Congressional Research Service
Informing the legislative debate since 1914

The Natural Gas Act: Background, Key Provisions, and Policy Issues

June 3, 2026

Congressional Research Service
https://crsreports.congress.gov
R48967

CRS REPORT
Prepared for Members and
Committees of Congress

Congressional Research Service
Informing the legislative debate since 1914

The Natural Gas Act: Background, Key Provisions, and Policy Issues

SUMMARY

R48967

June 3, 2026

Paul W. Parfomak
Specialist in Energy Policy

Adam Vann
Legislative Attorney

Michael Ratner
Specialist in Energy Policy

Natural gas has been sold commercially in the United States since 1816, starting with the Gaslight Company of Baltimore. Technological advancements around the turn of the 20th century greatly expanded its uses for heating, cooking, and industrial applications. New pipeline technology and new drilling techniques led to a shift from local, manufactured gas (i.e., distilled from coal) toward geological gas shipped from distant fields through an expanding interstate pipeline network. Growth of the industry brought with it unfair business practices and market abuses. In response, Congress passed the Natural Gas Act of 1938 (NGA; P.L. 75-688), giving the Federal Power Commission (FPC) regulatory authority over interstate natural gas transportation and wholesale sales, the import or export of natural gas, and companies or persons engaged in these activities. In 1977, Congress terminated the FPC and transferred its authorities to the Federal Energy Regulatory Commission (FERC) and the Department of Energy (DOE), both newly created under the Department of Energy Organization Act (EOA; P.L. 95-91).

Congress has amended the NGA several times since 1938 to address regulatory gaps, court decisions, or changes in natural gas markets. These amendments added eminent domain authority for interstate natural gas pipelines; exempted certain natural gas companies from federal regulation; allowed intrastate pipelines to transport gas for interstate pipelines; deregulated wellhead natural gas prices; eased restrictions on liquefied natural gas (LNG) trade with free trade partners; gave FERC authority to prohibit gas market manipulation; and designated FERC as the lead agency for coordinating federal authorizations and compliance with the National Environmental Policy Act (NEPA; P.L. 91-190), among other changes.

In recent Congresses, certain NGA authorities and requirements, or the absence thereof, have drawn the attention of stakeholders and Members of Congress. Congress has debated FERC's interpretation of the "public interest" standard for authorization of natural gas infrastructure under Sections 3 and 7 of the NGA. Members have also debated whether pipeline and LNG terminal permit reviews have been unduly delayed due to a lack of agency coordination, agency inaction, growing complexity (especially due to environmental considerations), and related directives from the courts. Some in Congress have expressed concern about the NGA's 30-day deadline for FERC to "act[] upon" a request for rehearing and practices FERC has used in the past to effectively circumvent this deadline, indefinitely delaying the ability for aggrieved parties to seek judicial review. Others have questioned the NGA's provisions granting eminent domain authority to pipeline developers, including issues regarding landowner rights, just compensation, and the initiation of construction-related activities on acquired rights-of-way while aspects of a pipeline's approval have been incomplete or challenged. Congress has also debated DOE's interpretation of the NGA's public interest standard for LNG commodity trade with non-free trade agreement (non-FTA) countries, especially accounting for domestic price impacts, greenhouse gas emissions, and geopolitics. The NGA's provisions regarding refunds for unjust and unreasonable pipeline rates have also been a recurring issue in Congress.

In drafting the NGA, Congress gave the implementing agencies discretion to interpret the statute and to establish their rules accordingly, taking account of the contemporary context. FERC and DOE have exercised this discretion to address new industry developments (e.g., U.S. shale gas production) and challenges (e.g., growing LNG exports), often in the face of direction from Congress or the courts. In many cases, discretionary changes in the agencies' implementation of the NGA have allowed the agencies to adapt their policies relatively quickly. In other cases, such changes have taken years. Notwithstanding a steady stream of legislative proposals over many decades to amend the NGA, Congress has not often done so. The historical infrequency of such amendments may suggest that Congress, as a whole, has continued to support the agencies' discretionary approach to implementing the NGA, even as Members express concerns about particular provisions or policies at particular times. Alternatively, the infrequency of amendments may suggest a lack of consensus in Congress about how to address concerns related to the NGA.

In the 119th Congress, as in previous Congresses, Members have proposed numerous bills to amend the NGA or to direct FERC or DOE as to how the law should be implemented. As Congress considers these proposals, the question arises whether these agencies may align their discretionary policies to congressional intent without direct intervention, or whether Congress must pass legislation amending the NGA to establish (and maintain) certain policy priorities. A related question is whether the NGA conveys to the implementing agencies all the necessary authorities to fulfill its fundamental mission. Understanding how these considerations may fit into the nation's overall policies regarding energy, the economy, the environment, and international trade could be a particular challenge for Congress.

Contents

Figures

Contacts

Introduction

The Natural Gas Act of 1938 (NGA)[1] is a foundational statute underpinning the regulation of the U.S. natural gas industry.[2] The NGA establishes the framework for federal oversight of interstate natural gas transportation and the U.S. export and import of natural gas. Originally enacted to address natural gas market failures and to promote the development of natural gas infrastructure, the act has evolved over time in response to changes in natural gas supply and consumption and the growth of international markets. Given the essential role of natural gas in the U.S. economy, Congress has had a continuing interest in the NGA and its implementation since its original enactment. Challenges to the development of natural gas pipelines and liquefied natural gas (LNG) infrastructure, and issues related to natural gas pipeline rates and environmental impacts, have brought renewed congressional attention to the NGA.[3] In recent Congresses, including the 119th Congress, numerous bills have been introduced to amend the NGA or to direct federal agencies in its implementation.

This report reviews the historical development of the U.S. natural gas market and the legislative origins of the NGA, including amendments to the act since 1938. It summarizes selected provisions of the NGA of recent interest to Congress, including provisions that have been the subject of debate or litigation, and legislative proposals that could affect those provisions. The report concludes with considerations for Congress. Although the report discusses environmental issues in the context of infrastructure siting and gas exports, including agency compliance with the National Environmental Policy Act,[4] its focus is limited to the NGA itself and to proposals specifically related to this statute.[5] The report cites specific legislative proposals in recent Congresses, but the report does provide a comprehensive review of all the bills introduced that may be pertinent to the NGA.

Natural Gas Market Origins

Natural gas has been sold commercially in the United States since 1816, starting with the Gas Light Company of Baltimore, which was established to provide public street lighting in that city.[6] In the following decades, similar companies proliferated in other urban areas—including Washington, D.C., where the Washington Gas Light Company was chartered by Congress in

[1] 15 U.S.C. §§717-717z.

[2] Panhandle E. Pipe Line Co. v. Pub. Serv. Comm'n of Ind., 332 U.S. 507 (1947) ("The Natural Gas Act created an articulate legislative program based on a clear recognition of the respective responsibilities of the federal and state regulatory agencies. It does not contemplate ineffective regulation at either level. We have emphasized repeatedly that Congress meant to create a comprehensive and effective regulatory scheme, complementary in its operation to those of the States.")

[3] See, for example, Statement of Rep. Jerry McNerny in U.S. Congress, House Committee on Energy and Commerce, Subcommittee on Energy, *Modernizing the Natural Gas Act to Ensure It Works for Everyone*, hearing, 116th Cong., 2nd sess., February 5, 2020, H.Hrg. 116-95, p. 2, https://www.congress.gov/116/chrg/CHRG-116hhrg50300/CHRG-116hhrg50300.pdf ("To this day, the Federal Energy Regulatory Commission continues to manage pipeline applications through their authority under this act. However, in recent years, the Commission's administration of the act has come under scrutiny.").

[4] National Environmental Policy Act (NEPA), P.L. 91-190, 42 U.S.C. §§4321 *et seq*.

