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TO: U.S. Senate

FROM: Paul N. Cicio, President, IECA

THE LNG MARKET SIGNAL HAS ALREADY BEEN SENT TO PUTIN

APPROVED GLOBAL LNG EXPORTS EXCEED GLOBAL DEMAND BY 134 PERCENT

Proponents of expedited LNG exports have stated that the approval of all U.S. proposed LNG export terminals would send a “market signal” to Russia and have the immediate effect of reducing natural gas prices for our NATO allies. This is simply not correct.

The combination of globally operational, under construction facilities (see Figure 1), and U.S. and Canadian approved liquefaction plants (see Figure 2) totaling 556.9 metric tons per annum (Mtpa), greatly exceed existing global demand of 237.7 Mtpa by 134 percent.¹ In other words, there already is excess capacity planned for LNG shipments and excess EU capacity to receive LNG that is not being utilized. The “market signal” already exists.

According to the U.S. Energy Information Administration (EIA), world LNG trade more than doubles from about 205.48 Mtpa in 2010 to around 410.96 Mtpa in 2040. There is more than enough future supply to send a market signal without approving more U.S. LNG export facilities that would threaten the re-shoring of high paying manufacturing jobs.²

Figure 1 – Globally Operational and Under Construction Liquefaction Plants³

Description	Nameplate Capacity (Mtpa)
Operational Liquefaction Plants	280.90
Liquefaction Plants Under Construction	100.37
TOTAL	381.27

The “World LNG Report – 2013 Edition,” by the International Gas Union, was commissioned in 2013. Since then, the U.S. and Canada have both had more approvals for construction of liquefaction plants.

¹ World LNG Report - 2013 Edition, International Gas Union

² International Energy Outlook 2013, EIA, http://www.eia.gov/forecasts/ieo/nat_gas.cfm

³ World LNG Report - 2013 Edition, International Gas Union

Figure 2 – Additional Liquefaction Plant Approvals⁴

Approved for construction:	Capacity (Bcf/d)	Capacity (Mtpa)
U.S.		
-Lake Charles Exports	2.00	15.00
-Dominion Cove Point	1.00	7.50
-Freeport LNG	1.40	10.50
-Jordan Cove	1.20	9.00
-Cameron LNG	1.70	12.75
-Freeport LNG 2	1.40	10.50
<i>Subtotal</i>	<i>11.01</i>	<i>65.25</i>
Canada		
-BC LNG	0.23	1.73
-Kitimat LNG	1.28	9.60
-Woodfibre LNG	0.33	2.48
-LNG Canada Development	3.23	24.22
-Pacific NorthWest LNG	2.74	20.55
-WCC LNG	4.00	30.00
-Prince Rupert LNG	2.91	21.83
<i>Subtotal</i>	<i>14.72</i>	<i>110.41</i>
TOTAL	25.73	175.66

Figure 3 – LNG Demand, 2012, MT⁵

Importing Region	Europe	Asia- Pacific	Middle East	North America	South America	Re-exports	Total
TOTAL	51.1	166.6	3.4	9.4	10.7	(3.5)	237.7

Approving all of the U.S. LNG export applications sends another signal, a bad signal to the U.S. manufacturing sector, and the prospects of continued investment in high paying manufacturing jobs that depend upon affordable natural gas. Unfettered LNG exports will increase natural gas and electricity prices. According to the EIA, the NYMEX Henry Hub natural gas price increased 33 percent in 2013, and is forecasted to increase 109 percent by 2025.

The priority of Congress and the Administration should be on maximizing U.S. economic growth, and there is no better way than by using domestic natural gas to grow high paying manufacturing jobs.

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⁴ Summary of LNG Export Applications, DOE, <http://energy.gov/fe/downloads/summary-lng-export-applications>; and LNG Export Licence Application Schedule, National Energy Board - Canada, <http://www.neb-one.gc.ca/clf-nsi/rthnb/pplctnsbfrthnb/lngxprtlnccpplctns/lngxprtlnccpplctns-eng.html>

⁵ Waterborne LNG Reports, EIA, DOE, PFC Energy Global LNG Service