



MEMORANDUM

April 8, 2024

TO: Members of the Subcommittee on Energy, Climate, and Grid Security

FROM: Committee Majority Staff

RE: Hearing entitled “Biden’s LNG Export Ban: How Rush-to-Green Politics Hurts Local Communities and U.S. Energy Security.”

I. INTRODUCTION

On Monday, April 8, 2024, at 3:30 p.m. (CT) at 1800 Lakeshore Drive, Port Arthur, TX 77640, the Subcommittee on Energy, Climate, and Grid Security will hold a field hearing entitled “Biden’s LNG Export Ban: How Rush-to-Green Politics Hurts Local Communities and U.S. Energy Security.” The hearing will examine the Biden administration’s recently announced ban on issuing permits to export liquified natural gas (LNG), and the negative implications of this decision on local economies, jobs, and educational opportunities.

II. WITNESSES

- **Thurman Bill Bartie**, Mayor, Port Arthur, Texas;
- **Dr. Betty J. Reynard**, President, Lamar State College Port Arthur;
- **Larry Kelley**, Executive Port Director and CEO, Port of Port Arthur, and,
- **John Beard, Jr.**, Founder and CEO, Port Arthur Community Action Network.

III. BACKGROUND

A. Biden Administration’s Ban on LNG Exports

On January 26, 2024, the Biden administration announced that it would impose an indefinite ban on the issuance of export permits to non-free trade agreement (FTA) countries while it conducted a review to consider the climate impacts of natural gas. Rather than issuing an executive order or requesting that Congress legislate, the Biden administration announced this decision via a “Fact Sheet” noticed as a press release.¹ The Biden administration stipulates in the release that:

The current economic and environmental analyses [the Department of Energy (DOE)] uses to underpin its liquified natural gas (LNG) export authorizations are roughly five years old and no longer

¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2024/01/26/fact-sheet-biden-harris-administration-announces-temporary-pause-on-pending-approvals-of-liquefied-natural-gas-exports/>

adequately account for considerations like potential energy cost increases for American consumer and manufacturers beyond current authorizations or the latest assessment of the impact of greenhouse gas emissions.²

The announcements do not indicate an end point or timeline for this “indefinite pause.”

B. Negative Impact of U.S. LNG Export Restrictions

The Biden administration’s decision to ban the review and issuance of additional LNG export licenses has harmed the U.S. economy, jobs, and the nation’s energy security, both directly and indirectly. On March 21, 2024, the State of Louisiana, along with the States of Alabama, Alaska, Arkansas, Florida, Georgia, Kansas, Mississippi, Montana, Nebraska, Oklahoma, South Carolina, Texas, Utah, West Virginia, and Wyoming, filed suit to block the Biden administration’s LNG export ban, alleging that the ban violates the Natural Gas Act and decades of DOE policy and precedent. The filing also outlines the negative economic impacts and job losses that could occur if the ban is not lifted.³

C. General Background

The United States has emerged as the world’s number one producer of oil and natural gas, and the number one exporter of LNG. America’s status as a leading world producer and exporter of energy has brought significant benefits to the domestic economy, U.S. energy security, and our allies overseas. Under both Democratic and Republican administrations, DOE has consistently found that U.S. LNG exports serve the “public interest” because they contribute positive economic benefits and strengthen energy security for the American people, and also have the potential to reduce global greenhouse gas (GHG) emissions.⁴

DOE has studied the domestic benefits of LNG exports under multiple presidential administrations, beginning with President Obama, and has determined that as U.S. LNG exports increase, domestic production increases to meet global demand.⁵ DOE has also studied the environmental effects of natural gas production and LNG exports, finding that U.S. LNG production and exports are the cleanest in the world.⁶ According to these studies, LNG exports could add between \$50-73 billion to the U.S. economy by 2040, and between 220,000 and

² *Id.*

³ See <https://www.ag.state.la.us/Files/Article/13205/Documents/1-Complaint.pdf>

⁴ See, e.g., [LNG Export Studies | Department of Energy and 2019 NETL LCA-GHG Report.pdf \(energy.gov\)](#)

⁵ See, Effect of Increased Levels of Liquefied Natural Gas on U.S. Energy Markets, conducted by the U.S. Energy Information Administration upon DOE’s request (2014 EIA LNG Export Study); The Macroeconomic Impact of Increasing U.S. LNG Exports, conducted jointly by the Center for Energy Studies at Rice University’s Baker Institute for Public Policy and Oxford Economics, on behalf of DOE (2015 LNG Export Study); an Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports, conducted by NERA Economic Consulting on behalf of DOE (2018 LNG Export Study).

