



March 12, 2020

Amy Sweeney  
Department of Energy  
Office of Fossil Energy  
Forrestal Building  
1000 Independence Ave. SW  
Washington, DC 20585  
Attn: Term Extension Proposed Policy Statement  
*VIA Regulations.gov*

**RE: Term Extension Proposed Policy Statement**

Dear Ms. Sweeney,

In response to the United States Department of Energy's (DOE) proposed policy statement (Proposal) to extend the standard 20-year term for authorizations to export natural gas and liquefied natural gas (LNG) from the lower-48 states to countries with which the United States does not have a free trade agreement (non-FTA), the Center for Liquefied Natural Gas (CLNG) and the Natural Gas Supply Association (NGSA) respectfully submit the following comments.

CLNG and NGSA support DOE's Proposal to allow existing and future non-FTA export authorizations to extend through December 31, 2050. This Proposal gives U.S. LNG exporters more regulatory certainty, allows U.S. LNG exporters to compete more competitively in global LNG markets, and sends a clear message abroad that the U.S. is a committed, long-term natural gas trading partner.

I. Statements of Interest

The CLNG advocates for public policies that advance the use of LNG in the United States, and its export internationally. A committee of the NGSA, CLNG represents the full LNG value chain, including all six large-scale LNG export facilities in the United States, shippers, and multinational developers, providing it with unique insight into the ways in which the vast potential of this abundant and versatile fuel can be fully realized.

Founded in 1965, the NGSA represents integrated and independent energy companies that produce, transport and market domestic natural gas and is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA advocates for well-functioning markets that foster a growing, competitive market for

natural gas. NGSAs are dedicated to achieving a cleaner future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. NGSAs's members trade, transact and invest in the U.S. natural gas market in a range of different manners. NGSAs members transport and/or supply billions of cubic feet of natural gas per day on interstate pipelines and could be greatly impacted by the outcome of this proceeding.

## II. Comments

CLNG and NGSAs offer the following comments on DOE's Proposal to extend natural gas export authorizations to non-FTA countries through the year 2050 for consideration.

### *a. CLNG and NGSAs support DOE's Proposal and comment approach to license extensions*

CLNG and NGSAs support DOE's Proposal to allow existing and future non-FTA export authorizations to extend through December 31, 2050, subject to an 'opt-in' and notice and comment process. This approach gives interested stakeholders and the public the appropriate opportunities to participate and comment, consistent with DOE's organic and procedural statutes, rules and regulations.

When authorizing the export of natural gas, DOE must comply with the National Environmental Policy Act of 1969 (NEPA).<sup>1</sup> We note that the environmental and land use impacts associated with each existing authorization have been previously examined and ruled upon by DOE. The extension of the export term for these licenses would, therefore, be eligible for a categorical exclusion under DOE's NEPA regulations.<sup>2</sup> Any pending and future authorizations are also subject to NEPA, and will complete the appropriate process for public notice, comment and disclosure of environmental impacts.

DOE also makes a "public interest" determination in considering exports to non-FTA countries. Section 3(a) of the Natural Gas Act (NGA) establishes "a rebuttable presumption that a proposed export of natural gas is in the public interest, and DOE must grant such an application unless those who oppose the application overcome that presumption."<sup>3</sup> While the NGA does not define "public interest", DOE has identified a range of factors that it evaluates when reviewing an application to export LNG. These factors include economic impacts, international impacts, security of national gas supply, and environmental impacts.<sup>4</sup> In considering the public interest, DOE has conducted five studies outlining the economic impacts of U.S. LNG exports,<sup>5</sup> and two

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<sup>1</sup> 42 U.S.C. 4321 et seq.

<sup>2</sup> See 10 C.F.R. Part 1021, Subpart D Appx. B, Exclusion B.5.7.

<sup>3</sup> Department of Energy, Order No. 2961, Sabine Pass Liquefaction, LLC, FE Docket No. 10-111-LNG, pg. 28, [http://www.fossil.energy.gov/programs/gasregulation/authorizations/Orders\\_Issued\\_2011/ord2961.pdf](http://www.fossil.energy.gov/programs/gasregulation/authorizations/Orders_Issued_2011/ord2961.pdf).

<sup>4</sup> See, Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, 85 FR 7675 (Feb. 11 2020).

<sup>5</sup> See EIA, *Effect of Increased Natural Gas Exports on Domestic Energy Markets* (January 2012); NERA, *Macroeconomic Impacts of LNG Exports from the United States* (December 2012); EIA, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets (October 2014)*; CES, *The Macroeconomic Impact of Increasing U.S. LNG Exports* (October 2015); and NERA, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports* (June 2018).

studies outlining the environmental impacts of U.S. LNG exports.<sup>6</sup> All studies have shown that U.S. LNG exports provide broad benefits to the public.

