Statement for Congressman Gene Green
House Subcommittee on Energy and Power
"H.R. 6 – the Domestic Prosperity and Global Freedom Act"
March 25, 2014

Good afternoon.
I want to thank the Chairman, Ranking Member for holding this hearing and the witnesses for being here.

By now, most people are aware of the economic success our country is achieving thanks to domestic energy production, specifically natural gas.

Just a short while ago, we were building import facilities and today we are focused on exports.

The issue we face today is how to strike the proper balance between domestic and international factors that include:

- Geo-political
- Socio-Economic, and
- Environmental challenges and opportunities.

I am a strong supporter of domestic LNG exports and what we must do, as policymakers, is provide certainty:

- Our producers need certainty so they know their gas will have a market;
- Our manufacturers need certainty that their prices will not skyrocket;
- Our allies need certainty that U.S. gas is "on its way"; and,
- The American people need certainty that ensures they will continue to benefit from our domestic natural resources, both economically and environmentally.

But rather than eliminating regulatory oversight, we should seek to:

- Harness Agency expertise;
- Streamline decision-making processes; and,
- Define transparency.

I look forward to working with my colleagues to craft the correct policy and unleash our domestic potential.

<u>Questions for the Hearing Record for Mr. Kenneth Ditzel, Principal, Charles River Associates</u>

1. How is natural gas priced in different parts of the world?

2. When signing contracts, how many years constitute a “long-term” LNG contract?

Traditionally, LNG export contracts have been long-term and oil-indexed.

Recently, major importers in Asia met to discuss a buyer’s club.

These countries are attempting to band together in an effort to increase negotiating power and lower prices.

Also, there has been a 25% increase since 2000 in short-term, hub-priced contracts.

Some economists expect more flexibility and negotiation to take place as new contracts come online and old contracts are renegotiated.

3. Does your analysis include any shift in contracting?

U.S. producers have also entered into agreements by which they must meet certain criteria to ensure financing and future credit.

4. Does your research and analysis include any information on economic incentives or financial structures relating to U.S. natural gas producers?

<u>Questions for the Hearing Record for Mr. Dave Schryver, Executive Vice President, American Public Gas Association</u>

Mr. Schryver, in your testimony, you state that the U.S. will give up on the manufacturing renaissance premised on low prices of domestic natural gas.

You cite an article in the New York Times that includes a South African investment to build a Gas-To-Liquids Plant in Louisiana.

This particular plant will cost approximately $14 billion dollars.

1. Do you believe that this firm relied solely on the NERA study commissioned by DOE?

The CEO of the South African country stated that the plant becomes uneconomical when U.S. natural gas prices exceed $8 dollars per million BTU.

2. Do you believe that companies would invest $14 billion dollars to build a new facility without forecasting potential natural gas price increases?

In Texas, we are building 5 new crackers at the cost of $1 billion per unit.

3. Do you believe that these companies relied on the NERA study or would invest $1 billion dollars without forecasting potential price increases?

Firms are making huge investments and probably would not do so if they believed U.S. natural gas would make their investment uneconomical.