

Why GAO Did This Study

Recent growth in domestic natural gas production, particularly due to increased production from shale, is resulting in an increase in the pipelines needed to transport that gas.

Constructing natural gas pipelines requires clearing and maintaining rights-of-way, which may disturb habitat and historical and cultural resources. These resources are protected under a variety of federal, state, and local regulations implemented by multiple agencies. The laws, regulations and stakeholders involved in the permitting process depend on where the pipeline is constructed. FERC is the lead federal agency in approving interstate pipelines, coordinating with federal, state, and local agencies, but FERC is not involved in the approval of intrastate pipelines.

In response to the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, GAO determined (1) the processes necessary to acquire permits to construct interstate and intrastate natural gas pipelines, (2) information available on the time frames associated with the natural gas pipeline permitting process, and (3) stakeholder-identified management practices that may improve the permitting process. GAO reviewed relevant laws and regulations and interviewed federal officials, state officials from a nonprobability sample of 11 states, and representatives from natural gas industry associations and public interest groups.

GAO makes no recommendations in this report. The Departments of Agriculture and Defense generally agreed with the findings, and the other agencies had no comments.

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PIPELINE PERMITTING

Interstate and Intrastate Natural Gas Permitting Processes Include Multiple Steps, and Time Frames Vary

What GAO Found

Both the interstate and intrastate natural gas pipeline permitting processes are complex and can involve multiple federal, state, and local agencies, as well as public interest groups and citizens, and include multiple steps. The interstate process involves a voluntary pre-filing phase, an application phase, and a post-authorization phase with multiple steps that stakeholders reported to be consistent among projects because the process is led by the Federal Energy Regulatory Commission (FERC). FERC coordinates with federal, state, and local agencies that have statutory and regulatory authority over various environmental laws and regulations. For example, if a proposed pipeline may affect endangered species, FERC coordinates with the U.S. Fish and Wildlife Service, which reviews the impacts on such species. The intrastate process can also involve multiple stakeholders and steps, but, unlike in the interstate process, GAO found that the stakeholders and steps vary by state. For example, of the 11 states GAO reviewed, 5 have agencies charged with approving the route of natural gas pipelines and require advance approval of the location and route, and the remaining 6 do not. Pipeline companies must also comply with various federal and state environmental laws and regulations; however, in most of the 11 states, no one agency is charged with coordinating the implementation of these laws and regulations as FERC is for the interstate process.

Time frames associated with the interstate and intrastate permitting processes vary because of multiple factors, according to stakeholders. For the interstate process, FERC does not track time frames, citing the limited usefulness of such data. GAO analyzed public records and found that, for those projects that were approved from January 2010 to October 2012, the average time from pre-filing to certification was 558 days; the average time for those projects that began at the application phase was 225 days. For the intrastate process, because processes vary by state, the time frames of those processes may also vary. GAO found little comprehensive data on the intrastate process. According to GAO's discussions with stakeholders, several factors can affect the time frame for the permitting process of a given project, including different types of federal permits or authorizations, delays in the reviews needed by governmental stakeholders, and incomplete applications. For example, state and local permitting and review processes can affect federal decision-making time frames because some federal agencies will not issue their permits until state and local governments have completed their own permitting processes, according to some stakeholders.

Officials from federal and state agencies and representatives from industry and public interest groups told GAO that several management practices could help overcome challenges they associated with an efficient permitting process and obtaining public input: (1) ensure a lead agency is coordinating the efforts of federal, state, and local permitting processes for intrastate pipelines, (2) ensure effective collaboration of the numerous stakeholders involved in the permitting process, (3) provide planning tools to assist companies in routing pipelines and avoiding sensitive environmental resources, (4) offer industry the option to fund contractors or agency staff to expedite the permitting process, and (5) increase the opportunities for public comments.