



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

January 19, 2016

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

**Subject: Comments on the Draft Guidance Manual for Environmental Report
Preparation for Applications Filed Under the Natural Gas Act**

Dear Secretary Bose,

The U.S. Environmental Protection Agency (EPA) has reviewed the Federal Energy Regulatory Commission's (FERC) Draft Guidance Manual for Environmental Report Preparation for Applications Filed Under the Natural Gas Act (Guidance Manual).

This document revises the existing 2002 Guidance Manual to incorporate regulation changes and provide updated guidance on how to prepare resource reports and how interstate and liquified natural gas (LNG) projects may demonstrate compliance with certain regulatory requirements. FERC is providing this Guidance Manual for project applicants to improve the overall quality and consistency of data analyses to facilitate FERCs implementation of the National Environmental Policy Act (NEPA). Given EPA's responsibility for reviewing agencies' Environmental Impact Statements (EIS) under NEPA and Section 309 of the Clean Air Act, we are providing comments and have identified several issues for your attention. We have enclosed detailed comments for your consideration.

EPA appreciates the opportunity to review this Guidance Manual. If you have any questions regarding our comments, please contact me at (202) 564-7068 or Justin Wright at (202) 564-0678.

Sincerely,

A handwritten signature in black ink that reads "Karin Leff". The signature is written in a cursive, flowing style.

Karin Leff, Acting Director
NEPA Compliance Division

Enclosure

EPA Comments on the Draft Guidance Manual for Environmental Report Preparation for Applications Filed Under the Natural Gas Act

Purpose and Need

As noted in the Purpose and Need section of Resource Report 1 – General Project Description, the purpose and need statement should provide sufficient detail to support the analysis of alternatives to the proposed project. The purpose of the proposed action is typically the specific objectives of the activity, while the need for the proposed action may be to eliminate a broader underlying problem or take advantage of an opportunity. The information should reflect not only FERC’s purpose, but also the broader public interest and need.

Recommendation:

The purpose and need should be a clear, objective statement of the rationale for the proposed project. Therefore, we recommend FERC request the applicant provide information regarding the purpose and need for the proposed project in the context of the broader natural gas supply market.

Indirect Effects

In previous NEPA analyses, FERC has concluded that the nature of natural gas supply and the pipeline system in the U.S. make it difficult to predict accurately where additional gas development activity will occur and thus, that it is not feasible to specifically evaluate the localized environmental impacts in a project-level NEPA document. However, both FERC and the Department of Energy (DOE) have recognized that an increase in natural gas exports will result in increased production.¹ In addition, DOE has released a study entitled “Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States².” We note that DOE recognizes that many of the potential impacts will vary considerably by location where the production occurs due to differences in hydrology, geology, ecology, air quality, regulatory structure and other factors. Nonetheless, the Addendum provides the kind of conceptual level analysis of the types of impacts that are likely to occur from increased production.

Recommendation:

We recommend the Guidance Manual request applicants provide information regarding the potential for increased natural gas production and the potential for environmental impacts associated with the potential increase. Applicants should be asked to utilize the above study, or the most recent available information, to inform their analysis submitted to FERC about the indirect impacts of the project.

¹ Effect of Increased Natural Gas Exports on Domestic Energy Markets, as requested by the Office of Fossil Energy. US Energy Information Administration. January 2012 (http://energy.gov/sites/prod/files/2013/04/f0/fe_eia_ing.pdf) and Cameron LNG EIS, Appendix L (Response to Comments), p. L-36 (<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13530753>)

² Draft Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States. DOE. (http://energy.gov/sites/prod/files/2014/05/f16/Addendum_0.pdf)

Connected Actions

Resource Report 1 – General Project Description requests information regarding non-jurisdictional facilities that would be constructed for the purpose of delivering, receiving, or using the proposed gas volumes. While the Guidance Manual provides some examples of potential non-jurisdictional facilities, it does not provide any additional specificity that may help an applicant identify the appropriate non-jurisdictional facilities. NEPA requires FERC to consider connected actions, which may include non-jurisdictional facilities, in the same NEPA document. The Council on Environmental Quality’s (CEQ) NEPA regulations provide that actions are connected if they “automatically trigger other actions which may require environmental impact statements,” “cannot or will not proceed unless other actions are taken previously or simultaneously” or “are interdependent parts of a larger action and depend on the larger action of their justification.”

Recommendation:

We recommend that FERC’s discussion on non-jurisdictional facilities include a more detailed discussion for determining connected actions under NEPA.

