



March 25, 2015

Mr. Horst Greczmiel
Associate Director of NEPA Oversight
Council on Environmental Quality
722 Jackson Place, NW
Washington, DC 20503

**RE: Revised Draft Guidance for Federal Departments and Agencies
Consideration of Greenhouse Gas Emissions and the Effects of Climate
Change in NEPA Reviews, 79 Fed. Reg. 77,802 (December 24, 2014)**

Dear Mr. Greczmiel:

The Natural Gas Supply Association¹ (NGSA) urges the Council on Environmental Quality (CEQ) to promptly withdraw the Revised Draft Guidance for Federal Departments and Agencies Consideration of Greenhouse Gas (GHG) Emissions and the Effects of Climate Change in NEPA Reviews, 79 Fed. Reg. 77,802 (December 24, 2014) (Revised Draft Guidance).

The Revised Draft Guidance risks improperly and unnecessarily altering several National Environmental Policy Act of 1969 (NEPA) statutory and regulatory obligations.²

As proposed and depending on how it's applied, the Revised Draft Guidance could bring critical energy projects that are essential to growth of the U.S. economy and achievement of U.S. environmental objectives to a standstill at

¹ Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets, thus encouraging increased supply and the reliable and efficient delivery of natural gas to U.S. customers.

² These comments supplement and are intended to be entirely consistent with the March 25, 2015 comments of The Associations also in response to CEQ's Revised Draft Guidance for Federal Departments and Agencies Consideration of Greenhouse Gas (GHG) Emissions and the Effects of Climate Change in NEPA Reviews, 79 Fed. Reg. 77,802 (December 24, 2014).

a time when achievement of both environmental and economic objectives are poised to work hand-in-hand.

In addition, the Revised Draft Guidance, if finalized, would defeat the purpose of a proper NEPA review – informed agency decision making on the project before them. Instead, the Revised Draft Guidance would distract federal agencies from progressing proposed action, such as review of natural gas infrastructure development, by guiding the relevant federal agency to evaluate a host of GHG emissions and climate change considerations that are 1) outside the agency's jurisdiction and control, 2) too speculative, and 3) not reasonably foreseeable. Simply put, natural gas infrastructure development, or any agency action, should not hinge on analysis of GHG emissions and climate change factors that are so variable and elusive that they cannot be soundly quantified.

NGSA has a strong interest in ensuring that federal agencies implement and achieve the goals of NEPA effectively and efficiently. However, the Revised Draft Guidance, and the resulting potential changes to the application of NEPA's statutory and regulatory obligations, are simply not the way to address GHG emissions or implement climate change policies. In fact, **if adopted, the Revised Draft Guidance could undercut the very key to achieving U.S. environmental and economic goals -- development of natural gas infrastructure to move clean-burning natural gas supplies to market.**

The development of natural gas supply and infrastructure is intrinsically linked to the existing, complicated and time-tested NEPA review process. Attempting to task agencies with even more requirements for evaluating impacts – impacts that cannot be assessed using a rigorous, balanced or transparent approach – would burden the process even further and in a worst-case scenario, bring development to a standstill. Yet the Revised Draft Guidance does just that.

In recent years, greater use of natural gas for electricity generation has produced significant reductions in U.S. carbon emissions because, over its lifecycle, natural gas emits only about half the carbon of other fossil fuels when combusted, whether to make electricity, forge steel or provide heat. Because of these and additional advantages over other fuels in sulfur dioxide, mercury, nitrogen oxide and particulate matter emissions, natural gas is poised to become an even more important part of energy portfolios, thus facilitating achievement of U.S. climate objectives. In fact, market-driven natural gas consumption which is used to generate electricity helped the U.S. achieve power sector carbon emissions reductions that were below 2005 levels.³ Beyond serving as baseload

³ See U.S. Department of Energy - Energy Information Administration, U.S. Energy-Related Carbon Dioxide Emissions, 2012 Report issued October 2013 and available at http://www.eia.gov/environment/emissions/carbon/archive/2012/pdf/2012_co2analysis.pdf.

and ramping units, natural-gas fired power generation also provides necessary back-up to intermittent resources that is essential to ensuring reliability. While fuel diversity is always essential and smart, natural gas remains the most economically and environmentally sound power generation investment available today.⁴

In addition to facilitating emissions reductions, natural gas is spurring U.S. economic revitalization. Consumption of natural gas in the U.S. industrial sector now exceeds pre-recession levels, indicating an economic revival of U.S. manufacturing. Consumer demand for natural gas has been steadily growing since 2009, and for all the right reasons: it is abundant, burns clean and it is affordable. Responding to U.S. natural gas supply growth, U.S. industry is expected to invest \$100 billion over the next half decade to restart previously shuttered industrial facilities or expand approximately 100 new U.S. facilities in the fertilizer, steel, petrochemical and paper industries.⁵ Access to abundant domestic natural gas has given U.S. industrial companies a competitive advantage over their global competition, leading to the resurgence of natural gas-intensive manufacturing in the United States and the creation of more jobs to construct and staff the resulting new and expanded industrial facilities.

