E&E News

FERC approves Jordan Cove, moves to boost transmission

Jeremy Dillon, E&E News reporter
Published: Thursday, March 19, 2020

The Federal Energy Regulatory Commission today moved to boost transmission incentives and approved a controversial liquefied natural gas export terminal in Oregon.

The action comes as the agency has largely moved to telework, including canceling its monthly public business meeting, to help thwart the spread of the novel coronavirus.

FERC voted 2-1 to approve the Jordan Cove LNG project and corresponding pipeline network build-out.

A decision on the $10 billion proposal had been expected at last month's meeting but was upended when Commissioner Bernard McNamee, a Republican, voted against approving the permit to secure more time for consideration after learning about a permit rejection by the state of Oregon (***Greenwire***, Feb. 20).

McNamee said then that his opposing vote was meant to buy time and that it did not reflect his opposition to Jordan Cove.

Today, McNamee joined FERC Chairman Neil Chatterjee (R) to approve the LNG export hub. Despite Oregon's permit rejection, McNamee said in a statement that he ultimately determined the benefits of the project, as well as other litmus tests required in the federal review, outweighed any state opposition.

"While States' interests may inform the commission's determinations, at times, the national interest may conflict with a State's interest, and in those cases, the commission may find that the national interest outweighs the State's interest," he wrote in defense of his decision.

The FERC approval clears a federal pathway for development of the first LNG export hub on the West Coast, closer to energy-hungry Asian markets. But state denial of key permits may delay construction.

The LNG export terminal and corresponding pipeline infrastructure build-out failed to garner enough FERC support in 2016 under the Obama administration because of concerns about consumer demand and a failure to secure voluntary agreements with landowners along the pipeline route.

Commissioner Richard Glick today cast the dissenting vote. In a statement, the Democratic commissioner outlined his opposition, saying it was tied to the lack of environmental review of the project's climate impacts as well as its footprint on other endangered and threatened species.

Glick also pointed to the decreased demand for oil and natural gas due to the COVID-19 pandemic as another reason to oppose the project.

"By issuing a Certificate for the pipeline needed to serve the LNG facility, the Commission is giving the developer the ability to immediately begin the process to take land via eminent domain when the future of the Jordan Cove LNG project — and perhaps other proposed LNG projects — remain very much in doubt," Glick said.

"The Commission should consider these factors in its determination that the associated pipeline is actually needed."

FERC launches transmission incentive NOPR

FERC also launched a notice of proposed rulemaking today that aims to bolster economic incentives for the build-out of additional transmission capacity.

It is an emerging problem area, especially for states looking to increase the deployment of renewable energy, and the commission is looking to leverage its incentives model to make it more financially attractive for new transmission.

"I've been saying for a while now that our transmission incentives policy should focus on consumers and the benefits they will see," Chatterjee said. "This proposal would provide the commission with a clear framework to grant incentives for the most beneficial transmission projects."

The order would eliminate the commission's "nexus test," a process that requires applicants "to show a connection between the requested incentives and the risks and challenges associated with the project," FERC said in a news release.

The new process would double — from 50 points to 100 — the incentive for transmission and utility owners for joining and remaining a member of a regional transmission organization or an independent system operator.

The commission would also "offer a 100-basis-point incentive for transmission technologies that enhance reliability, efficiency and capacity as well as improve the operation of new or existing transmission facilities," per the FERC release, among other economic efficiency and reliability point offerings.

A cap of 250 points would be placed on all utilities looking to claim the incentives.

Glick supported and opposed parts of the NOPR, citing what he called a lack of evidence the proposed rule would do anything to promote additional build-outs.

"The bottom line is that the approach outlined in the NOPR focuses narrowly on the transmission needs of today and will do little to help the country build the transmission grid of the future," Glick said.