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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

CONSENT ELECTRIC, CONSENT GAS,
CONSENT HYDRO, CONSENT CERTIFICATES,
DISCUSSION ITEMS, STRUCK ITEMS

1046th COMMISSION MEETING
Thursday, September 20, 2018
Commission Meeting Room
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

1 The Commission met in open session at 10:04 a.m.,
2 when were present:

3 COMMISSIONER NEIL CHATTERJEE

4 COMMISSIONER CHERYL LaFLEUR

5 COMMISSIONER RICHARD GLICK

6 SECRETARY KIMBERLY D. BOSE

7

8 Agenda Items:

9 Consent-Electric

10 E-1, E-2, E-3, E-4, E-5, E-6, E-7 E-8, E-9, E-10

11 and E-11

12 Consent-Gas

13 G-3

14

15 Consent-Hydro

16 H-1, and H-2

17

18 Consent-Certificates

19 C-1 and C-2

20

21 Discussion Items

22 A-3

23

24 Struck Items

25 None

1 Commissioner Recusals and Statements for
2 September 20, 2018

3 Chairman McIntyre is not participating in the
4 following consent items:

5 E-3, E-4, E-5, E-6, and E-7

6 H-1 - Commissioner Chatterjee dissenting with a
7 separate statement

8

9 Discussion and/or Presentations

10 A-3 - Memorandum of Understanding Between the
11 Department of Transportation and the Federal Energy
12 Regulatory Commission Regarding Liquefied Natural Gas
13 Transportation Facilities

14

15 Presenters:

16 James Danly, General Counsel, FERC

17 Howard "Skip" Elliot, Administrator, PHMSA

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1 P R O C E E D I N G S

2 (10:04 a.m.)

3 SECURITY OFFICER: Good morning, ladies and
4 gentlemen. Please direct your attention to the Secretary.

5 SECRETARY BOSE: Thank you, Mark. The purpose
6 of the Federal Energy Regulatory Commission's open meeting
7 is for the Commission to consider the matters that have been
8 duly posted in accordance with the Government in the
9 Sunshine Act.

10 Members of the public are invited to observe,
11 which includes attending, listening, and taking notes, but
12 does not include participating in the meeting or addressing
13 the Commission. Actions that purposely interfere or attempt
14 to interfere with the commencement or conducting of the
15 meeting or inhibit the audience's ability to observe or
16 listen to the meeting, including attempts by audience
17 members to address the Commission while the meeting is in
18 progress, are not permitted.

19 Any persons engaging in such behavior will be
20 asked to leave the building. Anyone who refuses to leave
21 voluntarily will be escorted from the building.

22 Additionally, documents presented to the
23 Chairman, Commissioners, or staff during the meeting will
24 not become part of the official record of any Commission
25 proceeding, nor will they require further action by the

1 Commission.

2 If you wish to comment on an ongoing proceeding
3 before the Commission, please visit our website for more
4 information.

5 Thank you for your cooperation.

6 COMMISSIONER CHATTERJEE (presiding): Madam
7 Secretary, we are ready to begin.

8 SECRETARY BOSE: This is the time and place that
9 has been noticed for the open meeting of the Federal Energy
10 Regulatory Commission to consider the matters that have been
11 duly posted in accordance with the Government in the
12 Sunshine Act. Please join us in the Pledge of Allegiance.

13 (Pledge of Allegiance recited.)

14 SECRETARY BOSE: Commissioners, since the July
15 opening meeting, the Commission has issued 151 Notational
16 Orders.

17 Thank you, Commissioner Chatterjee.

18 COMMISSIONER CHATTERJEE: Thank you, Madam
19 Secretary, and good morning to everyone. The Chairman has
20 asked that I read a brief statement on his behalf.

21 "I apologize for not being at today's Commission
22 meeting, as I had fully intended to be present. However, my
23 ongoing recovery prevents me from being here in person
24 today. I have directed Secretary Bose to record my vote on
25 all of the matters being considered at this open meeting.

1 "While my health situation has impacted my
2 mobility, it has not impacted my ability to get the
3 Commission's work done, and I am proud to report that the
4 Commission continues to move "full steam ahead" on all
5 fronts.

6 "Since the July open meeting, the Commission has
7 issued 151 Orders. We have entered into an important MOU
8 with PHMSA. Our Office of Energy Projects has issued an
9 accelerated schedule for consideration by the Commission and
10 its staff of 12 LNG projects. And I have appointed a new
11 FERC ALJ.

