



November 22, 2021

Council on Environmental Quality
Attn: Amy Coyle
730 Jackson Place, NW
Washington, D.C. 20503
Via regulations.gov

Re: Comments on the Notice of Proposed Rulemaking on Regulations Implementing the Procedural Provisions of the National Environmental Policy Act [Docket No. CEQ-2021-0002]

In response to the Council on Environmental Quality (CEQ)'s notice of proposed rulemaking (NOPR or proposal), the Center for Liquefied Natural Gas (CLNG) respectfully submits the following comments. As discussed below, CLNG supports CEQ's overarching goal of promoting effective environmental reviews, and CLNG members are committed to continuing to support the reduction of GHG emissions. The 2020 National Environmental Policy Act (NEPA) rule¹ added clarity to CEQ's original 1978 NEPA regulations by realigning the regulations with NEPA's purpose to facilitate timely agency action through informed decision-making, which is an important element that should survive in any new rule. CLNG however, has concerns from a regulatory certainty standpoint regarding the CEQ's NOPR preamble and on CEQ's procedures for implementing CEQ's NEPA regulations, which appear to seek to broaden the scope of interpretation of these traditional terms beyond the jurisdiction of the agencies and beyond the 2020 rule.

Should CEQ elect to finalize its proposal, CLNG offers that CEQ should carefully weigh the national and global benefits of natural gas and take a measured approach to reinstating the

¹ 85 FR 43304 (July 16, 2020).

analysis of “indirect” and “cumulative” impacts when considering modifying aspects of its regulations for implementing the procedural provisions of NEPA.

I. Interest of CLNG

The Center for LNG advocates for public policies that advance the use of LNG in the United States, and its export internationally. A committee of the Natural Gas Supply Association, CLNG represents the full LNG value chain, including U.S. LNG producers, shippers, import and export terminal operators and developers, providing it with unique insight into the ways in which the vast potential of this abundant, clean, and versatile fuel can be fully realized. CEQ’s proposal directly affects CLNG and its members as LNG export facilities permitted under the Natural Gas Act have their own NEPA analysis conducted, and facility operators are responsible for working with regulators throughout the NEPA process.

II. Comments

- i. CLNG supports CEQ’s overarching goal of promoting effective environmental reviews and CLNG members are committed to continue their reduction of GHG emissions.*

CLNG shares the CEQ’s concerns regarding the impact of greenhouse gas (GHG) emissions and their contribution to climate change. And, for that reason, CLNG believes in the use of natural gas for home heating, power generation, transportation, and export as LNG, natural gas is the lowest carbon-intensive hydrocarbon and provides clear environmental benefits both domestically and globally versus other hydrocarbons. In the United States alone, carbon dioxide (CO₂) emissions have declined in 7 of the 10 years from 2012 to 2021 nearly exclusively because of the increased use of natural gas in power generation despite the

increased production and usage of energy during that time.² Further, a global shift from coal to less carbon-intensive natural gas was instrumental in averting approximately 500 million metric tons of total CO₂ emissions globally between 2010 and 2018. In the future, there is further potential for an additional 1.2 gigatons of near-term global CO₂ reductions due to fuel switching to natural gas.³ Greater use of natural gas will not only reduce carbon emissions while meeting the growing global energy demand, it will also reduce traditional pollutants since natural gas combustion, when compared to coal, creates little to no emissions of sulfur dioxide, nitrogen oxides or particulate matter that can lead to smog.⁴

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 demands for a growing population. As countries choose to 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 power generation is an ideal partner to intermittent renewable energy resources given its ability to ramp up quickly and provide real-time response to changing power supply and demand responses. In fact, for every 1% increase in natural gas-powered electric generation, renewable power generation increases by 0.88%.⁵

² 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>.

³ International Energy Agency, “*The Role of Gas in Today’s Energy Transitions*,” 2019.

⁴ Leidos, Inc., [A Comparison of Emissions from Major Fuels Used to Generate Electricity in the U.S.](#), 2016.

⁵ 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.

Locally, the LNG industry is also taking an active approach to reducing emissions through innovative technologies and practices at its liquefaction terminals as well as in the transportation of LNG. CLNG member companies use various innovative practices to monitor and reduce emissions, such as utilization of electric motors to minimize air emissions, natural gas recycling to reduce flaring, drone technologies to detect leakage, and providing LNG customers with GHG emissions data associated with LNG cargos produced – to name just a few innovative practices.⁶ As the world evolves with the energy transition, natural gas and LNG are part of a clean energy future for all.

- ii. ***The natural gas industry is a committed partner to a clean energy future and the benefits that natural gas can provide in this transition must be given equitable consideration in any CEQ regulation.***

Natural gas is a building block of a clean energy future and, along with renewables, is enabling increased access to affordable energy with fewer emissions, both in the United States and around the world. Therefore, it is crucial to ensure that the infrastructure needed to transport natural gas and LNG is permitted in a timely, equitable and measured basis so that consumers will continue to reap the benefits of lower-cost natural gas and LNG as we transition to a lower carbon energy economy. As CEQ considers modifying its implementing procedures, it should recognize that natural gas and LNG facilities will have a net positive environmental impact. This net positive environmental impact results from natural gas replacing coal and other more carbon-intensive fuels at home and abroad and enabling an increase in intermittent renewable generation.

