Industrial Energy Consumers of America (IECA)

The Energy Voice of Industrial Energy Consumers

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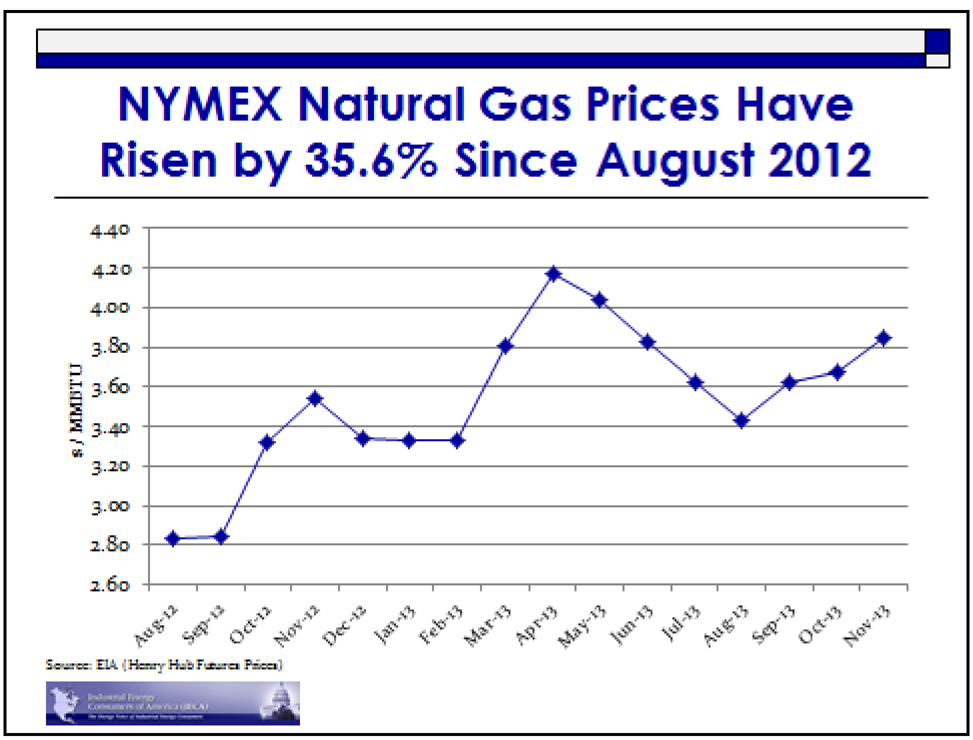
FIVE LNG EXPORT APPLICATIONS HAVE BEEN APPROVED – NATURAL GAS PRICES ARE UP 35.6 PERCENT AT A COST OF $25.8 BILLION

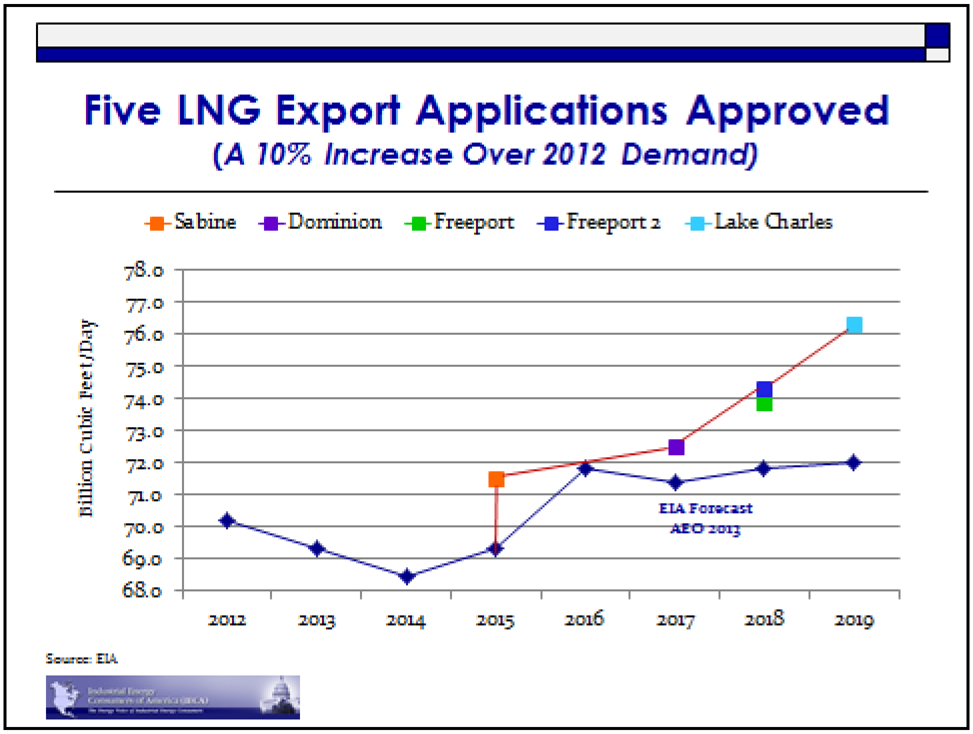
There is no way of really knowing whether the U.S. Department of Energy's (DOE) approval of five applications to export LNG to non-free trade countries is having an impact on natural gas prices. The fact is that according to the Energy Information Administration (EIA), prices of natural gas have increased by 35.6 percent since August of 2012, when the first LNG export terminal was approved. This means that for whatever reason, consumers are paying $25.8 billion more for their natural gas.

According to the EIA, the U.S. consumed 25,502,251 million cubic feet (mcf) of gas in 2012, which means for every one cent increase per mcf, consumers pay about $255 million more. Since prices have risen $1.01 since the first LNG export terminal was approved, consumers could pay $25.8 billion more per year for natural gas, plus higher costs of natural gas-fired power generation.

Since DOE's approval of LNG export terminals can be for periods up to 30 years, a lot can happen to domestic demand and supply that cannot be foreseen today. It is for this reason the DOE must take a cautious and balanced approach to approving new LNG export terminals and prevent price spikes.

Among other things, DOE is basing its LNG export decisions on domestic demand assumptions that are now three years old, and do not take into consideration that the EPA GHG rule will restrict use of coal in the power generation sector. The DOE is failing in its legal responsibility to do the quality of "public interest determination" that considers critically important factors that dictate what will happen to domestic prices. Among other things, OPEC indexed LNG prices should not dictate domestic natural gas prices.





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.

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