12 "I am grateful for the outstanding work by my
13 colleagues, my personal staff, and the Commission's
14 professional staff. I am also grateful for everyone's
15 concern regarding my ongoing recovery.

16 "In my absence I have asked Commissioner
17 Chatterjee to take the gavel for today's meeting, and I a
18 greatly appreciate his willingness to do so. Finally,
19 please direct any press questions to our Office of External
20 Affairs, as we will not be heaving a press conference
21 today."

22 I know I speak for my fellow Commissioners when I
23 say that--I know I speak for my fellow Commissioners when I
24 say that we wish the Chairman the best on his continued
25 recovery.

1 Next, I want to take a moment to extend our
2 heartfelt support to all those affected by Hurricane
3 Florence. FERC staff, including key personnel from the
4 Office of Electric Reliability and the Office of Energy
5 Projects, have worked closely with our partners at NERC and
6 federal and state emergency management agencies to ensure
7 the continued safety of FERC jurisdictional hydropower
8 facilities and monitor disruptions of power to critical
9 services in all affected areas. FERC will continue to do
10 what it can to assist as the region recovers from this
11 devastating storm.

12 Now, on a happier note, I am pleased to announce
13 that the Chairman has tapped Jette Gebhart as Deputy
14 Director of the Office of Energy Market Regulation. Jette
15 has served with distinction in the role on an acting
16 capacity for as long as I've been on the Commission. So
17 today's announcement is well deserved. Jette is a good
18 example of the world-class public servants that work here at
19 FERC, and I am confident that she will continue to serve the
20 agency well. My congratulations.

21 Next, I would like to take a moment to share a
22 new initiative launched last week by our friends at the
23 Energy Information Administration. This new, interactive
24 web dashboard on the EIA homepage supplements EIA's Weekly
25 Natural Gas Storage Report. I encourage everyone to take

1 advantage of this exciting new resource.

2 With that, I would like to touch on my dissent on
3 the Utah Board of Water Resources' petition for declaratory
4 order included in today's agenda and to take this
5 opportunity to briefly explain my reasoning.

6 I believe the Federal Power Act and Commission
7 precedent gives the Commission wide leeway in determining
8 what constitutes a hydroelectric project, and thus what is
9 under the Commission's jurisdiction. The State of Utah has
10 been planning the Lake Powell Pipeline Project since 2008
11 under the reasonable assumption that the penstock applying
12 water to their proposed hydroelectric generators is FERC
13 jurisdictional, and I believe the facts in this case support
14 their position. My complete thoughts on this issue are
15 available in my dissent from today's Order.

16 Lastly, but certainly not least, at the end of
17 August the Commission announced that it had executed a
18 Memorandum of Understanding with our friends at the Pipeline
19 and Hazardous Materials Safety Administration, establishing
20 a framework for improved cooperation between PHMSA and FERC
21 in the processing of LNG export terminal applications.

22 I am very pleased that Administrator Elliott from
23 PHMSA has joined us today. He and FERC's General Counsel
24 James Danly will provide some brief remarks on the MOU later
25 in today's agenda.

1 Administrator Elliott, my sincere thanks for
2 joining us, and I look forward to hearing from you today.

3 With that, I would like to turn the microphone
4 over to my fellow Commissioners for any opening statements
5 or announcements. Commissioner LaFleur?

6 COMMISSIONER LaFLEUR: Thank you, Commissioner
7 Chatterjee. I am very sorry that our fearless leader,
8 Chairman McIntyre, couldn't be here in person today, and I
9 also hope he feels much better soon.

10 I want to echo Neil's comments on Hurricane
11 Florence, and thank the utility workers and first responders
12 who have assembled in the Carolinas from around the country
13 to restore power and serve the affected communities.

14 I also want to thank FERC staff and OEP and OER
15 for their efforts and for keeping us informed. Of course I
16 also want to congratulate Jette for being named Deputy
17 Director of OEMR. She's served in that role in an acting
18 capacity for some time, and in that role and previous
19 positions she's certainly demonstrated that she's superbly
20 qualified for the role.

21 Finally, I want to give a report on a trip I made
22 earlier this month which was a long-overdue trip I've been
23 talking about. I've had papers going all the way back to
24 2012 to Alaska, which I made with my advisor Kat Yojan. I
25 try not to make open meeting comments a travelog, otherwise

1 they would last a long time, but this one was really special
2 so I wanted to share a few thoughts.