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

Additionally, when agencies conduct the NEPA analyses, they are required to weigh both the environmental and economic benefits of a project against any negative impacts of a project. LNG exports provide domestic economic benefits to the United States. The CEQ can reference the numerous studies conducted by the Department of Energy (DOE) and placed into the record that demonstrate the benefits of U.S. LNG exports on the U.S. economy and energy markets.⁷ LNG export projects benefit the communities in which they operate in as well through increased tax revenue and both direct and indirect job creation.

Further, 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. Moreover, 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 natural gas production is incentivized, creating a competitive advantage for U.S. chemical manufacturers, and leading to greater investment, industry growth, and new jobs. For all these reasons, CEQ should avoid creating higher hurdles for the approval of natural gas and LNG projects than for renewable projects.

⁷*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.

Macroeconomic Impacts of LNG Exports from the United States, was performed by NERA and published in December 2012.

Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets, was performed by EIA and published in October 2014.

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.

Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports, was performed by NERA and published in June 2018.

iii. CEQ is proposing to reinstate the terms “indirect” and “cumulative” impacts, but CEQ must be careful as to how these are measured.

In considering whether to reinstate the terms of “indirect” and “cumulative” impacts, CLNG cautions that agencies should be careful and recognize that such an assessment becomes more attenuated and uncertain as the causal chain is lengthened and quantitative measurement attempted. At some point, the assessment of these impacts, both beneficial and negative, becomes speculative at best and agencies should recognize this by appropriately discounting their assumed effects.

Additionally, Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, establishes a government-wide approach to reducing greenhouse gas emission both at home and abroad.⁸ As CEQ considers reinstating the terms “indirect” and “cumulative” impacts, it should ensure agencies take appropriate consideration of LNG exports assisting other countries in their efforts to curb their own climate impacts. While the attempt to assess or measure the outcomes of U.S. LNG end-use abroad is certainly difficult (as discussed above end-use abroad is further along the causal chain) it is important. If CEQ is going to recommend that agencies attempt to assess “indirect” and “cumulative” effects well along the causal chain domestically, they should likewise attempt to adhere to the Executive Order and take into consideration the positive attributes of LNG exported from the United States.

CEQ should also clarify that reinstating the traditional definitions of “indirect” and “cumulative” effects, preserves existing U.S. Supreme Court case law⁹ that requires analysis

⁸ 86 FR 7619 (Feb. 1, 2021).

⁹ *Metropolitan Edison Co. v. People Against Nuclear Energy (PANE) (and United States Nuclear Regulatory Commission v. PANE)*, 460 U.S. 766. (1983); *Department of Transportation v. Public Citizen*, 541 U.S. 752 (2004).

only of those effects that are reasonably foreseeable and have a reasonably close causal relationship to the proposed action or alternatives, and those agencies implementing any new NEPA rules will be expected to tailor those rules to fit within the scope of their implementing/authorizing statutes. Failure to adhere to these decades-old principles and precedent could introduce elements of regulatory uncertainty, ambiguity, and confusion into the domestic permitting process for all infrastructure projects of any type or fuel source - fossil, wind, solar, storage, electric transmission, highway, hydrogen, carbon capture, etc. Such regulatory uncertainty risks undermining the United States' goal of being a leader in promoting environmental stewardship not only domestically, but globally as well.

iv. CEQ should strive to ensure that agencies promulgate well-thought-out regulations that promote regulatory certainty.

The NEPA review is an important part of investing in an infrastructure project, as it helps to ensure the longevity and integrity of a project. When companies consider investing in expensive, long-lived energy infrastructure, they seek regulatory certainty. Well-thought-out regulations, which recognize the complexity and interconnected nature of the energy industry including LNG exports, are more likely to promote and generate such investments. On the other hand, poorly conceived or ever-changing regulations create uncertainty and disincentivize needed investments for future and existing projects. Therefore, the best path forward for CEQ is to promote policies which drive agencies to conduct NEPA analyses in a clear, coordinated, efficient, stable, and predictable regulatory process, which was the objective of the 2020 rulemaking. This is especially true if we want to continue to develop energy infrastructure that will help the United States meet its climate goals and continue to provide

cleaner, reliable and affordable energy to consumers throughout the world as they also strive to meet shared climate goals.

III. Conclusion

CLNG urges CEQ to consider the environmental benefits of U.S. LNG exports as part of this NOPR and any other phases of this rulemaking CEQ undertakes. Thank you for the opportunity to provide comments.

Sincerely,

/s/ Katharine Ehly

Katharine Ehly

Senior Policy Advisor

Center for Liquified Natural Gas

900 17th Street NW, Suite 500

Washington, D.C. 20006

Katherine.ehly@ngsa.org