

invite comments on the LCA GHG Report, as applied to the pending matters.

### The LCA GHG Report

The LCA GHG Report was conducted by the National Energy Technology Laboratory (NETL), a DOE laboratory. The LCA GHG Report estimates the life cycle GHG emissions of U.S. LNG exports to Europe and Asia, compared with alternative supplies, to produce electric power. For additional information on the natural gas model, refer to the NETL report, "*Life Cycle Analysis of Natural Gas Extraction and Power Generation*," which is available at <http://energy.gov/fe/LCA-GHG-Report>.

The primary questions addressed by the LCA GHG Report are:

- How does exported liquefied natural gas (LNG) from the U.S. compare with regional coal (or other LNG sources) for electric power generation in Europe and Asia, from a life cycle greenhouse gas (GHG) perspective?
- How do those results compare with natural gas sourced from Russia and delivered to the same European and Asian markets via pipeline?

To address these questions, NETL applied its life cycle analysis (LCA) model to represent unconventional natural gas production and transportation to a U.S. Gulf Coast liquefaction facility, liquefaction of the gas at the facility, and transportation of the LNG to an import terminal in Rotterdam, Netherlands, to represent a European market, and to an import terminal in Shanghai, China, to represent Asian Markets. LNG produced in Algeria was modeled to represent an alternative regional LNG European market supply source with a destination of Rotterdam and LNG from Darwin, Australia was modeled to represent an alternative regional LNG Asian market supply source with a destination of Osaka, Japan. Conventional natural gas extracted from the Yamal region of Siberia in Russia was modeled as the regional pipeline gas alternative for both the European and Asian markets. Regional coal production and consumption in Germany and China were also modeled. Scenario specific variability was modeled by adjusting methane leakage for natural gas production, coal type (bituminous and sub-bituminous), transport distance (ocean tanker for LNG and rail for coal), and power plant efficiency.

DOE is not establishing a new proceeding or docket by today's issuance and the submission of comments in response to this Notice will not make commenters parties to

any of the pending 25 cases. Persons with an interest in the outcome of one or more of the 25 pending matters have been given an opportunity to intervene in or protest those pending matters by complying with the procedures established in the respective notices of application issued in the pending 25 matters and published in the **Federal Register**. The record in the 25 pending proceedings will include all comments received in response to this Notice. Comments will be reviewed on a consolidated basis for purposes of hearing, and decisions will be issued on a case-by-case basis.

### Public Comment

In response to this Notice, any person may file comments. DOE prefers comments to be filed using the online form (method 1). However, for those lacking access to the Internet, comments may be filed using method 2 or 3. The three methods are: (1) Submission of comments using the online form at <http://energy.gov/fe/LCA-GHG-Report>; (2) mailing comments to the Office of Oil and Gas Global Security and Supply at the address listed in **ADDRESSES**; and (3) delivering comments (by hand or courier) to the Office of Oil and Gas Global Security and Supply at the address listed in **ADDRESSES**. All filings must include a reference to *LCA GHG Report Comments*. PLEASE NOTE: DOE/FE is not accepting any comments by email. Any hardcopy filing submitted that is greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission in PDF format. Please do not include any active hyperlinks or password protection in any of the electronic documents related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner.

DOE will consider all comments received until the close of the comment period. Comments must be limited to the issues and potential impacts addressed in the LCA GHG Report, and DOE may disregard comments that are not germane.

Commenters should be advised that filings with DOE shall be subject to public disclosure, so submissions should be free of any personally identifiable information (PII) or other information that the individual does not wish to be revealed in a public forum.

Instructions for submitting comments are available at <http://energy.gov/fe/LCA-GHG-Report>. All comments filed in response to this Notice will be publicly available on the DOE/FE Web site (<http://energy.gov/fe/LCA-GHG-Report>).

