

GAO Highlights

Highlights of [GAO-14-762](#), a report to the Ranking Member, Committee on Energy and Natural Resources, U.S. Senate

Why GAO Did This Study

Technological advances in hydraulic fracturing and horizontal drilling have resulted in a dramatic increase in the amount of natural gas that can be produced domestically. DOE is responsible for reviewing applications to export LNG—natural gas cooled to a liquid state for transport—and, under the Natural Gas Act, must approve an application unless it finds that approval is not consistent with the public interest. Since 2010, DOE has received 35 applications to export LNG that must address the public interest question. In addition, under NEPA, FERC is required to assess how LNG export facilities may affect the environment and is responsible for granting approval to build and operate export facilities. Since 2010, FERC has received 17 applications to construct export facilities.

GAO was asked to report on the federal process for reviewing applications to export LNG. This report describes (1) the status of applications to export LNG and DOE's process to review them and (2) the status of applications to build LNG export facilities and FERC's process to review them.

GAO reviewed laws, regulations, and guidance; examined export approvals; visited LNG facilities; and interviewed federal and state agency officials and industry representatives, including LNG export permit applicants.

GAO is not making any recommendations in this report.

View [GAO-14-762](#). For more information, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

September 2014

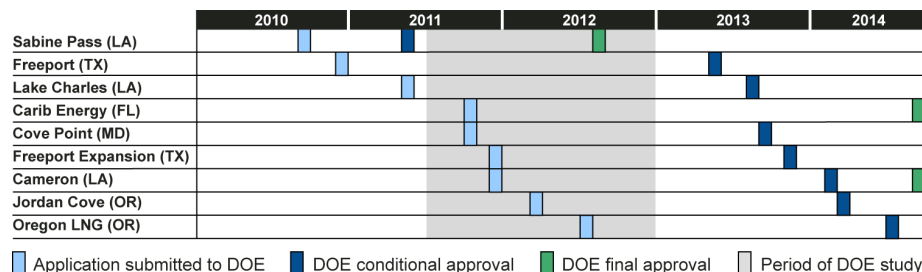
NATURAL GAS

Federal Approval Process for Liquefied Natural Gas Exports

What GAO Found

Since 2010, of 35 applications it has received that require a public interest review, the Department of Energy (DOE) has approved 3 applications to export liquefied natural gas (LNG) and 6 applications are conditionally approved with final approval contingent on the Federal Energy Regulatory Commission's (FERC) issuance of a satisfactory environmental review of the export facility. DOE considers a range of factors to determine whether each application is in the public interest. After the first application was conditionally approved in 2011, DOE commissioned a study to help it determine whether additional LNG exports were in the public interest. Since the 16-month study was published in December 2012, DOE issued 7 conditional approvals (one of which became final) and 1 other final approval (see fig. below). In August 2014, DOE suspended its practice of issuing conditional approvals; instead, DOE will review applications after FERC completes its environmental review.

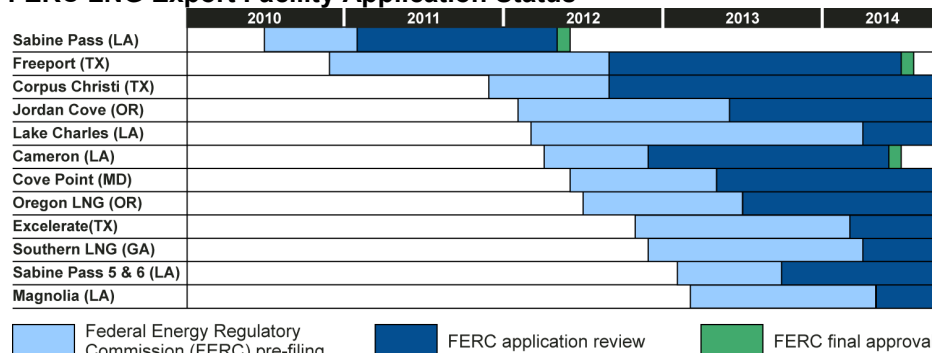
DOE LNG Export Application Status



Source: GAO analysis of DOE data. | GAO-14-762

Since 2010, FERC has approved 3 LNG export facilities for construction and operation, including 2 facilities in 2014, and is reviewing 14 applications (see fig. below). FERC's review process is, among other things, designed to fulfill its responsibilities under the National Environmental Policy Act (NEPA). Before submitting an application to FERC, applicants must enter an initial stage called pre-filing to identify and resolve potential issues during the earliest stages of a project. Of the 14 applications, 5 are in the pre-filing stage at FERC and not shown in the figure below. FERC conducts an environmental and safety review with input from other federal, state and local agencies.

FERC LNG Export Facility Application Status



Source: GAO analysis of FERC data. | GAO-14-762