

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on H.R. 6, the “Domestic Prosperity and Global Freedom Act”
March 25, 2014

(As Prepared for Delivery)

This subcommittee has spent a great deal of time analyzing the impact of the nation’s oil and natural gas boom. One recurring theme throughout our work is that federal policy has not yet adjusted to the new reality of American energy abundance, and in fact Obama administration red tape often stands in the way of the potential benefits of the energy boom. This is clearly the case with regard to the administration’s barriers to natural gas exports, which is why my friend and colleague Cory Gardner has introduced H.R. 6, the “Domestic Prosperity and Global Freedom Act,” which would facilitate the export of natural gas.

According to the Energy Information Administration, America’s natural gas output has been rising since 2006. EIA projects the increases to continue through 2040, and expects domestic production of natural gas to remain well above domestic demand. And at the same time that we have this natural gas surplus, many of our allies round the world urgently need additional natural gas supplies.

The case for mutually beneficial trade in liquefied natural gas (LNG) is a strong one. This was the conclusion I drew from our two hearings on energy exports, as well as our October 10, 2013 forum that invited representatives from 11 foreign governments to discuss their perspectives on U.S. LNG.

At the forum, we had the opportunity to hear from three European allies - Hungary, Lithuania, and the Czech Republic. All three face the difficulties of being reliant on Russia for natural gas. In particular, they explained that they bear the brunt of Russian economic and political pressure backed up by the threat of raising prices or even cutting off gas supplies.

Our European allies expressed a strong interest in being able to import LNG from the U.S. They stressed that even relatively modest volumes of U.S. LNG reaching the European market can greatly reduce Russia’s leverage. They also noted that the mere signal that America is serious about natural gas exports would immediately strengthen their negotiating position, long before the first LNG shipment goes out. This subcommittee is grateful to Anita Orban, Hungary’s Ambassador-at-Large for Energy Security, for participating in that forum and for appearing before us again today.

And I might add that our efforts to better understand the geopolitical benefits of U.S. LNG exports were underway well before the current crisis in the Ukraine erupted. But the Ukraine situation further underscores those benefits.

There is no question that American LNG exports would be great news for our allies in Europe as well as other nations around the world that want to buy our LNG. But it is also great news for our economy here at home. A study conducted for the Department of Energy concluded that LNG exports would provide net benefits for American consumers and the economy overall. A subsequent update of that study confirmed those benefits and also highlighted the net jobs created by LNG exports. I am happy to have the lead author of these studies, David Montgomery, appearing before us today.

Despite all of these benefits, the current process for approving LNG exports is very slow and unpredictable. Just yesterday, the DOE approved an application to export LNG from the Jordan Cove Terminal in Coos Bay, Oregon. This marks the 7th application to be approved by DOE, but there are still over 20 applications pending. While the world waits for natural gas from America, a backlog of applications to export languishes at the Department of Energy. H.R. 6 cuts the red tape, approves the pending applications, and provides future applicants with a much more reasonable process.

U.S. LNG exports would be an economic success story and a foreign policy success story, and would come at a time where the nation could use a lot more of both.

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