The LCA GHG Report and other relevant documents are available for download at <http://energy.gov/fe/LCA-GHG-Report> and for inspection and copying in the Division of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue SW., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, on May 29, 2014.

**Christopher A. Smith,**

*Principal Deputy Assistant Secretary, Office of Fossil Energy.*

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**BILLING CODE 6450-01-P**

## DEPARTMENT OF ENERGY

### Proposed Procedures for Liquefied Natural Gas Export Decisions

**AGENCY:** Office of Fossil Energy, Department of Energy.

**ACTION:** Notice of proposed procedures.

**SUMMARY:** The U.S. Department of Energy (DOE or the Department) proposes to act on applications to export liquefied natural gas (LNG) only after the review required by the National Environmental Policy Act (NEPA) has been completed, suspending its practice of issuing conditional decisions prior to final authorization decisions.

**DATES:** Comments are to be filed using procedures detailed in the Submission of Comments section no later than 4:30 p.m., Eastern Time, July 21, 2014.

**ADDRESSES:** Interested persons may submit comments by any of the following methods:

*Electronic Filing Using Online Form:* <http://energy.gov/fe/Procedures>.

*Regular Mail:* U.S. Department of Energy (FE-34), Attn: Proposed Procedures, Office of Oil and Gas Global Security and Supply, Office of Fossil Energy, P.O. Box 44375, Washington, DC 20026-4375.

*Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.):* U.S. Department of Energy (FE-34), Attn: Proposed Procedures Office of Oil and Gas Global Security and Supply, Office of Fossil Energy, Forrestal Building, Room 3E-042, 1000 Independence Avenue SW., Washington, DC 20585.

**FOR FURTHER INFORMATION CONTACT:**

John Anderson, U.S. Department of Energy (FE-34), Office of Oil and Gas Global Security and Supply, Office of Fossil Energy, Forrestal Building, Room 3E-042, 1000 Independence

Avenue SW., Washington, DC 20585, (202) 586-5600.  
Samuel Walsh, U.S. Department of Energy (GC-1), Office of the General Counsel, Forrestal Building, 1000 Independence Avenue SW., Washington, DC 20585, (202) 586-6732.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

###### *a. Roles of the Agencies With Respect to Natural Gas Exports and Related Facilities*

Section 3(a) of the Natural Gas Act (NGA), 15 U.S.C. § 717b(a), gives the Department of Energy<sup>1</sup> responsibility for authorizing exports of natural gas to foreign nations. The nature of the Department's review of applications for export authorization depends on the country to which the natural gas is proposed to be exported. Exports to countries with which the United States has a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries) are deemed in the public interest by statute and must be authorized "without modification or delay." 15 U.S.C. 717b(c). This notice does not concern applications to export natural gas to FTA countries. For exports to countries with which the United States does not have a such an agreement (non-FTA countries), the Department must conduct an informal adjudication and then grant the application unless the Department finds that the proposed export will not be consistent with the public interest.

In addition to an authorization from the Department under Section 3(a) of the NGA, an applicant intending to export natural gas from a new or modified LNG terminal must also obtain approval to site, construct, and operate the terminal. For LNG terminals located onshore or in state waters, the applicant must obtain approval from the Federal Energy Regulatory Commission (FERC) pursuant to Section 3(e) of the NGA. 15 U.S.C. 717b(e). For LNG terminals located offshore beyond state waters, the applicant must obtain approval from the Maritime Administration within the Department of Transportation (MARAD) pursuant to Section 3(9) of the Deepwater Ports Act, as amended by Section 312 of the Coast Guard and Maritime Transportation Act of 2012 (Pub. L. 112-213). To date, all but two of the 26 large-scale non-FTA LNG export applications to DOE have

proposed exports from LNG terminals located onshore or in state waters and therefore have fallen within FERC's jurisdiction. In most cases, these applicants have applied to DOE and FERC in parallel, which has enabled the two agencies to conduct concurrent reviews under the NGA.