These economic benefits do not stop at the U.S. border. U.S. natural gas exports extend the economic benefits that stem from robust U.S. natural gas production to the rest of the world, fueling the world economy that will in turn help continue U.S. economic growth. Citing the 2014 National Economic Research Associates (NERA) study, the Progressive Policy Institute's October 2014 Policy Memo "Exporting U.S. Natural Gas: The Benefits Outweigh the Risks" by Derrick Freeman explains the economic benefits that result from increased levels of liquefied natural gas (LNG) exports.

Perhaps most importantly, the LNG export capability provides a long-term signal for U.S. natural gas producers to continue natural gas supply growth. LNG export capability assures a long-term and diverse market for natural gas, making U.S. supplies even more resilient to short-term changing U.S. market conditions.

Additionally, although U.S. LNG import levels are now a fraction of the peak levels of a decade ago because of the dramatic increase in domestic supplies, U.S. LNG imports are a cost-effective peaking supply source that

⁴ See NGSAs Comparison of Fuels Used for Electricity Generation 2014 Update available at <http://www.ngsa.org/leidos-data-2014-update/>.

⁵ See NGSAs 2014-2015 Winter Outlook available at <http://www.ngsa.org/download/FINAL%20Winter%20Outlook%20%2714-15%20Presentation.pdf>.

remains important to reliability in constrained U.S. natural gas markets. For this reason alone, U.S. natural gas consumers benefit from a robust world LNG market.

Over the last five years, Lower-48 marketed natural gas production levels have increased more than 25 percent and the U.S. has emerged as a world leader in natural gas production. However, consumers cannot realize the economic and environmental benefits that the U.S. abundance of natural gas can provide if infrastructure is not developed to connect supply with demand. Adequate infrastructure enhances the resiliency and reliability of the energy delivery system, alleviates bottlenecks that prevent timely and efficient delivery, and facilitates market liquidity, which leads to a more stable pricing environment.

There is more than enough natural gas to accommodate both exports and domestic consumers to the benefit of the U.S. economy and environment. If the 1966 resource estimate of 600 trillion cubic feet (TCF) had remained static, the U.S. would have run out of natural gas 10 years ago. Instead, estimates doubled by 2002 and in 2013 grew to nearly 2,400 TCF.

Clearly, plentiful natural gas is good news for consumers for a variety of economic and environmental reasons. It means lower GHG emissions, lower household energy bills, lower overhead costs for businesses, and lower costs for products as diverse as pantyhose and fertilizer.⁶ Of course, that's in addition to the tax and revenue base generated by natural gas production, which directly employs more than 1.5 million people in the United States, and indirectly supports the jobs of millions more.⁷

Growth in natural gas supplies, expansive natural gas delivery infrastructure, unrivalled natural gas storage capability, and robust natural gas commodity markets have facilitated increased use of natural gas by U.S. industry and utilities. There is little doubt that natural gas is paving the way for reduced carbon emissions from the electricity generation sector and U.S. manufacturing growth.

Achievement of U.S. climate objectives and economic revitalization can and should go hand-in-hand. Both climate objectives and economic revitalization hinge on environmentally sound and efficient natural gas supply

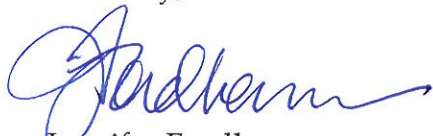
⁶ See NGSa "Stuff of Everyday Life- Understanding the Uses of Natural Gas in Industrial Processes" issue paper illustrating consumer products made from natural gas available at <http://www.ngsa.org/download/issues/fact-sheets/the%20stuff%20of%20everyday%20life.pdf>.

⁷ See IHS Global Insight, The Contributions of the Natural Gas Industry to the U.S. National and State Economies, September, 2009 available [here](#).

and infrastructure development. The Revised Draft Guidance could broaden the NEPA review process to the point of risking impact on natural gas projects that grow the economy and promote favorable environmental outcomes.

If CEQ continues to believe guidance is necessary, we will work with CEQ and the federal agencies to help further develop frameworks and direction to address GHG emissions and climate change impacts under NEPA without creating infrastructure development risks. However and importantly, the unique challenges of climate change do not justify CEQ and the federal agencies action that is inconsistent with long-established, foundational principles of NEPA review. We owe it to the American natural gas consumer to find a better way.

Sincerely,



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