FIVE MINUTE OPENING STATEMENT
OF
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INDUSTRIAL ENERGY CONSUMERS OF AMERICA
JANUARY 19, 2018

Chairman Upton, Ranking Member Rush and Subcommittee Members, thank you for the privilege of testifying before you today on PURPA and LNG exports.

Regarding H.R. 4476, the PURPA bill, we extend a thank-you to Rep. Walberg for exempting manufacturing cogeneration from the proposed changes to PURPA. The exemption recognizes that manufacturing companies are not in the business of generating and selling power and are not creating market problems.

However, it is very important that the bill also exempt manufacturing company PURPA facilities that are classified at FERC as “small power producers”. To not do so would negatively impact their ability to produce low cost power thereby reducing competitiveness of the manufacturing facility and threaten jobs. Congress should not pull the rug out from under these capital investments that were made with PURPA regulatory assurances.

Also, manufacturing companies who have installed wind or solar units inside their fence lines for purposes of reducing their electricity costs and reducing GHG emissions would also be negatively impacted. The bill would also prevent manufacturing from installing new wind and solar facilities inside their fence line. We do not believe that that is what Rep. Walberg intended. We look forward to working with him to also exempt these QF facilities.

Regarding LNG exports and HR 4605, the Rep. Johnson legislation entitled “Unlocking Our Domestic LNG Potential Act. IECA is strongly opposed to this legislation.

The bill presents members of Congress a decision to either vote for this bill and support the oil and gas industry (or) oppose the bill and support your voters back home who risk higher natural gas and electricity costs.

DOE's own LNG study entitled, "Macroeconomic Impacts of Increased LNG Exports from the United States" illustrates that the net economic benefits of LNG exports almost exclusively serve the oil and gas industry and the public is damaged economically.

The report concludes that,

"expansion of LNG exports has two major effects on income: it raises energy costs and, in the process, depresses both real wages and the return on capital in all other industries."

Raising energy costs, depressing real wages on the U.S. population and a reduction of return on capital on U.S. industries would conclude that increasing LNG exports cannot possibly be in the public interest.

The bill is anti-consumer and removes the Natural Gas Act "public interest" test, which was wisely put in place by Congress to ensure that LNG export volumes do not damage the economy and jobs.

A reasoned volume of LNG exports is good for the economy, but excessive LNG exports will severely damage manufacturing competitiveness long-term, threaten trillion of dollars of existing manufacturing capital investment, and stop capital investment that is now occurring due to low natural gas prices. This is exactly what happened in Australia.

Importantly, the legislation is not needed because excessive volumes have already been approved by the DOE. The DOE has given final approval to both NFTA and FTA countries equal to 71.2 percent of 2016 U.S. natural gas demand (or 53 billion cubic feet/day (Bcf/d).

The excessive volume approved by the DOE is a legal issue. We are of the opinion that it cannot possibly be in the "public interest" to export 70 percent of US demand. It is a violation of the Natural Gas Act.

DOE has failed to implement its regulatory responsibilities under the Natural Gas Act. It has not acted to protect the US economy and consumers from excessive future LNG exports.

Congress is responsible for assuring implementation of the Natural Gas Act (NGA) and safe-guarding the public and economy with affordable and reliable natural gas. It is the law of the land.

Given the facts of IECA's written testimony, we urge this Subcommittee to act to provide oversight of DOE approved volumes and make remedy to protect the public interest.

This is particularly important given that 2017 EIA AEO demand forecast suggest that 56 percent of all lower 48 natural gas resources will be consumed by 2050. The EIA 2018 forecast will show even a higher consumption rate.

I would be happy to take your questions.

1:30PM January 18, 2018