3 Although the Commission doesn't regulate electric
4 transmission in Alaska--you don't get a lot of interstate
5 transmission up there--we do regulate a large number of
6 things: 36 hydroelectric facilities, and there's others
7 pending licensing petitions, as well as the Trans Alaskan
8 Pipeline, and a pending LNG project with a very large
9 pipeline to serve it.

10 My visit was scheduled in connection with the
11 National Hydro Association Regional Meeting, and Kat and I
12 were able to visit 3 of the 36 facilities we regulate in
13 Alaska. The most striking was the Bradley Lake Project,
14 which is at the end of the Kenai Peninsula. It's the
15 largest hydro facility in Alaska, like many of them only
16 accessible by air or water, not roads.

17 It was really striking to see such an enormous
18 and impressive facility really in the middle of nowhere.
19 It's like coming across a pyramid or something. How did
20 this get built? How did they make this happen here? And we
21 were able to see a little bit of how they made it happen,
22 because we visited the construction of two ongoing--two
23 glacial diversions that the Commission approved a few years
24 ago that will add to the capacity of the Bradley Lake
25 Project.

1 And first they have to set up a camp for the
2 workers who will be working on it, then build the roads to
3 transport the pipes that they'll use for the diversion,
4 before they can start actually doing the work. And so it's
5 really quite an interesting industrial project.

6 We were accompanied by Glenn Kester of our
7 Portland office who did the dam safety inspection while we
8 were there, which is a reminder of the huge territories our
9 regional Hydro staff cover. And we also saw two smaller but
10 interesting projects in Ketchikan, one of which had a fish
11 hatchery associated with it and works with the fish hatchery
12 to provide water flows.

13 We met with our colleagues at the Regulatory
14 Commission of Alaska, as well as the Alaska Energy
15 Authority, and had a feedback session with hydro owners and
16 operators from around the state, and of course attended the
17 meeting that I was actually there for.

18 Just a couple impressions:

19 Since I've been at FERC I think I can confidently
20 say that every state I have met with, every region, and most
21 companies have asserted their extreme uniqueness and how
22 their project, their issue, their circumstances are
23 different than any place else. And almost always there's an
24 element of truth to that. But Alaska, with a possible
25 exception of Hawaii, is the most unique of the unique. Its

1 geography, climate, resources, infrastructure are just
2 unlike anything you see down in the Lower 48--a word that
3 tripped off my tongue within five minutes of landing. I was
4 saying "Lower 48" every five minutes.

5 Huge natural resources, as we all know, up in the
6 North Slope, but vast instances to bring them to anywhere
7 with almost no road infrastructure, a harsh climate--
8 although it was beautiful when we were there--meaning a very
9 short construction season, and limited electrical
10 interconnectedness.

11 So dispatching these things and making them work
12 together is constrained by the fact that there's dispatch
13 centers all over the place, and very little transmission,
14 although they're working to try to pull together a power
15 pool.

16 The second really striking thing in Alaska is
17 that adaptation to climate change isn't something that's
18 like in the articles or in the future, it's a current
19 reality that many of the people we met with are dealing with
20 now.

21 Everywhere we went we heard about receding
22 glaciers that are affecting hydro operation. You know,
23 changes in the way the geography works since the things were
24 built. Changes in fish and animal populations, so the
25 salmon aren't reaching as far as they used to, and that's

1 changing the way the hydros are operating. Changes in the
2 permafrost that's affecting the stantions of vertical
3 support members for the Alaska Pipeline, so they have to do
4 things to keep the ground cold--which seems a little
5 mind-blowing that you'd have to do things to keep Alaska
6 cold. And it was also particularly fascinating to me with
7 the Alaska Energy Authority, which is in charge of working
8 with the indigenous communities, and in some cases
9 relocating them.

10 So it was just a reminder that there is an Arctic
11 state in the United States, and climate change is a current
12 reality there that's having a big impact on the population.

13 Finally, on a lighter note, we saw five moose and
14 two black bears up close in the wild in connection with our
15 tours, which would have made it worthwhile even if I didn't
16 do any of those other things.

17 (Laughter.)

18 COMMISSIONER LaFLEUR: And with that, I will cede
19 the floor. Thank you, Neil.

20 COMMISSIONER CHATTERJEE: Commissioner Glick.

21 COMMISSIONER GLICK: Thanks, Commissioner
22 Chatterjee. I too want to wish Chairman McIntyre a speedy
23 recovery.

24 I wanted to start out today by welcoming back one
25 of my legal advisors, Matt Christensen, who has been out on

1 paternity leave spending some quality time with his
2 daughter, Lyla, who it says here is the cutest baby ever. I
3 was told I had to say that, but actually it's true in this
4 case.

