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March 27, 2023

To: U.S. House of Representatives

## Re: H.R. 1, the "Lower Energy Costs Act of 2023" – Remove/Oppose Section 10007, Unlocking Our Domestic LNG Potential – A Threat to Natural Gas and Electricity Reliability

The Industrial Energy Consumers of America (IECA) supports increased domestic production of natural gas, expansion of natural gas pipeline capacity, and LNG exports to our allies.<sup>1 2</sup> However, IECA urges removal of Section 10007, the "Unlocking our Domestic LNG Potential." Section 10007 removes vital consumers protections from the Natural Gas Act (NGA) that give the U.S. Department of Energy (DOE) authority to act in the event of unforeseen circumstances that impact the public interest, such as reliability and the prices of natural gas and electricity.

LNG demand is insensitive to price and as a result can drive up both natural gas and electricity prices, especially when U.S. inventories are low. This is what happened during the winter of 2021-2022 and natural gas prices increased from \$3.50 per MMBtu to \$10.00 per MMBtu and this also drove up electricity prices nationally.

Furthermore, the legislation is not needed to expand LNG exports to support our allies. No application to export LNG has ever been denied by the DOE. Export terminals that are operating, under construction, or approved and not under construction, are equal to 41.48 billion cubic feet per day (Bcf/d), this is the equivalent of 42 percent of U.S. net 2023 natural gas supply.<sup>3 4</sup> This is an enormous volume of exports. In 2022, U.S. net crude oil and products exports were only 6 percent of domestic consumption.

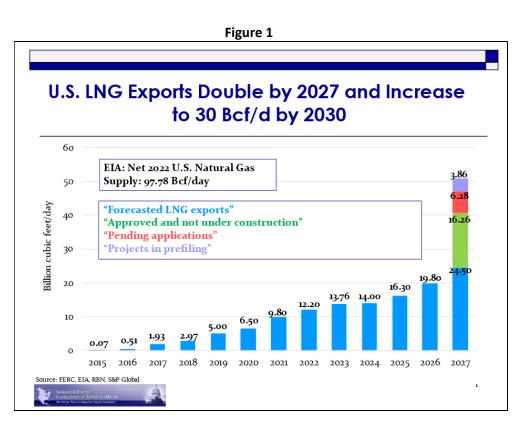
What has already been approved can supply Europe's entire natural gas demand of 39.00 Bcf/d and 11.6 percent of that is currently supplied by Norway and Algeria. <sup>5</sup> U.S. LNG exports will double by 2027. In addition, there is another 10.15 Bcf/d that is either pending or in pre-filing.

- <sup>2</sup> "Manufacturing Companies Face Growing Natural Gas Scarcity Along the Entire Eastern Seaboard," IECA, December 13, 2022, <u>https://www.ieca-us.com/wp-content/uploads/12.13.22</u> Transco-Governors-Letter.pdf
- <sup>3</sup> Annual Energy Outlook 2022, U.S. Energy Information Administration (EIA), <u>https://www.eia.gov/outlooks/aeo/</u>

<sup>&</sup>lt;sup>1</sup> "Comments for the Record on the "American Energy Expansion: Strengthening Economic, Environmental, and National Security" Hearing," IECA, January 30, 2023, <u>https://www.ieca-us.com/wp-</u> <u>content/uploads/01.30.23</u> Comments-for-the-Record American-Energy-Expansion-Hearing.pdf

<sup>&</sup>lt;sup>4</sup> Status of LNG Export Terminals, March 23, 2023, <u>https://www.ieca-us.com/wp-content/uploads/03.23.23\_Status-of-LNG-Export-Terminals.pdf</u>

<sup>&</sup>lt;sup>5</sup> International Energy Agency, <u>https://www.iea.org/</u>



The legislation will also increase LNG exports to China. China has signed more contracts with U.S. export projects than any other nation since 2021, according to Bloomberg NEF data.<sup>6</sup>

Excessive LNG exports increases reliability and price risks for natural gas and electricity for all domestic consumers and negatively impacts manufacturing competitiveness, economic growth, and national security. We urge you to oppose Section 10007.

Sincerely,

Paul N. Cicio *Paul N. Cicio* President & CEO

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.8 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: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.

<sup>&</sup>lt;sup>6</sup> China Taking Control of LNG as Global Demand Booms, <u>https://www.bnnbloomberg.ca/china-s-taking-control-of-</u> <u>Ing-as-global-demand-booms-1.1885823?utm\_source=substack&utm\_medium=email</u>