PERMITTING ENERGY DOMINANCE

How FERC Can Address the National Energy Emergency and Accelerate the Infrastructure to Power Our Future

ALFA INSTITUTE

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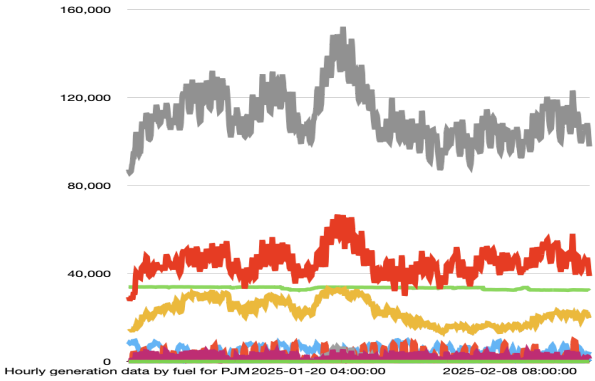
Introduction

The decision to move President Trump's second inauguration indoors seemed unprecedented at the time. But then again, so too was the impact of the winter storm on our electric grid.

Peak electricity demand surged to 683 gigawatts and natural gas demand hit a staggering 150 billion cubic feet per day between January 20 and 21. PJM, America's largest electric grid, set an electricity consumption record of approximately 145 GW in January 2025[1].



Fortunately, the system held. That's because we had natural gas to do the heavy lifting, supplying 43 percent of total U.S. electricity generation during peak conditions[2] (shown in grey in the chart).

This real-world event showed that natural gas isn't just part of the solution, it is the foundation to our current electricity needs. Therefore, our policymakers must take action to fortify our electricity capacity. Not just for future storms, but also for future growth in our economy's most important sectors.

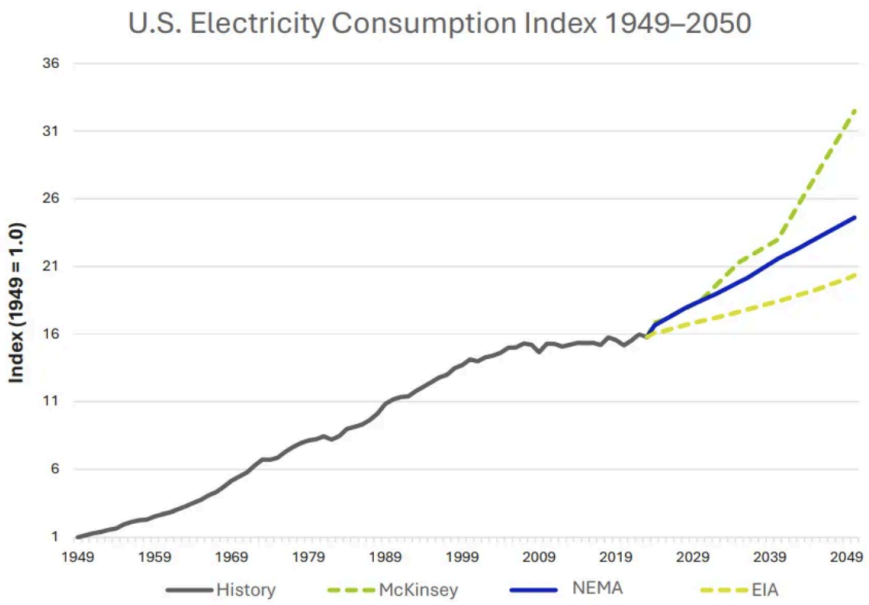
Fortunately, there are existing programs that can immediately and dramatically jumpstart our needed grid infrastructure, such as The Federal Energy Regulatory Commission's (FERC) Blanket Certificate program. But like many existing government programs, the Blanket Certificate program needs updating.

[1] North American Electric Reliability Corporation (NERC), 2024 Long-Term Reliability Assessment, December 2024
[2] Arctic Storms of January 2025: FERC, NERC and ERO Enterprise Staff Report on the Performance of the Bulk Electric System, April 2025

State of Play

The stress on our grid this past winter wasn't just an event; it was a harbinger.

