



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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October 28, 2013

The Honorable Ed Whitfield
Chairman
Subcommittee on Energy and Power
U.S. House of Representatives
Washington, DC 20515

The Honorable Bobby Rush
Ranking Member
Subcommittee on Energy and Power
U.S. House of Representatives
Washington, DC 20515

RE: H.R. 3301, "The North American Energy Infrastructure Act"

Dear Chairman Whitfield and Ranking Member Rush:

On behalf of the Industrial Energy Consumers of America (IECA), while we applaud the stated purpose of the legislation, that is, to create a modern and efficient cross-border approval process, Section 4 is a solution looking for a problem and should be removed. Section 4 has far reaching negative implications for domestic consumers, manufacturing competitiveness, and national security. Section 4 eliminates important DOE authorization, oversight, and the ability to condition LNG exports between the U.S., Canada and Mexico, all of which is sound public policy. We urge you to consider that LNG exports increase potential risks to domestic consumers and the economy, and that DOE oversight is needed.

The reality is that there are no government barriers to approving LNG exports between the U.S., Canada, and Mexico, because they have free trade agreements. The Natural Gas Act is very clear that shipments of LNG to countries that have a free trade agreement with the U.S. are assumed to be in the "public interest." All requests of this type are automatically approved by the DOE.

Section 4 would remove government oversight of monitoring and managing LNG exports. DOE authorization and oversight include such things as:

- Bans on transshipment of exported LNG to countries that are prohibited to by law
- Bans on shipments to embargoed countries
- Requirements that exporters be registered with DOE, which provides transparency regarding the exporting community (i.e. are they U.S. companies, foreign companies or sovereign nations)
- Disclosure and reporting requirements

Without DOE authorization and conditioning capacity and oversight, the U.S. loses its ability to know who is shipping and to whom. Otherwise, shipments could be diverted while at sea to entities and/or countries with which the U.S. has banned for security reasons or other issues.

The federal role of providing oversight for purposes of protecting the interests of the U.S. and its consumers is more important now than ever before. LNG exports and their implications launch the U.S. into uncharted waters. Caution is needed. We urge you to remove Section 4.

Respectfully, we request that this letter be placed in the hearing record.

Sincerely,

Paul N. Cicio
President

cc: The Honorable Ernest Moniz, Ph.D., Secretary, U.S. Department of Energy

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 1,500 facilities nationwide, and with more than 1.4 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: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, brewing, and cement.