

DOE LNG Report DRAFT Comments

William Shughart:

Looking for sustainable ways to pump life back into the U.S. economy, we must recognize the important role played by exports of liquefied natural gas (LNG). Reports commissioned by the Department of Energy in 2014 and 2015 both confirm that, “Economic gains generally increase with the amount of added LNG exports,” and “Negative impacts in energy-intensive sectors are offset by positive impacts elsewhere.” The evidence is clear and unmistakable: America can—and will—see greater global economic competitiveness if we take advantage of the expanding LNG industry. The United States is home to the fourth largest deposits of recoverable shale gas on the planet, with estimates of natural gas reserves rising to 388.8 trillion cubic feet in 2014 alone in consequence of improved technology and efficient operations. And on top of the DOE’s 2014 and 2015 reports, analysis from ICF International confirms that virtually every state would benefit from LNG exports. Producing states would see gains ranging from \$10 billion to \$31 billion, while non-producing states could see gains of \$2.6 billion to \$5 billion by 2035. The study also projected up to 665,000 jobs created nationwide. Clearly, we have the production levels and promising forecasts to reach even greater success. But none of this will come to fruition unless we mobilize natural gas exports. Notably, the benefits transcend U.S. borders into the global market. The U.S. natural gas industry is far ahead of competitors in Europe and North-East Asia, where prices are two to five times higher. For example, JKM spot prices – the LNG marker for East Asia – were trading at \$7.28 per million Btu for December delivery, down nearly two-thirds from early 2014 prices. In contrast, EIA reported that 2015 natural gas spot prices at the national benchmark Henry Hub averaged \$2.61 per million Btu—the lowest annual average since 1999. DOE has green-lighted fewer than 10 U.S. LNG facilities in four years, while nearly 30 applications are still pending. The latest DOE report confirms that even in the most optimistic exports scenario analyzed, the U.S. will see major macroeconomic benefits. This evidence should tip the balance in favor of moving quickly to approve the pending LNG export applications. Let’s fully capitalize on America’s historic energy potential.