5 (Laughter.)

6 COMMISSIONER GLICK: But I also want to thank
7 Gretchen Kershaw who had been on detail to my office from
8 the Office of General Counsel. Gretchen came to our office
9 highly recommended, and she didn't disappoint at all. She
10 was a pleasure to work with, incredibly bright, very
11 hardworking, and did a great job in our office. And I'm
12 sure James and his team are glad that she's back on the job
13 there.

14 With regard to Hurricane Florence, I too want to
15 echo the appreciation for the hard work undertaken to
16 restore power in the aftermath of Hurricane Florence, and in
17 particular to highlight the importance of mutual assistance
18 which is an essential part of the industry's service
19 restoration process in continuously planning.

20 The bulk electric system was largely unaffected
21 by Florence, which highlights again that resilience issues
22 are primarily distribution system issues, not bulk power
23 system issues. And I think we need to keep on remembering
24 that.

25 Events such as Hurricane Florence underscore the

1 importance of a customer-focused framework for evaluating
2 measures to advance reliability and resilience. I also
3 wanted to briefly comment on the capacity of scarcity
4 conditions that existed in the New England ISO a couple of
5 weeks ago on Labor Day.

6 As I understand it, the weather in that region
7 was a lot hotter and more humid than the ISO had originally
8 forecast. As a result, peak load was more than 2,000
9 megawatts higher than had been forecast, and causing prices
10 to rise as high as \$2,500 a megawatt hour.

11 These conditions triggered ISO New England's
12 first pay-for-performance event which penalized inflexible
13 resources and rewarded those that could quickly respond to
14 the grid's needs. Thence, was the first event of its kind.

15 I point out this incident because it highlights
16 the need for flexibility. In this case, one of the
17 challenges was that by the time it became apparent that the
18 weather forecasts were wrong, it was too late to ramp up
19 operations on certain slow-starting generating resources.

20 The Commission should be focusing on developing
21 market rules like these which compensate resources for the
22 services they provide, and which will be essential to
23 incentivize in the resource mix needed to operate the grid
24 of the future.

25 And finally, I too actually wanted to

1 congratulate Jette. It's a very well-earned honor becoming
2 permanent Deputy Director of OEMR, and I just want to say
3 that my staff and I have worked very closely with Jette on a
4 number of issues and she's been extremely helpful, and I
5 look forward to working with her in the future. So thank
6 you.

7 COMMISSIONER CHATTERJEE: Madam Secretary, we
8 are ready to go to the Consent Agenda.

9 SECRETARY BOSE: Thank you, Commissioner
10 Chatterjee. Since the issuance of the Sunshine Act Notice
11 on September 13th, 2018, no items have been struck from this
12 morning's agenda. Your Consent Agenda is as follows:

13 Electric Items: E-1, E-2, E-3, E-4, E-5, E-6,
14 E-7, E-8, E-9, E-10, and E-11.

15 Gas Items: G-3.

16 Hydro Items: H-1 and H-2.

17 Certificate Items: C-1 and C-2.

18 Per his witnessed and signed statement that has
19 been duly submitted by and accounted for by the Secretary,
20 Chairman McIntyre is voting aye on all Consent Agenda items,
21 except for those items in which he is recused. With regard
22 to these recused items, as required by law Chairman McIntyre
23 is not participating in Items E-3, E-4, E-5, E-6, and E-7.
24 As to H-1, Commissioner Chatterjee is dissenting with a
25 separate statement.

1 We are now ready to take a vote on this morning's
2 Consent Agenda. The vote begins with Commissioner Glick.

3 COMMISSIONER GLICK: Aye.

4 SECRETARY BOSE: Commissioner Chatterjee.

5 COMMISSIONER CHATTERJEE: Noting my dissent in
6 H-1, aye.

7 SECRETARY BOSE: Commissioner LaFleur.

8 COMMISSIONER LaFLEUR: I vote aye.

9 SECRETARY BOSE: As stated earlier, Chairman
10 McIntyre votes aye, noting his recusals in Items E-3, E-4,
11 E-5, E-6, and E-7.

12 COMMISSIONER CHATTERJEE: Thank you, Madam
13 Secretary. If we could please move to the items on the
14 Discussion Agenda.