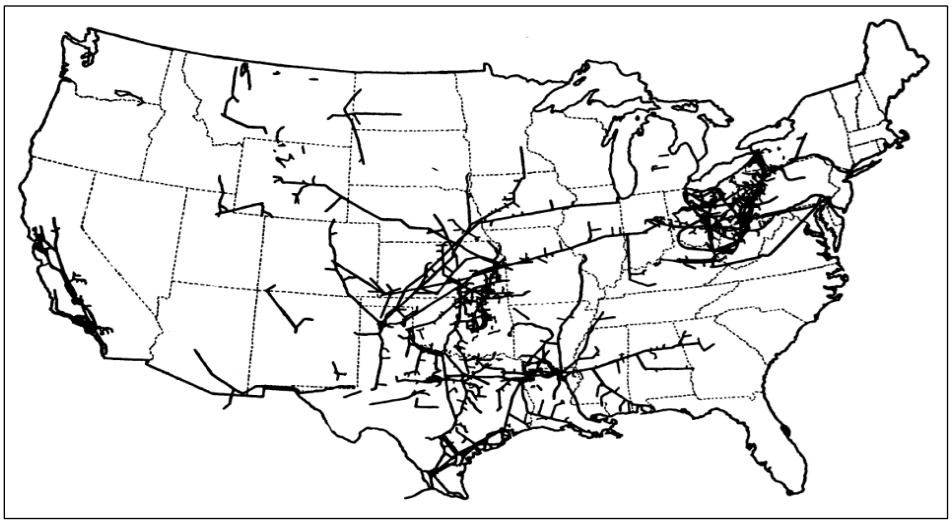
[5] For more background and discussion of NEPA, see CRS In Focus IF12560, *National Environmental Policy Act: An Overview*, by Kristen Hite and Heather McPherron.

[6] Amanda Winters, "BGE Celebrates Bicentennial by Giving Back to Baltimore," Maryland Marketing Partnership, June 27, 2016, https://business.maryland.gov/news/bge-celebrates-bicentennial-giving-back-baltimore/.

1848.[7] By mid-century, natural gas companies were operating in around 50 U.S. cities, and many more followed.[8] Although some geological sources of natural gas were available in the 1880s, nearly all the natural gas sold by lighting companies during this period was manufactured locally through the distillation of coal or oil and distributed by means of local pipeline systems.[9] For most of the 1800s, natural gas was used principally for street lighting and, beginning around the mid-1800s, for interior lighting in homes and businesses.[10]

Technological advancements around the turn of the 20th century brought about significant growth and change in the natural gas market. Improved methods of burning natural gas—reducing soot and undesirable combustion byproducts—greatly expanded the potential uses of natural gas for heating, cooking, and industrial applications. Advancements in pipeline technology—such as improved steel fabrication methods and the use of compressors—facilitated the transportation of natural gas over longer distances.[11] Improved drilling techniques provided access to emerging sources of geological natural gas in Appalachia, Texas, California, and other parts of the country. The combination of these factors led to a shift away from local, manufactured gas toward geological natural gas shipped from distant gas fields through a rapidly expanding interstate pipeline network (**Figure 1**).

Figure 1. Principal Natural Gas Transmission Pipelines in the Contiguous United States, December 1934



Source: C. Emery Troxel, "Long-Distance Natural Gas Pipe Lines," *Journal of Land & Public Utility Economics*, vol. 12, no. 4 (November 1936), p. 345, https://www.jstor.org/stable/3158172.

[7] An Act to Incorporate the Washington Gas Light Company, ch. 95, 9 Stat. 722 (1848).

[8] Christopher Castaneda, "Manufactured and Natural Gas Industry," EH.Net Encyclopedia, ed. Robert Whaples, September 3, 2001, https://eh.net/encyclopedia/manufactured-and-natural-gas-industry/. For a list of major cities where, and dates when, gas service was introduced, see Arlon R. Tussing and Connie C. Barlow, *The Natural Gas Industry: Evolution, Structure, and Economics* (Ballinger, 1984), p. 13.

[9] Scott M. Harkins et al., *U.S. Production of Manufactured Gases: Assessment of Past Disposal Practices*, Environmental Protection Agency, February 1988, p. ES-2, https://semspub.epa.gov/work/05/235693.pdf. Manufactured natural gas was often referred to as "town gas."

[10] Castaneda, "Manufactured and Natural Gas Industry."

[11] C. Emery Troxel, "Long-Distance Natural Gas Pipe Lines," *Journal of Land & Public Utility Economics*, vol. 12, no. 4 (November 1936), p. 344, https://www.jstor.org/stable/3158172.

Annual natural gas production was accelerating at this time, growing from 128 billion cubic feet (Bcf) in 1900 to nearly 2,000 Bcf in 1935.[12] By the mid-1930s, hundreds of local natural gas distribution companies were operating throughout the country, supplied by over 65,000 miles of natural gas transmission pipeline.[13] Although the expansion of the natural gas industry was providing a valuable service to ever more communities, that expansion brought with it certain market problems—notably, market concentration and unregulated interstate pricing. As one legal scholar described the situation at that time,

> An increasingly large proportion of this burgeoning industry was being parceled out among a relatively small number of powerful groups ... exercising progressively more concentrated control.... Among them they controlled approximately 18 per cent of gas production, 56 per cent of the pipe lines, and 60 per cent of the interstate movement of gas. Control of interstate pipe line transportation was the key to dominance over the industry; there was no alternative mode of transportation, and in 1935 the interstate movement of gas was not regulated. The four giants, with six other companies, controlled 86 per cent of the interstate movement of gas in 1934.... The holding company was the chosen instrument of control.[14]

Similar market concentration was also occurring in the nascent electric power industry, with some holding companies involved in both natural gas and electricity businesses.[15] The emergence of large interstate holding companies, controlling numerous natural gas and electric power subsidiaries, in turn gave rise to widespread unfair business practices and market abuses.[16]

Federal Trade Commission Investigation

Concerned about holding company monopolies and market abuses in the electric power and natural gas industries, on February 15, 1928, the Senate adopted Senate Resolution 83, which directed the Federal Trade Commission (FTC) to investigate the financial status, business practices, services, and public impacts of public utility corporations supplying electricity, natural gas, or both.[17] Pursuant to the resolution, the FTC conducted a seven-year investigation of major utility holding companies in the electricity and gas industries.[18] In an extensive series of reports, the FTC identified, among other findings, abusive holding company practices "such as issuing securities based on inflated asset values, overcharging for services provided by affiliates to the regulated utility, and unsound or unnecessary financial structures or practices that prevented oversight by state regulators."[19]

---

[12] Energy Information Administration (EIA), "U.S. Natural Gas Marketed Production," April 30, 2026, https://www.eia.gov/dnav/ng/hist/n9050us2a.htm.

[13] Troxel, "Long-Distance Natural Gas Pipe Lines," p. 345.

[14] Ralph K. Huitt, "Natural Gas Regulation Under the Holding Company Act," *Law and Contemporary Problems*, vol. 19, no. 3 (Summer 1954), pp. 455-456, https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2607&context=lcp.

[15] Norman S. Buchanan, "The Origin and Development of the Public Utility Holding Company," *Journal of Political Economy*, vol. 44, no. 1 (February 1936), pp. 31-53.

[16] EIA, *Public Utility Holding Company Act of 1935: 1935-1992*, DOE/EIA-0563, January 15, 1993, pp. 9-13, https://www.osti.gov/servlets/purl/10133206.

[17] S.Res. 83, 70th Cong., 1st sess.

[18] Federal Trade Commission (FTC), *Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1936*, 1936, p. 34, https://www.ftc.gov/sites/default/files/documents/reports_annual/annual-report-1936/ar1936_0.pdf.

[19] Kelly Signs, "FTC Milestones: Making the Case for Reform of Public Utility Holding Company Laws," FTC, Bureau of Competition, November 18, 2014, https://www.ftc.gov/enforcement/competition-matters/2014/11/ftc-milestones-making-case-reform-public-utility-holding-company-laws.

On December 31, 1935, the FTC delivered the last report of its investigation, which dealt "primarily with groups and companies of the natural gas and natural gas pipe line industry."[20] In addition to its prior findings about holding companies, the FTC reached the following conclusions specific to the natural gas industry, and called for the federal government to intervene:

> Because of the importance of natural gas as a national resource, the serious extent to which its supply is being depleted through uneconomical consumption and waste, the fact that a great part of the natural gas produced in the United States travels across many State boundaries, the apparent inability of the States unaided to meet the requirements of the situation presented, the serious abuses which have arisen in the industry by reason of the absence of regulation of interstate gas pipe-line companies, and the insistent and well-founded demands of communities, some even located in or near the producing area or reasonably adjacent to existing lines, not loaded to capacity, for the benefits of natural gas for their industries and for the general consuming public, the situation presents a strong claim for such remedial aid on the part of the Federal Government as may lawfully be granted.[21]

In response to the FTC's findings about holding company practices overall, Congress enacted the Public Utility Holding Company Act of 1935 (PUHCA; P.L. 74-333), which sought to end abuses of market power in the gas and electric utility industries.[22] Although the PUHCA addressed regulation of natural gas holding companies as such, it did not cover federal oversight of interstate natural gas trade. For this purpose, Congress subsequently passed the NGA (P.L. 75-688; 15 U.S.C. §§717-717z). The NGA declared "that Federal regulation in matters relating to the transportation of natural gas and the sale thereof in interstate and foreign commerce is necessary in the public interest."[23] Accordingly, the act gave the Federal Power Commission (FPC), which was already established, regulatory authority over interstate natural gas transportation and wholesale sales, the importation or exportation of natural gas in foreign commerce, and companies or persons engaged in these activities.[24]

The scope of the FPC's authority has evolved since enactment of the NGA. In 1954, the U.S. Supreme Court ruled that the FPC's authority extended to the pricing of all natural gas produced for interstate sales.[25] In 1977, Congress terminated the FPC and transferred its authorities to the Federal Energy Regulatory Commission (FERC) and the Department of Energy (DOE), both newly created under the Department of Energy Organization Act (EOA; P.L. 95-91).

