



EQT CORPORATION

625 Liberty Ave | Pittsburgh, PA 15222-3111
P: 412.553.5700 | www.eqt.com

House Energy and Commerce Committee
Subcommittee on Energy, Climate and Grid Security

February 6, 2024

Testimony of Toby Z. Rice, CEO and President:

Chair Duncan, Ranking Member DeGette, Members of the Subcommittee, thank you for inviting me to participate in today's hearing.

My name is Toby Rice, and I am the CEO of EQT, the country's largest producer of natural gas. To be clear, I am an unabashed advocate for U.S. natural gas and I have been vocal in my belief that the decision from the Biden Administration is both short-sighted and transparently political. But it is also my opinion that the goals of both sides of the aisle are advanced by natural gas, and the export of U.S. LNG. Both deserve strong bipartisan support – support that is needed for the continued prosperity and success of our nation.

My company produces roughly 6 billion cubic feet per day of natural gas, equivalent to 1 million barrels per day. This production represents 5% of this country's natural gas – developed safely and in a way that prioritizes environmental protection. Every day, our crew of nearly 1,000 employees alongside our 25,000 person contractor base are on a mission to make the energy we produce cheaper, more reliable and cleaner. Our efforts have played a meaningful role in advancing climate progress and providing energy security to Americans, while providing billions of dollars in economic stimulus to the states in which we operate.

In addition to the jobs we support, over the past few years EQT has averaged nearly 1 billion dollars in payments to Pennsylvania, Ohio, & West Virginia landowners. These are good, salt of the earth families who are able to utilize the revenue from their wells to send their children to college, support their family farms and businesses, and provide for future generations. The funds and fees we send to the states go to schools, hospitals, roads and bridges. These stories of opportunity and prosperity are not unique to Appalachia states. They echo across the 38 states that host oil and natural gas production. Across the United States, roughly 15% of our natural gas is exported as U.S. LNG. For EQT alone, it's fair to say that 15% of our landowner payments or 150 million dollars to Appalachian families is the direct result of LNG exports.

We are providing this homegrown energy while also demonstrating world-leading environmental performance. Since 2019, EQT – which already had world-leading emissions performance – has been on a mission to make our energy cleaner and we have successfully cut our methane intensity by roughly 70%. We have taken actions to enhance our operational efficiencies (translating directly to lower emissions), we are electrifying our operations (replacing diesel consumption to lower emissions), and we have removed the biggest source of methane emissions (pneumatic devices). These actions have been impactful, fast (less than 18 months), and cost effective (averaging less than \$10/ton CO₂e abated). We're also gold certified in emissions monitoring and management under the UN Environment Programme's OGMP 2.0 framework.

EQT expects to be the first traditional energy company of scale in the world to achieve net zero on a scope 1 and 2 basis, which we anticipate will occur by the end of this year. By facilitating the replacement of coal-fired power generation, EQT alone has contributed to roughly the same amount of emissions reductions within the United States as the entire U.S. solar industry.

U.S. LNG has the potential to fundamentally alter the energy landscape. America's status as the number one exporter in the world should be celebrated and not decried. A continued acceleration of U.S. LNG exports is the single most impactful thing we could do to solve the global energy crisis and provide energy security to Americans. Over the last two decades, not only has the United States had the lowest energy costs in the world – resulting in one of the strongest economies in the world – it has also led the world in emissions reduction. The shale gas revolution has powered our economy and prevented us from being reliant on foreign sources of natural gas – all the while driving over 60% of the emissions reduction the United States experienced since the turn of the century by displacing coal-fired power generation. To put this into context, the emissions reduction of coal-to-gas switching in the United States alone is roughly equal to all the emissions reductions from the UK, Italy, Germany and Japan, combined. In just 6 years, the

decarbonization impact of U.S. LNG replacing coal was greater than the entirety of Germany's renewables program, the most aggressive renewables deployment program in the world.

The workhorses powering the substantial majority of this economic and emissions reduction engine, the Marcellus and Utica Shales, sit underneath Pennsylvania, Ohio and West Virginia. And it is my opinion that this asset has already demonstrated and will continue to demonstrate that it is the single largest, most valuable, and most strategic traditional energy asset on the planet.

Not only do I believe that this asset will serve as a critical component of our energy mix within the United States for decades to come, I believe that we have sufficient resources to replicate these successes abroad.

To that end, I find the announced moratorium on new LNG authorizations to be a significant step in the wrong direction. And last week, I sent a letter to Secretary Granholm arguing against the moratorium, the substance of which I have replicated below. It is worth noting that this is the second letter that I have sent to Secretary Granholm following calls to curtail U.S. LNG under arguments of both climate and cost impact. The first such letter was sent eight days before Russia invaded Ukraine.

