PUBLIC SUBMISSION

As of: 7/21/14 4:25 PM
Received: June 16, 2014
Status: Pending_Post
Tracking No. 1jy-8cpa-atgk
Comments Due: July 21, 2014
Submission Type: Web

Docket: DOE-HQ-2014-0009
Proposed Procedures for Liquefied Natural Gas Export Decisions

Comment On: DOE-HQ-2014-0009-0001
Proposed Procedures for Liquefied Natural Gas Export Decisions

Document: DOE-HQ-2014-0009-DRAFT-0004
Comment on FR Doc # 2014-12932

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General Comment

Please see attachment for comments from America's Energy Advantage regarding DOE's proposed procedures for liquified natural gas export decisions.

Attachments

America's Energy Advantage Public Comments Regarding DOE's Procedures for Liquefied Natural Gas Export Decisions

America's Energy Advantage

Powering Manufacturing.
Fueling Jobs.
Igniting Growth.

June 16, 2014

The Honorable Ernest Moniz
Secretary of Energy
United States Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C., 20585

Dear Mr. Secretary,

America's Energy Advantage (AEA) is a trade association representing many of the world's leading manufacturers and commodity producers, as well as the United States' publicly owned gas distribution companies. As the voice for these industries and American consumers we want to thank you for your thoughtful leadership in proposing changes to the Department of Energy's policy regarding natural gas exports.

We agree that the landscape for natural gas markets, pricing, and the economic and consumer impacts from liquefied natural gas (LNG) export decisions have changed dramatically, and we look forward to providing you and the Department with our comments as soon as we have digested the rule's implications. However, we believe that a 45 day comment period is far too short a window to conduct the type of analysis and investigation that is necessary to provide fully informed comments to the Department. Please consider this letter a formal request from AEA and its member organizations for the Department of Energy to extend the comment period to 120 days. Along with understanding the implications of the proposed rule, we must also model and calculate several other macro developments and trends, including:

- **New EPA Carbon Rules:** The EPA's new Green House Gas standards affecting 600 existing coal-fired power plants will cause massive and sustained increases in domestic natural gas demand. A recent analysis by the U.S. Chamber of Commerce projects that the new regulations would result in the use of natural gas soaring to 46 percent of total electricity generation by 2030 from about 27 percent now.

- **DOE Has Approved LNG Exports Well Beyond the "High-Export" Scenario:** As you know, the Department of Energy has conditionally approved a volume of LNG exports that would make the U.S. the largest LNG exporting nation in the world, surpassing Qatar. The volume of LNG exports approved goes well beyond the "high-export" scenario evaluated in the 2012 NERA report, which itself predicted consumer price increases of as much as 54 percent. Price increases of this scale could translate into more than $60 billion a year in higher energy costs for American consumers and businesses.

- **Domestic Natural Gas Supplies Are at Their Lowest Levels in 11 Years:** At 826 billion cubic feet, natural-gas supplies stand at their lowest level in 11 years, according to the

Energy Information Administration. Some analysts are bracing for potential shortages next winter if producers cannot replace stockpiles fast enough. Parts of the U.S. experienced natural gas shortages in 2013 due to the unusually harsh winter, underscoring strong and continued domestic demand for this strategic resource.

- **U.S. Could Exhaust "Economically Recoverable" Natural Gas Supplies in 16 Years:** According to a May 18th, 2014 article in *The Financial Times*, Garten Rothkopf, an international advisory firm projected that:

> "the U.S. is set to exhaust its supply of 'economically recoverable' natural gas supplies by 2030. That estimate is based solely on existing projects, and excludes those that have been announced but not yet started. It also makes the conservative assumption that there will be just three liquefied natural gas export terminals in operation by then, as opposed to the six already in the works. Everyone is piling into the 'dash for gas' on the basis that U.S. gas prices will remain low as far as the eye can see. Long before 2030, however, US producers will have been pushed into the more expensive shale formations."

For these and other reasons, we believe that a public comment period of only 45 days to respond to a proposed rule is simply too short a time period given all that is at stake. The rule is exceptionally broad in scope, incredibly complex and would completely revamp the current process for LNG exports. The changes contemplated by the rule would have huge implications for millions of American consumers and businesses, the entire economy, and the energy and manufacturing sectors in particular.

Given the rule's scope, complexity and impact, our organization and its member companies respectfully request that the Department of Energy extend the comment period to 120 days, in order to ensure the process allows for ample time for all stakeholders to review and comment on the proposal's implications on the domestic economy.

We thank you for the opportunity to share our views and look forward to the Department extending the comment period so that all stakeholders in the process may be afforded adequate time to submit their views.

Sincerely yours,

America's Energy Advantage

Cc: Michael Froman, Ambassador, United States Trade Representative
Melanie Kenderdine, Director for Energy Policy & Systems Analysis, Department of Energy
Jonathan Levy, Deputy Chief of Staff, Department of Energy
Dan Utech, Deputy Assistant to the President for Energy and Climate Change
Steve Ricchetti, Counselor to the Vice President
Jeffrey Zients, Director, National Economic Council