

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Certification of New Interstate Natural Gas
Facilities**

Docket No. PL18-1-000

**COMMENTS OF THE CENTER FOR LIQUEFIED NATURAL GAS IN RESPONSE TO
NOTICE OF INQUIRY**

Pursuant to the Federal Energy Regulatory Energy Commission’s (“Commission” or “FERC”) Notice of Inquiry (“NOI”) in the referenced proceeding,¹ the Center for Liquefied Natural Gas (“CLNG”) respectfully submits the following comments in response to the Commission’s request for new information to help the Commission explore whether it should revise its approach under the currently effective policy statement on the certification of new natural gas transportation facilities to determine whether a proposed natural gas project is or will be required by the public convenience and necessity under Section 7 of the Natural Gas Act (NGA). CLNG supports the Commission retaining its current policy statement for evaluating proposed pipeline projects and urges the Commission to not impose any additional hurdles to the pipeline certification process. CLNG also supports the comments of the Natural Gas Supply Association (NGSA) and endorses its arguments regarding retaining the Commission’s current policy statement.² Furthermore, CLNG agrees that, should the Commission move forward with changes, it should take an interim step, such as issuing a proposed policy statement, before taking any final action.³

¹ *Certification of New Interstate Natural Gas Facilities*, 174 FERC ¶ 61,125 (2021) (“NOI”).

² CLNG supports the comments of NGSA but would note the CLNG has not taken a position on Carbon Pricing.

³ See *Comments of the Natural Gas Supply Association Under PL18-1-000*, Certification of New Interstate Natural Gas Facilities, Docket No. PL18-1-000, February 18, 2021.

I. Interest of CLNG

The CLNG advocates for public policies that advance the use of liquefied natural gas (LNG) in the United States, and its export internationally. A committee of the NGLA, CLNG represents the full value chain, including LNG producers, shippers, terminal operators and developers, providing it with unique insight into the ways in which the vast potential of this abundant and versatile fuel can be fully realized.

II. Comments

a. CLNG members are committed to the reduction of GHG emissions.

CLNG understands the Commission's concerns regarding the impact of greenhouse gas (GHG) emissions and their contribution to climate change. Natural gas is the lowest carbon-intensive hydrocarbon and the use of natural gas for power generation here in the United States has had clear environmental benefits. In the United States, carbon dioxide (CO₂) emissions have declined in 7 of the 10 years from 2012 to 2021, in large part because of the increased use of natural gas in power generation.⁴ Further, a global shift from coal to less carbon-intensive natural gas helped avert 500 million metric tons of CO₂ emissions globally between 2010 to 2018. In the future, there is a further potential for 1.2 gigatons of near-term global CO₂ reductions due to fuel switching to natural gas.⁵ Greater use of natural gas will not only reduce carbon emissions while meeting growing global energy demand, it will also reduce traditional

⁴ The U.S. Energy Information Administration, "EIA expects U.S. energy-related CO₂ emission to decrease annually through 2021," January 2020, <https://www.eia.gov/todayinenergy/detail.php?id=42515>.

⁵ International Energy Agency, "The Role of Gas in Today's Energy Transitions," 2019.

pollutants since natural gas combustion creates little to no emissions of sulfur dioxide, nitrogen oxides or particulate matter that can lead to smog.⁶

When countries increase their use of natural gas for power generation, not only will they reduce their GHG emissions through fuel switching to natural gas, they also will gain the opportunity to increase their use of renewable energy, thus reducing emissions even further. This is because natural gas is an ideal partner to renewable energy resources. Natural gas makes a perfect ally to ramp up and support renewable resources, allowing for more generation to be powered by renewables. In fact, for every 1% increase in natural gas-powered electric generation, renewable power generation increases by 0.88%.⁷ The natural gas industry is a partner in transitioning to a lower-carbon future and exporting U.S. LNG is one of the ways that we are working together to reduce emissions on a global scale, while meeting the energy demand for a growing population.

Locally, the LNG industry is also taking an active approach to reducing emissions through innovative technologies and practices at the facility, in the field, as well as in the transportation of LNG. CLNG member companies are using electric motors to minimize air emissions, natural gas recycling to eliminate flaring, using drone technologies to detect leakage, and providing LNG customers with GHG emission data associated with each LNG cargo produced – to name just a few innovative practices.⁸ As the world evolves with the energy transition, natural gas and LNG are part of a clean energy future for all.

