



PRESS RELEASE

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“IECA Comments on Release of the DOE Study on LNG Exports”

On behalf of the Industrial Energy Consumers of America (IECA), we appreciate the efforts of the U.S. Department of Energy and its release of the study “Macroeconomic Impacts of LNG Exports from the United States.” The study is an important step in addressing changes to demand through exports, and its impact. “Once export applications are approved, there is no putting the genie back in the bottle,” said Paul N. Cicio, President of IECA. “The export application approvals are for 20-30 year time periods and a lot can happen. For this reason it is important that policy makers thoughtfully evaluate the implications.”

Although IECA is in the process of evaluating the study, there appears to be at least four weaknesses to the report.

First and most important, the report does not compare the economic benefits of exporting natural gas versus using it as a domestic jobs creator. There is no question that if we use these resources domestically, it will maximize economic growth and job creation for this country. The best solution to our abundant supply is greater use domestically, and Congress should carefully look at the barriers to that end.

Second, the report unfortunately uses EIA AEO 2011 demand forecast assumptions, which say electricity demand for natural gas will decrease by 2020, and that there will be only a small increase in industrial demand. Those assumptions mean short-term impacts to price are understated. For sure, there will be extraordinary new demand by the industrial sector during this time period.

Third, it does not adequately address the EPA and BLM regulations on natural gas drilling that could negatively impact production, nor does it address the horde of forthcoming EPA regulations that will drive demand.

And fourth, it does not address the implications of removing the Intangible Drilling Costs (IDCs) tax provision that allows the industry to deduct expenses and generate the cash flow needed to invest in drilling. If Congress took this provision away, natural gas production could drop by about one-third.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$960 billion in annual sales and with more than 1.2 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, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, brewing, cement, agricultural equipment, and auto.