



April 18, 2022

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

**Re: Comments Supporting Notice of Interim Guidance Document, “Carbon Capture, Utilization, and Sequestration Guidance” [Docket No. CEQ-2022-0001]**

In response to the Council on Environmental Quality (CEQ)’s notice of interim guidance (“proposed interim guidance”), the Natural Gas Supply Association (NGSA) respectfully submits the following comments. NGSA supports CEQ’s proposed interim guidance to assist Federal agencies with the regulation and permitting of Carbon Capture, Utilization, and Sequestration (CCUS) activities, including carbon dioxide pipelines (CO<sub>2</sub>). Importantly, CEQ’s proposed guidance must bolster the existing rigorous regulatory framework for permitting CCUS projects and facilitate more efficient and timely environmental reviews by Federal agencies. As the U.S. transitions to a lower carbon energy future, CCUS projects will serve a key role because they lower greenhouse gas (GHG) emissions while preserving critical natural gas infrastructure.

**I. Interest of NGSA**

Founded in 1965, the Natural Gas Supply Association (NGSA) represents integrated and independent energy companies that produce, transport and market domestic natural gas and is the

only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA's members trade, transact and invest in the U.S. natural gas market in a range of different manners.

## **II. Comments**

### ***i. Effective and timely reviews for permitting CCUS activities is imperative for supporting the transition to a lower carbon energy future.***

NGSA shares the Administration's goal of accelerating the deployment of key technologies, such as CCUS, to support a societal transition to a lower carbon energy future. Sound government policies and an effective permitting process are the foundation to meeting this goal and incentivizing investment in these key technologies. NGSA's members are leaders in transitioning to a reliable and low-emissions energy future and we welcome guidance from CEQ to assist Federal agencies in navigating this new energy landscape. Since 2006, switching to natural gas in the electric power sector has helped reduce CO<sub>2</sub> emissions by nearly 3.4 billion metric tons in the United States, which equates to a 58% reduction over what has been achieved by all zero-carbon emission sources during the same time frame.<sup>1</sup> Our members are investing billions of dollars in new technologies and practices to continue the momentum of innovation and support policies to accelerate a lower carbon energy future, including supporting the U.S. rejoining the Paris Agreement and supporting the ambition of achieving economy-wide net zero GHG emissions by 2050. In 2020, NGSA publicly announced its members' commitment to achieving significant methane mitigation. NGSA's member companies have been instrumental in developing new technologies to better detect and prevent methane emissions and to build on our industry's existing record of substantially reducing CO<sub>2</sub> emissions in the atmosphere.

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<sup>1</sup> U.S. Energy Information Administration, "U.S. Energy-Related Carbon Dioxide Emissions, 2019", *Environment*, Sept. 20, 2020, <https://www.eia.gov/environment/emissions/carbon/archive/2019/>.

Our members are actively developing new emerging technologies, including CCUS, to meet energy demand while reducing emissions. In their pursuit of lower GHG emissions, several of our member companies have developed and launched CCUS techniques and technologies, ranging from CCUS hubs for the natural gas industry and beyond to fuel treatments that reduce emissions from wellhead to end use. In fact, through NGSAs members' commitments to the Oil and Gas Climate Initiative (OGCI), OGCI Climate Investments has been able to invest billions across the globe to identify and produce the best CCUS solutions. In addition to the societal and environmental benefits from increasing deployment of CCUS technology, CCUS will play a critical role in the development of the hydrogen economy and/or market. Integrated CCUS and hydrogen solutions can be deployed to develop hydrogen production hubs, which will help to build markets for other lower carbon solutions and further reduce the amount of GHG emissions entering the atmosphere.

NGSA believes CEQ's proposed interim guidance is an important step to promoting the efficient, orderly, and responsible development and permitting of CCUS projects in line with the Administration's climate, economic, and public health goals. While agencies have built a rigorous regulatory framework to permit CCUS projects over the last decade, the CEQ guidance is intended to clarify and improve the process to ensure CCUS is responsibly scaled in a timely manner. CEQ's draft interim guidance also prioritizes the need for meaningful engagement from stakeholders early and throughout the process, including incorporating environmental justice and equity considerations. Our industry's standard operating protocol is to include all stakeholders early in project planning and our member companies are committed to being inclusive in the engagement process for permitting CCUS projects. Further, CEQ's recommendations such as utilizing the FAST-41 Permitting Council and developing Programmatic Environmental Impact

Statement, when done correctly, are important steps to creating a more efficient and transparent permitting process.

Following the adoption of this guidance, we encourage Federal agencies that will be issuing approvals to develop their own processes and/or issue guidance in response to these clarifications and improvements to ensure these measures are codified. These processes and guidance should avoid any potential duplication of reporting and permitting requests between coordinating agencies. We encourage Federal agencies to adopt memorandums of understanding, as appropriate, to help facilitate this. Given that this proposed guidance will build off a robust existing framework, CEQ and Federal agencies must ensure that any new steps work seamlessly with existing processes.

***ii. Permitting CCUS activities will preserve critical natural gas infrastructure needed for reliability and energy security while helping to reduce CO<sub>2</sub> emissions.***

Natural gas remains a critical part of the energy mix for the foreseeable future, as it serves a significant role in maintaining electric grid reliability and domestic energy security. In fact, U.S. electric power sector CO<sub>2</sub> emissions have fallen 33% from their peak in 2007 because less electricity has been generated from coal and more electricity has been generated from natural gas (which emits less CO<sub>2</sub> when combusted) and non-carbon sources.<sup>2</sup> Natural gas infrastructure, coupled with CCUS technology, will further reduce CO<sub>2</sub> emissions while preserving the critical and flexible natural gas infrastructure needed to reliably heat homes, keep the lights on and protect domestic energy security from unexpected changes in global markets.

