

Northeast Regional Pipeline Project



May 2015

The Pilgrim Pipeline will provide the region with a more stable supply of essential refined petroleum products, relieve supply-chain congestion and offer a safer, more environmentally sound way to deliver energy resources while creating jobs, boosting the region's economy and enhancing energy security.

Why Do We Need a Pipeline?



- The Northeast region of the U.S. consumes over **two percent of the world's oil**, but is vastly underserved by oil pipelines.
- Instead, the region relies on **rail and barges** for delivery of critical fuels ... the same way it's been done for nearly a hundred years.
- The railroad-equivalent of volume delivered by the Pilgrim pipeline would be a train of **two hundred 2,000-barrel tank rail cars daily**.



Why Do We Need a Pipeline?



- In 2013, over **3 billion gallons of refined products** from NJ and roughly **3 billion gallons of crude** from NY were transported by barge on the Hudson.
- U.S. government statistics: the **spill risk** for barges and trains is far higher than that of pipelines.
- A pipeline can replace **over 1000 barge trips** on the Hudson per year.



Why Do We Need a Pipeline?



- The region's reliance on barges leaves it susceptible to **equipment failure** and **severe weather conditions**:
 - Customers and businesses can suffer **disruptions** and **price spikes**.
- And susceptible to **accidents...**
 - Coast Guard and EPA currently investigating potential impact of oil spill response on Hudson river species due to Center for Biological Diversity lawsuit filed last year.

For Example...

Damage from Hurricane Sandy shut down New York harbor and a Coast Guard-imposed navigational ban stopped barge traffic for a week resulting in **severe fuel and home heating shortages in both New Jersey and New York**.

Three days after Sandy, lack of fuel for back-up generators left **70 percent of gas stations** unable to pump gas, straining emergency response capabilities and causing fuel rationing among those able to sell gasoline.

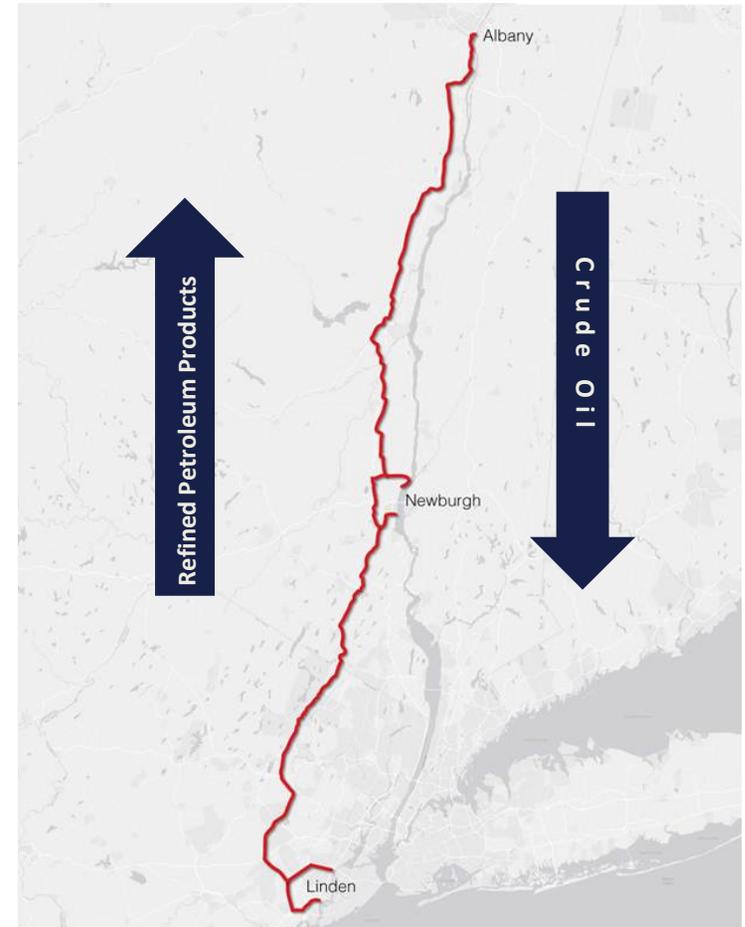


Pilgrim Pipeline Holdings, LLC



PROJECT OVERVIEW:

- Exploring development of a **178-mile pipeline between Albany and New York Harbor**.
 - Carry **refined petroleum products** like gasoline, diesel, home heating oil and jet fuel from NY Harbor to points north.
 - Carry **crude oil southbound** from Albany terminals to delivery points in New Jersey.
 - **Two separate, parallel underground pipes**.
 - Transport **400,000 barrels** of petroleum products per day.
- Project team members worked on **over 50 pipeline projects** in more than 30 states, and internationally.



Benefits to New York



- Pilgrim Pipeline will provide a more **economically efficient** means of transporting oil and refined products that benefits the entire region.
- Pipeline will deliver critical fuel products to existing terminals in New York at a **lower rate** than today, benefiting businesses and consumers alike.
- Pipeline product delivery to Hudson terminals also **reduces** need for fuel **barge offloading** near communities.
- Project will create more than **2,000 jobs** for those involved in construction and approximately 50 long-term jobs for the operation and maintenance of the system.

Benefits to New York



- Creates a **safer and more secure** means of transporting oil and petroleum products, and limits the amount of petroleum products moving across docks.
- The railroad-equivalent of volume delivered daily by the Pilgrim pipeline would be a train of **two hundred 2,000-barrel-tank rail cars** per day.
- Provides New York consumers and businesses with a **more stable supply** of gasoline, heating oil and other refined petroleum products, and **addresses supply disruptions** and price spikes that occur during severe weather conditions and catastrophic events.

Environmental Benefits



- According to a third party analysis, the pipeline will significantly **reduce greenhouse gas emissions** compared to equivalent barge traffic.
- **Net air quality benefit** to the region:
 - Relieves congestion in current methods of transportation.
 - Eliminates pollutants.



Pipeline Safety



Technological Advances

- Pilgrim will be built using the most advanced pipeline technologies. Today's state-of-the-art pipelines are by far the best option for transporting critical fuels.
- Post-1990 advancements include:
 - Improvements in anti-corrosion coating and testing
 - Deeper installation with “bored crossings” under highways and rivers
 - Evolved “in-line” inspection tools to locate corrosion at early stages
 - Refinement of specialty pipelines for use in extreme environments
 - Improved welding and “jointing” methods
 - X-raying 100% of pipeline welds
 - Improvement in steel construction itself means superior quality materials
 - Specialty epoxy coatings further enhance durability and resilience
 - Remote controlled shut off valves monitored 24 hours a day

Project Safety



Pilgrim's advanced system:

- Built in strict accordance with federal pipe specifications.
- Tested to 1.5 times operating pressure.
- Protected from external corrosion with cathodic protection system.
- Continuously operated from the main control center.
- 24-hour remote-control and monitoring of all operations.
- Continuous computerized monitoring of flow rate to detect pressure level changes so valves can be shut down to minimize any potential spill.



Critics of Fossil Fuels



“Pipelines Just Aren’t Safe!”

- According to PHMSA, “pipelines are one of the safest and most cost-effective means to transport the extraordinary volumes [of crude oil and natural gas] that fuel our economy.”

“You’re transporting ‘volatile’ crude”

- The key components in a fuels explosion, vaporization and pressure, are not sufficiently present in a liquids pipeline.

“We need to invest in renewables instead”

- For the foreseeable future, our transportation sector will be powered largely by fossil fuels. The question today is how to deliver them most efficiently and safely while renewable fuel innovations gradually come on line.



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