15 SECRETARY BOSE: The first item for
16 presentation, and the only item for presentation and
17 discussion this morning, is Item A-3 concerning a Memorandum
18 of Understanding between the Department of Transportation
19 and the Federal Energy Regulatory Commission regarding
20 liquified natural gas transportation facilities.

21 There will be a presentation by James Danly,
22 General Counsel of the Federal Energy Regulatory Commission,
23 and Howard "Skip" Elliott, Administrator of the Pipeline and
24 Hazardous Materials Safety Administration.

25 MR. DANLY: Good morning, Commissioners. I

1 would like to start by saying it is my honor to appear here
2 with Mr. Elliott, the Administrator of the Department of
3 Transportation's Pipeline and Hazardous Materials Safety
4 Administration, PHMSA. And I want to thank him at the
5 outset for everything that he and Secretary Elaine Chao have
6 done to make this MOU come to fruition after a lot of hard
7 work from both of our agencies.

8 This MOU describes how it's going to be going
9 forward that FERC and PHMSA will coordinate their efforts in
10 order to expedite the review of all of the applications for
11 LNG pipelines that we currently have pending and that we're
12 going to be getting in the future.

13 As the Chairman has often remarked before, the
14 story of LNG development in America is a true American
15 success story. Last year the United States for the first
16 time became a new exporter of LNG, and the EIA estimates
17 that by 2040 the United States is going to be producing
18 somewhere just shy of 40 trillion cubic feet a year, but at
19 the same time we're going to have a domestic consumption of
20 only 30 trillion cubic feet.

21 That of course represents an extraordinary
22 opportunity for LNG exports, and that opportunity will allow
23 America to improve the balance of trade, strengthen our ties
24 to our trading partners, allow our trading partners to
25 displace their energy sources with American LNG, and provide

1 a multitude of jobs both in the LNG industry directly and in
2 all of the supporting industries.

3 But in order to realize the advantages of this
4 possibility, more LNG infrastructure has to be built. And
5 this MOU is going to allow us to accelerate the review and
6 presentation to the Commission for a decision of all the
7 pending applications, the dozen or so that we have currently
8 pending before us. This could mean that by the year 2020,
9 potentially, the Commission could make decisions on a
10 combined set of LNG infrastructure projects that equal about
11 8 trillion cubic feet per year.

12 So one very brief word about how it was we got
13 here. There are fundamentally two statutes that are
14 important for LNG terminals. The first is the Natural Gas
15 Act, which of course we are all very familiar with here.
16 And then the other is the Pipeline Safety Act, which PHMSA
17 has the responsibility statutorily to enforce the
18 regulations for.

19 While FERC is responsible for authorizing the LNG
20 facilities in the first instance, no LNG facility can
21 operate if it cannot meet the requirements that are within
22 Part 193 of the DOT Safety Standards.

23 In the past, what we have done here at FERC was
24 our staff made a preliminary determination as to whether or
25 not the facility, if built as contemplated, would be able to

1 meet those standards. And that process went very well for
2 awhile. But as the number of LNG applications increased
3 over time and they went from the relatively--relatively--
4 simple import terminals to the much more complicated export
5 terminals, we found that this process was becoming a little
6 bit more burdensome than it had been.

7 As this process became more difficult with the
8 increasing complexity, we found that we had to repeatedly
9 query PHMSA because what we were doing here at FERC was
10 making preliminary determinations, and this required an
11 extremely iterative process with multiple requests for
12 information from the applicants, and back-and-forth with
13 PHMSA.

14 The MOU that we've just signed is going to end
15 that duplicative and iterative process, and now between the
16 two agencies the experts on this subject, PHMSA, are going
17 to be the ones who make that preliminary determination.

18 They will make that determination, certify it for
19 the Commission so that the Commissioners when voting will
20 know that this will meet the DOT Safety Standards. This
21 will greatly shorten the review process time, and will put
22 the--it will give greater certainty because the experts are
23 the ones making the determination.

24 I think that this is one of these great instances
25 of good government where you, much like the one federal

1 decision MOU that was signed government-wide, we are working
2 between agencies in order to, without sacrificing any of the
3 requirements of the regs, none of the safety standards or
4 security standards are being sacrificed at all, but rather
5 through better coordination between agencies we're able to
6 expedite and do more efficiently the work that Congress has
7 charged us to do.