---

[20] FTC, *Utility Corporations: Final Report of the Federal Trade Commission to the Senate of the United States Pursuant to Senate Resolution No. 83, 70th Congress, 1st session on Economic, Corporate, Operating, and Financial Phases of the Natural-Gas-Producing, Pipe-Line, and Utility Industries, with Conclusions and Recommendations*, 70th Cong., 1st sess., 1936, S.Doc. 70-92, Part 84-A, p. VI.

[21] FTC, S.Doc. 70-92, Part 84-A, p. 611.

[22] The Public Utility Holding Company Act (PUHCA) required each interstate holding company engaged through its subsidiaries in the electric utility business to register with the Securities and Exchange Commission; file detailed reports about its organization, financial structure, and operations; and operate as a coordinated, integrated system, confined to the "State in which it is organized and States contiguous thereto." PUHCA was repealed in the Energy Policy Act of 2005 (P.L. 109-58). For more background, see Markian M. W. Melnyk and William S. Lamb, "PUHCA's Gone: What's Next for Holding Companies?" *Energy Law Journal*, vol. 27, no. 1 (2006), pp. 1-24, https://www.eba-net.org/wp-content/uploads/2023/02/2-Vol27_No1_2006_Art_PUCHAs-Gone.pdf.

[23] 15 U.S.C. §717(a).

[24] 15 U.S.C. §717(b). Congress created the Federal Power Commission (FPC) in 1920 under the Federal Water Power Act (FWPA) to provide federal oversight of nonfederal hydropower development. Title II of PUHCA amended the FWPA to create the Federal Power Act (FPA) and granted authority to the FPC to regulate the interstate transmission and sales of electricity.

[25] Phillips Petrol. Co. v. Wisconsin, 347 U.S. 672 (1954).

Congress has amended the NGA several times since 1938 to address regulatory gaps in the original statute, court decisions, or changes in natural gas markets. In 1947, in an Act to Amend the Natural Gas Act (P.L. 80-245), Congress added eminent domain authority for interstate natural gas pipelines.[26] In 1954, Congress enacted the Hinshaw Bill (P.L. 83-323), which exempted certain natural gas companies from federal regulation. The Natural Gas Policy Act of 1978 (P.L. 95-621) established price ceilings for wellhead natural gas, eliminated pricing distinctions between the interstate and intrastate gas markets, and allowed intrastate pipelines to transport gas for interstate pipelines (and distribution companies they served) without becoming subject to NGA jurisdiction, among other provisions.[27] The Natural Gas Wellhead Decontrol Act of 1989 (P.L. 101-60) completely deregulated wellhead natural gas prices.[28] The Energy Policy Act of 1992 (P.L. 102-486) eased restrictions on LNG imports from free trade partners and exempted from federal regulation natural gas sales for vehicular use. The Energy Policy Act of 2005 (P.L. 109-58) clarified FERC's jurisdiction over LNG terminal siting, gave FERC authority to prohibit natural gas market manipulation, designated FERC as the lead agency for coordinating federal authorizations and NEPA compliance for jurisdictional gas infrastructure, and directed FERC to establish a schedule for all such federal authorizations, among other provisions.[29]

What is Liquefied Natural Gas?

When natural gas is cooled to temperatures below minus 260 degrees Fahrenheit, it condenses into a liquid form, generally referred to as "liquefied natural gas," or LNG. As a liquid, natural gas occupies 1/600th of the volume of its gaseous state, so it is stored more efficiently in a limited space and is more readily transported in insulated tanker vessels, tanker trucks, and specialized shipping containers. At warmer temperatures, LNG becomes gaseous again and can be delivered to local natural gas distribution systems or supplied directly into power plants or industrial facilities via pipelines. Federal statutes and regulations referring to natural gas generally apply to both its gaseous or liquefied state, although some may refer to LNG specifically.[30]

Key Provisions of the Natural Gas Act

The NGA establishes federal oversight of interstate natural gas infrastructure development, natural gas exports/imports, and natural gas transportation rates. In recent Congresses, certain NGA authorities and requirements, or the absence thereof, have drawn the attention of energy and environmental stakeholders, public advocates, and Members of Congress. Key provisions of the act (as amended), their administration by FERC or DOE, and associated policy issues are discussed in the following sections.

[26] For more information on federal eminent domain authority, see CRS Report R47562, *The Takings Clause of the Constitution: Overview of Supreme Court Jurisprudence on Key Topics*, by Adam Vann.

[27] P.L. 95-621, 92 Stat. 3350 (1978). Natural gas "wellhead" prices are wholesale prices for raw natural gas at the point where it is produced (i.e., at the wellhead).

[28] U.S. President (G. H. W. Bush), "Statement on Signing the Natural Gas Wellhead Decontrol Act of 1989," *Public Papers of the Presidents of the United States*, vol. 2 (July 26, 1989), p. 1019.

[29] For details and discussion, see Federal Energy Regulatory Commission (FERC), *FERC and EPAct 2005: Meeting Milestones*, August 8, 2006, https://www.ferc.gov/sites/default/files/2020-04/ferc-and-epact-2005.pdf.

[30] Liquefied natural gas (LNG) should not be confused with natural gas liquids (NGLs), which are hydrocarbon chains like ethane, propane, and butane that are also traded as fuels. For more details, see Department of Energy (DOE), "Understanding Liquefied Natural Gas (LNG)," web page, https://www.energy.gov/hgeo/understanding-liquefied-natural-gas-lng.

Pipeline and Liquefied Natural Gas Facility Siting Authority

NGA Section 7(c) authorizes FERC to issue certificates of "public convenience and necessity" for "the construction or extension of any facilities ... for the transportation in interstate commerce of natural gas."[31] Therefore, companies seeking to build interstate natural gas pipelines or LNG facilities used in interstate natural gas transportation (e.g., "peakshaver" LNG facilities used for seasonal storage) must first obtain certificates of public convenience and necessity from FERC.[32] Similarly, under Section 3(e) of the NGA, FERC has "the exclusive authority to approve or deny an application for the siting, construction, expansion, or operation of an LNG terminal" for export or import, onshore or in state waters.[33]

Because pipelines are essential for transporting natural gas from production areas to natural gas markets—often in other states—and LNG terminals are essential for overseas LNG trade, FERC's siting authorities under the NGA give it overarching influence on the development of the U.S. natural gas industry. Because natural gas is the single largest energy source for electricity generation in the United States (43% in 2024), natural gas pipeline development also heavily influences the U.S. electricity sector.[34] Several specific aspects of FERC's siting authority and implementation have lately been issues debated in Congress, as discussed below.

Public Interest Considerations

The NGA establishes a public interest standard for federal authorization of natural gas infrastructure. Section 3 directs FERC to authorize the construction and operation of a proposed LNG export/import terminal unless the Commission finds that the terminal "will not be consistent with the public interest."[35] Section 7 provides that "a certificate shall be issued" for an interstate pipeline facility if FERC determines that the facility "is or will be required by the present or future public convenience and necessity."[36]

The NGA contains no specifics regarding what the public interest or public convenience and necessity entail. As a result, details of what FERC considers in making a public interest determination remain largely at the Commission's discretion. FERC exercises its pipeline certification and LNG terminal approval authorities in accordance with its own regulations and the guidance of its own policy statements.[37] The Commission employs similar processes for the review of permit applications for both natural gas pipelines and LNG terminals.[38] In 2022, FERC

[31] 15 U.S.C. §717f(c).