⁶ Leidos, Inc., [A Comparison of Emissions from Major Fuels Used to Generate Electricity in the U.S.](#), 2016.

⁷ National Bureau of Economic Research, “*Bridging The Gap: Do Fast Reacting Fossil Technologies Facilitate Renewable Energy Diffusion?*,” July 2016, <https://www.nber.org/papers/w22454.pdf>, pg. 3.

⁸ Center for Liquefied Natural Gas, “*Energy and Environment*,” <https://www.lngfacts.org/environment-climate/#1591194156938-af40f57a-6d4a>.

b. CLNG believes that the current policy statement is effective and is within the bounds of the NGA.

As outlined in the comments submitted by CLNG and NGSA in response to the 2018 NOI,⁹ CLNG continues to believe that the current policy statement achieves FERC’s stated goal of “fostering competitive markets, protect[ing] captive customers, and avoid[ing] unnecessary environmental and community impacts while serving increased demands for natural gas.”¹⁰ And while CLNG agrees with the Commission when it states that “there have been a range of changes since the Commission issued the 2018 NOI”¹¹, none of these changes have altered the role that environmental considerations and reviews play in the FERC’s consideration of certificates of public convenience and necessity under Section 7 of the NGA.

CLNG agrees with NGSA’s assessment that:

“the Commission’s review determining whether a proposed jurisdictional facility is required by the present or future public convenience and necessity is meant to occur sequentially. This analysis, based on the plain language of the statute, legislative history, case law, and Commission precedent, is fundamentally economic, weighing the public need and benefits from a proposed project against the adverse impacts to the pipeline applicant’s existing customers, existing pipelines in the market and their captive customers, and landowners and communities. In accordance with the National Environmental Policy Act (NEPA), the Commission looks to the environmental impacts of the proposed project only after confirming that the public benefits outweigh the adverse effects on economic interests protected by the NGA. While the Commission’s environmental review is related to and informs its decision under the NGA, the primary focus of the NGA is on economic regulation.”¹²

Given that the primary focus for FERC under the NGA is one of economic regulation, we would implore FERC to note what more than forty years of experience with implementing NEPA has demonstrated: that overly broad NEPA reviews can add significant and

⁹ See *Comments of the Natural Gas Supply Association and Comments of the Center for Liquefied Natural Gas Under PL18-1-000*, Certification of New Interstate Natural Gas Facilities, Docket No. PL18-1-000, February 18, 2018.

¹⁰ Policy Statement, 88 FERC at 61,743.

¹¹ *Certification of New Interstate Natural Gas Facilities*, 174 FERC ¶ 61,125 (2021) (“NOI”), pg. 2.

¹² See *Comments of the Natural Gas Supply Association Under PL18-1-000*, Certification of New Interstate Natural Gas Facilities, Docket No. PL18-1-000, February 18, 2021, pg. 9.

unreasonable costs and delays to projects and can, in turn, challenge the viability of projects that grow the economy, promote favorable environmental outcomes, and further energy development at home. As the nation works to recover from the recent economic recession, it is essential that government programs impacting economic development in the United States—including NEPA—are implemented in a manner that supports and does not hinder economic growth.

Consistent with decades of NEPA precedent and practice, it is critical that any evaluation of environmental impacts under NEPA, including GHG emissions, is used to inform FERC’s decision, so that it can consider taking mitigation measures. The FERC conducts its NEPA analysis once it has determined that the public benefits outweigh the adverse effects.¹³ Therefore, NEPA imposes procedural requirements to provide information to FERC as it executes its responsibility under the NGA, it “does not mandate particular results”¹⁴. NEPA does not require evaluating GHG emissions and related climate change effects that are so unrelated, speculative, or remote that they are unable to inform the agency’s ultimate decision regarding a specific proposed action. This would dramatically increase the time and cost of NEPA reviews into a boundless exercise that could overwhelm agencies, cause unworkable delays to important projects, lead to legal and litigation burdens for all parties, and as such damage the international competitiveness for U.S. businesses.

c. The need for a pipeline should not be discounted because the natural gas is being transported to an international customer.

