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September 18, 2023

The Honorable Kevin McCarthy
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives
Washington, DC 20515

Re: Manufacturers Oppose H.R. 1130, the “Unlocking our Domestic LNG Potential Act of 2023”

On behalf of the Industrial Energy Consumers of America’s (IECA) manufacturing companies, with over 12,000 locations nationwide, we strongly oppose this legislation, which strips vital consumer protections from the Natural Gas Act (NGA). Consumer protections are essential for reliability and affordable prices for U.S. natural gas and electricity consumers and national security if LNG demand draws down national inventories during peak winter and summer demand. This is exactly what happened in the winter of 2021-2022 and natural gas prices tripled and drove up electricity prices nationwide (see Addendum).

Under the NGA, the U.S. Department of Energy (DOE) is given the responsibility and authority to ensure that shipments of LNG to non-free trade agreement (NFTA) countries are not inconsistent with the public interest. The vast majority of LNG shipments go to NFTA countries. China, an NFTA country has more LNG contracts with U.S. LNG export terminals than any other country. H.R. 1130 would strike those provisions from the NGA and prevent the DOE from taking action to protect consumers in the event of unforeseen circumstances that impact reliability and prices.

Existing NGA statutes have had no impact on slowing down approvals of LNG exports. A total of 41.48 Bcf/d of LNG has been approved as compared to the Energy Information Administration’s (EIA) 2023 U.S. natural gas production estimate of 102 Bcf/d or 41 percent.¹ Another 11 percent is in the pre-filing stage, plus growing pipeline shipments to Mexico also destined for LNG exports (see Addendum).

The EIA released the report “AEO2023 Issues in Focus: Effects of Liquefied Natural Gas Exports on the US Natural Gas Market, May 2023”² that removes any doubt that increased LNG exports impact prices. On page 4 it states “Model results showed that higher LNG exports results in upward pressure on U.S. natural gas prices and the lower U.S. LNG exports results in downward pressure.”

¹ FERC, September 12, 2023

² AEO2023 Issues in Focus: Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market, EIA, https://www.eia.gov/outlooks/aeo/IIF_LNG/pdf/LNG_Issue_in_Focus.pdf

The first responsibility of the U.S. Congress is to assure reliability and affordable prices for the U.S. market. H.R. 1130 protects LNG exporters at the expense of U.S. consumers. Increased LNG exports have a direct impact on reliability and prices, according to the Federal Energy Regulatory Commission (FERC).³ Attached are quotes from recent FERC and EIA reports that make clear that increasing LNG exports negatively impact the U.S. natural gas and electricity markets.

U.S. consumers are captive and do not have an alternative and that is why it is paramount to maintain the NGA protections for U.S. consumers. Thank you for your support.
Sincerely,

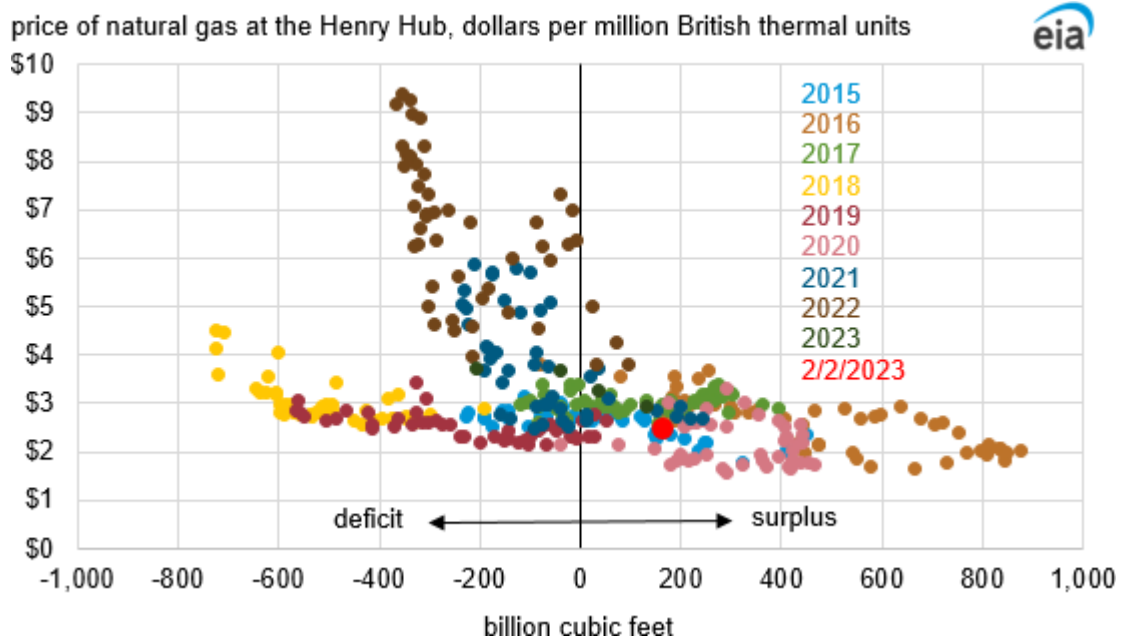
Paul N. Cicio
Paul N. Cicio
President & CEO

cc: U.S. House of Representatives

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, independent oil refining, and cement.