[32] 15 U.S.C. §717b(e). FERC must also approve the abandonment of gas facility use and service and the establishment of physical connections. Executive Order 10485 designates and empowers FERC (as the successor to the FPC) to authorize "permits for the construction, operation, maintenance, or connection, at the borders of the United States, of facilities for the exportation or importation of natural gas to or from a foreign country," assigning to FERC authority over cross-border pipeline crossings similar to its Natural Gas Act authorities for domestic pipelines. Executive Order 10485 of September 3, 1953, "Providing for the Performance of Certain Functions Heretofore Performed by the President with Respect to Electric Power and Natural Gas Facilities Located on the Borders of the United States," 18 *Federal Register* 5397 (September 9, 1953), https://archives.federalregister.gov/issue_slice/1953/9/9/5397-5399.pdf.

[33] Congress gave FERC "exclusive" jurisdiction over LNG terminal siting, among other LNG-related provisions, in the Energy Policy Act of 2005 (P.L. 109-58, §311(c)).

[34] EIA, *Monthly Energy Review*, February 2026, p. 135, Table 7.2a, https://www.eia.gov/totalenergy/data/monthly/archive/00352602.pdf.

[35] 15 U.S.C. §717b(a).

[36] 15 U.S.C. §717f(e). Executive Order 10485, while independent of the NGA, similarly imposes a "public interest" requirement for cross-border pipeline permits.

[37] FERC, "Policy Statements," September 24, 2024, https://www.ferc.gov/major-orders-regulations/policy-statements.

[38] FERC, "FERC Processes," March 15, 2021, https://www.ferc.gov/industries-data/resources/ferc-processes.

issued two statements updating its policies "to provide an updated, legally durable ... approach for permitting interstate natural gas pipelines and LNG facilities" under the NGA's public convenience and necessity standard, but five weeks later redesignated both policy statements as drafts following criticism in Congress.[39]

Before FERC can issue a final decision on an application for either type of facility, the agency must identify and consider the environmental impacts of the proposed project in accordance with NEPA.[40] Under NEPA, federal agencies must prepare an environmental impact statement (EIS) for proposed "major Federal actions significantly affecting the quality of the human environment" unless an exemption applies.[41] An EIS generally must assess reasonably foreseeable effects of a proposed action, identify irreversible and irretrievable commitments of resources, and consider a reasonable range of alternatives to the proposed action.[42] While the NEPA review and "public interest" determination mandated by the NGA are separate reviews, "FERC considers environmental effects alongside other public interest factors when determining whether to authorize a project."[43]

FERC's interpretation of what it is obligated to consider under the NGA's "public interest" standard—informed by its related evaluation of environmental impacts under NEPA—has been an issue of debate within the Commission and in Congress and the courts.[44] For example, a series of federal court rulings starting in the early 2020s found deficiencies in FERC's environmental review of permit applications, its market assessments, or both.[45] Recent judicial decisions have illuminated the boundaries of the related NEPA considerations. In *Seven County Infrastructure Coalition v. Eagle County*, the Supreme Court addressed "agencies' discretionary decisions about where to draw the line when considering indirect environmental effects" with respect to NEPA

[39] Testimony of FERC Chairman Richard Glick in U.S. Congress, Senate Committee on Energy and Natural Resources, *Hearing to Review the Recent Actions of the Federal Energy Regulatory Commission Relating to Permitting, Construction, and Operation of Interstate Natural Gas Pipelines and Other Natural Gas Infrastructure Projects*, hearing, 117th Cong., 2nd sess., March 3, 2022, S.Hrg. 117-276, pp. 9-10, https://www.congress.gov/117/chrg/CHRG-117shrg47754/CHRG-117shrg47754.pdf. For additional background, see CRS Report R45239, *Interstate Natural Gas Pipeline Siting: FERC Policy and Issues for Congress*, by Paul W. Parfomak.

[40] NEPA requires federal agencies to "take a hard look at environmental consequences" of their proposed actions (e.g., granting a certificate), consider alternatives, and publicly disseminate such information before taking final action. Robertson v. Methow Valley Citizens Council, 490 U.S. 332, 350 (1989).

[41] 42 U.S.C. §4332(2)(C). The statutory definition of "major federal action" (42 U.S.C. § 4336e(10)) is "an action that the agency carrying out such action determines is subject to substantial Federal control and responsibility," which would generally include actions that require federal agency approvals via a permit or other regulatory approval. For more details, see CRS In Focus IF12560, *National Environmental Policy Act: An Overview*, by Kristen Hite and Heather McPherron.

[42] 42 U.S.C. §4332(2)(C).

[43] FERC, Office of Public Participation, *Explainer—Public Participation in FERC's Environmental Justice Review Process*, January 2025, p. 2, https://eelp.law.harvard.edu/wp-content/uploads/2025/01/Explainer_Public-Participation-in-FERCs-Environmental-Justice-Review-Process.pdf.

[44] See, for example, Testimony of FERC Commissioner Cheryl A. LaFleur in U.S. Congress, House Committee on Energy and Commerce, Subcommittee on Energy, *Modernizing the Natural Gas Act to Ensure It Works for Everyone*, hearing, 116th Cong., 2nd sess., February 5, 2020, H.Hrg. 116-95, p. 15, https://www.congress.gov/116/chrg/CHRG-116hhrg50300/CHRG-116hhrg50300.pdf; Commissioner Mark C. Christie, "Items C-1 and C-2: Commissioner Christie's Dissent from the Certificate Policy and Interim Greenhouse Gas Policy Statements," FERC, February 17, 2022, https://www.ferc.gov/news-events/news/items-c-1-and-c-2-commissioner-christies-dissent-certificate-policy-and-interim.

[45] See, for example, Sierra Club v. FERC, 867 F.3d 1357 (D.C. Cir. 2017) and Food & Water Watch v. FERC, 28 F.4th 277 (D.C. Cir. 2022). For further details and discussion, see CRS Report R48347, *Federal Energy Regulatory Commission (FERC) Natural Gas Permitting and Litigation*, by Paul W. Parfomak and Adam Vann.

analyses.[46] The Court held that an agency has the discretion under NEPA to decline to consider certain indirect environmental effects if the agency decides those effects are too remote.[47] In *Sierra Club v. FERC*, the U.S. Court of Appeals for the District of Columbia Circuit applied the *Seven County* decision to FERC pipeline authorizations, holding that "FERC has 'broad latitude' to decide 'where to draw the line' in considering environmental effects, and 'substantial discretion' to determine what constitute 'feasible alternatives.'"[48] These rulings may resolve certain scoping questions regarding FERC's environmental reviews, particularly its obligations under NEPA; however, debate about the Commission's environmental considerations and other aspects of FERC's public interest standard, such as project impacts on local communities, continues.[49]

Bills have been introduced in the 119th Congress and previous Congresses seeking to address aspects of FERC's permitting requirements, public interest considerations, or judicial review. In the 119th Congress, the FERC Greenhouse Gas and Environmental Justice Policy Act of 2025 (S. 3324 and H.R. 6378) would "confirm and clarify" FERC's "obligation to assess and mitigate the impacts to climate change and environmental justice communities from projects approved pursuant to the Natural Gas Act." The Protect LNG Act of 2025 (H.R. 3592) would mandate that "a civil action relating to an environmental review under" the NGA or NEPA "shall not affect the validity of" the associated FERC authorization under NGA Section 3(e) and would bar courts from vacating certain permits, licenses, or approvals that are found to violate the NGA or NEPA, among other provisions. The North American Energy Act (S. 1485) and the Promoting Cross-Border Energy Infrastructure Act (H.R. 3062) would eliminate the Presidential Permit requirement for border-crossing natural gas pipeline facilities, replacing it with a requirement to obtain a "certificate of crossing" from FERC, among other provisions.[50]

In the 118th Congress, provisions in the Fiscal Responsibility Act of 2023 (P.L. 118-5), which authorized completion of the Mountain Valley Pipeline, directed FERC (among other agencies) "to continue to maintain such authorizations, permits, verifications, extensions, ... and any other approvals or orders issued" necessary for constructing and operating the pipeline.[51] Section 3002 of the SPUR Act (S. 1456) would have amended the NGA to specify what "effects" FERC could consider in conducting an environmental review under NEPA. The Pipeline Fairness, Transparency, and Responsible Development Act of 2023 (S. 2547) would have amended the NGA "to bolster fairness and transparency in the consideration of interstate natural gas pipeline permits" through various measures intended to protect landowner interests, including notice requirements and limitations on the exercise of eminent domain.

[46] 605 U.S. 168, 169 (2025).

[47] 605 U.S. at 188.

[48] 145 F.4th 74, 79 (D.C. Cir 2025).