An application to export natural gas to non-FTA countries also requires review of potential environmental impacts under the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*, as does an application to site, construct, and operate an LNG terminal. Therefore, both DOE and FERC (or MARAD) must satisfy the applicable requirements of NEPA, which typically result in the preparation or adoption of an Environmental Impact Statement (EIS) or an Environmental Assessment (EA) describing the potential environmental impacts associated with the proposed authorization before taking final action. Nearly all of the non-FTA export proposals currently pending before DOE that have begun the NEPA review process are seeking parallel authorizations from FERC. In those cases, FERC is serving as the lead agency for purposes of preparing the environmental review documents and DOE is serving as a cooperating agency. See 40 CFR 1501.4, 1504.5.

###### *b. DOE Procedures for Non-FTA Export Applications*

DOE regulations at 10 CFR part 590 describe DOE's process for reviewing non-FTA export applications. This process begins with the submission of an application, the required contents of which are described at 10 CFR 590.202. Upon receipt, DOE reviews the application for completeness. If the application is complete, DOE publishes a notice in the **Federal Register** inviting public participation and comment. 10 CFR 590.205. Upon completing its review of all comments and protests received in response to the notice of application, all information generated in the NEPA review process, and any other information entered into the administrative record at DOE's initiative or otherwise, DOE issues an order deciding whether the proposed export is consistent with the public interest. Parties then have 30 days to seek rehearing or clarification of DOE's order. 15 U.S.C. § 717r(a); 10 CFR 590.501.

DOE regulations also contemplate the issuance of conditional decisions on a discretionary basis prior to the completion of DOE's review process. Section 590.402 of DOE's regulations, entitled "Conditional orders," states: "The Assistant Secretary may issue a

conditional order at any time during a proceeding prior to issuance of a final opinion and order. The conditional order shall include the basis for not issuing a final opinion and order at that time and a statement of findings and conclusions. The findings and conclusions shall be based solely on the official record of the proceeding."

In 1981, when DOE proposed this provision, it explained that a "conditional decision would be appropriate in cases where a need exists for an indication of [DOE's] preliminary findings and conclusions, but additional information is needed before a final decision and order can be rendered." *Dep't of Energy, Import and Export of Natural Gas; New Administrative Procedures; Proposed Rule*, 46 FR 44696 (Sept. 4, 1981). The Department noted the interconnected regulatory authority possessed by DOE and FERC, and the benefit that conditional decisions may hold for FERC. The Department explained that "[s]ince decisions on such applications are usually major Federal actions significantly affecting the quality of the human environment within the meaning of [NEPA], an environmental impact statement (EIS) would usually be prepared to assess the impacts of and alternatives to the proposed project. The EIS would then be used by both FERC and [DOE] in making their respective decisions on the application. Since the terminal facilities potentially would involve the larger environmental impact, the FERC would generally be the lead agency for preparing an EIS. Before expending the time and resources needed to develop an EIS, the FERC would benefit from a preliminary indication from [DOE] regarding consistency of the importation with the public interest." *Id.* at 44700.

In the years following, DOE issued conditional authorizations on numerous occasions.<sup>2</sup> DOE typically issued these conditional authorizations after completion of the notice and comment process, but before completion of NEPA review. DOE has also, in the past three years, issued seven conditional authorizations for exports of LNG to non-FTA countries.<sup>3</sup> In these orders,

<sup>2</sup> See, e.g., *Rochester Gas and Electric Corp.*, DOE/FE Order No. 503 (May 16, 1991); *Brooklyn Union Gas Company, et al.*, DOE/FE Order No. 368-A (1990); *Atlantic Richfield Company*, DOE/FE Order No. 301-B (1990); *Midland Cogeneration Venture Limited Partnership*, DOE/FE Order No. 305-A (1990); *Tennessee Gas Pipeline Company*, DOE Order No. 254-A (1989).

