

**TESTIMONY OF  
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U.S. DEPARTMENT OF ENERGY**

**BEFORE THE  
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY  
SUBCOMMITTEE ON ECONOMIC GROWTH, ENERGY POLICY, AND  
REGULATORY AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
REGARDING  
LIQUEFIED NATURAL GAS ANALYSIS UPDATE  
APRIL 18, 2024**

**Introduction**

Chairman Fallon, Ranking Member Bush, Chairman Comer and Ranking Member Raskin, and distinguished members of the Subcommittee: thank you for providing me the opportunity to testify at today's hearing regarding the Department of Energy's (DOE) recent announcement regarding updates to our analysis that supports public interest determinations of liquefied natural gas (LNG) export applications.

There is much I and other members of the leadership of the Department of Energy have said about the recent announcement that the Department is updating its analyses that underpin our decisions on applications to export LNG to non-free trade agreement countries. I look forward to sharing some background on that announcement and a status update of where we are today.

But before I get into those details, let me first take a moment to recognize the unprecedented transformation that has come about from the shale revolution that, in less than two decades, has fundamentally changed our Nation's energy prospects from being poised to become a major natural gas importer to becoming the world's top producer and exporter of natural gas – both of which are relatively new roles for our country.<sup>1</sup> Over the past two years, American natural gas has made a difference in helping to meet Europe's supply challenges following the Russian invasion of Ukraine and helped meet the energy security needs of our European, Asian and other international allies and partners.

Last year, U.S. LNG exports reached a new high – averaging nearly 12 billion cubic feet per day (Bcf/d), and they are expected to increase to over 14 Bcf/d next year as new projects come online.<sup>2</sup> By the time all authorized projects currently under construction are complete later this decade, our export capacity is set to reach over 26 Bcf/d, more than double our current level.

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<sup>1</sup> See U.S. Energy Info. Admin., United States Remains the World's Top Producer of Petroleum and Natural Gas Hydrocarbons (May 21, 2018), <https://www.eia.gov/todayinenergy/detail.php?id=36292>; U.S. Energy Info. Admin., The United States was the World's Largest Liquefied Natural Gas Exporter in 2023 (Apr. 1, 2024), <https://www.eia.gov/todayinenergy/detail.php?id=61683>.

<sup>2</sup> U.S. Energy Info. Admin., Short-Term Energy Outlook Data Browser (Apr. 9, 2024), <https://www.eia.gov/outlooks/steo/data/browser/#/?v=15&f=A&s=0&maptype=0&ctype=linechart>.

This means that in 2030, U.S. export capacity will be more than 40% greater than any other country, even accounting for those countries' announced capacity additions.

And our level of *authorized* exports to countries with which there is no qualifying free trade agreement (FTA countries) goes well beyond these numbers; the Office of Fossil Energy and Carbon Management that I lead has authorized exports over 48 Bcf/d to non-qualifying FTA countries – four times our actual current LNG export levels and nearly twice the anticipated export volumes at the end of this decade. This level of authorized exports to non-qualifying FTA countries represents nearly 45% of our current domestic natural gas production levels. By any measure, our export posture is strong and will grow dramatically during the remainder of this decade, regardless of future export approvals.

With that context in mind, I think there are some clear reasons why DOE needs to refresh evaluations of the impacts of authorizing further exports. We need to understand how additional authorized exports could impact our economy, communities, domestic consumers and manufacturers, international partners, and the environment.

To that end, on Friday, January 26<sup>th</sup>, DOE announced that we are undertaking a review of our analyses that underpin public interest determinations of applications to export LNG to non-FTA countries. While the update to our analyses is being completed, DOE will defer making determinations on all pending non-FTA LNG export applications. Also, during this period while the update is being completed, several types of applications will still be reviewed and processed, including applications to export to countries with which there is a free trade agreement in effect requiring national treatment with respect to natural gas (which are automatically deemed in the public interest pursuant to the statutory language of the Natural Gas Act) as well as applications submitted under DOE's small scale rule<sup>3</sup> and applications to amend the date to commence exports for current authorization holders.<sup>4</sup>

## PAST ANALYTIC UPDATES AND PROCESS

Regular updates to economic and environmental analyses have long been a critical component of DOE's public interest determinations under NGA section 3(a). In 2011 and 2012, with 15 pending applications to export LNG from the lower-48 states to non-FTA countries, DOE commissioned two studies to examine the domestic economic impacts of U.S. LNG exports. In December 2012, DOE published the first two economic studies collectively as the 2012 LNG Export Study. During that update, as with this one, DOE temporarily deferred its review of all pending non-FTA applications.

Two years later, in 2014, DOE announced plans to undertake new economic studies to gain a better understanding of how even higher levels of U.S. LNG export—at levels between 12 and

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<sup>3</sup> Under DOE's regulations, "[s]mall-scale natural gas exports are deemed [consistent with the public interest under section 3(a) of the [NGA]]." 10 C.F.R. § 590.208(a).