We are fortunate to live in a country that is blessed with abundant resources, a top-of-the-line workforce and the ingenuity of the American people. We are privileged to be able to argue over our energy mix and the weighting of various energy sources over others. But this is not the case for so many outside our borders. We have an opportunity to provide a lifeline to the globe and to show how other countries can eventually follow in our footsteps. This is what the United States does – we lead. Let's embrace the opportunity in front of us. We can lower global emissions and increase energy security. Right now. With U.S. LNG.

I'm not here to say any one energy source is perfect and that we have all the answers today, but it is imperative that within this conversation around LNG exports we all acknowledge the need for America to get back to building things. From natural gas pipelines and LNG export facilities to transmission lines, solar farms to nuclear plants, we need to build. The permitting process of today is not one fit for this purpose, and we are seeing the results play out. The stated concern from the Biden administration regarding costs to consumers as a result of LNG exports is misplaced, at best. It is the inability to construct infrastructure that is driving inefficiencies in our energy systems and creating substantial costs for our citizens, with household energy prices increasing 30% in just the last three years. On top of that, our pace of decarbonization has plateaued.

I implore Members of Congress to take this issue seriously, as I worry that we are on the brink of a significant energy crisis within the country. That crisis will not be solved by keeping more resources here at home. Resource scarcity is not the problem – we have more than we could ever need. The problem is instead that we are phasing out the energy system of prior generations at a pace that is not being matched by the building of the energy system of future generations.

To solve this issue, we must build things. To build things, we need to address a fundamentally broken system. And to acknowledge the true source of that broken system, we need political courage. Playing politics with energy must stop and this moratorium must be lifted.

Excerpts from Toby Z. Rice Letter to Energy Secretary Jennifer Granholm, January 30, 2024

The World We Are In

The Moratorium comes approximately one month after the conclusion of COP28, where coordinated action is outlined to address climate change. At the conclusion of COP28, signatory countries from around the world agreed to a Global Stocktake, outlining key principles and priorities for our collective action against climate change. The Global Stocktake is important both in what it said and what it did not say.¹

First and foremost, the signatory parties rejected calls to "phase out" or even "phase down" fossil fuels – as was fiercely advocated for by a select number privileged nations – landing instead on a call to "transition away from fossil fuels

¹ The Global Stocktake can be found [here](#).

... in a just, orderly and equitable manner ... so as to achieve net zero by 2050 in keeping with the science.” While some have attempted to draw an equivalency between the final language and that of a “phase out” or “phase down,” no equivalency exists, a fact that becomes readily apparent with a continued reading of the Global Stocktake.

The Global Stocktake is of particular importance because this COP was tasked with reflecting on the progress and efficacy of the strategy deployed to date in addressing climate change. While a lot of media attention has been focused on the first mention of “fossil fuels” in a COP readout, there were other “firsts” that deserve equal, if not more, attention.

For the first time, the Global Stocktake specifically referenced the importance of nuclear; carbon capture, utilization and storage (“CCUS”); and “transitional fuels” – a politically palatable pseudonym for natural gas. That the Global Stocktake referenced each mainstream non-renewables alternative to coal-fired power generation should not be a surprise to anyone paying attention to what is happening in the real world.

Emissions from coal globally have hit all-time highs in each of the last three years, and there is no realistic option to achieving a 1.5 degree scenario absent a rapid, significant reversal of this trend.² The global community recognizes this, as the Global Stocktake calls for “[a]ccelerating efforts towards the *phase-down* of unabated coal power” (emphasis added) – emphasizing the intention for unabated coal to be viewed as separate from, and not a peer to, transition fuels. To achieve this phase-down, the Global Stocktake calls on a tripling of renewables by 2030 and an acceleration of nuclear and CCUS, and recognizes “that transitional fuels” – i.e., natural gas – “can play a role in facilitating the energy transition while ensuring energy security.”

If the global community thought that phasing down unabated coal (much less reaching net zero) could be achieved without nuclear, CCUS and natural gas and instead with renewables alone, it would have documented it as such. It’s hard to imagine that a COP of all places would resolve differently if that were the case.

What the Global Stocktake is saying, however, is that we need more renewables, more nuclear, more natural gas and more CCUS to even get on the path to reaching a 1.5 degree. This makes sense to anyone that actually understands how power generation works, how much worse coal is than all other alternatives, the scale of coal in the world, and the physical and economic shortcomings of renewables.

Undoubtedly, the events of recent years also influenced the signatories in their assigning importance to natural gas, and in particular natural gas in the form of LNG, in the sustainability of the energy transition. The price shocks of 2021 and 2022, exacerbated by the weaponization of natural gas by Russia, wreaked global havoc. While we can debate whether the energy insecurity that arose during this time period was an organic outcropping of the transition strategy deployed to date or was instead foisted on the world by Russia, the result is the same. From a climate perspective, not only did the insecurity result in rampant increases in coal consumption and associated emissions, but otherwise fragile nations (including nations for which the label “fragile” was previously unthinkable) had to significantly devalue climate in their efforts to keep the lights on.

