

The Insider

Industry Grows Increasingly Concerned Over EPA Plans For Natural Gas

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A range of industry sectors and their allies in Congress are growing increasingly concerned that a host of EPA and other environmental rules will curb the production, transportation and use of natural gas, undercutting efforts to suppress energy price spikes and Biden administration efforts to increase supplies to Europe to offset Russian sources.

Republican senators, for example, told administration officials last week that the timing of its plans to review a Clean Water Act (CWA) permit for oil and gas pipelines before it expires in 2026 is “both disappointing and perplexing” given high energy prices and administration goals of increasing energy exports.

Similarly, the American Petroleum Institute (API) is warning that EPA’s final rule giving natural gas turbine operators three months to comply with long-stayed air toxics requirements could disrupt liquefied natural gas (LNG) operations and other critical energy infrastructure.

In addition, the agency last week floated options to limit greenhouse gas emissions from gas-fired power plants.

And EPA is also slated in 2023 to issue a final rule regulating methane emissions at a range of oil and gas facilities, and is moving ahead with a rule aimed at bolstering states’ CWA authority to block federal permits for natural gas pipelines and other facilities.

Several other agencies are also crafting environmental review requirements that could hamper natural gas infrastructure, including a now-proposed policy from the Federal Energy Regulatory Commission (FERC) requiring robust assessments of gas projects’ greenhouse gas emissions and Council on Environmental Quality rules toughening review requirements under the National Environmental Policy Act (NEPA).

Administration efforts to clamp down on adverse effects of natural gas aligns with broader EPA efforts to restrain the effect of coal and its use in the power sector, where the agency is crafting multiple air, water and waste regulations in an “integrated and coordinated approach” to encourage the phase-out of higher-emitting units and replace them with cleaner generation.

Biden administration officials have sought to finesse their support for increased natural gas exports to Europe to replace Russian supplies -- given their continued push for a long-term decarbonization strategy that includes transitioning away from unabated use of fossil fuels.

“We need oil and gas production to rise to meet current demand, and . . . we’ll work with anyone and everyone who is serious about taking a leap toward the future by diversifying your energy portfolio to add clean fuels and technologies,” Energy Secretary Jennifer Granholm told industry leaders last month.

Along those lines, FERC recently delayed implementation of its controversial policy requiring stepped-up assessments of the greenhouse gas impacts of its pipeline approvals after an outcry from industry groups and GOP senators.

But administration critics say that seeking to increase supplies while simultaneously strengthening environmental regulations, such as the CWA permit governing oil and gas pipelines, is illogical and confusing.

GOP Senators Decry ‘Policy Incoherence’ Of Possible NWP 12 Revisions

Republican members of the Senate environment committee are urging the Biden administration to drop its plan to reconsider a Clean Water Act (CWA) general permit for oil and gas pipelines, saying the possible changes amid a push to ramp up domestic natural gas production “demonstrates a lack of policy coherence.”

“The timing of your announcement to review [nationwide permit (NWP 12)] is both disappointing and perplexing, considering the recent spike in energy prices and the rapid rise of inflation economy-wide, as well as the crisis in Ukraine and demand for American energy from our allies,” Sen. Shelley Moore Capito (R-WV), the top Republican on the Environment and Public Works Committee (EPW), and her GOP colleagues write in an April 20 letter to the head of the Army Corps of Engineers.

The letter criticizes the “purely political” reasons for singling out this NWP and says “the only logical course of action is for the Corps to suspend its proposed formal review of the NWP 12 and maintain, unchanged, the commonsense provisions of the existing NWP 12.”

In a similar vein, industry officials are warning that facilities may need more time to comply with EPA’s rule requiring air toxics controls on natural gas turbines than the three months the agency is allowing, especially if the agency does not want to see limits on LNG exports, though EPA does not appear

likely to grant such requests.

Industry Scrambles To Comply With Gas Turbine Rule After EPA Lifts Stay

Refining, petrochemical and power generation groups are scrambling to install long-delayed emissions controls to limit formaldehyde emissions from natural gas-fired stationary turbines after EPA earlier this year gave facilities six months to comply with its years-old air toxics regulation that had been stayed since 2004.