<sup>4</sup> Dep't of Energy, The Temporary Pause on Review of Pending Applications to Export Liquefied Natural Gas (Feb. 23, 2024), <https://www.energy.gov/fecm/articles/temporary-pause-review-pending-applications-export-liquefied-natural-gas>.

20 Bcf/d of natural gas—would affect the public interest. In late 2015, DOE published the 2014 and 2015 LNG Export Studies to inform its public interest determinations on non-FTA applications under NGA section 3(a).

By early 2018, DOE again determined that a new economic study was warranted in light of both the total volume of non-FTA exports authorized at that time (equivalent to 21.35 Bcf/d of natural gas) and the additional volume of LNG requested for export in then-pending applications. Accordingly, six years ago—in June 2018—DOE published its fifth and most recent economic study, entitled *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports (2018 LNG Export Study)*. DOE provided notice of each of these economic studies in the *Federal Register* and solicited public comment. This associated public comment process has been a valuable part of DOE's decision-making.

Additionally, beginning in 2014, DOE undertook studies to evaluate the environmental impacts associated with LNG exports to inform its NGA section 3(a) public interest determinations in non-FTA export applications. DOE has continued to rely on the following three environmental studies in its review of non-FTA applications, including DOE's National Environmental Policy Act (NEPA) review:

- Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States (2014);
- Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States (2014); and
- Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States (2019).

The established framework for making public interest determinations relies on economic and environmental analyses to inform DOE of the potential impacts of additional exports. As we explained in an order denying a petition for rulemaking brought by several environmental groups last summer, “[b]ecause 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.”<sup>5</sup> DOE’s current analysis update is consistent with last summer’s order.

## **NEXT STEPS AND TIMELINE**

In the current update of our economic and environmental analyses, we are partnering with two of our national laboratories—the National Energy Technology Laboratory, NETL, and Pacific Northwest National Laboratory, PNNL—to support the underlying modeling work. The work is

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<sup>5</sup> Dep’t of Energy, Order Denying Petition for Rulemaking on Exports of Liquefied Natural Gas, at 28 (July 18, 2023), <https://www.energy.gov/sites/default/files/2023-07/DOE%20Response%20to%20Sierra%20Club%27s%20Petition%20for%20Rulemaking%207.18.2023%20%2802%29.pdf>.

well underway, and we may seek further expertise from the national labs as this effort continues to progress.

This effort will be similar to prior analytic updates in that we will evaluate the economic and environmental impacts of U.S. LNG exports. But one key difference is that when past analytic updates were undertaken, the reality of U.S. LNG exports was speculative or nascent. Now, after several years of a burgeoning U.S. natural gas export sector, there exists extensive data and many key global events and trends to acknowledge and incorporate. As mentioned earlier, we have seen the pivotal role U.S. LNG is playing in safeguarding global energy security. Yet, we have also seen periods during which U.S. LNG exports had a noticeable influence on domestic prices, especially when demand outpaced supply following the post-COVID economic recovery.<sup>6</sup> And we are seeing how LNG exports affect communities near liquefaction sites in both positive and negative ways. Finally, we have learned a lot more about greenhouse gas emissions from the natural gas supply chain and what actions can and should be taken in order to mitigate them.<sup>7</sup>

We are working as quickly as we can to complete this work in a conscientious and defensible manner, and are planning for a 60-day comment period. Together with the public comment process, we estimate that the update will be completed by the end of the first quarter of 2025.

## CONCLUSION

The update to our program is a necessary temporary step so that DOE can avoid reliance on stale data and analyses in our review of non-FTA applications under NGA section 3(a). DOE is proud of its strong record of success defending NGA determinations that rely on well-supported and up-to-date analyses. Without the updated analyses, applicants whose non-FTA export applications are approved by DOE would likely face challenges from organizations alleging that DOE improperly relied on outdated analyses in making its public interest determinations. The Update ensures that DOE relies on the most up-to-date and robust data and analyses, to the benefit of not only U.S. consumers and the Nation's economic competitiveness, but also the applicants for non-FTA export authorizations themselves.

Thank you. I look forward to your questions.

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<sup>6</sup> The Federal Energy Regulatory Commission (FERC)'s 2022-23 Winter Energy Market and Reliability Assessment concluded that "continued growth in net exports, including from liquefied natural gas (LNG) export facilities will place additional pressure on natural gas prices this winter." FERC, Winter Energy Market and Reliability Assessment, 2022-2023, at 1 (Oct. 25, 2022), <https://ferc.gov/media/report-2022-2023-winter-assessment>.

<sup>7</sup> Dep't of Energy, Fact Sheet: Greenhouse gas Supply Chain Emissions Measurement, Monitoring, Reporting and Verification Framework (Mar. 22, 2024), <https://www.energy.gov/fecm/articles/fact-sheet-greenhouse-gas-supply-chain-emissions-measurement-monitoring-reporting-and>