NGSA supports a transition to a lower carbon energy future, however, it must be done in a manner that does not compromise reliability. CEQ should not overlook the importance of having

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<sup>2</sup> See EIA's 'U.S. energy-related carbon dioxide emissions fell in 2019, mainly in electric generation,' November 10, 2020, found [here](#).

sufficient natural gas infrastructure in place to provide the reliability consumers depend on for home use and for electricity. The North American Electric Reliability Corporation (NERC), the regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the power grid, recognizes that “natural gas is the reliability ‘fuel that keeps the lights on,’ and natural gas policy must reflect this reality.”<sup>3</sup> This becomes even more important as more intermittent energy resources are integrated into the grid and with electrification of the transportation sector. Many of those resources are dependent on having a flexible, fast-ramping resource, such as natural gas generation plants, to provide back-up generation and frequency stability.

Moreover, given that in most cases CO<sub>2</sub> must be transported, often by pipelines, for permanent and verifiable sequestration, permitting pipeline infrastructure should equally be a priority for enabling successful CCUS technology. CEQ’s draft interim guidance recognizes that “carbon dioxide pipelines and permanent sequestration are critical to the future nationwide deployment of CCUS.”<sup>4</sup> We encourage CEQ to further emphasize the need for the orderly development of pipelines, including projects associated with CCUS, to meet the Administration’s goal of reducing GHG emissions without compromising reliability.

***iii. CEQ’s proposed guidance should incentivize development of CCUS activities as part of an “all-of-the-above” energy strategy.***

As discussed above, critical infrastructure, including natural gas pipelines, continue to serve a key role in the transition to a lower carbon energy future. NGSA is supportive of policies and incentives that support a lower emission future, provided they are part of an “all-of-the-above”

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<sup>3</sup> NERC, Long-Term Reliability Assessment: Executive Summary, (Dec. 2021), [https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC\\_LTRA\\_2021.pdf](https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2021.pdf)

strategy to tackling climate change. Further, the ongoing geopolitical events in Europe underscores the importance of having a diversified energy supply as part of the U.S. approach to meeting climate change goals. CEQ's proposed guidance must be clear that it should not be used as a mechanism for Federal agencies to pick a preferred technology or disadvantage other energy forms.

The energy market functions best as a competitive market where all energy supply and technologies can compete as the most cost-effective option to securely and reliably meet demand and reduce emissions. Federal agencies should not be in the position of picking winners and losers in a competitive market. Instead, CEQ's guidance should prioritize stable permitting policies and protecting ratepayers while letting the market work.

NGSA was the first natural gas trade association to advocate for national carbon pricing; and we continue to believe that a well-designed, economy-wide carbon price is the most efficient way to reduce emissions, as it provides the right incentives for everyone – energy producers and consumers alike – to play their part in reducing CO<sub>2</sub> emissions, including the development of new clean energy technologies. While NGSA has a strong preference for a national economy-wide carbon pricing program, we understand that states are moving forward to meet their clean energy targets. We further recognize that the most effective way for states to achieve their individual targets while still maintaining competitive wholesale market structures, is through broad regional or state carbon pricing programs. Carbon pricing gives all resources the ability to contribute to lower emissions, which is an essential component to maintaining grid reliability during a transition to a lower carbon energy future.

*iv. Adopt CEQ's proposed guidance to coordinate with the FAST-41 permitting infrastructure council.*

The Federal Permitting Improvement Steering Council, created under FAST-41, is a well-positioned resource to accelerate and coordinate inter-agency reviews of CCUS activities. NGSAs support CEQ's recommendation that the Permitting Council Executive Director, in consultation with the Permitting Council member agencies, establish an appropriate facilitating agency for each general CCUS project category and develop a performance schedule. Given that multiple Federal agencies participate in the environmental review and permitting process for CCUS activities, CEQ must ensure there is a clear role for each agency and that they adhere to the established timeline. These measures give project sponsors more confidence in the permitting process and will enable the right incentives and price signals needed for investment in this important infrastructure. Additionally, it provides assurance that their project will be held to a schedule for review and that measures will be in place to avoid unnecessary delays that could be created by agencies with varying schedules.

*v. CEQ should identify opportunities for both programmatic environmental reviews and expedited reviews of CCUS projects.*

CEQ recognizes that CCUS projects, such as those developed on federal lands, will trigger multiple statutes, including the National Environmental Policy Act, Clean Water Act, Clean Air Act and others. CEQ's proposed guidance encourages agencies to develop programmatic environmental reviews, such as tiered documents on programmatic environmental impact statements (EIS), where such analyses can facilitate more efficient and effective environmental reviews of multiple projects while maintaining strong community engagement. NGSAs support this recommendation with respect to finding opportunities to streamline aspects of the review process or processing multiple projects at the same time. However, understanding that

programmatic environmental reviews will take time to develop, Federal agencies must ensure projects that may be eligible for expedited review or an Environmental Assessment are not held up by the development of a programmatic EIS. For example, CCUS hubs concentrated in industrial locations may be eligible for expedited permitting. NGSA encourages CEQ to identify opportunities for locations or projects that would be eligible for expedited review.

### **III. Conclusion**

NGSA supports CEQ's proposed interim guidance to facilitate efficient and timely reviews of CCUS activities and encourages CEQ's continued engagement to ensure these projects move forward. Effective permitting of CCUS technology and carbon dioxide pipelines will preserve critical natural gas infrastructure needed for electric reliability and domestic energy security, while reducing GHG emissions.

Sincerely,

*/s/ Casey Hollers*

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