Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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

November 29, 2016

The Honorable Lisa Murkowski
Chairman
Committee on Energy and Natural Resources

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce

The Honorable Maria Cantwell
Ranking Member
Committee on Energy and Natural Resources

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce

Re: S.2012/H.R. 8: LNG Provisions

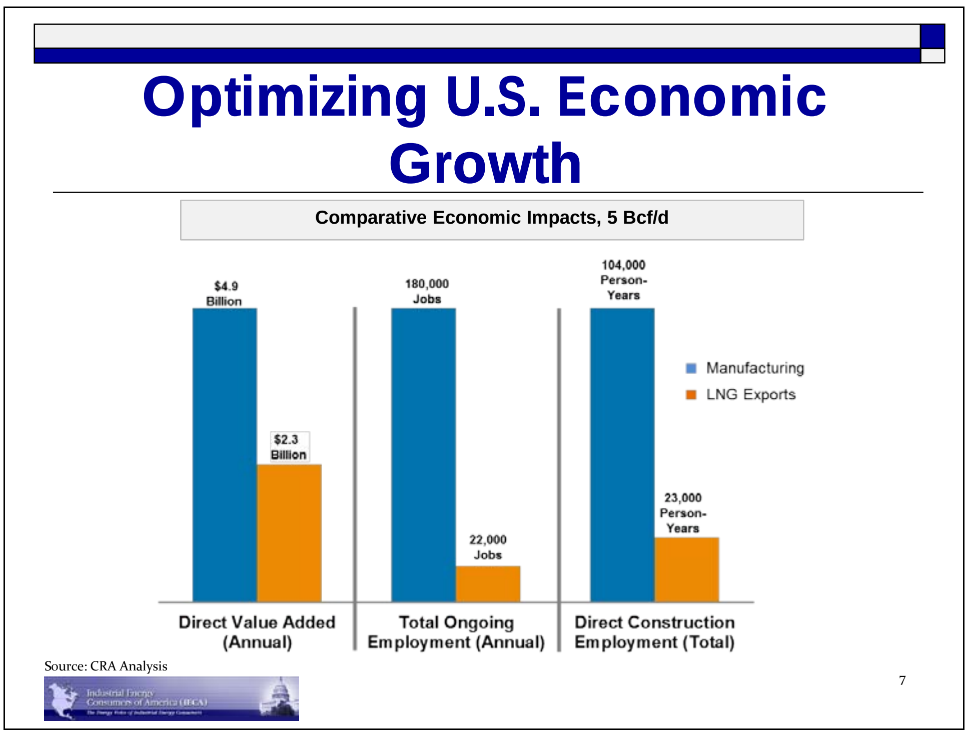
On behalf of the Industrial Energy Consumers of America (IECA), we reaffirm our opposition to Sec 2102 and Sec. 2103 (A) of the Senate Legislative Counsel Draft Copy of S.2012 and its equivalent in H.R. 8. The provisions are anti-consumer and are counter to the intent of the Natural Gas Act to ensure that LNG exports and its impact to domestic consumers are not inconsistent with the public interest. These provisions place the interests of the oil and gas industry over the interests of residential, commercial and industrial consumers. Excessive LNG exports are anti-consumer and threaten the competitiveness of energy intensive trade exposed (EITE) industries long term. EITE industries consume upwards to 80 percent of all natural gas consumed by the entire U.S. manufacturing sector and employ over 6.4 million high paying middle class jobs. IECA urges the Conferees to remove these provisions.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $1.0 trillion in annual sales and with more than 1.6 million employees. IECA membership represents a diverse set of industries including: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, building products, automotive, independent oil refining, and cement.

The U.S. Department of Energy (DOE) has already given final approval for export to non-free trade countries volume equal to 18.86 Bcf /day which represents 25 percent of 2015 demand. This is a very significant increase in natural gas demand. And, much of this demand will occur during our winter heating season peak demand, increasing the prospects of natural gas price spikes.

The DOE report entitled, "The Macroeconomic Impacts of Increasing U.S. LNG Exports,"[1] states, among other warnings, that LNG exports increase domestic natural gas prices and decrease prices overseas. The net effect for U.S. manufacturing companies is a loss of relative competitiveness. Furthermore, the justification for approving LNG terminals for purposes of national security for our allies in Europe is not a valid argument. The U.S. has already approved non-free trade export volumes greater than 300[2] percent more than what Europe imported in 2014 and 2015.

As for job creation, the LNG provisions run counter to President Elect Trump's desire to greatly increase domestic manufacturing jobs. Using natural gas in manufacturing facilities create 8 times more jobs than exporting the gas and better than twice the value added.[3]



It is not sound public policy to weaken consumer protections and expedite approval of more LNG export terminals. As an alternative, let the already approved LNG export terminals come on line and then assess whether the oil industry can meet the growing year over year increase in U.S. demand without substantially impacting natural gas and electricity prices.

Sincerely,

---

[1] "The Macroeconomic Impacts of Increasing U.S. LNG Exports," U.S. Department of Energy, October 29, 2015, http://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf
[2] World LNG Report – 2015 Edition, "International Gas Union
[3] Charles River Associates

Paul N. Cicio
President

cc: Conferees