



**Comments on  
Proposed Procedures for Liquefied Natural Gas Export Decisions**

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***Protecting Small Business, Promoting Entrepreneurship***

My name is Raymond J. Keating, and I serve as chief economist for the Small Business & Entrepreneurship Council, which is a nonpartisan, nonprofit advocacy, research and education organization that works to protect small business and promote entrepreneurship. In addition, the Center for Regulatory Solutions (CRS) is a project of SBE Council. CRS educates the public about reforms that will improve the regulatory system, as well as the consequences of over-regulation on the economy and small businesses.

I appreciate the opportunity to file comments on the Proposed Procedures for Liquefied Natural Gas Export Decisions.

Although the Department of Energy (DOE) has conditionally approved some licenses for the export of liquefied natural gas (LNG) to countries that the U.S. does not free trade agreements with, much more needs to be done.

The DOE proposal “to act on applications to export liquefied natural gas (LNG) from the lower-48 states to non-FTA countries only after the review required by the National Environmental Policy Act (NEPA) has been completed, suspending its practice of issuing conditional decisions prior to final authorization decisions” is a step forward, but again, more is needed.

For example, as would be required in legislation that recently passed the U.S. House of Representatives, the DOE should impose a 30-day limit to make a final decision on an application to export LNG once an environmental review is completed. Indeed, even under the current application process, no reason exists why the DOE should not work under a self-imposed 30-day deadline.

The U.S. has a tremendous opportunity when it comes to exporting LNG, and make no mistake, small business will reap rewards from such exports. Please consider the following article that I wrote, which appeared on TheHill.com on April 3, 2014:

### **LNG Exports Will Help Small Business**

Small businesses often get left out of the conversation about American energy policy. But as both energy producers and consumers, small businesses understand the impact of energy policymaking – for better or for worse.

As the domestic energy boom continues to provide a much-needed economic boost, entrepreneurs and their employees, and the overall economy, certainly would further benefit from natural gas exports.

Technological advancements and emerging oil and gas reserves have reshaped America's energy outlook. Between 2008 and 2013, for example, natural gas production increased by more than 21 percent. At the same time, prices fell by 58 percent. Looking ahead, the EIA expects the U.S. to become a net exporter of natural gas starting in 2018. According to an October report from the Energy Information Administration, "the United States will be the world's top producer of petroleum and natural gas hydrocarbons in 2013."

Unfortunately, the Obama administration has been reluctant to clear away governmental impediments to further natural gas development. Bureaucratic delays limit where U.S. producers can export natural gas. Special permits are required to ship to countries that do not have free trade agreements with the U.S. The Energy Department is responsible for approving these licenses. Some two-dozen export licenses await approval by the Department of Energy.

When pressed on the issue, the administration has passed the buck – a familiar Beltway tactic. The White House press secretary recently said natural gas exports are a regulatory issue for the Department of Energy. The administration’s energy secretary then said he would “welcome consultation” with Congress, even though a vast number in Congress have endorsed expediting the process.

The buck can only be passed so far. The president should ask the Energy Department to broadly approve all the pending liquefied natural gas (LNG) export permits. Of course, not all will result in export plants, but market factors should determine which are viable and which are not – rather than bureaucrats in Washington.

According to the Center for Liquefied Natural Gas, each new terminal created to ship LNG overseas could generate more than \$10 billion in investment for the U.S. economy, including wages and purchase orders for equipment. A single project will likely generate more than \$10 million per year in new tax revenue at the federal, state and local levels. For good measure, it’s estimated that every \$1 billion of LNG produced creates about 5,000 construction and manufacturing jobs.

Consider that a proposed LNG terminal in Cove Point, MD, according to the DOE application, will provide a notable economic boost: “In 2015, the DCP facility will create between \$183 and \$230 million in ‘value added’ ... within Calvert County and an additional \$80 to \$100 million in the rest of Maryland. Annual activities during operations from 2018 through 2040 are expected to generate an additional \$22 million in value added annually for Calvert County, Maryland, and over \$47 million for the U.S. in total.”

As for the impact in terms of exports, a May 2013 Manhattan Institute report noted that the U.S. could expect “as much as \$100 billion per year in exports of natural gas as LNG even if only two-thirds of the currently requested LNG export terminals are completed.”

Small businesses will benefit enormously from LNG exports. Consider that 91 percent of employer firms in the oil and gas extraction businesses have less than 20 workers (2011 latest Census Bureau data), and 65 percent in the oil and gas pipeline and related structures construction industry have less than 20 employees. The energy business very much is about small business. Of course, small businesses in general will benefit from enhanced economic growth due to natural gas investments and exports.

History shows that free markets drive innovation, growth and competitiveness. By removing trade restrictions on natural gas, the President and lawmakers will open up more opportunities for small business and overall economic growth.

(Read more: <http://thehill.com/blogs/congress-blog/energy-environment/202359-lng-exports-will-help-small-businesses#ixzz37piWVMJ3>)

In addition, SBE Council published a report titled “The Benefits of Natural Gas Production and Exports for U.S. Small Businesses” in May of 2013 that highlighted the significant growth in the number of employer firms and jobs in the energy sector between 2005-2010, with a particular emphasis on the growth and role of small business. The report reinforces the fact that accelerated approval of LNG export licenses would be a significant positive for small businesses. The report is available at <http://www.sbecouncil.org/wp-content/uploads/2013/05/BenefitsofNatGasSBECouncil.pdf>.

Thank you for your consideration of the small business view on this critical energy issue.