

# Who Regulates INGAA Members?



## Federal Energy Regulatory Commission

The Federal Energy Regulatory Commission (FERC) regulates the permitting, siting and approval of new or expanded interstate natural gas pipeline facilities, as well as the transmission and storage rates that pipelines are permitted to charge.

The Natural Gas Act, enacted by Congress in 1938, empowers FERC with authority to review a proposed interstate natural gas pipeline, coordinate environmental permitting with other federal and state agencies and determine whether a proposed pipeline meets the “public convenience and necessity.” It does so by weighing the benefits of the proposed project against the potential impacts, including to the environment and local community. FERC specifies the conditions under which the pipeline may be constructed, including the requirement that the pipeline obtain all necessary permits before construction begins.

FERC has the responsibility to ensure that pipeline rates are “just and reasonable.” These rates include operating expenses, maintenance expenses and an allowed return on investment, set as a percentage of the capital invested in facilities used to serve customers. It is important to note that interstate natural gas pipelines only transport natural gas. They do not take ownership of the commodity itself. Natural gas pipeline operators are like a package-delivery service, bringing a product from the manufacturer to the customer. Therefore, pipeline companies must go through a lengthy, public process whenever they request rate increases. FERC sets rates on a pipeline-by-pipeline basis and approves a maximum allowable rate for each pipeline. In many cases, the customer is able to negotiate a discounted rate lower than the maximum set by FERC.

## Pipeline and Hazardous Materials Safety Administration

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is part of the U.S. Department of Transportation.

PHMSA’s regulations set requirements for the design, material selection, construction, testing, operations, inspection and maintenance of natural gas transmission pipelines. PHMSA establishes national pipeline safety policy, sets and enforces safety standards and conducts research to prevent incidents. PHMSA also helps prepare the public and first responders to reduce consequences in the unlikely event that an incident occurs.

## Other Permitting Agencies

There are several other agencies that regulate various environmental and cultural aspects of natural gas pipeline construction and operations. For example, the U.S. Environmental Protection Agency (EPA) requires permits for air emissions and waste management, while the U.S. Fish and Wildlife Service reviews a project’s impact on threatened and endangered species and wildlife habitats. The Army Corps of Engineers reviews the project’s crossing of wetlands and waterways. The Bureau of Land Management and the U.S. Forest Service approve rights-of-way on federal land. The Advisory Council on Historic Preservation and state historic preservation offices evaluate the impact on historic locations such as buildings and archaeological sites. Several federal statutes, such as the Clean Water Act, grant permitting responsibility directly to the states.

## Laws and Regulations

Many laws and regulations govern the construction and operation of interstate natural gas pipelines, including:

- National Environmental Policy Act of 1969
- Clean Water Act
- Coastal Zone Management Act
- Endangered Species Act
- Clean Air Act
- National Historic Preservation Act
- Federal Pipeline Safety Statutes



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Pipeline & Hazardous Materials Safety Administration



Environmental Protection Agency