Analysts expect U.S. electricity demand to grow ~25% by 2030, with it jumping ~50% by 2050.



This projected growth is attributed to Artificial Intelligence and American reindustrialization.

Yet, the North American Electric Reliability Corporation (NERC) has warned that over 122,000 megawatts of dispatchable capacity are set to retire, thanks to previous EPA rulemakings, tax credit favoritism, and weaponized state environmental activism, which forced coal and gas retirements without ensuring replacement capacity to keep the lights on.

All of these policy decisions were happening even as peak load is expected to grow by 149 gigawatts in winter alone over the next decade[3]. That's a recipe for blackouts, price spikes, and industrial decline. America cannot afford to rely on an unstable and unreliable grid.

[3] NERC LTRA 2024

As NERC has made clear, this was unsustainable. You can't retire your safety net before you build a replacement.

FIELD NOTES

+ America needs more energy. Innovation and manufacturing depend on it.
+ Natural gas is our most reliable energy source *today*.
+ Regulations around electricity infrastructure are outdated.
+ Updates to FERC's Blanket Certificate Program will unlock energy dominance.

FERC – The Agency to Help Address This

While leaders of the incoming administration were gathered in the Capitol rotunda for the inauguration, there was a critical, yet under-the-radar agency charged with managing the crisis–the Federal Energy Regulatory Commission (FERC).

FERC is an independent U.S. government agency that regulates the interstate transmission of electricity, natural gas, and oil.

Its two key functions include:

1. **Approving energy infrastructure projects, such as natural gas pipelines, LNG terminals, and hydroelectric dams.**

2. **Overseeing wholesale electricity markets and ensuring rates are just and reasonable.**

When it comes to pipelines, the United States is crisscrossed by a vast network of pipeline corridors: dedicated pathways where natural gas pipelines run side-by-side, often within long-established rights-of-way.

These corridors serve as the backbone of our energy distribution system, safely transporting fuel from production basins to power plants, homes, and export terminals. Today, the U.S. has more than 300,000 miles of interstate natural gas transmission lines, organized across 11 major pipeline corridors, including five from the Gulf Coast, four from Canada, and two from the Rockies.

These corridors are the rails upon which our technological and industrial growth will be built. We must encourage investment into their reliability and capacity.

The Blanket Certificate Program

FERC's Blanket Certificate Program is a critical tool that allows interstate natural gas pipeline companies to carry out certain routine activities like construction, modification, acquisition, operation, or abandonment, without applying for a full, case-specific certificate for each project.

There are two tracks within the Blanket Certificate Program:

- **Automatic Authorization**, which is used for minor and routine activities. To qualify for automatic authorization, the project needs to cost less than $14.5 million.

  Projects that qualify for Automatic Authorization do not require any public announcement and can begin work immediately.

- **Prior Notice Authorization**, which is used for slightly larger projects that may affect third parties. To qualify for prior notice authorization, the project needs to cost less than $41 million.

Projects under "prior notice" are subject to a brief public notice period, but if no substantive objections are raised, the project may proceed within 45–60 days.

Both automatic and prior notice authorizations offer a more efficient process than FERC's traditional approval process which can take 18–24 months or longer to complete, and often includes duplicative reviews for routine, non-controversial projects.

Despite the program's promise and intention, it isn't keeping up with modern needs.

There are two key areas where FERC leadership can take action to reignite the Blanket Certificate Program so that companies can build more easily in America: raising the cost caps and expanding the program's scope.

Cost Caps

The Blanket Certificate Program is shackled by long-outdated cost caps and narrow requirements. These limits, written in the 1980s, were conceived for a different era. Too often they are forcing routine, modestly sized projects that utilize existing energy corridors into a much lengthier review process, needlessly delaying delivery of urgently needed capacity by a year or more.

Since its inception, the program has had limited revision. The first came in 2006, when the cost cap was moderately increased.

Most recently this summer, FERC issued the first temporary increase to the cost cap within the Prior Notice category from $41.1M to $61.65M to promote timely pipeline expansion amidst national energy reliability concerns[4].