[49] See, for example, Office of Representative Valerie Foushee, "Foushee, Scott, McClellan Urge Full Review of Proposed Natural Gas Pipelines' Environmental Impact," press release, December 2, 2025, https://foushee.house.gov/media/press-releases/foushee-scott-mcclellan-urge-full-review-of-proposed-natural-gas-pipelines-environmental-impact.

[50] A Presidential Permit is currently required for the construction, connection, operation, and maintenance of certain facilities that cross the United States' borders with Canada and Mexico. See Executive Order 13867 of April 10, 2019, "Issuance of Permits with Respect to Facilities and Land Transportation Crossings at the International Boundaries of the United States," 84 *Federal Register* 15491, April 15, 2019, https://www.govinfo.gov/content/pkg/FR-2019-04-15/pdf/2019-07645.pdf.

[51] P.L. 118-5, §324(c), 137 Stat. 10, 47 (2023). For background on the Mountain Valley Pipeline, see CRS Insight IN12032, *Mountain Valley Pipeline: Past the Finish Line*, by Paul W. Parfomak and Adam Vann.

Timing of Application Reviews

The NGA includes no statutory time limits within which FERC must complete its own certificate review process or issue an order.[52] Members of Congress have long debated whether interstate natural gas pipeline and LNG terminal permit reviews have been unduly delayed due to a lack of coordination or insufficient action among agencies involved in the process, including the Commission itself.[53] Others have expressed concern that the growing complexity of permit applications in recent years, especially due to environmental considerations and related directives from the courts, have extended the permitting timelines for natural gas projects under FERC's jurisdiction.[54] In 2025, the Commission revised its regulations and staff procedures on its implementation of NEPA to "mak[e] the permitting process more efficient."[55] Nonetheless, some Members of Congress express continued concern about "delays" in FERC's permitting processes.[56]

In the 119th Congress, the Improving Interagency Coordination for Pipeline Reviews Act (H.R. 3668), which passed in the House on December 12, 2025, and the Jurisdictional Oversight and Adjudication for Natural Gas Act (S. 4300) would affirm FERC as the only lead agency for coordinating the environmental review of permit applications under NEPA (requiring other involved agencies to defer to FERC's scope for a NEPA review). The act would also prohibit FERC from establishing a deadline for authorizing a project under the NGA more than 90 days after completing its NEPA review, among other provisions. In the 118th Congress, the SPUR Act (S. 1456) included similar provisions. Also in the 118th Congress, Title I of the Energy Freedom Act (S. 879) would have established deadlines to expedite the review of permits and other authorizations for natural gas transmission projects, natural gas interstate pipelines, and the exportation of natural gas.

Order Rehearing and Judicial Appeals

NGA Section 19 includes provisions for bringing legal challenges to FERC orders.[57] Anyone who wishes to appeal a FERC order must first apply for rehearing at FERC—and wait for the Commission to either deny rehearing or reach a conclusion on the merits—before they can seek

[52] Under the Energy Policy Act of 2005, FERC has authority to establish a schedule for all federal authorizations from cooperating agencies and provides for judicial petition "if a Federal or State administrative agency" fails to comply with that schedule. 15 U.S.C. §717n(c).

[53] See, for example, Opening Statement of Senator Joe Manchin in U.S. Congress, Senate Committee on Energy and Natural Resources, *Oversight of the Federal Energy Regulatory Commission*, hearing, 118th Cong., 1st sess., May 4, 2023, S.Hrg. 118-271, p. 1, https://www.congress.gov/118/chrg/CHRG-118shrg55520/CHRG-118shrg55520.pdf; U.S. Congress, Senate Committee on Environment and Public Works, *Oversight Hearing to Review the Permitting of Energy Projects*, hearing, 109th Cong., 1st sess., May 25, 2005, S.Hrg. 109-856, https://www.congress.gov/109/chrg/CHRG-109shrg32211/CHRG-109shrg32211.pdf.

[54] See, for example, U.S. Congress, Senate Committee on Natural Resources, "Barrasso Calls on FERC to Recommit to American Natural Gas," press release, December 15, 2021, https://www.energy.senate.gov/2021/12/barrasso-calls-on-ferc-to-recommit-to-american-natural-gas ("Putting aside particular calculations, the time FERC has taken to consider certificate applications to construct new and upgrade existing interstate natural gas pipelines has been greater since January 21, 2021 than ... prior to January 21, 2021.").

[55] FERC, "FERC Revises NEPA Procedures to Make Permitting More Efficient," press release, June 30, 2025, https://www.ferc.gov/news-events/news/ferc-revises-nepa-procedures-make-permitting-more-efficient.

[56] See, for example, Rep. Richard Hudson, "Rep. Hudson's Bill to Speed Pipeline Approvals, Lower Energy Costs Passes House," press release, December 12, 2025, https://hudson.house.gov/press-releases/rep-hudsons-bill-to-speed-pipeline-approvals-lower-energy-costs-passes-house.

[57] 15 U.S.C. §717r.

judicial review.[58] In addition, the NGA provides that requests for rehearing can be made by a "person, State, municipality, or State commission" only if they are a "party" to the proceeding—either the applicant or an intervenor.[59] Only intervenors have the right to file briefs, attend hearings, and appeal the Commission's decision regarding the certificate. If FERC denies a rehearing, or affirms its order upon rehearing, then an intervenor may appeal FERC's final actions in the federal court of appeals where the certificate applicant is located (or has its principal place of business) or in the U.S. Court of Appeals for the District of Columbia Circuit.[60] The NGA further provides that, until the record of FERC's proceeding is filed in court, "the Commission may at any time ... modify or set aside, in whole or in part, any finding or order made or issued by it under the provisions of th[e] Act."[61]

The NGA's 30-day deadline for FERC to act upon a request for rehearing had been the subject of a long-standing dispute among affected parties and the Commission over the common FERC practice of issuing "tolling orders," which could delay a decision on the merits of the request. Section 19 of the NGA deems an application for rehearing to be denied—meaning the applicant may seek judicial review—unless the Commission acts upon the application within 30 days after it is filed.[62] Under its practice prior to 2020, FERC issued a tolling order within 30 days of a rehearing request; the tolling order granted rehearing only "for the limited purpose of further consideration."[63] The purpose was to provide the Commission more time to review a rehearing request without triggering the automatic 30-day "deemed" denial through Commission inaction. Under a tolling order, there was no deadline by which FERC needed to make a final decision about a rehearing request based on the merits. Therefore, a tolling order could indefinitely delay the ability for aggrieved parties to ask for judicial review of a FERC certificate order.[64]

FERC stopped issuing tolling orders following a 2020 opinion by the D.C. Circuit, which held that "the Commission has no authority to erase and replace the statutorily prescribed jurisdictional consequences of its inaction."[65] Under FERC's current policy, if the Commission does not act on the merits of a rehearing request within 30 days, it will issue either a Notice of Denial of Rehearing by Operation of Law, or a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration.[66] In the 118th Congress, S. 2547 would have amended the NGA to provide that "an order granting an application for rehearing solely for the purpose of further considering the issues raised in the application ... shall not be considered to be a ruling on the merits," so it would be considered a deemed denial. S. 1456 would have extended FERC's deadline for rehearing requests from 30 days to 60 days.

[58] 15 U.S.C. §717r.

[59] 15 U.S.C. §717r. According to FERC's regulations (18 C.F.R. §385.214), persons or institutions wishing to become intervenors must file a motion to intervene stating their position to be taken in the proceeding and their interest in the proceeding sufficient to meet certain criteria for intervention. Intervenors receive the certificate applicant's filings and other FERC documents related to the case, as well as materials filed by other interested parties.

[60] 15 U.S.C. §717r.

[61] 15 U.S.C. §717r.

[62] 15 U.S.C. §717r.

[63] See, for example, Order Granting Rehearing for Further Consideration, Transcon. Gas Pipe Line Co., LLC, No. CP15-138-001 (Mar. 13, 2017).

[64] Bricker Graydon Wyatt LLP, "D.C. Circuit Bars Long-Standing FERC Rehearing Tolling Practice," July 6, 2020, https://www.bricker.com/insights/publications/D-C-Circuit-bars-long-standing-FERC-rehearing-tolling-practice.

[65] Allegheny Def. Project v. FERC, 964 F.3d 1 (D.C. Cir. 2020). For details, see CRS Legal Sidebar LSB10535, *For Whom the FERC Tolls: Federal Court Rejects Agency "Tolling Orders"*, by Adam Vann.

[66] See FERC, "Recent Changes in Commission Rehearing Practice—Item A-3," September 17, 2020, https://www.ferc.gov/news-events/news/recent-changes-commission-rehearing-practice-item-3.

