

# FERC announces steps to streamline LNG permitting

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On Friday, the Federal Energy Regulatory Commission (FERC) announced significant measures to improve permitting for liquefied natural gas (LNG) terminals. These measures follow up on [Chairman McIntyre's statements](#) earlier in July, proclaiming that the agency has taken "truly significant strides in reforming the permitting process." They also respond to ongoing criticism by [Congressional members](#) and industry stakeholders about the agency's review timelines for these important facilities.

## **PHMSA Memorandum of Understanding**

The highlight of FERC's streamlining initiative is a new [Memorandum of Understanding](#) (MOU) with the Pipeline and Hazardous Materials Safety Administration (PHMSA) to improve coordination between the two agencies on reviews of LNG terminals. The key provision of the MOU is that PHMSA will issue a "Letter of Determination" that FERC can rely on "as the authoritative determination of a proposed LNG facility's ability to comply with the requirements" of PHMSA's LNG facility safety regulations (at 49 CFR Part 193). This letter is to issue before the final FERC environmental document, so FERC can rely on it for its public interest determination.

Apart from the Letter of Determination process, the MOU also seeks to improve agency efforts to share documents, inspection findings, and other information and sets certain ground rules for doing so. If taken to heart, the MOU's promise of a culture of efficiency can pay incremental dividends down the road, particularly with newer applicants who are less far along in the permitting process.

## **Environmental review schedules and increased resources**

In addition to the MOU, FERC announced environmental review schedules for 12 LNG projects, providing the vast majority of them environmental document issuance dates in the first half of 2019 (federal authorizations by other agencies are typically expected to follow within 90 days thereafter). The earliest date is for the Freeport LNG expansion project, whose Environmental Assessment is slated to issue November 2, 2018. The latest date appears to be for the larger Alaska LNG project, whose Environmental Impact Statement is slated to issue November 8, 2019.

According to the FERC [press release](#) on the environmental review schedules, these dates are the result of process improvements that have shortened review timelines "in some cases by 9 to 12 months." Regardless if that is true, the simple issuance of these review schedules will likely help the target projects attract critical funding, as it reduces regulatory uncertainty that acts as a barrier to investment.

What process innovations in particular are to be credited with such dramatic timeline improvements? Not many—instead, apart from the MOU, these improvements in large part appear to be the product of an agency simply starting to pay more attention to the importance of LNG terminals to the U.S. economy. The press release highlights the key agency improvements as

- adding LNG permitting staff;
- hiring an outside contractor to assist in construction inspections;
- working with applicants to hire additional contractors for non-proprietary analyses; and
- increasing use of electronic issuances.

These generally align with what Chairman McIntyre noted in his July interview, particularly on the engagement of additional staff and contractor resources to aid in FERC reviews.

Regardless, whether it be the product of agency innovation or simply giving LNG terminal applications the attention they deserve, FERC's increased focus on permitting LNG terminals in a timely manner will hopefully provide more regulatory certainty for the industry, at a time when a "second wave" of U.S. LNG projects are facing critical investment decisions.

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