[4] FERC Docket No. CP25-208-000, Order Granting in Part Temporary Waiver of Regulations to Increase Blanket Certificate Cost Limitations, June 18, 2025.

As part of this announcement FERC also initiated a Notice of Inquiry to consider making this adjustment permanent[5].

This is a good start. But the cost cap across the entire Blanket Certificate Program should be re-evaluated.

A recent review found that nearly 40% of natural gas projects filed since 2020 could have qualified for a prior notice proceeding if the cap had simply kept pace with mounting construction costs. Those projects, representing reliable new capacity, were instead sent through FERC's traditional – and slower – review gauntlet. This led to delays to in-service dates by a year or more on average.

Meanwhile, pipeline construction costs have dramatically increased. Since 2006, the average per-mile cost of pipeline construction has risen by over 268%, but FERC's prior notice cost threshold has only risen by 50%.

That disconnect means otherwise qualifying projects are now pushed into full-scale reviews, not because they are complex but simply because materials and labor cost more. This is red tape masquerading as oversight.

PROPOSED REFORMS BLANKET CERTIFICATE COST CAPS

FERC should propose a permanent increase to the cost thresholds in 18 CFR 157.208(d), raising:

- The automatic authorization cap from $14.5 million to $50 million
- The prior notice cap from $41 million to $100 million

This action can and should be pursued through a shortened notice-and-comment rulemaking process.

The current declaration of a National Energy Emergency by President Trump, combined with detailed findings from NERC and regional grid operators of future electricity demand, provides ample justification.

[5] FERC Docket No. RM25-12-000, Notice of Inquiry- Blanket Certificate Cost Limitations, June 18, 2025.

Blanket Certificate Scope Expansion

In addition to the cost of a project serving as a gatekeeping function to blanket certificate eligibility, what the project entails is another determining factor.

The Blanket Certificate Program was built to streamline approvals for natural gas projects that are low-impact and urgently needed. That purpose hasn't changed. But the way we define eligibility hasn't kept up with the infrastructure America actually needs.

Most new infrastructure doesn't require carving new paths across the country, instead, it involves upgrading or expanding within these existing corridors, which already have the environmental clearance, landowner agreements, and operational history needed to move quickly and responsibly.

Projects built within these corridors, using the same footprint or modest in scale, should not be treated the same as brand-new builds in undeveloped areas. These upgrades are common, low-risk, and essential to meeting rising energy demand. Yet FERC's current rules, including the arbitrary cost caps and outdated eligibility standards, don't reflect this reality.

For example, while there's no cost cap for adding new delivery points, there is one for receipt points, even though both have similar impact and are critical to system flexibility. That's a policy inconsistency we can't afford, especially as gas flows shift and LNG plays a bigger role in our energy strategy.

Not all projects outside a corridor are massive. Many are small, local, and driven by clear customer needs. FERC should also establish a new category with a higher cost ceiling and a streamlined review process, similar to a fast-track permit for a home renovation. If a project meets defined criteria, it shouldn't be dragged through full-scale federal review.

FERC must act now to fix these rules. When capital, demand, and landowner support align, Washington shouldn't stand in the way. The energy emergency

we face was created by four years of failed Biden-era energy policy. While Americans endured blackouts and high bills, regulators blocked the very projects needed to keep the lights on. It's time to right those wrongs with urgency and common sense.

Conclusion

On his first day in office, President Trump said out loud what the grid operators and regulators have known for years – we are living in a national energy emergency[6]. He called upon all agencies and industry leaders to do their part in protecting American national security and unleashing American energy dominance once again.

The AI and industrial opportunity America faces has been well documented. As has our need for reliable electricity generation to power it. The policy prescriptions to achieve this are vast–and many simply need to reform existing authorities within executive and independent agencies.

While FERC might not be a household name, its role is essential in delivering more electricity across the country. Through commonsense reforms to the Blanket Certificate outlined in this paper, FERC has the potential to play a pivotal role in building for America's future.

[6] Executive Order 14156, Declaring a National Energy Emergency, Issued by President Donald J. Trump, January 20, 2025