Climate Change

The Guidance Manual does not include a separate discussion under Resource Report 9 – Air and Noise Quality regarding greenhouse gas emissions (GHG) and climate change but, rather, incorporates these concepts into the broader discussion on air quality impacts. In addition, applicants are required to provide GHG emissions from the construction and operation activities and include associated mitigation measures or air pollution control equipment. The cumulative impact example provided in Attachment 2 provides the applicant with guidance for assessing the cumulative impacts of climate change for the project. The attachment includes, in our view, an incorrect determination that no methodology exists to determine how an individual project’s incremental contribution to GHG would translate into physical effects on the global environment and a recommendation to address the contribution of the project emissions as a percentage of total estimated GHG emissions worldwide.

Recommendation:

We recommend that the Guidance Manual be brought up to date and include a discussion separate from the existing air quality section, but within Resource Report 9, regarding GHGs and climate change. This will allow for a complete discussion of requirements for applicants related to information to be included for GHG and climate change analyses and associated mitigation for the project. In addition to GHG emissions from the construction and operation of the project, the discussion should include emissions associated with the production, transport, and combustion of the natural gas.

For LNG facilities, DOE has issued two documents that are helpful in assessing the GHG emissions implications of the project. They are the Addendum mentioned above, and NETL’s report, entitled “Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States³.” These reports provide a helpful overview of GHG

³ Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States. DOE/NETL-2014/1649 (<http://energy.gov/fe/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>)

emissions from all stages of a project, from production through transmission and combustion and may be helpful to applicants and decision makers in reviewing the foreseeable GHG emissions associated with the increased production of natural gas and the export of LNG and how they compare to other possible fuels. We recommend both DOE reports be included as references in the GHG and climate change section. FERC may also want to consider requesting applicants adapt those reports' methodology to more specifically consider the GHG implications of their projects.

We recommend that the Guidance Manual ask applicants to describe measures to reduce GHG emissions associated with the project, including reasonable alternatives or other practicable mitigation opportunities and disclose the estimated GHG reductions associated with such measures. For example, using energy efficient equipment and incorporating methane leakage best practices⁴ may be effective in reducing GHG emissions. We further recommend that the Guidance Manual request applicants commit to implementation of reasonable mitigation measures that would reduce or eliminate project-related GHG emissions and include a list of the applicant committed mitigation measures in their resource report submitted to FERC. As part of the alternatives analysis, applicants should, as appropriate, consider practicable changes to the proposal to make the project more resilient to anticipated climate change. The analysis should also include a review of the projected climate changes in the area of the project, and evaluate if those projected changes are likely to affect the environmental impacts of the project.

We recommend that the Guidance Manual advise applicants that they should not compare GHG emissions to total state, U.S. or global emissions. Climate change is a global problem resulting from the emissions of many individual sources whose impacts are cumulative, so such comparisons don't provide meaningful information and reflect a misunderstanding of the climate problem. The environmental impacts are best described by using emissions as a proxy when comparing the project, alternatives and potential mitigation. We recommend FERC request the applicant provide an existing frame of reference in their resource report, such as an applicable Federal, state, tribal or local goal for GHG emission reductions, and discuss whether the emission levels are consistent with such goals.

Alternatives

NEPA requires evaluation of reasonable alternatives, including the no action alternative (40 CFR Section 1502.14(d)). The no action alternative provides a baseline for decision-makers to compare the environmental effects of the action alternatives. Resource Report 10 - Alternatives recommends that the applicant identify and include other potential outcomes and their associated environmental impacts in the no action alternative that may result from not constructing the project.

Recommendation:

We recommend that the Guidance Manual suggest applicants include the additional potential outcomes and associated impacts resulting from the no action alternative as

⁴ EPA has compiled useful information on technologies and practices that can help reduce methane emissions from natural gas systems available at : <http://www3.epa.gov/gasstar/methaneemissions/index.html>

potential scenarios under the no action alternative and include a discussion of the likelihood of those outcomes for each potential scenario. This provides a more realistic approach to compare impacts between potential no action scenarios and alternatives.

Environmental Justice

The Guidance Manual include information regarding considerations of impacts to environmental justice (EJ) communities and request applicants to describe the efforts to identify and communicate with these groups and individuals and the measures used to avoid and minimize project impacts.

Recommendations:

We recommend that FERC consider including a reference to EJSCREEN⁵, EPA's environmental justice screening and mapping tool that utilizes standard and nationally-consistent data to highlight places that may have higher environmental burdens and vulnerable populations, for use by applicants to consider potential project-specific impacts to minority and low-income populations. In addition, we recommend FERC request the inclusion of documentation that supports the description of all efforts made by the project applicant to identify and communicate with EJ communities.

⁵ <http://www.epa.gov/ejscreen>

Document Content(s)

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