UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Certification of New Interstate Natural Gas Facilities Docket No. PL18-1

**Comment of Public Citizen, Inc.**

On February 18, 2021, the Commission issued a Notice of Inquiry on whether it should revise its evaluation of the environmental impacts of proposed natural gas infrastructure projects as part of its determination of the public convenience and necessity standard under section 7 of the Natural Gas Act.[[1]](#footnote-1)

Public Citizen requests that the Commission’s National Environmental Policy Act analysis incorporate a proposed project’s climate impacts, which is necessary to address the climate crisis and will also serve to help verify and support emerging best practices in the natural gas industry.

The catalyst that is forcing the natural gas industry to begin addressing their greenhouse gas emissions began in November 2020 when the energy utility Engie (which is 23% owned by the French government) cancelled a $7 billion liquefied natural gas (LNG) deal with U.S. exporter NextDecade Corp. because of the absence of U.S. methane emission regulations.[[2]](#footnote-2) This action, initiated by the French government to support emerging European Union standards requiring lower-greenhouse gas emission profiles for natural gas imports, is triggering a transformation of how major stakeholders in the U.S. natural gas industry now approach measuring and controlling the climate impacts of their operations. Indeed, after having its deal yanked by the French government over concerns about the high-emissions impact of U.S. gas, NextDecade agreed to have the greenhouse gas intensity of the LNG at its Texas facility independently assessed.[[3]](#footnote-3)

In response to the Engie action, the U.S. Chamber of Commerce reversed its long-held opposition to federal regulation of methane emissions from the oil and gas industry.[[4]](#footnote-4) Two days later, the American Petroleum Institute’s CEO issued a statement endorsing the federal regulation of methane emissions.[[5]](#footnote-5) Days later, the Interstate Natural Gas Association of America followed with its own endorsement of federal regulation of methane emissions and action on climate change.[[6]](#footnote-6)

Charif Souki, CEO of U.S. LNG exporter Tellurian, told the *Financial Times* in January 2021 that the U.S. natural gas industry has to lower the greenhouse gas emissions of its operations and must “increase our standards . . . It is easy to do. We just have to do it.”[[7]](#footnote-7) Two of America's largest LNG exporters, Cheniere Energy and Sempra Energy, announced in May 2021 that they would invest in carbon capture to lower the greenhouse gas emissions of their operations.[[8]](#footnote-8) Indeed, much of the domestic natural gas industry is rushing to take steps to classify their product as *responsibly sourced gas* in an effort to mark U.S. gas as having a lower greenhouse gas emission profile compared to other countries.[[9]](#footnote-9) EQT, the largest gas producer in the U.S., recently announced that some of its Marcellus shale production will undergo an independently verified climate impact analysis and quantification of methane emissions, in an effort to “generate a premium for its gas if it can validate that its supplies are more environmentally friendly than supplies from other U.S. basins.”[[10]](#footnote-10)

The United Nations Environment Programme just released a comprehensive report on the benefits of controlling methane emissions from the oil and gas industry,[[11]](#footnote-11) and Columbia University’s Center on Global Energy Policy recently produced *Investing in the U.S. Natural Gas Pipeline System to Support Net-Zero Targets*.[[12]](#footnote-12)

As an increased share of proposed natural gas infrastructure subject to Commission jurisdiction is intended to facilitate LNG exports, it is important to recognize quickly evolving international standards requiring stronger emission standards for LNG exports. A coalition of 15 major Japanese natural gas customers formed the Carbon Neutral LNG Buyers Alliance in March 2021 to promote the use of *Carbon Neutral LNG*, or CNG.[[13]](#footnote-13) One of the first verified carbon neutral LNG shipments occurred in April 2021.[[14]](#footnote-14)

Some in the U.S. natural gas industry are performing a 180-degree pivot from opposing federal regulation of greenhouse gas emissions to now understanding it is essential part of its business. Having the Commission formally incorporate a lifecycle greenhouse gas emission review as part of its determination of the public convenience and necessity standard under section 7 of the Natural Gas Act can serve to supplement, support, and verify emerging best practices in the natural gas industry.

Respectfully submitted,

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1. These comments are in addition to the *Supplemental Comments of Public Interest Organizations*, also filed today, to which Public Citizen is a signatory. [↑](#footnote-ref-1)
2. Carlos Anchondo and Miranda Willson, “Backlash over U.S. methane emissions kills LNG export deal,” *EnergyWire*, November 4, 2020. [↑](#footnote-ref-2)
3. Harry Weber, “NextDecade enters responsibly sourced gas effort in pilot tied to US LNG facility,” *S&P Global Platts*, April 19, 2021, www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/041921-nextdecade-enters-responsibly-sourced-gas-effort-in-pilot-tied-to-us-lng-facility [↑](#footnote-ref-3)
4. Jennifer A Dlouhy, “In Switch, Chamber of Commerce Backs Climate Action, Possible Carbon Tax,” *Bloomberg*, January 19, 2021, www.bloomberg.com/news/articles/2021-01-19/in-switch-chamber-endorses-climate-action-possible-carbon-tax [↑](#footnote-ref-4)
5. www.api.org/news-policy-and-issues/blog/2021/01/21/api-stands-ready-to-work-with-biden-administration-on-methane-regulation [↑](#footnote-ref-5)
6. www.ingaa.org/File.aspx?id=38523&v=8a0cf457 [↑](#footnote-ref-6)
7. Justin Jacobs, “Gas tycoon Charif Souki urges industry to clean up under Biden,” January 27, 2021, www.ft.com/content/881610dd-e7fc-4db1-8511-71e1dc2e0ce4 [↑](#footnote-ref-7)
8. Sergio Chapa, “US LNG Players Tout Carbon Capture in Bid to Boost Green Image,” *Houston Chronicle*, May 6, 2021. [↑](#footnote-ref-8)
9. Mike Lee, "'Responsibly sourced' gas grows despite green washing claims," E&E News, May 10, 2021, www.eenews.net/stories/1063731841 [↑](#footnote-ref-9)
10. Harry Weber, “EQT seeks independent carbon impact certification of Marcellus gas,” *S&P Global Platts*, April 15, 2021, www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/041521-eqt-seeks-independent-carbon-impact-certification-of-marcellus-gas [↑](#footnote-ref-10)
11. www.unep.org/resources/report/global-methane-assessment-benefits-and-costs-mitigating-methane-emissions [↑](#footnote-ref-11)
12. www.energypolicy.columbia.edu/sites/default/files/pictures/GasPipelines\_CGEP\_Report\_041621.pdf [↑](#footnote-ref-12)
13. Eric Yep and Takeo Kumagai, “Japanese companies form buyers' group to promote carbon neutral LNG,” *S&P Global Platts*, March 9, 2021, www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/030921-japanese-companies-form-buyers-group-to-promote-carbon-neutral-lng [↑](#footnote-ref-13)
14. Eric Yep, “Pavilion Energy imports Singapore's first carbon neutral LNG cargo,” *S&P Global Platts*, April 15, 2021, www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/041521-pavilion-energy-imports-singapores-first-carbon-neutral-lng-cargo [↑](#footnote-ref-14)