<sup>3</sup> *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 (March 24, 2014); *Cameron LNG, LLC*, DOE/FE Order No. 3391 (Feb. 11, 2014); *Freeport LNG Expansion, L.P. et al.*, DOE/FE Order No. 3357 (Nov. 15, 2013); *Dominion Cove Point LNG, LP*, DOE/Order No. 3331 (September 11, 2013); *Lake*

<sup>1</sup> The Department of Energy Organization Act transferred jurisdiction over import and export authorizations from the Federal Power Commission to the Secretary of Energy. 42 U.S.C. § 7151.

DOE has assessed all factors relating to the public interest other than environmental factors and has explained that, when the environmental review is complete, DOE will reconsider the conditional authorization in light of the information gathered in the environmental review before taking final action.<sup>4</sup>

### c. *The Published Order of Precedence*

On December 5, 2012, the Department published the order in which it intended to take up applications to export LNG to non-FTA countries. The order, which the Department has updated from time to time, grouped the pending applications into three categories. The group of applications placed first were those for which the applicant had received approval from FERC to use the FERC pre-filing process on or before December 5, 2012. Receiving this approval from FERC means that an applicant has initiated the NEPA review process, which, as explained above, is a predicate for final action by both FERC and DOE. The group of applications placed second were those that had not yet initiated NEPA review but had already applied to DOE. The group placed third consisted of all applicants that had yet to apply to DOE as of December 5, 2012, regardless of their status in the NEPA review process. Within each group, applications were and have continued to be placed in order of submission to DOE.

## II. Discussion

### a. *Proposed Procedures*

In this notice, the Department is proposing to suspend its practice of issuing conditional decisions on applications to export LNG from the lower-48 states<sup>5</sup> to non-FTA countries prior to completion of NEPA review. However, DOE is not proposing to amend 10 CFR 590.402 and will retain its discretion to issue conditional decisions in the future should the

reasoning set forth in this Notice no longer apply.

Under the proposed procedure, DOE would no longer proceed in the published order of precedence, but would act on applications in the order in which they become ready for final action. An application is ready for final action when DOE has completed the pertinent NEPA review process and when DOE has sufficient information on which to base a public interest determination. For purposes of determining this order, an application will be deemed to have completed the NEPA review process: (1) For those projects requiring an EIS, 30 days after publication of a Final EIS, (2) for projects for which an EA has been prepared, upon publication by DOE of a Finding of No Significant Impact, or (3) upon a determination by DOE that an application is eligible for a categorical exclusion pursuant to DOE's regulations implementing NEPA, 10 CFR 1021.410, Appx. A & B. The test for whether an application has completed NEPA review will be applied as stated above and without regard for whether FERC, MARAD, or DOE has served as lead agency in preparation of the environmental review document.

This proposed procedure, if adopted, would not affect the continued validity of the conditional orders the Department has already issued. For those applications, the Department will proceed as explained in the conditional orders: When the NEPA review process for those projects is complete, the Department will reconsider the conditional authorization in light of the information gathered in the environmental review and take appropriate final action. Further, the Department will continue to act on requests for conditional authorizations during the period when the procedures proposed in this notice are under consideration.

### b. *Rationale*

The Department is proposing the procedure described above for four reasons: first, because conditional decisions no longer appear necessary for FERC or the majority of applicants to devote resources to NEPA review; second, because doing so will prioritize acting upon applications that are otherwise ready to proceed; third, because doing so will facilitate decisionmaking informed by better and more complete information; and fourth, because doing so will better allocate agency resources.