Eminent Domain Authority

NGA Section 7 grants a FERC certificate holder "the right of eminent domain" to acquire "the necessary right-of-way to construct, operate, and maintain a pipe line or pipe lines for the transportation of natural gas" if the holder cannot acquire the necessary property rights contractually from the landowner through negotiation.[67] The exercise of eminent domain authority under the NGA by pipeline developers has been controversial. Issues have arisen regarding landowner rights, just compensation, and the initiation of construction-related activities on acquired rights-of-way while aspects of a pipeline's approval have been incomplete or have been challenged.[68]

A 2021 U.S. Supreme Court opinion reaffirmed FERC's authority to delegate the eminent domain authority to a private party (e.g., pipeline developer) as provided in Section 7 of the NGA, even on state-owned lands.[69] FERC's regulation and oversight of eminent domain authority under the NGA continue to be debated. For example, in 2025, despite the objections of landowners and other groups, FERC rescinded an earlier policy that barred pipeline developers with FERC certificates from starting construction during the 30-day period for filing rehearing requests for initial orders, or while rehearing is pending.[70]

Bills introduced in recent Congresses would have imposed restrictions on the exercise of eminent domain under the NGA. In the 118th Congress, S. 2547 would have prevented a pipeline developer's exercise of eminent domain until all FERC certificate rehearings were concluded and until all necessary authorizations for the project from any agency were granted, among other provisions. The Just Compensation Act of 2023 (S. 3429), while not specifically directed at FERC, would have prevented any federal agency—including FERC—from delegating eminent domain authority to a "private entity," and would have required compensation to landowners "of not less than 150 percent of fair market value" of their property. In the 117th Congress, the Ending Natural Gas Companies' Seizure of Land for Export Profits Act (S. 655), Fairness for Landowners Facing Eminent Domain Act (H.R. 2889), Landowner Fairness Act (S. 641), Landowners' Right to Due Process in Rehearings at FERC Act of 2021 (H.R. 4774), and Fairness for Landowners Facing Eminent Domain Act (H.R. 2889) all would have made changes to FERC's eminent domain authority under the NGA.

---

[67] 15 U.S.C. §717f(h). Congress added the eminent domain section to the Natural Gas Act in 1947 with P.L. 80-245, https://www.govinfo.gov/content/pkg/STATUTE-61/pdf/STATUTE-61-Pg459-3.pdf#page=1. At the time, state governments, coal companies, railroads, and landowners were preventing interstate natural gas pipeline developers from expanding their systems. U.S. Congress, Subcommittee of the Senate Committee on Interstate and Foreign Commerce, *S.734 and S.1028*: *Bills to Amend the Natural Gas Act, As Amended*, committee print, 80th Cong., 1st sess., June 21, 1938; see also Alexandra B. Klass and Danielle Meinhardt, "Transporting Oil and Gas: U.S. Infrastructure Challenges," *Iowa Law Review*, vol. 100, no. 3 (2015), p. 998, https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2023-02/ILR-100-3-Klass-Meinhardt.pdf. According to the article, the Senate subcommittee "found it untenable that states were able to essentially nullify FPC orders (and by association, federal legislative will) by refusing to allow an interstate pipeline with a federal certificate of public convenience and necessity."

[68] See, for example, Pamela King, "Va. Widow Leads Eminent Domain Fight at Supreme Court," *E&E News*, August 13, 2019, https://www.eenews.net/articles/va-widow-leads-eminent-domain-fight-at-supreme-court/; Commissioner James Danly, "Item C-7: Commissioner James Danly Concurrence in Part and Dissent in Part Regarding Northern Natural Gas Company," FERC, March 24, 2022, https://www.ferc.gov/news-events/news/item-c-7-commissioner-james-danly-concurrence-part-and-dissent-part-regarding.

[69] PennEast Pipeline Co. v. New Jersey, 594 U.S. 482 (2021). For details, see CRS Legal Sidebar LSB10634, *PennEast Pipeline Company v. New Jersey: Can a Natural Gas Pipeline Company Bring a Condemnation Suit Against a State?*, by Eric N. Holmes.

[70] Removal of Regulations Limiting Authorizations to Proceed with Construction Activities Pending Rehearing, 194 FERC ¶ 61,132 (2026), https://www.ferc.gov/media/c-2-rm25-9-001.

DOE Commodity Export/Import Permitting

Under NGA Section 3(a), parties seeking to enter into natural gas trade (import or export) with foreign buyers—either for pipeline natural gas or LNG—must apply for an authorization from DOE.[71] If the United States has a free trade agreement (FTA) in effect with the nation with which it seeks to trade, the NGA mandates that the application "shall be deemed to be consistent with the public interest, and ... granted without modification or delay."[72] LNG trade with non-FTA countries is presumed to be in the public interest "unless, after opportunity for hearing, [DOE] finds that the proposed exportation or importation will not be consistent with the public interest."[73] LNG commodity export/import applications involving FTA countries thus must be approved automatically, but export/import applications involving non-FTA countries must go through a permit review process.

The DOE authorization for commodity export/import is separate from, and in addition to, authorization from FERC to construct any associated LNG terminal facilities. As is the case for FERC's LNG terminal authorizations, before DOE can issue a final decision on a non-FTA commodity export/import application, the agency must identify and consider the environmental impacts of the proposed permit in accordance with NEPA, in addition to other public interest considerations. Over the last decade, the United States has imported only very small volumes of natural gas from non-FTA countries due the abundance of domestic natural gas, so Congress has focused primarily on non-FTA exports.

Public Interest and Non-FTA Trade

The NGA does not specify what factors need to be considered in DOE's evaluation of public interest for non-FTA exports, giving the agency discretion in its review of permit applications. According to DOE, the agency "has identified a range of factors that it evaluates when reviewing an application to export LNG to non-FTA countries ... includ[ing] economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others."[74] How DOE has considered these factors—especially domestic price impacts, environmental impacts, and energy security—has been an issue of debate in Congress. For example, in November 2011, during a Senate committee hearing on LNG exports, DOE was asked to undertake two studies, in part to better understand the economic effects of LNG exports on consumers and the country as a whole.[75] The first study, undertaken by the Energy Information Administration (EIA), examined the impact to domestic natural gas prices of hypothetical LNG

[71] 15 U.S.C. §717b(a); DOE regulations implementing those requirements were promulgated at 10 C.F.R. pt. 590 (Administrative Procedures with Respect to the Import and Export of Natural Gas).

[72] 15 U.S.C. §717b(c).

[73] 15 U.S.C. §717b(a).

[74] DOE, "Policy Statement on Export Commencement Deadlines in Authorizations to Export Natural Gas to Non-Free Trade Agreement Countries," 88 *Federal Register* 25272, 25274, April 26, 2023. See also DOE, Fossil Energy and Carbon Management, In re Sierra Club et al., "Order Denying Petition for Rulemaking on Exports of Liquefied Natural Gas," July 18, 2023, https://perma.cc/TB8Y-56TV ("Precisely because the U.S. LNG market and related issues—including climate change considerations and global energy security—are dynamic, the LNG export program is best served by continuing to update the economic and environmental studies, analytical approaches, and public interest factors that DOE considers in an iterative fashion, based on developing facts and circumstances.").

[75] U.S. Congress, Senate Committee on Energy and Natural Resources, *Full Committee Hearing: To Consider Market Developments for US Natural Gas, Including the Approval Process and Potential for Liquefied Natural Gas Exports*, hearing, 112th Cong., 1st sess., November 8, 2011, S.Hrg. 112-215, https://www.energy.senate.gov/hearings/2011/11/full-committee-hearing-to-consider-market-developments-for-us-natural-gas-including-the-approval-pro.

export volumes.[76] The second study, undertaken by a private consulting firm, was a broader economic evaluation of LNG exports, using the EIA price study as an input.[77] Since those two studies were completed, DOE has periodically commissioned other studies on factors of interest to Congress, including on lifecycle greenhouse gas emissions, on price effects of different levels of exports, and particularly on the effects of exports on domestic natural gas prices.[78] After Russia invaded Ukrainian Crimea in 2014, DOE also broadened its consideration of national security issues when evaluating the public interest.[79]

How DOE evaluates the public interest under the NGA with respect to non-FTA LNG export proposals has been the subject of litigation and executive action in recent years. In January 2024, the Biden Administration announced "a temporary pause on pending decisions" on applications to export LNG to non-FTA countries "until the [DOE] can update the underlying analyses for authorizations."[80] The announcement cited the need for DOE to reconsider potential impacts to domestic natural gas prices, greenhouse gas emissions, and the health of frontline communities exposed to pollution from new LNG export facilities.[81] A federal court subsequently stayed the permitting pause, in part because DOE "failed to provide a more detailed justification for its halt of the approval process."[82] On January 20, 2025, President Trump issued Executive Order 14154, "Unleashing American Energy," which lifted the non-FTA permitting pause, among other provisions.[83] In addition, this executive order states that when assessing the public interest, DOE should consider domestic economic and employment effects, and the security of U.S. allies and partners.

