

Opinion: NC Wins If LNG Legislation Becomes Law

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The U.S. economy shrank in the first quarter of 2014, and North Carolina's economy is expected to grow at less than 2 percent this year – a slower rate than last year. Not unlike many states across our nation – North Carolina is in dire need of a new product to bring to market to improve its economic fortunes. Luckily, North Carolina is one of the states well-positioned to benefit from the worldwide boom in demand for natural gas. The U.S. Energy Information Agency projects a 64 percent increase in worldwide natural gas consumption by 2040. "Natural gas continues to be the fuel of choice for the electric power and industrial sectors in many of the world's regions, in part because of its lower carbon intensity compared with coal and oil," according to an EIA report from last year. That is, natural gas burns cleaner than either coal or oil, and it is relatively cheap and safe to extract and bring to the market. With the technological advances of the last decade making more natural gas available at affordable prices, demand for it has risen sharply. As North Carolina's economy struggles, the state sits on piles of money in the form of natural gas deposits. There are abundant natural gas reserves in Chatham, Lee and Moore Counties, and the new fracking legislation just signed into law by Gov. McCrory will enable development of those reserves. This will allow North Carolina to join the many other states that have experienced economic booms from the safe development of natural gas resources. For example, as a result of fracking, North Dakota has the lowest unemployment rate in the nation and an abundance

of good paying jobs. And the benefits of fracking and natural gas production do not just have to be concentrated in the Piedmont region. On the coast, Wilmington is currently applying to build an export terminal to be able to bring American products to the global marketplace, which would spur incredible growth and investment. But once that gas is made available to consumers, then what? Right now it is very difficult for American companies and American workers to partake in the bonanza that has come from the new global demand for natural gas. The federal government allows companies to freely export liquefied natural gas only to the nations with which the United States currently has free trade agreements. So to export to some of our closest allies, including many European nations and Japan, exporters need to navigate a long and tortuous bureaucratic process. As it stands, American businesses that want to help supply the world with safe, clean-burning natural gas are facing enormous hurdles placed in front of them by their own government. Building a new terminal to export natural gas to, say, Poland or Ukraine, who until recently relied heavily on their relationship with Russia for gas resources, requires going through a lengthy pre-approval process in which Washington has held up 24 applications for years. In the United States, natural gas is a highly abundant resource. The Energy Information Administration projects a 56 percent increase in domestic natural gas production by 2040. It projects domestic supply growing at twice the rate of domestic consumption over that time, so there will be more than enough natural gas to go around. The American and North Carolinian companies that want to build the terminals for exporting that gas should not have to endure needlessly long, bureaucratic delays before they can sell to eager customers on the world market. Fortunately, Congress can change the rules to expedite the approval of liquefied natural gas export terminals. The U.S. House of Representatives voted this week on legislation to do this. North Carolina's 7th District Rep. Mike McIntyre supported this effort and should be applauded. In order to see progress, senators such as North Carolina's Kay Hagan and Richard Burr

now need to urge a vote on this bill in the U.S. Senate so we can expand the economic benefit of America's abundant supply of affordable, cleaner energy by freeing the market for natural gas. *William O'Keefe is CEO of the George C. Marshall Institute and president of Solutions Consulting Inc. He has also served as senior vice president of Jellinek, Schwartz and Conolly Inc., executive vice president and COO of the American Petroleum Institute and chief administrative officer of the Center for Naval Analyses. He has held board positions for the Kennedy Institute, the U.S. Energy Association and the Competitive Enterprise Institute and is chairman emeritus of the Global Climate Coalition.*