

GAO Highlights

Highlights of [GAO-20-619](#), a report to congressional requesters

Why GAO Did This Study

As U.S. natural gas production has increased, exports of natural gas have increased as well, and in 2017, the nation became a net exporter of natural gas. In 2019, about 39 percent of natural gas exports were transported by ship as LNG, and exports of LNG are expected to grow. FERC, MARAD, and the Coast Guard issue permits required for companies to construct or operate an LNG export facility. The Coast Guard, along with PHMSA, also has issued regulations on safety and technology requirements for these facilities. These regulations incorporate technical standards that are developed and updated by standards-developing organizations.

GAO was asked to review how federal agencies manage the permitting processes. This report examines, among other things, the extent to which (1) federal agencies collaborate in the permitting processes for LNG export facilities and (2) regulations for such facilities incorporate current technical standards. GAO analyzed agency documents and interviewed agency officials, LNG export company representatives, and other stakeholders.

What GAO Recommends

GAO is making nine recommendations, including that FERC establish a process to regularly review and update its agreements with other agencies for the onshore facility permitting process and that FERC, PHMSA, and the Coast Guard establish processes to conduct standards-specific reviews of regulations every 3 to 5 years. The agencies agreed with GAO's recommendations and identified actions to address them.

View [GAO-20-619](#). For more information, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

August 2020

NATURAL GAS EXPORTS

Updated Guidance and Regulations Could Improve Facility Permitting Processes

What GAO Found

Federal agencies have incorporated most but not all key collaboration practices in the permitting processes for export facilities for liquefied natural gas (LNG). GAO has identified seven key practices that can help sustain collaboration among federal agencies, including reviewing and updating written guidance and agreements. The Maritime Administration (MARAD) and the U.S. Coast Guard (Coast Guard), which jointly lead the permitting process for LNG export facilities in federal waters, have incorporated all seven key practices. The Federal Energy Regulatory Commission (FERC), which leads the permitting process for LNG export facilities located on land or in state waters (facilities in both places are referred to as onshore facilities), has incorporated six of the key practices. However, FERC does not regularly review and update its interagency agreements, which outline agencies' roles and responsibilities in the onshore permitting process, because it does not have a process to do so. Establishing a process to regularly review and update FERC's agreements with other agencies would help FERC ensure that, in the near term, other agencies clearly understand and consistently implement the permitting process and, for the longer term, the agreements address policy changes that may affect the process.

FERC's, the Pipeline and Hazardous Materials Safety Administration's (PHMSA), and the Coast Guard's regulations for permitting LNG export facilities do not incorporate all current technical standards. For example, FERC's regulations cite an outdated 1984 earthquake standard, PHMSA's regulations cite outdated fire safety standards from 2001, and the Coast Guard's regulations cite an outdated 1994 standard for fire extinguishers. Guidance from the Office of Management and Budget states that agencies should conduct a standards-specific review of regulations that cite technical standards every 3 to 5 years and update the regulations with updated standards, if necessary. However, FERC, PHMSA, and the Coast Guard have not recently conducted such a review and FERC and PHMSA do not have processes in place to regularly do so. The Coast Guard has a process for conducting such reviews but it does not specify how frequently the reviews should occur. Without processes to conduct a standards-specific review of regulations every 3 to 5 years, the agencies cannot be assured that the regulations remain effective at ensuring safety.

Onshore Export Facilities for Liquefied Natural Gas (LNG)



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