¹³ *Statement of Policy Certification of New Interstate Nat. Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000) (“Certificate Policy Statement”).

¹⁴ *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 350 (1989).

Although the notice of inquiry explores its currently-effective policy statement on the certification of new natural gas transportation facilities under section 7 of the NGA, CLNG would like to address the use of the policy statement as it might affect LNG facilities authorized under section 3 of the NGA. Given that the primary focus of FERC's review under the NGA is economic, FERC must consider the domestic economic benefits that LNG exports and the pipelines built to transport natural gas to LNG facilities provide to the United States. The Commission can reference the numerous studies conducted by the Department of Energy (DOE) and placed into the record to support its own public determinations on LNG export applications. The DOE has commissioned five studies to examine the effects of U.S. LNG exports on the U.S. economy and energy markets.¹⁵ The results of all these studies clearly demonstrate the benefits of LNG exports to the U.S. economy. Further the Commission cannot discount the benefits that an LNG project provides to its local community, including increased tax revenue and both direct and indirect job creation.

Furthermore, a robust LNG export market increases the competitiveness of many U.S.-based manufacturers. Growth in LNG exports sends market signals to incentivize domestic production, which benefits consumers here at home and industries involved in the natural gas supply chain, such as construction and manufacturing, spurring even more economic growth and jobs. Additionally, by encouraging more natural gas production through the demand for U.S. LNG exports, greater production of the natural gas liquids (NGLs) that are associated with

¹⁵The first study, *Effect of Increased Natural Gas Exports on Domestic Energy Markets*, was performed by the U.S. Energy Information Administration (EIA) and published in January 2012. The second study, *Macroeconomic Impacts of LNG Exports from the United States*, was performed by NERA and published in December 2012. The third study, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets*, was performed by EIA and published in October 2014. The fourth study, *The Macroeconomic Impact of Increasing U.S. LNG Exports*, was performed jointly by the Center for Energy Studies at Rice University's Baker Institute and Oxford Economics and published in October 2015. The fifth study, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports*, was performed by NERA and published in June 2018.

natural gas production is incentivized, creating a competitive advantage for U.S. chemical manufacturers and leading to greater investment, industry growth, and new jobs.

d. The Commission must equitably weigh the environmental benefits of natural gas.

Natural gas is a building block of a clean energy future and is an integral partner with renewables in enabling affordable energy growth with fewer emissions around the world. CLNG agrees with NGSA when it states that, “an effective certificate policy statement is crucial to permitting the infrastructure needed to allow consumers to reap the benefits of natural gas resources, while also ensuring lower energy costs for consumers as we transition to a lower carbon energy economy”.¹⁶ The natural gas industry is a committed partner to a clean energy future and the benefits that natural gas can provide this transition must be given equitable consideration in any certificate or permitting analysis.

If FERC does modify its policy, it must **not** do so under the assumption that natural gas and LNG facilities will be a net negative when evaluating environment impacts. The environmental benefits that natural gas can provide through reduced GHG emissions at home and abroad by replacing coal and enabling an increase in renewable generation must be given equal consideration in any analysis. CLNG wholeheartedly agrees with NGSA’s analysis that FERC, as an economic regulator, is not well-equipped to make a determination regarding GHG emissions and must not use this certificate policy statement as a veiled attempt to eliminate natural gas pipelines and production. If the Commission is considering any changes that would result in higher hurdles to finding natural gas projects in the public interest, it must balance

¹⁶ See *Comments of the Natural Gas Supply Association Under PL18-1-000*, Certification of New Interstate Natural Gas Facilities, Docket No. PL18-1-000, February 18, 2021, pg. 12.

those with consideration of the additional economic benefits of natural gas production and the value our low-cost natural gas has for low-income communities and the U.S. economy as a whole, as well as the environmental benefits of natural gas power generation and its ability to partner with renewables and meet growing energy demand.

III. Conclusion

For the reasons stated above, CLNG endorses the comments of NGSA and supports the Commission retaining its current Policy Statement for evaluating proposed pipeline projects.

Respectfully Submitted,



Charlie Riedl
Executive Director
CLNG
900 17th Street, NW, Suite 500
Washington, DC 20006
charlie.riedl@ngsa.org

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