Industry groups are urging the agency to work with regulated facilities, including liquefied natural gas (LNG) facilities, to prevent adverse impacts though EPA does not appear likely to do so despite industry charges that the rule would curb Biden administration efforts to increase natural gas exports to Europe to help offset Russian supplies.

“We remain concerned that lifting this stay could lead to the disruption of critical energy infrastructure, including LNG export facilities which could be forced to slow or temporarily halt operations in order to certify compliance with the reinstated limits,” the American Petroleum Institute (API) said in an April 25 statement to *InsideEPA.com*.

“This is especially true given the EPA’s own analysis showing that gas turbines do not present a risk to the environment. EPA should work with operators of impacted facilities to mitigate operational impacts during this transition period,” the group added.

Industry officials are also concerned about a series of recent proposals from EPA and other agencies that could eventually limit the fuel’s production and use.

For example, EPA recently floated a white paper seeking comment on several options for limiting GHG emissions from gas-fired generators.

EPA Seeks Input On Gas Plant GHG Options To Inform Standards Update

EPA is soliciting input on a suite of technologies that could reduce greenhouse gases from new natural gas-fired power plants, kick-starting technical work that could inform both source-specific GHG permits as well as a broader update to Obama-era performance standards for gas plants.

While the agency’s April 21 draft white paper does not impose any binding emissions standards, it does represent the most detailed public thinking by the Biden EPA about its plans to reduce climate-warming emissions from the broader power sector that represents the second-largest source of U.S. GHGs.

“EPA anticipates the public dialogue on the draft will help inform consideration of a Clean Air Act (CAA) section 111 standard for new natural gas [power plants]. States and the public may also find the white paper useful to inform state-level actions to combat climate change and individual permitting considerations,” the agency says in a press release announcing the paper.

Strategies outlined in the paper generally fall under three broad categories: various steps to improve plants’ efficiency or otherwise reduce fuel use; co-firing with low-carbon fuels such as hydrogen; and installing carbon capture, use and storage (CCUS) technology.

In a similar vein, EPA has begun projecting GHG releases from consumers’ post-meter uses of natural gas, data that could intensify nascent efforts to curb the fuel’s use in commercial and residential buildings.

EPA Tackles ‘Post-Meter’ Natural Gas Emissions In Latest GHG Inventory

EPA’s latest greenhouse gas inventory includes first-time estimates of emissions from post-meter uses of natural gas, including from residential and commercial appliances, at a time of growing scrutiny over their methane emissions and calls to electrify buildings in response to climate and indoor air pollution concerns.

The agency this spring is also slated to release a supplemental proposal addressing methane emissions from oil and gas facilities, a measure that will inform a final rule due next year, though industry groups have already raised a host of concerns with the agency’s 2021 proposal.

Oil & Gas Sector Cites Numerous Concerns With EPA’s Methane Plan

The oil and gas sector is raising numerous objections to EPA’s proposal to strengthen methane limits for the industry, alleging that the agency’s consideration of cost is flawed, it over-relied on recent congressional action, the plan lacks detailed regulatory language and improperly allows federal enforcement for overly tough state standards.

Several other environmental measures are also expected to hamper natural gas projects even though they do not specifically target the sector.

For example, industry groups are warning that CEQ’s just issued phase 1 NEPA rule, which reinstates rigorous environmental review requirements that the Trump administration had scrapped, will delay approval of key projects, including natural gas projects.

"It should never take longer to get federal approval for an infrastructure project than it takes to build the project, but that very well may be the result of the administration's changes that revert back to the broken 1978 NEPA review process," the Chamber of Commerce [said in a statement](#).

And industry groups are also concerned about EPA plans to strengthen a controversial Trump EPA rule that limited states' ability to block gas and other infrastructure projects under the CWA.

[EPA Submits CWA 401 Proposal For OMB Review](#)

EPA has sent for White House Office of Management and Budget (OMB) review its draft proposed changes to 1971 rules governing state water quality certifications of federally issued permits and licenses, aiming to update the regulations implementing Clean Water Act (CWA) section 401 while still granting states flexibility.

[1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#) [9](#) ... [next >](#) [last »](#)

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