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Glick, Chatterjee stress potential for gas project progress, despite election

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HIGHLIGHTS

Glick sees 'straightforward' path through climate impasse

Chatterjee leaves open door to compromise

Washington — Despite November elections adding to uncertainties about prospects for midstream gas infrastructure, two key Federal Energy Regulatory Commission members are insisting there is still a path forward for pipelines.

Commissioner Richard Glick wants to get the message out that unanimous backing of projects is still a possibility at FERC.

Glick has dissented, at least in part, on dozens of pipeline or LNG project certificate orders. His positions have contributed to speculation about whether some projects might be rejected or timelines imperiled under a Democratic administration.

In an interview with S&P Global Platts, he emphasized his frustration that he hasn't been able to vote yes, because he's been prevented, in his view, by FERC's failure to adequately consider climate change implications of its decisions.

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Unanimous vote

"I do think that we could get to a unanimous vote and in a way that I don't think would impede progress on most of these certificate applications," he said. "I hope eventually to be able to persuade my colleagues to do that."

While declining to characterize what share of projects he might support, he noted that his dissents were often in part, rather than in full.

Chairman Neil Chatterjee also re-emphasized his view that even in the event of a Democratic win, FERC as an independent agency is unlikely to see a pendulum swing.

"The direction of the commission may slightly change depending on the outcome of the election, but I don't expect it to be a dramatic shift," he told the North American Gas Forum organized by Energy Dialogues Oct. 21. "I think that is essential for everyone tuning in today to have that confidence that FERC will remain a beacon of stability."

In response to an emailed inquiry, Chatterjee left open the door for compromise on the climate change issues that have split the commission in relation to gas projects.

"As I did with former Commissioner [Cheryl] LaFleur in reaching the breakthrough on LNG project approvals, I will continue to work with all my colleagues on these difficult issues. Look, I think we can come together to ensure that consumers have access to ample, economic supplies of energy," Chatterjee said.

FERC's responsibility to approve projects that are in the public interest does not change based on elections, he added.

During his conference remarks, Chatterjee stressed his view that US LNG exports can have a positive impact on lowering global carbon emissions by displacing more carbon intensive fuels in Europe, Asia and elsewhere in the world. "The International Energy Agency estimates that up to 1.2 gigatons of CO₂ could be evaded in the short term by switching from coal to ... gas-fired plants," he said.

Glick has been less bullish than Chatterjee about the need to quickly approve LNG projects, pointing out the current market demand is in question, thus allowing more time for FERC to review environmental impacts he feels are not always given adequate consideration. He has also taken a harder line on whether pipeline projects should be allowed to start work while some permits are pending. And he has sought greater FERC scrutiny, in some cases, on whether projects were needed.

The comments about potential to move beyond the partisan split come as FERC is down to three commissioners — two Republicans and one Democrat. Two additional nominees — one Democrat and one Republican — are not slated to be voted out by the Senate Energy and Natural Resources Committee until the lame duck session after the election, a Senate aide said Oct. 20.

Should former Vice President Joe Biden be elected and appoint a Democrat chairman, some commentators have said it could still take months before Democrats have a majority, since Chatterjee plans to serve out his term, which expires at the end of June. That presents the question of whether projects would advance in the interim.

'Not that hard'

Glick said he sees a path forward at FERC from the party-line split over climate considerations.

"I've actually spoken to my colleagues, because I think it's not that hard," he said.

In his view, the commission has a variety of tools it could use to assess the significance of impacts — it could use the social cost of carbon, or perhaps another metric, such as comparing emissions to national or state emissions, or rely on an "eye test" akin to deciding that 2,000 acres of wetlands impacts is too much but 15 acres is fine.

If FERC does find that emissions are significant, that doesn't stop the commission from approving the project, he said. Instead, FERC could determine whether the impacts can be adequately mitigated as it does for all sorts of other environmental impacts, he said. Developers could pursue a variety of ways of reducing GHG emissions, such as buying renewable energy credits or planting trees, he said.

After *Sierra Club* ruling

Glick and his Republican colleagues have been divided on the extent to which FERC has to consider upstream or downstream emissions and consider the significance of climate impacts of projects, in the wake of the *Sierra Club v. FERC* appeals court decision that found FERC fell short. They have also differed over FERC's authority to require mitigation of GHG emissions.

Glick contends FERC's scaled-back approach adds to the risk a court will send back an order, increasing costs for a project and potentially affecting the schedule.

"We've actually endangered certainty for these pipelines," he said.

Following the *Sierra Club* ruling, some subsequent cases challenging FERC's GHG approach were dismissed for lack of standing or for procedural matters but the approach could be tested again in LNG project-related cases and a couple of other projects in Texas as well, according to Glick.

Glick recently aired frustrations about not being able to vote yes when he dissented in part on revisions to Port Arthur Pipeline's plans for a 2 Bcf/d project that would diversify sources of gas flowing to Sempra Energy's proposed Port Arthur LNG facility in Texas.

"In that case, I thought the project was needed, but also I thought the project was in the public interest, meaning I don't think that the emissions were significant enough to consider them to be adverse or have an adverse impact on the environment," he said.