For Europe and those concerned about climate, virtually all thanks for rectifying this situation should be directed to the United States natural gas and LNG industry. These industries on their own effectuated the greatest re-direction of energy flows the world has ever seen, and they did it in a way that kept prices low for American consumers.³ In time, the efforts of this industry will be looked upon in the same light as the mobilization of the industrial sector in World War II.

The World We Seek to Become

² IEA (2023), Greenhouse Gas Emissions from Energy Data Explorer, IEA, Paris, <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>; IEA (2023), Global coal demand set to remain at record levels in 2023, IEA, <https://www.iea.org/news/global-coal-demand-set-to-remain-at-record-levels-in-2023>.

³ Within one year of the invasion, domestic natural gas prices are currently below the trailing 20-year average. In fact, with the exception of late 2021 and 2022, domestic natural gas prices have remained at or below this 20-year average in every year in which U.S. LNG has been exported.

It is against this backdrop that the Moratorium has been announced, and its announcement is a signal that our nation has not yet fully grasped the complexity of the journey upon which we have embarked, and as a result, has not yet come to understand the role that the United States must play in the transition.

The campaign executed by the proponents of the Moratorium is a part of a dangerous movement, one that negatively impacts our efforts to address climate change. It is a movement that galvanizes around blocking marginal domestic development projects with memorable names – be it Keystone XL, Mountain Valley Pipeline, Willow or CP2⁴ – under the auspices of climate change without any debate or discussion around, or accountability for, the secondary or tertiary impacts that will result in a “success” scenario. It is one that labels CP2 as a “climate bomb” while simultaneously blocking solar farms and offshore wind projects,⁵ one that sides with a coal lobby in seeking to block the construction of a natural gas pipeline.⁶ It is one that has inserted unpredictable chaos and costs⁷ into the very system seeking to provide our nation with the power and prosperity needed to effectuate our climate goals. At its core, it is an anti-development movement.

By instituting the Moratorium, the proponents have been effectively deputized as heads of our climate and energy policies, empowering them to double-down on their anti-development strategy and putting at risk the historic climate investments promulgated under the Biden Administration. While challenging the development of transmission lines, solar farms, offshore wind projects, nuclear plants and pipelines here in the United States is one thing, blocking the construction of LNG facilities is on an entirely different level in light of the backdrop outlined above.

Providing affordable LNG is our *only* means of influencing global decarbonization at any scale that is not in the form of paper (dollars or agreements). Yes, the United States is the largest exporter of natural gas in the world. However, the growth in natural gas export over the last decade – a cited basis for the need to “pause” – is miniscule in light of what is needed to address climate, obviating the need for only approximately 7% of international coal consumption.⁸

We need to do more, much more.⁹

It should not be viewed as illogical to assume that the United States – which along with Russia, Iran, and Qatar,¹⁰ holds roughly two-thirds of the world’s economically-recoverable natural gas resource – will over time transition to

4 I would be surprised if any of the proponents of the Moratorium can name a single coal mine or coal-fired power plant. I’d be equally surprised if they understood the global emissions of coal, that coal emits more methane than natural gas globally, or that absent natural gas replacing coal the current Administration would be overseeing increasing domestic emissions.

5 [Survey of Utility-Scale Wind and Solar Developers Report](#)

7 [Coal Industry Opposes Natural Gas Pipeline](#)

7 It is not LNG exports, but rather the inability to construct energy projects because of activists like the proponents that is the primary contributor to the elevated consumer energy prices. While natural gas prices today are in line with prices in 2020, the consumer price index for household energy today is 30% higher than in 2020, despite having remained flat for the prior decade. See [here](#). In fact, a recent [study](#) by the National Economic Research Associates (NERA) found that it was not LNG export, but rather the inability to construct natural gas pipeline infrastructure, that was a material impediment to keeping natural prices low for domestic consumers. Fixing this problem requires bi-partisan support for permitting reform, a task that has become more difficult politically with the imposition of the Moratorium.

8 In 2023, the United States exported approximately 86 million tons of LNG, sufficient to provide 638 billion kwh of electricity generation, versus global coal generation of 8,848 billion kwh. <https://www.eia.gov/outlooks/ieo/data.php>

9 That proponents of the Moratorium [recently pointed out](#) the potential for LNG projects to power 500 million homes – a number that honestly is highly suspect given that the volumes in question represent a fraction of the natural gas consumed in America, with its 144 million homes – to support *preventing* the export is itself perverse. It is in effect saying that the intended purchasers of this LNG should go without power. Undoubtedly, the proponents would argue that solar and wind are “cheaper,” readily available alternatives. If this were true, why then do we have to have a global edict calling for the tripling of their rate of deployment and recognizing “the need to increase the affordability and accessibility of such technologies,” and why are market dynamics calling for the construction of multi-billion dollar projects to provide “more expensive” LNG?

