



## Industrial Energy Consumers of America

*The Voice of the Industrial Energy Consumers*

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September 13, 2018

The Honorable Lisa Murkowski  
Chairman  
Committee on Energy and Natural  
Resources  
U.S. Senate  
522 Hart Senate Office Building  
Washington, DC 20510

The Honorable Maria Cantwell  
Ranking Member  
Committee on Energy and Natural  
Resources  
U.S. Senate  
511 Hart Senate Office Building  
Washington, DC 20510

### ***Re: Hearing to Examine the Role of U.S. LNG in Meeting European Energy Demand***

Dear Chairman Murkowski and Ranking Member Cantwell:

During the September 13, 2018 hearing on “Examine the Role of U.S. LNG in Meeting European Energy Demand,” some Senators refuted an important point made by Mr. Tyson Slocum of Public Citizen who stated in his testimony that the price of natural gas will double due to LNG exports. This is an accurate statement and comes directly from the June 2018 U.S. Department of Energy (DOE) study entitled, “Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports.”<sup>1</sup>

On page 54 it states that “For all the reference supply scenarios in the more likely range, natural gas prices could be from \$5.00 to \$6.50 per MMBtu in 2040. These mid-range scenarios have a combined probability of 47%.” This is the highest probability the study gave any scenario. Since today’s Henry Hub price is roughly \$3.00 per MMBtu, Mr. Slocum’s comment that the price will double is accurate.

IECA filed [comments](#) on the June 2018 DOE study that are critical of how the economics of the study were manipulated. There is not a net economic benefit and what benefits are derived go almost exclusively to the natural gas producers and exporters, not the American public or economy. The public interest is not served by all of the benefits going to a small sector of the economy which creates winners and losers.

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<sup>1</sup> Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports, U.S. Department of Energy, June 7, 2018, <https://www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%20018.pdf>

Senators also refuted Slocum's point that Australia's domestic price has substantially increased because of LNG exports. If this were not the case, why is the Australian federal government threatening LNG exporters to reduce LNG exports if such action does not provide price relief to domestic consumers? There is a cause and effect.

Setting aside Australia, simply look at crude oil. The U.S. is increasing crude oil exports, yet the price of gasoline for U.S. consumers has soared, while we have vast crude oil resources. All because the crude oil price is attached to global prices. The same thing will happen for natural gas if the domestic prices becomes linked to global demand and prices.

Sincerely,

Paul N. Cicio  
President

cc: Senate Committee on Energy and Natural Resources

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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 3,700 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.*