Bills in the 119th Congress would amend aspects of the NGA or its implementation related to LNG commodity exports. The LNG Export Security Act (S. 4520) would define "public interest" as the consideration of the development of U.S. natural gas facilities and domestic natural gas supply; domestic economic interests; and national security interests. The LNG Public Interest Determination Act of 2025 (H.R. 381) and the Energy Bills Relief Act (H.R. 7977) would require that public interest determinations for proposed natural gas exports consider potential climate impacts, consumer energy costs, and environmental justice factors. The Protecting American Energy Security Act of 2026 (H.R. 7061) would amend Section 3 of the NGA to require a DOE "certification" that the LNG export "would be in the public interest" in order to export natural gas

[76] EIA, *Effect of Increased Natural Gas Exports on Domestic Energy Markets*, January 2012, https://www.energy.gov/sites/prod/files/2013/04/f0/fe_eia_lng.pdf.

[77] NERA Economic Consulting, *Macroeconomic Impacts of LNG Exports from the United States*, prepared for DOE, December 3, 2012, https://www.energy.gov/sites/prod/files/2013/04/f0/nera_lng_report.pdf.

[78] DOE Hydrocarbons and Geothermal Energy Office, "2024 LNG Export Study: Energy, Economic, and Environmental Assessment of U.S. LNG Exports," accessed March 30, 2026, https://hgeo.energy.gov/app/docketindex/docket/index/30; DOE Hydrocarbons and Geothermal Energy Office, "LNG Export Studies," June 12, 2018, https://www.energy.gov/hgeo/articles/lng-export-studies.

[79] U.S. Congress, House Committee on Energy and Commerce, Subcommittee on Energy and Power, *Quadrennial Energy Review and Related Discussion Drafts*, hearing, 114th Cong., 1st sess., June 2, 2015, H.Hrg. 114-47, https://www.govinfo.gov/content/pkg/CHRG-114hhrg97282/pdf/CHRG-114hhrg97282.pdf.

[80] White House, "Fact Sheet: Biden-Harris Administration Announces Temporary Pause on Pending Approvals of Liquefied Natural Gas Exports," January 26, 2024, https://www.energy.gov/sites/default/files/2024-02/001WHI~1.PDF.

[81] White House, "Fact Sheet: Biden-Harris Administration Announces Temporary Pause on Pending Approvals of Liquefied Natural Gas Exports."

[82] Louisiana v. Biden, No. 2:24-CV-00406, 2024 WL 3253103 (W.D. La. July 1, 2024), *appeal dismissed*, No. 24-30489, 2025 WL 2255023 (5th Cir. Mar. 12, 2025).

[83] Executive Order 14154 of January 20, 2025, "Unleashing American Energy," 90 *Federal Register* 8357, January 29, 2025. The litigation related to President Biden's 2024 executive order was subsequently stayed by the U.S. Court of Appeals for the Fifth Circuit. *Louisiana*, 2025 WL 2255023.

to a "covered nation."[84] The Unlocking Domestic LNG Potential Act of 2025 (S. 883; H.R. 1949) would repeal the NGA's restrictions on the export and import of natural gas, among other provisions. The Natural Gas Export Expansion Act (S. 3035; H.R. 5814) would extend automatic approval for LNG trade with non-FTA countries, except those countries subject to U.S. sanctions or excluded "for reasons of national security." The American Gas for Allies Act (H.R. 2769) would, for a three-year period, require DOE to deem applications for LNG exports to North Atlantic Treaty Organization (NATO) countries "consistent with the public interest" and approve them "without modification or delay." The North American Energy Act (S. 1485) and the Promoting Cross-Border Energy Infrastructure Act (H.R. 3062) would require DOE to approve natural gas exports to, or imports from, Mexico or Canada within 30 days of receiving an application. The Cutting LNG Bunkering Red Tape Act (H.R. 4760) would amend the NGA to clarify that the sale of LNG to a marine vessel as (bunker) fuel "shall not be considered an export" unless it occurs in foreign waters.[85] Under a provision in the SHIPS for America Act of 2025 (S. 1541; H.R. 3151), DOE LNG export permits would require an annually increasing percentage of the exported LNG to be carried on U.S.-made and U.S.-flagged vessels. S. 1035 would prohibit the export of U.S.-produced natural gas "with the intent of further exporting that natural gas through a foreign LNG terminal."

In the 118th Congress, the Energy Permitting Reform Act of 2024 (S. 4753, §601) would have set a deadline for DOE to approve or deny certain LNG export applications and, if the agency did not meet the deadline, would have deemed the applications approved. H.R. 8022 would have amended the NGA to establish a 180-day deadline for the review of applications for natural gas export and import orders and require the Secretary of Energy to report to Congress on any failure to grant or deny an application before the deadline. The LNG Security Act (S. 3829) would have required DOE to approve LNG exports to all countries that have imported, currently import, or have facilities capable of importing Russian or Iranian natural gas.[86]

Natural Gas Rate Regulation

Under Section 4 of the NGA, rates for the transportation or sale of natural gas in interstate commerce are under FERC's jurisdiction.[87] Section 4 requires that "[a]ll rates and charges made, demanded or received by any natural gas company for or in connection with the transportation or sale of natural gas subject to the jurisdiction of the Commission ... shall be just and reasonable, and any such rate or charge that is not just and reasonable is declared to be unlawful."[88] Section 4 also allows interstate natural gas companies to file applications with FERC to change their rates at any time.[89]

[84] "Covered nation" as defined in 10 U.S.C. §4872(f) means the Democratic People's Republic of North Korea, the People's Republic of China, the Russian Federation, and the Islamic Republic of Iran.

[85] For further background on LNG as a bunker fuel, see CRS Podcast WPD00143, *Science and Technology Q&A: Alternative Fuels in Maritime Shipping*, by John Frittelli and Paul Parfomak, https://www.crs.gov/audio/detail/WPD00143. Bunker fuel is the fuel for ship engines that was historically stored in "bunkers."

[86] U.S. Congress, Senate Committee on Energy and Natural Resources, "Barrasso, Cassidy Introduce Bill to Reverse Biden's LNG Pause," press release, February 29, 2024, https://www.energy.senate.gov/2024/2/barrasso-cassidy-introduce-bill-to-reverse-biden-s-lng-pause.

[87] 15 U.S.C. §717c.

[88] 15 U.S.C. §717c(a). Reference here to the "Commission" does not refer to FERC, but rather to the now-defunct FPC. The Department of Energy Organization Act (P.L. 95-91), Section 402(a)(1)(C), assigned Natural Gas Act oversight of rates for natural gas transportation and sale to FERC.

[89] 15 U.S.C. §717c(d).

NGA Section 5 allows FERC and third parties to challenge the rates established by pipeline companies. If, after a hearing on its own motion or a complaint from a third party, FERC determines that a rate is "unjust, unreasonable, unduly discriminatory or preferential," the Commission must issue an order determining the "just and reasonable" rate.[90]

Although the NGA's statutory language authorizes only states, municipalities, state commissions, and gas distribution companies to bring third-party challenges to natural gas rates, FERC and the courts have since determined that if a party other than those specified files a complaint against a natural gas company, the complaint will be interpreted as a request for FERC to initiate an investigation at its own discretion.[91] NGA Section 6 authorizes FERC to "investigate and ascertain the actual legitimate cost of the property of every natural-gas company," including depreciation, and "other facts" as necessary for rate-making purposes.[92]

Just and Reasonable Standard

The NGA establishes a "just and reasonable" standard for natural gas pipeline rates and charges, but provides no additional guidance on how FERC should make such determinations.[93] According to the Commission, determining what is just and reasonable "requires a balancing of equities between the interests of the pipeline and its ratepayers."[94] FERC's "basic methodology" is cost-of-service ratemaking, whereby "rates are designed based on a pipeline's cost of providing service including an opportunity for the pipeline to earn a reasonable return on its investment."[95] Under the Natural Gas Policy Act of 1978, rates charged by intrastate pipelines transporting natural gas for interstate pipelines must be "fair and equitable."[96] When FERC sets the rates for intrastate pipeline service (rather than state regulators), the Commission uses the same cost-of-service methodology as it does under the NGA.[97]

Rate Refunds

The NGA's provisions regarding refunds for unjust and unreasonable rates have been a recurring issue in the natural gas industry and in Congress.[98] Under Section 4 of the NGA, a pipeline company may file with FERC to increase its rates with 30 days' notice.[99] If the new rate goes into effect during FERC's review of the rate change, and the Commission subsequently finds the new rate to be unjust, Section 4 provides that FERC may "order such natural-gas company to refund, with interest, the portion of such increased rates or charges by its decision found not justified."[100] If FERC initiates a rate review upon complaint or its own initiative, Section 5 of the NGA does not authorize refunds if FERC finds the rate to be unjust or unreasonable. Section 5 only allows

[90] 15 U.S.C. §717d(a).

