**Industrial Energy Consumers of America**
*The Voice of the Industrial Energy Consumers*

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September 11, 2017

The Honorable Ted Cruz
U.S. Senate
404 Russell Senate Office Building
Washington, DC 20510

***Re: IECA Opposes S. 1404, the "Natural Gas Export Expansion Act"***

On behalf of the Industrial Energy Consumers of America (IECA), we are opposed to S. 1404, the "Natural Gas Export Expansion Act," that amends the Natural Gas Act (NGA) to provide for expanded natural gas exports. The U.S. Department of Energy (DOE) has already approved LNG exports equal to 20.6 Bcf/d for shipment to non-free trade agreement (NFTA) countries and 31.2 Bcf/d for shipment to free trade agreement (FTA) countries for a combined total of 51.8 Bcf/d or 68.8 percent of 2016 demand. This is a stunningly large amount of natural gas exports that will substantially increase the price of natural gas for all consumers and negatively impact U.S. manufacturing competitiveness. We also reaffirm our opposition to shipping LNG to NFTA countries, which is inconsistent with President Trump's fair-trade and "America First" policies.

As large manufacturing consumers of natural gas, natural gas feedstock, and natural gas-fired electricity generation, we remain alarmed at the volume of LNG exports that have been approved for periods of 20-30 years, especially to NFTA countries. In an August 16 letter to Secretary of Energy Rick Perry, IECA illustrates two cumulative demand scenarios that provide justification for placing a moratorium on further NFTA applications by the DOE.

Scenario I assumes that the EIA AEO 2017 cumulative net demand for natural gas includes exports of LNG and shipments to Mexico and compares it to the EIA technically recoverable U.S. natural gas resources in the lower 48. The AEO 2017 forecast includes LNG exports rising to 12.1 Bcf/d by 2035. The scenario illustrates that with only 12.1 Bcf/d of LNG exports, plus domestic demand, 58 percent of all U.S. technically recoverable natural gas resources are consumed by 2050, only 33 years.

Scenario II uses the same assumptions as Scenario I, but includes the volume of LNG export applications equal to 51.8 Bcf/d that the DOE has already approved. Using EIA's annual average forecasted increases in LNG exports from 2016 to 2020 of 1.58 Bcf/d and using this same growth rate for the years beyond 2020 until LNG export volumes reach 54 Bcf/d, 71 percent of U.S. technically recoverable resources are consumed by 2050.

This legislation would shift control of U.S. natural gas resources to foreign government LNG buyers at the expense of U.S. consumers and higher prices long-term.

Long-term, if domestic natural gas prices rise to global levels, the U.S. will have lost its competitive advantage. The incentive for manufacturing to invest in the U.S. would be gone and on-shoring would stop.

Sincerely,

Paul N. Cicio
President

cc: Senate Committee on Energy and Natural Resources
The Honorable Rick Perry, U.S. Department of Energy
The Honorable Wilbur Ross, U.S. Department of Commerce
The Honorable Robert Lighthizer, U.S. Trade Representative

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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 2,600 facilities nationwide, and with more than 1.7 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.*