



February 12, 2016

Christopher A. Smith
Assistant Secretary
Office of Fossil Energy
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585

RE: Macroeconomic Impact of Increasing U.S. LNG Exports, 80 FR 81300

Dear Assistant Secretary Smith:

Western Energy Alliance appreciates the opportunity to comment on the Department of Energy (DOE)'s report, *The Macroeconomic Impact of Increasing U.S. LNG Exports*, completed by Rice University, Oxford Economics, and Leonardo Technologies. We support the study's conclusion based on the best available economic evidence that liquefied natural gas (LNG) exports will have positive overall economic impacts on the United States. The study is further evidence that DOE should promote LNG exports to take advantage of their economic, geopolitical, and environmental benefits. Furthermore, in a nation based on free trade principles, natural gas producers should be able to export their product, just as any other business can.

Western Energy Alliance represents over 450 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas in the West. Alliance members are independents, the majority of which are small businesses with an average of fifteen employees.

The study confirms that LNG exports will have positive impacts in the United States that exceed any potential negative impacts associated with marginally higher domestic natural gas prices. Although an increase in natural gas prices resulting from increased LNG exports is possible, the study finds such an increase would likely be small. The report states that in terms of impact on Americans, the effects would be hardly noticeable, raising the consumer price index by 0.13% to 0.5% from 2026-2040.

This price increase is small compared to the annual benefits of an estimated \$7.7 to \$20.5 billion of additional GDP, and 9,600-35,200 new jobs. Even these sizeable benefits are

likely overly conservative. In a 2013 study, ICF International estimated that expanded LNG exports could lead to annual GDP growth of up to \$74 billion and net job gains of up to 665,000 by 2035.¹ A 2012 study by NERA Economic Consulting also found that in every scenario it analyzed, LNG exports would bring net economic benefits to the U.S. and would raise GDP by as much as \$47 billion.² A 2014 study by the Energy Information Administration (EIA) reached similar conclusions, projecting 100,000-200,000 new jobs while leaving the overall consumer price index unchanged.³ In addition to the broader economic benefits, LNG exports will also generate additional revenue for local, state, and federal government through natural gas production royalties and other taxes.

The Rice University study acknowledges that some energy-intensive, trade-exposed industries may experience small declines in output due to increased domestic energy prices, citing in particular the cement, concrete, and glass industries. Some chemical manufacturing companies and their representatives have also criticized LNG exports and exaggerated the potential price increases. These manufacturers are taking advantage of low natural gas prices, rebuilding manufacturing plants, and increasing jobs in America. The natural gas industry takes pride in supporting these new manufacturing jobs in addition to those we have created directly in the energy industry. However, the potential price increases analyzed in this study are very moderate, and given the large disparity between U.S. and world natural gas prices, American manufacturing would still retain its competitive advantage with the modest price increases projected by the study. The government should not be in a position of suppressing one industry to benefit another with lower input costs. In addition, there are serious implications for hindering free trade and abdicating U.S. leadership in promoting free trade worldwide.

LNG exports offer clear economic benefits domestically. DOE should also recognize that there are numerous geopolitical benefits to consider. The Rice University study indicates that enhanced LNG exports would reduce natural gas prices for our allies in Europe and the Pacific Rim. By implementing free trade energy policies, we can reduce our allies' dependence on energy from Russia and the Middle East, which has strategic value to the U.S. Antiquated and protectionist energy policy on LNG exports creates market distortions that harm our economy and have negative national security implications.

¹ [*U.S. LNG Exports: State-Level Impacts on Energy Markets and the Economy*](#), ICF International, November 13, 2013.

² [*Macroeconomic Impacts of LNG Exports from the United States*](#), NERA Economic Consulting, December 3, 2012.

³ [*Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets*](#), EIA, October 2014.

In addition, increased natural gas use spurred by American exports offers important environmental benefits. Clean-burning natural gas emits half the carbon dioxide of coal while producing negligible amounts of sulfur, mercury and particulate matter.⁴ LNG exports provide American climate change leadership by promoting a meaningful solution to reduce global emissions and improve public health. As the Energy Information Administration has demonstrated, increased natural gas electricity generation has displaced 59% more greenhouse gas emissions than wind and solar electricity combined since 2006.⁵

Western Energy Alliance supports the Rice University study's conclusion that LNG exports will benefit the American economy and suggests that those benefits may be understated in this report. In addition to the compelling economic reasons, we believe there are important geopolitical and environmental reasons for DOE to support LNG exports. Western Energy Alliance encourages DOE to accept the conclusions of the study that natural gas exports will benefit the overall U.S. economy, and move forward with LNG export licenses.

Sincerely,



Kathleen M. Sgamma
Vice President of Government & Public Affairs

⁴ [Natural Gas 1998: Issues and Trends](#), EIA, 1998.

⁵ [October 2015 Monthly Energy Review](#), EIA, Table 12.6.