⁶ See, Addendum to Environmental Review Documents Concerning Exports of Natural Gas From the United States, 79 FR 48132 (Aug. 15, 2014); Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States, 79 FR 32260 (June 4, 2014); and, 2019 Update to Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States, 84 FR 49278 (Sep. 19, 2019).

453,000 American jobs by 2040. LNG exports can also create billions of dollars in revenues for federal, state and local governments, and increase downstream industries like manufacturing.

Expanded U.S. LNG exports also benefit U.S. energy security and national security by reducing the influence of Russia and OPEC in international markets. While U.S. LNG exports have allowed Europe to begin to diversify away from Russian natural gas, our allies and trading partners continue to be threatened by Russian supply disruptions and unfair pricing. Russia's war on Ukraine has exposed the world's vulnerability to unstable energy suppliers, emphasizing the importance of stable, secure, and more affordable American natural gas supplies.

D. Current LNG Export Law

Under current law, any person wishing to import or export U.S. natural gas must obtain multiple Federal and State permits, undergoing a regulatory review that can take many years and cost millions of dollars. Applicants must obtain authorization from DOE to import or export natural gas and must also obtain approval from the Federal Energy Regulatory Commission (FERC) to construct and operate the LNG facility. Applicants must complete an environmental safety review of a proposed LNG export facility with FERC before DOE will consider whether to grant authorization to export natural gas to non- FTA countries.

DOE derives its authority to regulate the import and export of natural gas under section 3 of the Natural Gas Act (NGA). Section 3(a) of the NGA sets forth the standard of review for U.S. LNG export applications. Section 3 establishes a rebuttable presumption that a proposed export of natural gas meets the public interest and requires DOE to grant an export application unless DOE can overcome the presumption. DOE is required to grant the export application unless DOE finds during the required hearing that the proposed exportation or importation is not in the public interest. The relative provision of the NGA states, "The [Secretary] shall issue such order upon application, unless after opportunity for hearing, [she] finds that the proposed exportation or importation will not be consistent with the public interest."⁷ Applications requesting authority to export LNG to non-FTA countries require DOE to conduct a full public interest review.⁸ Applications to export LNG to FTA countries are automatically "deemed in the public interest" under the NGA, and DOE is directed to grant them "without modification or delay."

Prior to moving through the DOE application process, applicants must complete an environmental and safety review of a proposed LNG export facility with FERC. Under section 3 of the NGA, FERC has "the exclusive authority to approve or deny application for the siting,