8 With that, I just want to again express my
9 sincere thanks that we got this MOU signed, and I'll turn it
10 over to Administrator Elliott for anything he has to say.

11 MR. ELLIOTT: Well good morning, Commissioner
12 Chatterjee, Commissioner Glick, Commissioner LaFleur. It's
13 a great honor to be here today to talk to you about the
14 accomplishments that we've achieved, and please extend my
15 well wishes to Chairman McIntyre for a quick recovery.

16 As you know, on August 31st of 2018, PHMSA and
17 FERC entered into a Memorandum of Understanding to renew and
18 update our agencies' cooperation relating to the review and
19 application of liquid natural gas facilities.

20 Working together, PHMSA and FERC will bolster
21 America's status as a net exporter of liquified natural gas,
22 which holds exciting potential for our Nation and the world.
23 The United States already exports LNG to over 25 countries
24 internationally, and PHMSA is committed to ensuring that
25 this effort continues with safety not just in mind but

1 paramount.

2 This MOU commits our agencies to collaborating to
3 review LNG facility applications efficiently and safely. We
4 will share information and expertise to better serve the
5 Nation and its citizens, the purpose that every federal
6 agency should always remember.

7 PHMSA is pleased to take the lead for the
8 Department of Transportation in this area, and to execute
9 the vision of Secretary Elaine Chao, to ensure that
10 infrastructure continues to serve as the backbone of our
11 economy and remains a key factor in productivity and
12 economic growth.

13 As this development occurs, PHMSA will strive to
14 ensure its mission is met: to protect people and the
15 environment by advancing the safe transportation of energy
16 products and other hazardous materials that are essential to
17 our daily lives.

18 The MOU confirms PHMSA's role as the agency with
19 the authority to make the determination regarding an
20 application's compliance with safety standards relating to
21 the locating of LNG facilities. PHMSA will now analyze
22 under its federal siting regulations under 49 CFR Part 193,
23 subpart B, whether the application complies with the Thermal
24 Radiation and Flammable Vapor Gas Dispersion requirements,
25 as well as whether a facility has been properly designed to

1 withstand sustained wind forces.

2 We will then issue a letter of determination to
3 FERC 30 days before FERC issues its final Environmental
4 Impact Statement.

5 LNG has a tremendous potential because it
6 supplies three things that we want from our sources of
7 energy. We want them to be cleaner, because we care about
8 the environment. We want them to be cheaper, because we
9 care about our economy. And we want them to be safer,
10 because safety is an end in itself and it's the very reason
11 that PHMSA exists.

12 In recent years, technological innovation has
13 delivered a surge in natural gas production. This is great
14 for our economy because practically every form of economic
15 activity has fixed energy requirements. It also holds
16 potential as we export more LNG to reduce or eliminate trade
17 deficits, as well as to attract direct foreign investments.

18 For these reasons, the pace of LNG infrastructure
19 demand is increasing. America has now arrived at a place
20 where transportation infrastructure is a limiting factor on
21 the economic and environmental potential of inexpensive
22 natural gas. It is therefore a matter of some urgency that
23 government facilitate the development of the additional
24 infrastructure required to reap those benefits.

25 We are PHMSA are proud to address the safety

1 elements of that need with our partners at the Federal
2 Energy Regulatory Commission, and we look forward to working
3 with FERC in that endeavor.

4 Thank you very much for your time today.

5 COMMISSIONER CHATTERJEE: Thank you both for
6 those presentations, and my sincere gratitude to you both
7 and to FERC staff and PHMSA staff. I want to express my
8 particular gratitude to my friend and mentor, Secretary
9 Chao, for all of her and your all's hard work in making this
10 MOU a reality.

11 As everyone knows, I've been vocal in calling for
12 creative, outside-the-box thinking on how we can make our
13 reviews of LNG export facility applications more efficient
14 without compromising safety.

15 Some of the United States' closest allies around
16 the world are bullish on natural gas. Each have their own
17 motivations. Some want to reduce their carbon footprint.
18 Others, to make their domestic industry more efficient.
19 Still others, to promote their own energy security. But
20 they are all looking to the United States to fulfill their
21 demand for natural gas, because our Nation is a responsible
22 actor on the international stage and a reliable trading
23 partner.

24 If the United States can ensure that adequate LNG
25 export infrastructure is in place in time to meet that

1 demand, it could mean thousands of additional jobs across
2 the United States. But if we miss the window of opportunity
3 because of bottlenecks in FERC's LNG export facility
4 application review process, or because FERC lacks the
5 resources to complete its review process in a timely
6 fashion, those foreign trading partners will be looking
7 elsewhere for their natural gas.

