



1776 K Street, NW, Suite 720 • Washington, D.C. 20006
Telephone (202) 223-1420 • www.ieca-us.org

November 5, 2021

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
Room 7A-257, Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585

Re: DOE Approved LNG Exports to Non-Free Trade Agreement Countries Equals 70 Percent of Net 2020 U.S. Supply and is Not in the Public Interest under the Natural Gas Act – China Locks-up New Long-Term Supply Agreements, Doubles LNG Exports to China

Dear Secretary Granholm:

The U.S. Department of Energy has approved LNG exports shipments to non-free trade agreement (NFTA) countries equal to 58.2 Bcf/d, a volume that is equal to 70 percent of net 2020 natural gas supply. For consumers to not be impacted, domestic production and pipeline capacity must increase in amounts equal to LNG exports and this has not happened. We are shipping away our manufacturing advantage and our energy independence to foreign countries and state-owned enterprises (SOEs). Excessive LNG exports without a corresponding increase in production and pipeline capacity increases domestic prices for natural gas and electricity, inflation, risks U.S. manufacturing competitiveness, and threatens job losses.

Action is needed now because new long-term contracts to NFTA countries are being agreed upon, such as the one announced on November 3, 2020 between China's Sinopec, an SOE, and Venture Global LNG. A 20-year contract worth \$30 billion.¹ The

¹ "Natural gas powerhouse Venture Global signs largest-ever supply deal by an American company," CNBC, November 4, 2021, <https://www.cnbc.com/2021/11/04/natural-gas-powerhouse-venture-global-signs-largest-ever-supply-deal-by-an-american-company.html>

contract will double China's imports of U.S. LNG.² Separately, Unipecc, a subsidiary of Sinopec will buy 3.5 million tons from Calcasieu Pass LNG, also owned by Venture Global LNG. In October 2020, Cheniere Energy Inc. announced a new 13-year deal to supply LNG to the Chinese company ENN Natural Gas, a natural gas distribution company.³

The problem is that natural gas production is not keeping up. U.S. net natural gas supply that is available to consumers or LNG exports increased from 27,243,858 million cubic feet (74.6 Bcf/d) in 2015 to 30,472,212 million cubic feet (83.5 Bcf/d) in 2020, an increase of 8.9 Bcf/d, or only a 11.9 percent increase.⁴ Operating LNG capacity brought on-stream during that same period equals 11.1 Bcf/d or 13.4 percent of 2020 net supply. Domestic demand increased by 9.7 percent.

To illustrate the challenge, besides the existing operating LNG capacity of 11.1 Bcf/d or 13.4 percent of 2020 net natural gas supply, there is another 8.4 Bcf/d or 10.1 percent of net supply approved and under construction. Another 23.9 Bcf/d or 28.8 percent of net supply is approved and not under construction. This totals 43.4 Bcf/d or 52 percent of net natural gas in 2020. Others are approved, but not under construction.

Volumes available to consumers in 2020 was only 74.7 Bcf/d. This number is calculated by subtracting from gross dry production of 83.5 Bcf/d, lease and plant fuel, pipeline and distribution use, and net pipeline exports to free trade agreement (FTA) countries of Canada and Mexico. A combined reduction in availability of 8.8 Bcf/d.

We urge you to place a hold on all existing, pending, and pre-filing permits and approvals on LNG export facilities in the lower 48 to NAFTA countries, and to conduct a review of whether these facilities are in the public interest under the Natural Gas Act (NGA). We look forward to discussing this important matter with you.

Sincerely,

Paul N. Cicio

Paul N. Cicio

President and CEO

cc: Senate Committee on Energy and Natural Resources

² "Sinopec signs China's largest long-term LNG contract with U.S. firm," Reuters, November 4, 2021, <https://www.reuters.com/business/energy/sinopec-signs-20-yr-lng-contract-with-us-venture-global-lng-2021-11-04/>

³ "Cheniere and ENN Sign Long-Term LNG Sale and Purchase Agreement," October 11, 2021, <https://lngir.cheniere.com/news-events/press-releases/detail/231/cheniere-and-enn-sign-long-term-lng-sale-and-purchase>

⁴ "Natural Gas Consumption by End Use," U.S. Energy Information Administration (EIA), https://www.eia.gov/dnav/ng/ng_cons_sum_dc_u_nus_a.htm

House Committee on Energy and Commerce
Senate Committee on Finance
House Committee on Ways and Means
Senate Committee on Foreign Relations
House Committee on Foreign Affairs
FERC Commissioners
The Honorable Katherine Tai
International Trade Commission

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