The Department's original stated justification for issuing conditional authorizations—to provide greater

certainty for FERC—no longer appears to apply. FERC has proceeded with the NEPA review process for many LNG terminals that have yet to receive conditional non-FTA authorizations from DOE. Similarly, the applicants themselves have, in general, been willing to devote time and resources to the NEPA review process without having received conditional authorizations. In addition to the seven applications comprising a total of 9.27 billion cubic feet per day (Bcf/d) in export authority to non-FTA countries that DOE has already approved either finally or conditionally, there are another 8 projects comprising 10.82 Bcf/d in requested non-FTA export authority that are well into the NEPA review process without having received a conditional authorization.<sup>6</sup>

Further, the proposed procedure will ensure that applications otherwise ready to proceed will not be held back by their position in the order of precedence. While the first grouping of applications in the order of precedence was partially determined by the applicants' having initiated NEPA review, over time the order of precedence is likely to bear less of a direct relationship to the applicants' progress in NEPA review. Indeed, it is likely that if DOE were to continue on its current course in the published order of precedence, DOE would act on some applications that have yet to initiate NEPA review before acting on others that have already finished NEPA review. By removing the intermediate step of conditional decisions and setting the order of DOE decisionmaking based on readiness for final action, DOE will avoid the possibility of delayed action on applications that are otherwise ready to proceed.

The proposed procedure is also likely to improve the quality of information on which DOE bases its decisions for three reasons. First, by considering economic issues closer in time to when the project is ready to commence construction, DOE will be able to base its decision on more current data than when it issues a conditional decision, which could potentially occur years before NEPA review for the application is complete. Second, by acting only on applications for which NEPA review has been completed, DOE will be in a better position to judge the cumulative market

<sup>6</sup> See *Oregon LNG*, FERC Docket No. CP09-6; *Corpus Christi Liquefaction, LLC*, FERC Docket No. CP12-507; *Excelsior Liquefaction Solutions (Port Lavaca I), LLC et al.*, FERC Docket Nos. CP14-71, 72 & 73; *Southern LNG Co. LLC*, FERC Docket No. CP14-103; *CE FLNG*, FERC Docket No. PF13-11, *Golden Pass Products LLC*, FERC Docket No. PF13-14; *Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.*, FERC Docket No. CP14-12; *Magnolia LNG, LLC*, FERC Docket No. PF13-9.

<sup>4</sup> *Charles Exports, LLC*, DOE/FE Order No. 3324 (Aug. 7, 2013); *Freeport LNG Expansion, L.P. et al.*, DOE/FE Order No. 3282 (May 17, 2013); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961 (May 20, 2011).

<sup>5</sup> See, e.g., *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 (March 24, 2014) at 15.

<sup>6</sup> The Department currently has no long-term applications before it to export LNG from Alaska. Lacking any such applications, the Department cannot say whether there may be unique features of Alaskan projects that would warrant exercise of the Department's discretionary authority to issue conditional decisions. Accordingly, this notice does not address the treatment of applications to export natural gas from Alaska.

impacts of its authorizations in its public interest review. Completion of the NEPA review process requires, among other things, preparation of engineering and design plans at considerable expense to the applicant.<sup>7</sup> An applicant's willingness and capability to make such expenditures is indicative of the applicant's willingness and capability to complete the proposed project. Therefore, while it is surely not the case that all projects for which NEPA review is completed will be financed and constructed, projects that have undertaken the expense to complete NEPA review are, as a group, more likely to proceed than those that have not. Third, DOE believes that, while it may be warranted in some circumstances to bifurcate the consideration of environmental factors and all other factors affecting the public interest in two separate orders, it is generally preferable to integrate the consideration of all public interest factors in a single order.

Declining to issue conditional decisions will also better allocate departmental resources. Applying for an export authorization from DOE is relatively inexpensive; it requires a small application fee and modest informational requirements. For that reason, some companies may view it as advantageous to file an application with DOE even if they foresee only a low probability that they will ultimately undergo NEPA review and complete the application process. By acting only on applications that are ready for final action, DOE will likely avoid devoting resources to applications that have little prospect of proceeding. These saved resources can be better deployed to providing timely action on applications that are furthest along in the regulatory review process.

