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February 2, 2023

The Honorable Jeff Duncan
Chairman
Subcommittee on Energy, Climate & Grid
Security
U.S. House of Representatives
Washington, DC 20515

The Honorable Diana DeGette
Ranking Member
Subcommittee on Energy, Climate & Grid
Security
U.S. House of Representatives
Washington, DC 20515

Re: Manufacturers Strongly Oppose H.R. 647, the “Unlocking our Domestic LNG Potential Act of 2023”

Dear Chairman Duncan and Ranking Member DeGette:

On behalf of the Industrial Energy Consumers of America’s (IECA) manufacturing companies, with over 12,000 locations nationwide, we strongly oppose this legislation which strips vital consumer protections from the Natural Gas Act (NGA). Excessive LNG exports can negatively impact U.S. natural gas and electricity reliability and costs. The removed NGA provisions are essential to allow the U.S. Department of Energy (DOE) to act to protect consumers in the event of unforeseen circumstances that impact reliability and price and these provisions have had no impact on slowing down approvals of LNG exports. In fact, approved LNG capacity is equal to 55 percent of U.S. 2021 natural gas demand.

The first responsibility of the U.S. Congress is to assure reliability and reasonable prices in the U.S. market, not to accelerate LNG exports. Increased LNG exports are inflationary. For example, in May 2022, national inventories fell 17 percent below five-year average levels, resulting in Henry Hub prices of over \$9.00/MMBtu, a level that is three times higher than in recent history. Increased LNG exports have a direct impact according to both the Federal Energy Regulatory Commission (FERC) and the Energy Information Administration (EIA).¹

U.S. 2021 natural gas consumption equaled 75.7 billion cubic feet per day (Bcf/d) and now a total of 41.9 Bcf/d of LNG export capacity is either operating, under construction, or approved and not under construction, this equals a volume of exports equal to 55 percent of U.S. demand. The pending applications and projects in pre-filing are equal to another 10.1 Bcf/d.^{2 3}

¹ “FERC Says LNG Export Growth Key Factor in Higher Summer Natural Gas, Electric Prices,” Natural Gas Intelligence, May 20, 2022, <https://www.naturalgasintel.com/ferc-says-lng-export-growth-key-factor-in-higher-summer-natural-gas-electric-prices/>

² Natural Gas, U.S. Energy Information Administration (EIA), <https://www.eia.gov/naturalgas/>

U.S. LNG EXPORT TERMINAL STATUS

Status	Terminal	Location	Capacity (Bcf/d)
Existing			
	Cheniere/Sabine Pass LNG: Trains 1-6	Sabine, LA	4.55
	Dominion-Cove Point LNG	Cove Point, MD	0.82
	Cheniere-Corpus Christi LNG: Trains 1-3	Corpus Christi, TX	2.40
	Sempra-Cameron LNG: Trains 1-3	Hackberry, LA	2.15
	Southern LNG Company: Units 1-10	Elba Island, GA	0.35
	Freeport LNG Dev/Freeport LNG Expansion/FLNG Liquefaction: Trains 1-3	Freeport, TX	2.38
	Venture Global Calcasieu Pass: Units 1-6	Cameron Parish, LA	1.11
<i>Subtotal</i>			13.76
Approved, Under Construction			
	Venture Global Calcasieu Pass: Units 7-9	Cameron Parish, LA	0.55
	ExxonMobil-Golden Pass	Sabine Pass, TX	2.57
	Venture Global Plaquemines	Plaquemines Parish, LA	3.40
	Driftwood LNG	Calcasieu Parish, LA	3.81
	Cheniere Corpus Christi: Stage III	Corpus Christi, TX	1.58
<i>Subtotal</i>			11.91
Approved, Not Under Construction			
	Lake Charles LNG	Lake Charles, LA	2.27
	Magnolia LNG	Lake Charles, LA	1.19
	Sempra-Cameron LNG: Trains 4 & 5	Hackberry, LA	1.41
	Sempra-Port Arthur LNG: Trains 1 & 2	Port Arthur, TX	1.86
	Freeport LNG Dev: Train 4	Freeport, TX	0.74
	Gulf LNG Liquefaction	Pascagoula, MS	1.50
	Eagle LNG Partners	Jacksonville, FL	0.13
	Texas LNG Brownsville	Brownsville, TX	0.55
	Rio Grande LNG-NextDecade	Brownsville, TX	3.60
	Commonwealth LNG	Cameron Parish, LA	1.21
	MARAD/USCG	Gulf of Mexico	1.80
<i>Subtotal</i>			16.26
Pending Applications			
	Sempra-Port Arthur LNG: Trains 3 & 4	Port Arthur, TX	1.86
	Venture Global CP2: Blocks 1-9	Cameron Parish, LA	3.96
	Venture Global Calcasieu Pass	Cameron Parish, LA	0.06
	Sempra-Cameron LNG Vacate T5 & modify T4	Hackberry, LA	-0.45
	Venture Global Plaquemines	Plaquemines Parish, LA	0.45
	Sempra – EnergiaCosta Azul: Phase 1	Baja California, MX	0.40
<i>Subtotal</i>			6.28
Projects in Pre-Filing			
	Port Fourchon LNG	LaFourche Parish, LA	0.65
	Delta LNG-Venture Global	Plaquemines Parish, LA	2.76
	Cheniere Corpus Christi Midscale: Trains 8-9	Corpus Christi, TX	0.45
<i>Subtotal</i>			3.86
Grand Total			52.07 Bcf/d

³ North American LNG Export Terminals – Existing, Approved not Yet Built, and Proposed, Federal Energy Regulatory Commission, Last Updated on January 24, 2023, <https://www.ferc.gov/natural-gas/lng>

It is important to remember that global LNG customers, which include Chinese state-owned enterprises and utilities of foreign governments, have options to buy from multiple production markets globally, U.S. consumers do not. We are captive and that is why it is paramount to maintain the NGA protections for U.S. consumers. It is predictable that as LNG exports increase, U.S. natural gas reliability and costs could be negatively impacted. Increased demand puts upward pressure on prices.

Increased LNG exports accelerates the threat of price inflation. On October 5, 2022, the chairman of the LNG company Tellurian Inc, Charif Souki, stated that "Getting (U.S.) gas in the water for \$4-\$5 is something of the past; if you really want to justify an investment...you have to think of \$10-\$12."⁴ On September 28, 2022, the Federal Reserve Bank of Dallas released the results of its Dallas Federal Energy Survey. Sixty-nine percent of the executives surveyed expect the age of inexpensive U.S. natural gas to end by year-end 2025.⁵ The 2025 timing is aligned with the next tranche of LNG export capacity coming online.

We urge you to oppose this legislation. Thank you for your support.

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: House Committee on Energy and Commerce
The Honorable Jennifer Granholm
Federal Energy Regulatory Commission

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.8 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, independent oil refining, and cement.

⁴ U.S. gas at \$4-\$5 is a thing of the past, says Tellurian chairman; <https://www.msn.com/en-us/money/markets/u-s-gas-at-4-5-is-a-thing-of-the-past-says-tellurian-chairman/ar-AA12Axho?ocid=msedgdhp&pc=U531&cvid=2984610aa1c84b43afc051f3c4a55e99>

⁵ Federal Reserve Bank of Dallas, <https://www.dallasfed.org/research/surveys/des/2022/2203.aspx#tab-forecastcharts>