³ Summer Assessment 2022, FERC, <https://ferc.gov/media/report-summer-assessment-2022>

Figure 5. U.S. near-month natural gas futures prices and weekly working natural gas storage inventories minus the five-year average



- Page 1: The below statement makes clear that storage levels strongly influence price as Figure 5 above illustrates.

“Natural gas storage continues to balance supply and demand, reflect longer-term trends, and strongly influence prices.”

- Page 6: The below statement illustrates the significant price impact of LNG exports on domestic prices when we have a normal cold winter and low inventories.

“In June, 2022, a fire at the Freeport LNG natural gas liquefaction plant in Texas led to a full facility shutdown, driving down the wholesale price of natural gas by almost one-third as a result of reduced demand.”

- **EIA: AEO2023 Issues in Focus: Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market, May 2023⁵**

Page 4: “Model results showed that higher LNG exports results in upward pressure on U.S. natural gas prices and the lower U.S. LNG exports results in downward pressure.”

- **FERC Report, Summer Assessment 2022, May 19, 2022⁶**

⁵ AEO2023 Issues in Focus: Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market, EIA, https://www.eia.gov/outlooks/aeo/IIF_LNG/pdf/LNG_Issue_in_Focus.pdf

⁶ Summer Assessment 2022, FERC, <https://ferc.gov/media/report-summer-assessment-2022>

Page 7: The below quote illustrates that higher natural gas prices result in higher electricity prices nationally.

“Higher natural gas prices for summer 2022 are expected at major trading hubs across the U.S. as demand growth is forecasted to exceed supply growth amid increases in LNG liquefaction capacity, increase exports due to global demand for LNG, and limited growth in natural gas production. Higher natural gas prices translate into higher electric prices through increased electricity production costs. Further, in the RTOs/ISOs, higher natural gas prices can influence the overall energy price when natural gas-fired generation is the marginal, and thus price setting, resource.”

**STATUS OF LNG EXPORT TERMINALS
SEPTEMBER 18, 2023**

U.S. LNG Export Terminal Status (FERC)⁷

Status	Terminal	Location	Capacity (Bcf/d)
<i>Operating</i>			
	Cheniere/Sabine Pass LNG: Trains 1-6	Sabine, LA	4.55
	Dominion-Cove Point LNG	Cove Point, MD	0.79
	Cheniere-Corpus Christi LNG: Trains 1-3	Corpus Christi, TX	2.40
	Sempra-Cameron LNG: Trains 1-3	Hackberry, LA	2.06
	Southern LNG Company: Units 1-10	Elba Island, GA	0.35
	Freeport LNG Dev/Freeport LNG Expansion/FLNG Liquefaction: Trains 1-3	Freeport, TX	2.38
	Venture Global Calcasieu Pass: Units 1-6	Cameron Parish, LA	1.11
<i>Subtotal</i>			<i>13.64</i>
<i>Approved, Under Construction</i>			
	Venture Global Calcasieu Pass: Units 7-9	Cameron Parish, LA	0.55
	ExxonMobil-Golden Pass	Sabine Pass, TX	2.57
	Venture Global Plaquemines	Plaquemines Parish, LA	3.32
	Driftwood LNG	Calcasieu Parish, LA	3.81
	Cheniere Corpus Christi: Stage III	Corpus Christi, TX	1.58
	Sempra - Port Arthur LNG Trains 1 & 2	Port Arthur, TX	1.86
<i>Subtotal</i>			<i>13.69</i>
<i>Approved, Not Under Construction</i>			
	Lake Charles LNG	Lake Charles, LA	2.27
	Magnolia LNG	Lake Charles, LA	1.22
	Sempra-Cameron LNG: Train 4	Hackberry, LA	0.93
	Freeport LNG Dev: Train 4	Freeport, TX	0.74
	Gulf LNG Liquefaction	Pascagoula, MS	1.50
	Eagle LNG Partners	Jacksonville, FL	0.13
	Texas LNG Brownsville	Brownsville, TX	0.62

⁷ North American LNG Export Terminals – Existing, Approved not Yet Built, and Proposed, Federal Energy Regulatory Commission, Last Updated on September 12, 2023, <https://www.ferc.gov/natural-gas/lng>

Status	Terminal	Location	Capacity (Bcf/d)
	Rio Grande LNG-NextDecade	Brownsville, TX	3.73
	Commonwealth LNG	Cameron Parish, LA	1.21
	MARAD/USCG	Gulf of Mexico	1.80
<i>Subtotal</i>			<i>14.15</i>
<i>Pending Applications</i>			
	Sempra-Port Arthur LNG: Trains 3 & 4	Port Arthur, TX	1.86
	Venture Global CP2: Blocks 1-9	Cameron Parish, LA	3.96
	Venture Global Calcasieu Pass	Cameron Parish, LA	0.06
	Venture Global Plaquemines	Plaquemines Parish, LA	0.45
	CheniereCorpus Christi MidscaleTrains 8-9	Corpus Christi, TX	0.45
	Elba Liquefaction Optimization Project	Elba Island, GA	0.06
<i>Subtotal</i>			<i>6.84</i>
<i>Projects in Pre-Filing</i>			
	Port Fourchon LNG	LaFourche Parish, LA	0.69
	Delta LNG-Venture Global	Plaquemines Parish, LA	2.76
	Cheniere/Sabine Pass – Stage 5 Expansion	Sabine, LA	0.90
<i>Subtotal</i>			<i>4.35</i>
Grand Total			52.67 Bcf/d