



Major Changes to FERC's Blanket Pipeline Construction Program Are Coming

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On Thursday, May 21, 2026, the Federal Energy Regulatory Commission proposed the biggest changes to its blanket pipeline construction program in nearly two decades. In the [Notice of Proposed Rulemaking](#), the Commission proposed: (i) more than doubling the project cost limits, (ii) implementing a new category of brownfield compression projects without cost limits, and (iii) allowing incremental rates for blanket projects. If implemented, the changes would greatly expand FERC's blanket certificate program to encompass more projects and activities.

Comments on the NOPR are due 60 days after publication in the Federal Register.

The Current Blanket Certificate Program

First created in 1982, the Commission's blanket construction certificate program (codified in Part 157, Subpart F of the Commission's regulations) was designed to provide streamlined procedures to increase flexibility and reduce regulatory burden for certain routine pipeline construction activities. Some of the most minor activities were allowed to be constructed automatically, and other, more intensive projects, were subject to "prior notice" and protest procedures. In 2006, the Commission expanded the program to increase cost limits, include main line facilities, and enhance environmental conditions and landowner notice procedures. The program has been largely unchanged since 2006.

Notice of Proposed Rulemaking

In the NOPR, FERC proposes several significant changes to the blanket certificate program.

Cost Limits

FERC proposes to increase the cost limits on blanket certificate projects.

- automatic authorization cost limit from \$14.5 million to \$30 million dollars,
- prior notice cost limit from \$41.1 million to \$86 million, and
- the annual cost limit for natural gas facilities, including storage wells, used for the testing or development of underground storage reservoirs from \$7.9 million to \$17 million dollars.

FERC explained that pipeline construction costs rose 256.98% from 2006 to 2024 and compression projects costs rose 172.76% over the same period, for an average increase of 214.87%. Meanwhile, the cost limits under the blanket certificate program only rose by 50-51%.

The NOPR also proposes to use the Handy-Whitman Index, in lieu of the Gross Domestic Product Price Deflator, as the basis for making annual adjustments to the cost caps.

Incremental Rates

Currently, pipeline companies may only charge existing rates for projects constructed under the blanket certificate. FERC also applies a presumption that blanket projects qualify for a pre-determination on rolled-in rate treatment. Practically, this requires pipelines to file NGA Section 7 applications for any projects on which they want to charge incremental rates, even if the projects could otherwise be constructed under the blanket certificate.

The NOPR proposes a process by which pipeline companies can charge incremental rates for prior notice projects. Among other things, pipelines would have to supply detailed cost and rate exhibits that are normally filed as part of NGA section 7 applications. For blanket certificate projects that propose to charge existing system rates, the NOPR proposes to maintain the presumption of rolled-in rate treatment, but companies are required to require applicants for prior notice mainline expansions to provide evidence that the project benefits existing customers to justify rolled-in rate treatment.

Mainline Expansions

Under the current blanket certificate program, mainline expansion projects must be authorized using the prior notice process, regardless of costs. FERC's rationale in 2006 when it opened the blanket certificate up to mainline expansions was that at that time, it lacked experience overseeing mainline projects under the blanket certificate.

The NOPR proposes changing this to allow the construction of mainline projects under automatic authorization. However, the Commission is seeking comment on whether those projects are expected to have relatively little impact on ratepayers or pipeline operations, and if it can be assured any issues related to the proper allocation of costs between new and existing customers will be addressed in a future NGA section 4 rate case proceeding.

No Cost Limit for Brownfield Compressor Station Expansions

The NOPR also proposes removing cost limits for expansions within the fence line of existing compressor stations under prior notice procedures. The NOPR explains that limiting this work to within the fence line would limit impacts on landowners but allow pipeline companies to expand their systems using the expedited blanket certificate procedures. The Commission proposes to require pipeline companies to include specific information on the air quality and noise impacts of compressor station upgrades proposed in prior notice requests, and seeks comment on whether this information is necessary.

Extension of In-Service Deadline

Currently, blanket certificate projects are required to be placed in service one year after they are authorized. The NOPR proposes to extend the in-service deadline to two years.

Reporting and Public Notice Changes

The NOPR also proposes to require disclosure of the purpose and beneficiaries of blanket certificate projects, to better understand the underlying support for the projects.

In addition, the NOPR proposes harmonizing landowner notification requirements with those for section 7 applications by requiring notification of all affected landowners by certified or first-class mail.

Additional Changes

The NOPR also proposes the following additional changes to the blanket certificate program:

- harmonizing the treatment of receipt and delivery points by removing cost limits for receipt points eligible under automatic authorization;
- allowing abandonment of facilities based on the actual cost of abandonment rather than the cost to replace the abandoned facilities; and
- allowing for the abandonment of storage wells under automatic authorization if the abandonment does not alter the physical parameters of a storage field.

Seeking Comments

Throughout the one-hundred-page order, the Commission explicitly seeks comment on areas of its proposed changes, and on the following discrete issues:

- the analysis to support the increased cost limits, including a request for additional cost data from industry to further support the cost limit increases;
- the method for annual adjustments to the cost limits, specifically on the application of the Handy-Whitman Index or on the use of any alternative price indices, and whether using a three-year rolling average would be preferable to adjustments based on a single year of data;
- rate and accounting practices for projects charging existing transportation rates, specifically on whether to require pipelines that are proposing to charge existing system rates to maintain separate books and accounting for all blanket certificate projects;

- protest procedures for prior notice projects, specifically who is eligible to file a protest, and whether the Commission should establish a timeline for adjudicating protested prior notice proceedings;
- whether to allow mainline expansions under automatic authorization; and
- whether and how much additional environmental information, specifically air quality and noise information, should be required for applications to expand existing compressor stations.

Implications

Blanket cost limit increases lagged for many years behind actual increases in pipeline project construction costs. By increasing and recalibrating the cost limits, the Commission is proposing to allow pipeline companies to build projects that are similar in size and scope to those that were built 20 years ago under the blanket program. But the Commission went farther. By opening up the program to main line expansions under automatic authorization and brownfield compression projects without a cost limit, the Commission is potentially speeding up approval and construction of projects that can have a greater impact on the natural gas market and reliability of the system by many months, if not a year. Shortened approval timelines could have serious implications for the current data center buildout, for example, where speed to market is a driving factor. It would also allow FERC staff to focus on major pipeline projects, which draw a lot of attention and opposition, potentially speeding up the review process on those projects as well. At the moment, these are just proposals, and the Commission will still need to move these proposed rules into a final form, which will take at least several months to finalize.

Comments are due 60 days after publication in the Federal Register.

For More Information

Van Ness Feldman maintains one of the leading natural gas pipeline practices in the U.S and assists clients developing major natural gas infrastructure across the country. For more information, please contact [Michael Pincus](#), [Michael Diamond](#), or any member of the firm's Pipeline & LNG Practice.

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