[91] See Order Setting Complaint for Hearing, Panhandle v. Sw. Gas Storage Co., 117 FERC ¶ 61,318, para. 21 (2006) (citing Gen. Motors Corp. v. FERC, 613 F.2d 939 (D.C. Cir. 1979)).

[92] 15 U.S.C. §717e.

[93] 15 U.S.C. §717e.

[94] FERC, "Cost-of-Service Rate Filings," September 11, 2024, https://www.ferc.gov/natural-gas/general-information/cost-service-rate-filings.

[95] FERC, "Cost-of-Service Rate Filings."

[96] 15 U.S.C. §3371(b)(2).

[97] 15 U.S.C. §3371(b)(2).

[98] See, for example, American Public Gas Association, "Championing Section 5 Reform: Pipeline Rate Accountability," accessed May 12, 2026, https://www.apga.org/advocacy/nga-reform.

[99] 15 U.S.C. §717c(d).

[100] 15 U.S.C. §717c(e).

FERC to order that the just and reasonable rate "be thereafter observed and in force."[101] Therefore, the Commission cannot order a pipeline company to refund prior overcharges. By contrast, under Section 206 of the Federal Power Act, the Commission may order an electric utility to refund amounts paid in excess of rates that would have been just and reasonable for the period subsequent to a refund effective date through 15 months after that date.[102]

In the 118th Congress, the MPACT Act (S. 4171) would have given FERC the authority to order natural gas companies to pay refunds with interest to their consumers for rates or charges found to be unjust, unreasonable, unduly discriminatory, or preferential. The SPUR Act (S. 1456, §3001(b)) included a provision that would have required FERC to "adopt tariff provisions and rate treatments, and establish separately, by rule, additional reforms ... necessary to protect the adequacy, affordability, reliability, and security of the supply and delivery of ... natural gas by interstate natural gas pipelines." How this provision may have applied to the Commission's refund authority, or lack thereof, under Sections 4 and 5 is an open question.

Conclusion

Congress originally enacted the NGA to regulate the early development of the nation's interstate natural gas industry while preserving the public interest. While the U.S. gas industry has grown exponentially over the ensuing decades (**Figure 2**), Congress has preserved the underlying structure of the NGA. As the ranking member of the House Committee on Energy and Commerce, Subcommittee on Energy, stated in 2020, "[W]hile the natural gas industry has undergone remarkable changes over the decades since its passage in 1938, the law has withstood the test of time and does remain sound."[103] Nonetheless, Congress has seen the need to amend the NGA from time to time as the gas industry has matured, technology has changed, and natural gas markets have evolved—both domestically and internationally. Through its oversight of the natural gas sector and its oversight of the implementing agencies—FERC and DOE—Congress regularly revisits the act and its impacts on natural gas production, transportation, prices, and international trade. In addition, over the last 10 years, Congress has increased its attention to the environmental impacts of natural gas activities under the NGA's jurisdiction.

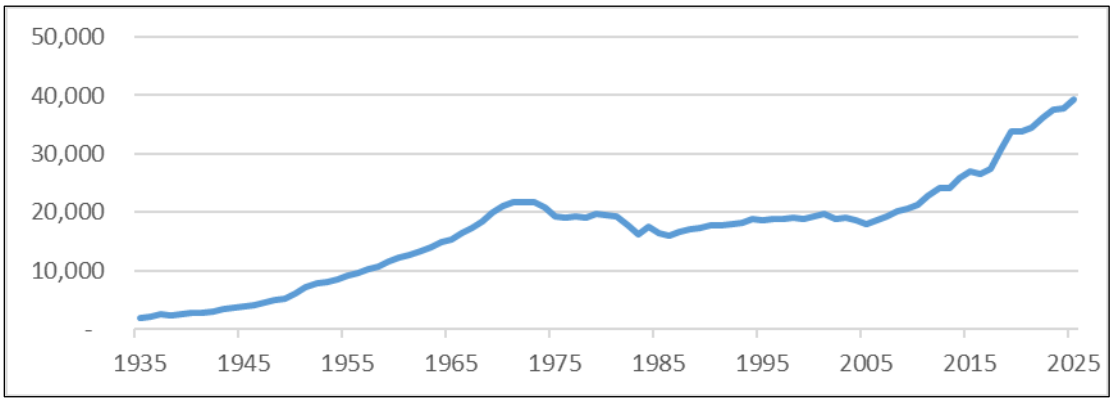
[101] 15 U.S.C. §717d(a).

[102] 16 U.S.C. §824e(b).

[103] Opening Statement of Rep. Fred Upton in U.S. Congress, House Committee on Energy and Commerce, Subcommittee on Energy, *Modernizing the Natural Gas Act to Ensure It Works for Everyone*, hearing, 116th Cong., 2nd sess., February 5, 2020, H.Hrg. 116-95, p. 3, https://www.congress.gov/116/chrg/CHRG-116hhrg50300/CHRG-116hhrg50300.pdf.

Figure 2. U.S. Annual Natural Gas Production 1935-2025

Billion Cubic Feet (Bcf)



Source: Energy Information Administration, "U.S. Dry Natural Gas Production," February 27, 2026, https://www.eia.gov/dnav/ng/hist/n9070us2A.htm.

In drafting the NGA, Congress chose to give the implementing agencies considerable discretion to interpret the statute and establish and modify their rules accordingly, taking account of the contemporary context. FERC and DOE have exercised this discretion to address new industry developments (e.g., U.S. shale gas production) and challenges (e.g., growing LNG exports), often in the face of direction from Congress or the courts. In many cases, discretionary changes in the agencies' implementation of the NGA have allowed the agencies to adapt their policies relatively quickly. In other cases, such changes have taken years. Potential instability or unpredictability in FERC's or DOE's policies due to changing agency leadership has been seen as a problem by some stakeholders, including some regulators.[104]

Notwithstanding a steady stream of legislative proposals over many decades to amend the NGA, Congress has not often done so, the last time being more than 20 years ago. The historical infrequency of such amendments may suggest that Congress, as a whole, has generally continued to support the agencies' discretionary approach to implementing the NGA, even as it expresses concerns about particular provisions or agency policies at particular times. Alternatively, the infrequency of amendments may suggest a lack of consensus in Congress about how to address concerns related to the NGA.

In the 119th Congress, as in previous Congresses, Members have proposed numerous bills to amend the NGA or to direct FERC or DOE as to how the law should be implemented. These proposals address significant and, in some cases, long-standing concerns—some of which have come to the fore due to changes in the natural gas markets and environmental policies. As Congress considers these proposals, the question arises whether FERC and DOE may align their discretionary policies with congressional intent without direct intervention, or whether Congress must pass legislation amending the NGA to establish (and maintain) certain policy priorities. A related question is whether the NGA conveys to the implementing agencies all the necessary authorities to fulfill its fundamental mission. Understanding how these considerations may fit into

[104] See, for example, Commissioner Mark C. Christie, "Items C-1 and C-2: Commissioner Christie's Dissent from the Certificate Policy and Interim Greenhouse Gas Policy Statements," FERC, February 17, 2022, https://www.ferc.gov/news-events/news/items-c-1-and-c-2-commissioner-christies-dissent-certificate-policy-and-interim ("[T]he Supreme Court has been very clear that any public interest analysis undertaken in the course of determining 'public necessity and convenience' ... is not an open-ended license to use this Commission's certificating authority to promote whatever a majority of Commissioners from time to time may happen to view as the 'public interest.'").

the nation's overall policies regarding energy, the economy, the environment, and international trade could be a particular challenge for Congress.

Author Information

Paul W. Parfomak
Specialist in Energy Policy

Michael Ratner
Specialist in Energy Policy

Adam Vann
Legislative Attorney

Disclaimer