8 So the MOU is one important step in the
9 Commission's ongoing efforts to ensure that the processes
10 and resources in place for the Commission to complete the
11 timely review of LNG export facility applications. But our
12 work should not stop with this MOU.

13 We at the Commission owe it to all stakeholders
14 to continue looking for additional innovative approaches to
15 ensuring FERC has the processes and resources to meet the
16 challenge posed by what many expect to be long-term
17 international demand for U.S. LNG exports.

18 I have mentioned in my public statements several
19 avenues that I think could be worth exploring here,
20 including: Siting FERC regional offices in Houston or other
21 industry centers, making FERC compensation competitive with
22 industry to improve retention and recruiting of top-tier
23 engineers and attorneys, and bolstering FERC internship
24 programs to identify the next generation of talent.

25 I look forward to working with my fellow

1 Commissioners in Congress in exploring these and other
2 creative approaches so that we have sustainable solutions in
3 place to ensure FERC has the resources and processes in
4 place to meet the demand for U.S. LNG exports over the long
5 term.

6 With that, I turn the microphone over to
7 Commissioner LaFleur.

8 COMMISSIONER LaFLEUR: Thank you very much,
9 Commissioner Chatterjee. Thank you, James, and
10 Administrator Elliott. It's very nice to have you here.
11 Thank you for that presentation.

12 I want to thank all of the FERC and PHMSA staff
13 who worked on the negotiation and completion of the
14 Memorandum of Understanding, and we'll work now on
15 implementing it.

16 I would be remiss if I didn't give a shoutout to
17 one in particular, PHMSA Chief Counsel Paul Roberti, who is
18 here in the front row, who is a very old friend from the
19 Rhode Island PUC where he was also the Chair of the NARUC
20 Gas Safety Committee, and before that the Rhode Island AG,
21 who I know has been involved in this effort.

22 I appreciate all of your comments on the growth
23 of LNG exports. When I joined the Commission in 2010, we
24 were still working on applications for import terminals. In
25 fact, when I was getting ready for my confirmation hearings,

1 that was a major area of study, the import applications.
2 Once I got here, it turned on a dime as the market changed
3 and before we knew it we had a lot of applications for
4 export terminals.

5 I have been part of the Commission as we've
6 approved a number of those in the past, and the first two
7 are now in operation. I have visited both of them, in
8 Maryland and Louisiana, and seen the enormous scale and
9 complexity of those projects.

10 I believe this Memorandum of Understanding is
11 obviously an important agreement, and I support further
12 process improvements and finding ways to do things better.

13 I just want to sound a little note of caution, a
14 little lawyerly note, that it is important, as always, that
15 we not prejudge any of the specific LNG applications that
16 will be coming before us. We should review LNG applications
17 just like we do other aspects of our work, as efficiently as
18 we can, but we always have to ensure that we don't
19 compromise our responsibilities under Section 3 of the
20 Natural Gas Act, and our responsibilities under the National
21 Environmental Policies Act, NEPA, or shortcut the
22 stakeholder processes on these significant projects.

23 I know we have a lot of work scheduled ahead on
24 this, and I look forward to that work and working with my
25 colleagues. Thank you, again.

1 COMMISSIONER CHATTERJEE: Commissioner Glick.

2 COMMISSIONER GLICK: Thanks, Commissioner
3 Chatterjee. And I also want to thank Mr. Danly and
4 Administrator Elliott for your presentations. It was very
5 helpful and very interesting.

6 And I do believe that the Commission has a
7 responsibility both to the public and to industry to make
8 its processes as efficient as possible, and it certainly
9 seems that it makes some sense to have PHMSA rather than
10 FERC actually determine whether a particular action or
11 proposal is consistent with PHMSA's own regulations. That
12 seems to make sense.

13 But at the same time--and Commissioner LaFleur
14 kind of got to this--we have a responsibility, pursuant to
15 the Natural Gas Act, to ensure that it's not contrary to the
16 public interest before an LNG project is permitted to
17 proceed and that the public interest is taken into account.

18 And we're not relinquishing that responsibility,
19 nor should we be cutting corners in the names of advancing
20 the approval process. In my view, it's not in the public
21 interest if an LNG project threatens public health and
22 safety or the environment. It is critical that the
23 Commission continue to undertake independent safety
24 engineering analyses for every LNG facility application, and
25 I think we're going to be doing so on a going-forward basis

1 as well. So I just wanted to underscore that.