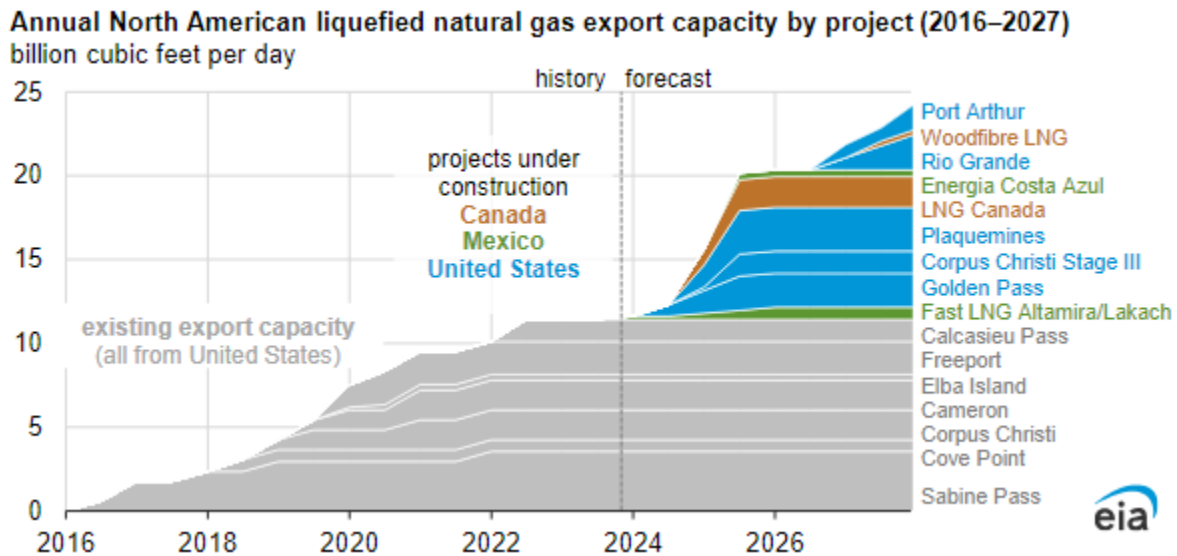
⁷ 15 U.S.C. § 717b

⁸ The NGA does not explicitly define what is considered to be in the "public interest." A wide range of criteria are considered as part of DOE's public interest review process, including: domestic need for the natural gas proposed for export; adequacy of domestic natural gas supply; U.S. energy security; impact on the U.S. economy (GDP), consumers, and industry; jobs creation; U.S. balance of trade; international considerations; environmental considerations; consistency with DOE's long-standing policy of promoting competition in the marketplace through free negotiation of trade arrangements; and other issues raised by commenters and/or interveners deemed relevant to the proceeding. See *The Department of Energy's Role in Liquefied Natural Gas Export Applications*, Department of Energy Office of Fossil Energy and Carbon Management, (Nov. 8, 2011), <https://www.energy.gov/fecm/articles/department-energys-role-liquefied-natural-gas-export-applications>.

construction, expansion or operation, of an LNG terminal.”⁹ FERC’s review requires an extensive environmental review of the entire project. FERC is required to ensure the environmental review is conducted pursuant to the National Environmental Policy Act (NEPA). This review is intended to be so comprehensive other federal agencies may rely on FERC’s environmental review documents to support the issuance of their own permits. If a project is approved after all of FERC’s environmental analyses are conducted, FERC issues an order certifying the projecting and authorizing the construction and operations of the facilities. Following the issuance of a certificate by FERC, the project then moves to DOE for a public interest review.

E. U.S. LNG Export Facilities

U.S. LNG export capacity has increased rapidly in recent years, from about 1 billion cubic feet per day (Bcf/day) in 2016 to about 11.4 Bcf/day at the end of 2022.¹⁰ Europe was the main destination for U.S. LNG exports in 2022 after Russia’s pipeline exports to the region declined to 40-year lows.¹¹ Five LNG export facilities are currently under construction with a combined 9.7 Bcf/d of LNG export capacity.¹² Prior to the Biden administration’s announced ban on issuing LNG export permits, DOE was reviewing 18 separate non-FTA applications with a combined 23.5 Bcf//d of export capacity.¹³



⁹ 15 U.S.C. § 717b(e)(1)

¹⁰ [Liquefied natural gas - U.S. Energy Information Administration \(EIA\)](#)

¹¹ [Europe was the main destination for U.S. LNG exports in 2022 - U.S. Energy Information Administration \(EIA\)](#)

¹² [LNG export capacity from North America is likely to more than double through 2027 - U.S. Energy Information Administration \(EIA\)](#)

¹³ [Summary of LNG Export Applications 12.11.23.pdf \(energy.gov\)](#)

IV. ISSUES

- Benefits of U.S. LNG exports on local communities in Texas and Louisiana;
- Benefits of U.S. LNG exports from an economic, climate, national security, energy security, and energy affordability perspective;
- Review of existing DOE and FERC authorities to approve LNG exports;
- Effect of the Biden administration's announced ban on issuing LNG export permits; and,
- Role of U.S. LNG exports in global energy markets.

V. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Brandon Mooney, Elise Krekorian, or Mary Martin of the Committee staff.