COMMITTEE ON
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Pallone Opening Remarks at Energy Hearing on LNG Exports and PURPA

Washington, DC – *Energy and Commerce Ranking Member Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at an Energy Subcommittee Hearing on "Legislation Addressing LNG Exports and PURPA Modernization:"*

Today we will be examining legislation addressing natural gas exports and changes to the Public Utilities Regulatory Policies Act (PURPA). While I am pleased we are taking the time to examine these bills, I fail to see the need for almost any of the policy changes they propose.

First, we have H.R. 4605, the "Unlocking Our Domestic LNG Potential Act." The bill does away with the Natural Gas Act's prohibition on the import or export of natural gas without prior approval from the Department of Energy (DOE). It removes longstanding consumer protections, and prevents DOE from ensuring exports of liquefied natural gas (LNG) to non-Free Trade Agreement (FTA) countries are consistent with the public interest. As a result, the public would not have an opportunity to know about, or provide input on, natural gas exports to any country at any level. Furthermore, we must have a mechanism for the federal government to know the source and destination of gas imports and exports, something that is critical for our national security.

DOE's process for reviewing and approving gas export applications is working efficiently and effectively, so I fail to see a reason to alter it, let alone do away with it completely as proposed by this bill. I am particularly concerned that the unrestricted export policy included in this bill could significantly impact domestic natural gas prices and adversely affect American consumers and manufacturers. Furthermore, unfettered exports could be even worse for climate change. The policy incentivizes widespread fossil fuel extraction with virtually no environmental protections, adds more fossil fuels to the electricity mix rather than replacing dirtier sources, and artificially props up the coal industry.

H.R. 4606 appears to be an attempt to codify the Trump Administration's recently proposed rule to expedite the approval of "small-scale natural gas exports." That rule would deem certain lower volume exports to non-FTA countries in the public interest, so long as DOE's

approval of the application does not require an environmental review under the National Environmental Policy Act (NEPA). I have concerns about this rule, but it is a model of restraint compared to this legislation, which would keep DOE's volume limit, but completely jettison the requirement that applications qualify for a categorical exclusion from NEPA. It speaks volumes that this bill has even fewer environmental safeguards than a Trump Administration proposal. The bill also fails to prevent applicants from using this new process to evade the public interest determinations required for large-scale exports by segmenting a large volume gas export into a series of smaller proposals.

Perhaps even more troubling is that, according to the Congressional Research Service, only one project currently meets the capacity requirements of the Administration's small-scale LNG rule but does not qualify for a categorical exclusion: a project in development by Eagle LNG Partners in Jacksonville, Florida. Since the bill does not include a categorical exclusion provision, the Jacksonville facility would be the only project to benefit from this new expedited process. That sounds suspiciously like the kind of legislative earmark I thought my Republican colleagues opposed. I look forward to hearing my colleagues' views on that matter, and why this bill is even necessary at all.

Finally, there is H.R. 4476, the "PURPA Modernization Act of 2017," which significantly alters section 210 of PURPA. This provision has long ensured beneficial competition for generating resources, saved consumers money, and furthered the growth of renewables and cogeneration. This committee, under the leadership of former Chairman Barton, struck the right balance when it significantly updated PURPA in the Energy Policy Act of 2005. In contrast, this bill lacks that balance, with two of the three main components of H.R. 4476 representing a direct assault on PURPA that would solidify the monopoly power of utilities in areas without competitive wholesale or retail markets.

Having said that, I am not completely opposed to updating PURPA. The part of Mr. Walberg's bill dealing with the so-called "one mile rule" – which many claim has encouraged the segmentation of PURPA projects that would otherwise not qualify under the law-- merits attention. It is certainly a topic that we would be willing to try to address in a bipartisan fashion.

Thank you. I yield back the balance of my time.

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