JPMorgan Chase (#1), Bank of America and subsidiary Merrill Lynch (#2), TD (#3), PNC (#4), Union Bank parent Mitsubishi UFJ (#5), Wells Fargo (#6), Citigroup (#9), and U.S. Bank (#10). Other banks highlighted in our first briefing, SunTrust and Bank of the West (through BNP Paribas), each continue to supply tens of millions of dollars in financing. Many of these same banks, especially Wells Fargo and JPMorgan Chase, also funded the U.S. shale bust, as described in a recent report by Rainforest Action Network and Oil Change International.[16]

c Total does not sum to 100 percent due to rounding
d Oil Change International calculation, based on reported capacity expansion of 500 million cubic feet per day from https://www.federalregister.gov/documents/2019/08/02/2019-16457/notice-of-availability-of-the-draft-environmental-impact-statement-for-the-proposed-mountain-valley, and greenhouse gas methodology in Stockman, The Mountain Valley Pipeline: Greenhouse Gas Emissions Briefing.
e Oil Change International calculation, based on reported capacity of 375 million cubic feet per day, and greenhouse gas methodology in Stockman, The Mountain Valley Pipeline: Greenhouse Gas Emissions Briefing.
f Most recent credit ratings include: Moody's – "Ba3" (as of April 2, 2020); Standard & Poor's – "BB-" (April 7, 2020); and Fitch – "BB" (February 18, 2020).[14]

CONCLUSIONS AND RECOMMENDATIONS

Despite many changes to MVP's fortunes since our last briefing, our conclusions remain the same. MVP, including Southgate, is a financial risk and a carbon bomb. Banks have effectively dumped billions of dollars into a 400-mile pit, with no guarantee of anything to show for it.

EQM and its partners should cancel the pipeline before it does any more damage or wastes any more money. Banks should not provide any further corporate- or project-level financing to pipeline companies like EQM. Customers of these banks should likewise tell them to stop financing these companies. Customers should also avoid investing in MVP themselves, by moving their money out of these banks.

The public can also support great organizations fighting MVP on the ground:

- Protect Our Heritage, Water, Rights (POWHR)
- Ohio Valley Environmental Coalition
- Appalachian Voices
- Chesapeake Climate Action Network
- Virginia Sierra Club
- Appalachian Mountain Advocates
- Blue Ridge Environmental Defense League
- Wild Virginia
- Appalachians Against Pipelines

TABLE 1: BANK FINANCING OF EQM

Bank	Share of Credit Facility, Senior Notes & Unsecured Loan (Million USD)
JPMorgan Chase	**$952**
Bank of America / Merrill Lynch	**$938**
TD	**$748**
PNC	**$742**
Mitsubishi UFJ	**$691**
Wells Fargo	**$667**
Deutsche Bank	$617
Scotiabank	$617
Citigroup	**$442**
U.S. Bank	**$403**
BMO Harris	$402
Barclays	$378
Credit Suisse	$368
RBC	$305
Goldman Sachs	$292
Huntington	$154
CIBC	$154
Sumitomo Mitsui	$145
SMBC Nikko	$97
SunTrust	$91
BNP Paribas	$76
Branch Banking & Trust	$75
First National Bank of Pennsylvania	$50
BNY Mellon	$45
Citizens	$45
Total	**$9,496**

Source: United States Securities and Exchange Commission filings

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Unless otherwise noted, all websites were accessed on October 8, 2020.

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Oil Change International is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the coming transition towards clean energy.

This briefing was researched and written by Kyle Gracey with contributions from Lorne Stockman, Rachel Goldstein, Alex Doukas and Collin Rees. All are with Oil Change International.

For more information, contact: Kyle Gracey at Oil Change International, kyle@priceofoil.org.

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Oil Change International
714 G Street SE
Washington, DC 20003 USA
www.priceofoil.org