



February 27, 2014

## **AUSTRALIA POWER COMPANY TURNING BACK TO COAL, DUE TO RAPID LNG EXPORTS**

Stanwell Power Corp, an electricity producer owned by Queensland state, decided this month to restart two coal units, stating that it would improve the company's competitiveness. Due to LNG exports, Australian natural gas prices are double those of the U.S., and manufacturing there is being asked to pay LNG export prices.<sup>1</sup> What has happened in Australia is a harsh lesson in OPEC-linked LNG market realities and should be a wake-up call to the U.S. Congress. Your intervention at the U.S. Department of Energy (DOE) is needed. LNG exports shift enormous risk onto the U.S. consumer.

DOE has approved six LNG export applications to non-free trade countries. These six applications represent new demand of 8.7 bcf/day, a 12.4 percent increase over 2012 consumption levels for periods of up to 30 years. As a comparison, total U.S. demand increased only 9 percent from 2000 to 2012.

DOE needs to take a "time-out" from the approval of LNG exports to non-free trade countries and complete a new study using up-to-date domestic demand assumptions to assess potential impacts to consumers. They also need to do a rulemaking to develop a transparent decision making process for the consideration of LNG export applications to non-free trade countries.

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*The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 1,500 facilities nationwide, and with more than 1.4 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, brewing, independent oil refining, and cement.*

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<sup>1</sup> "Australia Going Back to Coal Has Lesson on U.S. LNG Exports," Clyde Russell, Reuters, February 10, 2014, <http://www.reuters.com/article/2014/02/10/column-russell-gas-australia-idUSL3NOLF04A20140210>.