2 I do have a couple of questions, if you don't
3 mind, Mr. Danly, regarding the opportunity for public
4 participation in the safety finding that we're talking about
5 here today.

6 Citizens that live or work near a proposed LNG
7 facility must have the right to participate in the
8 decision-making process. And as I understand it, if this is
9 correct, under the old approach when FERC made an initial
10 determination that a proposal was consistent with PHMSA's
11 regulations that finding and determination was included in
12 the Draft Environmental Impact Statement, which is subject
13 to public comment.

14 Is that true?

15 MR. DANLY: That is true.

16 COMMISSIONER GLICK: So under the new approach
17 this morning, PHMSA would make a determination and then will
18 be submitting--and PHMSA will be submitting the letter to
19 FERC, a final determination to FERC. Is there any
20 opportunity for public comment in the FERC process after the
21 letter is received by FERC?

22 MR. DANLY: So the final determination that is
23 made by PHMSA will be a certification that if the facility
24 is built as contemplated it will be able to meet the
25 requirements of PHMSA's enforcement regime. We still

1 conduct our own internal review, as you correctly noted a
2 moment ago, and all of that safety review is in the
3 environmental document. And that is subject to comment.

4 The entirety of all of the determinations go into
5 the EPA document for comment by everybody.

6 COMMISSIONER GLICK: And does PHMSA provide an
7 opportunity--I don't know if this is for Mr. Elliott or Mr.
8 Danly--do you know if PHMSA provides an opportunity for
9 public comment?

10 MR. DANLY: Its process is one that is
11 contemplated by the MOU, simply certifies to the Commission
12 that the engineering review that they do is sufficient--
13 demonstrates sufficiency to meet the requirements down the
14 road.

15 It's important to point out that in the past all
16 the staff here did was make a preliminary determination on
17 that very score, that if the facility is built as the design
18 specs would have it, we believed here at FERC, staff
19 believed that it would be able to be compliance with PHMSA.

20 The ultimate determination was always made by
21 PHMSA, and that would happen after the plant went online
22 when it went through its ordinary compliance and inspection
23 program. So, so their process of certification to you is
24 basically a recommendation that you can be assured is the
25 Commission making a public interest determination, that in

1 fact you are not authorizing a facility that would never
2 have any hope of operating. One doesn't normally cast a
3 vote like that.

4 COMMISSIONER GLICK: Okay. Well, that's helpful.
5 Again I want to make sure that the public has enough
6 opportunity to participate in the process, because obviously
7 if you're living near a proposed LNG facility you would have
8 some concern. And I think people need to be assured that
9 there's going to be safety from a public safety perspective
10 but also from an environmental perspective, as well, just in
11 case something would happen. So I just want to make sure
12 that we have a good public participation process.

13 Thank you.

14 COMMISSIONER CHATTERJEE: Thank you both for
15 your presentations and discussion.

16 MR. DANLY: Thank you.

17 COMMISSIONER CHATTERJEE: With that, I do not
18 have any additional or closing remarks. I turn to my
19 colleagues.

20 COMMISSIONER LaFLEUR: Nor do I. Thank you.

21 COMMISSIONER GLICK: I just want to welcome you
22 to the dissent club--

23 (Laughter.)

24 COMMISSIONER GLICK: --I know this is your first.
25 I just wanted to point out that dissenting can be a good

1 thing, although not in this case, but maybe in some other
2 cases.

3 (Laughter.)

4 COMMISSIONER CHATTERJEE: Thank you. With that,
5 this meeting is adjourned.

6 (Whereupon, at 10:40 a.m., Thursday, September
7 20, 2018, the meeting of the Commissioners of the United
8 States Federal Energy Regulatory Commission was adjourned.)

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1 CERTIFICATE OF OFFICIAL REPORTER

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3 This is to certify that the attached proceeding
4 before the FEDERAL ENERGY REGULATORY COMMISSION in the
5 Matter of:

6 Name of Proceeding:

7 1046th Commission Meeting

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16 Docket No.:

17 Place: Wasington, D.C.

18 Date: Thursday, September 20, 2018

19 were held as herein appears, and that this is the original
20 transcript thereof for the file of the Federal Energy
21 Regulatory Commission, and is a full correct transcription
22 of the proceedings.

23

24 Larry Flowers

25 Official Reporter