### III. Public Participation

#### A. Submission of Comments

In response to this notice, any person may file comments. DOE prefers comments to be filed using the following online form (method 1). However, for those lacking access to the Internet, comments may be filed using method 2 or 3. The three methods are: (1) Submission of comments using the on-line form at <http://energy.gov/fe/Procedures>; (2) mailing comments to the Office of Oil and Gas Global Security and Supply at the address listed in **ADDRESSES**; or (3) delivering comments

(by hand or courier) to the Office of Oil and Gas Global Security and Supply at the address listed in **ADDRESSES**. All filings must include a reference to *Notice of Change of Procedures*. PLEASE NOTE: DOE/FE is not accepting any comments by email. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission in PDF format. Please do not include any active hyperlinks or password protection in any of the electronic documents related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. All comments filed in response to this Notice will be publicly available on the DOE/FE Web site (<http://energy.gov/fe/Procedures>) and on [www.regulations.gov](http://www.regulations.gov).

While this invitation to comment covers a specific issue, DOE may disregard comments that are not germane to the present inquiry. Commenters should be advised that filings with DOE shall be subject to public disclosure, so submissions should be free of any personally identifiable information (PII) or other information that the individual does not wish to be revealed in a public forum.

Any hardcopy filings are available for inspection and copying in the Division of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue SW., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. All comments filed will also be available electronically by going to the following DOE/FE Web address: <http://energy.gov/fe/Procedures>.

DOE will accept comments no later than the date provided at the beginning of this notice. After the close of the comment period, DOE will review the comments received and decide whether to implement the proposed policy.

According to 10 CFR part 1004.11, any person submitting information that he or she believes to be confidential and exempt by law from public disclosure should submit two copies: one copy of the document should have all the information believed to be confidential deleted. DOE will make its own determination as to the confidential status of the information and treat it according to its determination.

Factors of interest to DOE when evaluating requests to treat submitted information as confidential include (1) a description of the items; (2) whether and why such items are customarily

treated as confidential within the industry; (3) whether the information is generally known or available from public sources; (4) whether the information has previously been made available to others without obligations concerning its confidentiality; (5) an explanation of the competitive injury to the submitting persons which would result from public disclosure; (6) a date after which such information might no longer be considered confidential; and (7) why disclosure of the information would be contrary to the public interest.

#### B. Issues on Which DOE Seeks Comments

DOE welcomes comments on all aspects of the proposed procedures, including its likely impact on applicants and other stakeholders. The Department invites all interested parties to submit in writing by July 21, 2014 comments and information on matters addressed in this notice. After the expiration of the period for submitting written statements, the Department will consider all comments and additional information that is obtained from interested parties or through further analyses, and it will prepare a final procedure statement.

Issued in Washington, DC, on May 29, 2014.

**Christopher A. Smith,**

*Principal Deputy Assistant Secretary, Office of Fossil Energy.*

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## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

[Docket No. CP14-487-000]

#### ANR Pipeline Company; Notice of Application

Take notice that on May 13, 2014, ANR Pipeline (ANR), 717 Texas Street, Houston, Texas 77002-2761, filed an application pursuant to sections 7(b) and 7(c) of the Natural Gas Act and sections 157.5, 157.7 and 157.18 of the Commission's regulations for authorization to implement its proposed 2014 Storage Realignment to reduce the capacity at two storage fields (South Chester Storage Field and Central Charlton Storage Field) and authority to realign and revise the capacity parameters at five storage fields (the Lincoln-Freeman Storage Field, the Goodwell Storage Field, Reed City Storage Field, Winfield Storage Field, Loreed Storage Field) while maintaining the same aggregate level of working capacity on the system. Additionally,

<sup>7</sup> See, FERC, Office of Energy Projects, Guidance Manual for Environmental Report Preparation (Aug. 2002), available at <http://www.ferc.gov/industries/gas/enviro/erpman.pdf> (describing required contents of Resource Report 13).