10 It is worth noting that absent the shale gas revolution, we in the United States would be importing from these countries today. Some may say that we would have instead transitioned faster to renewables. I would direct those people to look to New England, where over a decade ago pipelines intended to connect the region to the Appalachian Basin were blocked under the auspices of an anticipated displacement of natural gas demand by renewables. Today, New England uses more natural gas than a decade ago, and imports this gas from Trinidad and Tobago, through none other than LNG. And if a world in which the United States importing natural gas from Russia, Iran or Qatar is concerning, please recognize that this is the position in which the moratorium is placing all other countries in the world.

exporting a greater portion of its natural gas. While we can debate whether in a net zero scenario the United States would consume less or more natural gas,¹¹ surely we can agree that nations around the world currently and increasingly powered by coal will want greater access to natural gas. For the 190 or so countries in the world not named above that lack domestic natural gas opportunities of necessary scale, that gas has to come from somewhere, and in the free world, that somewhere is America.

The market demand is there, it is why the now paused projects were being built in the first place. The markets work, the markets are influenced by the framework that the world agrees is best to address climate, and the markets are calling for more U.S. LNG.

Blocking the *export* of climate solutions is an especially dangerous precipice, even before factoring in the obvious geopolitical ramifications. The countries that were going to purchase U.S. LNG have their own Nationally Determined Contributions (“NDCs”) in line with the Paris Accord, and as such are required to consider the climate impacts of the imported LNG in their overall analyses. Presumably they determined that, like virtually all countries that have made meaningful climate progress, natural gas is actually a *necessary good* for them, and not an unnecessary evil as those behind the Moratorium would have us believe.¹²

By blocking the LNG export projects these countries were relying upon, the Administration has effectively repatriated authority away from those who are tasked with and accountable for meeting their NDCs, who are most knowledgeable of what it will take to achieve them, and who are planning and investing accordingly. It has handed this authority to an unelected political minority that has no accountability to the citizenry that its decisions impact, inserting significant disruption, uncertainty, costs and risks into their transition. And it provides support to a false premise that these countries must not be taking climate as seriously as we are, disenfranchising a significant portion of the world.

In effect, it simultaneously rewrites and undermines the Paris Accord, the very basis through which the United States seeks to influence the emissions over which it has no direct control and on which substantially all of our success in addressing climate change is dependent. It is the framework under which this and future administrations, as well as our allies and adversaries, work to achieve one of the most monumental tasks in human history.

To unilaterally change the rules of the road has significant follow-on risks, risks that dwarf the alleged climate impacts of the planned LNG facilities. If any moratorium is needed to analyze climate risks, it should be one that looks at the risks of our current approach to the transition as a whole. That in effect was the purpose of the Global Stocktake, and the world has spoken.

The Moratorium should be lifted immediately.

Sincerely,



Toby Z. Rice
President and Chief Executive Officer

¹¹ A recent [study](#) on pathways to achieve economy-wide net zero by 2050 in the United States found that a pathway that leveraged low-cost natural gas and carbon capture would cost American citizens approximately \$9,000 per household per year *less* than a pathway that restricted access to those solutions. To put this into context, while both would achieve net zero, the pathway that does not leverage natural gas would have the secondary impact of putting roughly 10% of the United States, or 30 million citizens, into poverty.

¹² Imposing a *delay* on LNG projects, and putting at risk their ultimate development, is therefore directly contrary to the calls of the global climate community to “*accelerate* efforts towards the phase-down of unabated coal power” (emphasis added) and to the recognition that transitional fuels such as natural gas “can play a role in facilitating the energy transition while ensuring energy security.” And the manner on which the delay has been imposed is most definitely not “just, orderly and equitable.”

Additional Materials:

Unleashing U.S. LNG PowerPoint: https://www.eqt.com/wp-content/uploads/2022/03/LNG_Final.pdf

January 2024 Letter to Secretary Granholm: <https://media.eqt.com/investor-relations/news/news-release-details/2024/Letter-to-United-States-Secretary-of-Energy-Jennifer-Granholm/default.aspx>

February 2022 Letter to Secretary Granholm: <https://www.eqt.com/wp-content/uploads/2022/02/Letter-to-Secretary-Granholm-vF2-2.16.22-1.pdf>

December 2021 Letter to Senator Warren: <https://www.eqt.com/wp-content/uploads/2021/12/ResponseLetterSenWarren.pdf>