DOE established its original practice of granting long-term LNG export authorizations for 20-year terms, in part, because the 2012 Macroeconomic Study used a 20 year time horizon.<sup>7</sup> However, the 2018 LNG Export Study extends its time horizon for 30 years, and shows macroeconomic benefits to the United States over the entire period.<sup>8</sup> Further, the 2019 Life Cycle Analysis (LCA) Greenhouse Gas Update commissioned by DOE as an update to its 2014 LCA, finds that U.S. LNG exports for power production in European and Asian markets will not increase GHG emissions from a life cycle perspective, when compared to regional coal extraction and consumption for power production.<sup>9</sup> The 2019 LCA incorporates the United Nations figures for methane's global warming potential, which is calculated over a 100-year period. These two LCA studies, having expanded the time period analyzed, as well as the ability of LNG to assist in reducing global emissions as discussed in subsection *b* below, provide ample basis for DOE to extend the term of export authorizations in the public interest, while maintaining compliance with NEPA.

*b. LNG exports assist globally in lowering emissions*

Natural gas is the cleanest burning hydrocarbon and the use of natural gas for power generation here in the United States has had clear environmental benefits. In the United States, CO<sub>2</sub> emissions fell by 28 percent between 2005 and 2017 in large part because of the increased use of natural gas in power generation.<sup>10</sup> Further, a global shift from coal to less carbon-intensive natural gas helped avert 500 million metric tons of CO<sub>2</sub> emissions globally between 2010 to 2018. Going forward, globally, there is a further potential for 1.2 gigatons of near-term CO<sub>2</sub> reductions due to fuel switching to natural gas.<sup>11</sup> Further, while greater use of natural gas will help reduce carbon emissions, it will also help reduce traditional pollutants – burning natural gas creates little to no emissions of sulfur dioxide, nitrogen oxides or particulate matter that can lead to smog.<sup>12</sup>

When countries increase their use of natural gas for power generation, not only will they reduce their GHG emissions through fuel switching to natural gas, they also have the opportunity to increase their use of renewable energy; further reducing emissions. This is because natural gas is an ideal partner to renewable energy resources. Natural gas makes a perfect ally to ramp up and support renewable resources, allowing for more generation to be powered by renewables. In fact, for every 1% increase in natural gas-powered electric generation, renewable power

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<sup>6</sup> National Energy Technology Laboratory, “*Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States*” May 2014, and National Energy Technology Laboratory, “*Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 Update*” September 2019.

<sup>7</sup> See, *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FOE Order, No. 3282 at 114 (May 17, 2013), DOE denial of Freeport LNG's request for a 25-year term, based on NERA study projections over a 20-year period.

<sup>8</sup> NERA, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports* (June 2018), App. F.

<sup>9</sup> National Energy Technology Laboratory, “*Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States*” May 2014, and National Energy Technology Laboratory, “*Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 Update*” September 2019.

generation increases by 0.88%.<sup>13</sup> The natural gas industry is a partner in transitioning to a lower-carbon future and exporting U.S. LNG is one of the ways that we are working together to reduce emissions on a global scale. Natural gas and LNG are part of a clean energy future for all.

*c. DOE's Proposal more closely aligns export authorizations with the life of the LNG asset and the regulations of other energy commodities.*

The lifespan of an LNG terminal is longer than 20 years. The Proposal's extension through the year 2050 more closely aligns the regulation with the lifetime of the LNG terminal and allows U.S. LNG exporters greater confidence that their assets will be fully utilized. Further, this extension will place U.S. LNG on a level playing field with competitors abroad who have the ability to offer contracts that extend beyond DOE's original 20-year term. The extension of these natural gas export authorizations creates more regulatory certainty for U.S. exporters and sends a clear message to customers abroad that the United States is a committed natural gas trading partner well into the future.

DOE's Proposal also brings LNG export licenses more in line with the license timelines for other energy commodities associated with assets with a long useful life. For instance, the Atomic Energy Act authorizes the Nuclear Regulatory Commission to issue licenses for commercial power reactors to operate for up to 40 years. These licenses can be renewed for an additional 20 years at a time.<sup>14</sup> Further, crude oil exports do not require a license to export, except in the case of an embargoed or sanctioned country.<sup>15</sup> There is no reason that the licensing periods for U.S. natural gas and LNG exports should be treated differently than that of other energy commodities associated with significant infrastructure investment. As with any other energy asset, U.S. exporters should have reasonable assurance that their capital-intensive infrastructure projects have a realistic expectation of recouping their investment for the full lifetime of the facilities.

### III. Request for Clarification

CLNG and NGSa respectfully request that DOE provide clarification on DOE's language in the Proposal. The Proposal states that the extension of export terms through the year 2050 "would not alter the maximum daily rate of export currently approved under each existing non-FTA authorization".<sup>16</sup> However, DOE's LNG export authorizations are stated in terms of annual quantities. We ask DOE to clarify that this language does not modify or reflect on any existing orders. Specifically, on any given day, a non-FTA exporter may exceed a daily average export quantity, so long as the non-FTA exporter does not exceed its annual authorized quantity.

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<sup>14</sup> See, [10 CFR Part 51](#) and [10 CFR Part 54](#).

<sup>15</sup> See, Removal of Short Supply License Requirements on Exports of Crude Oil, 81 FR 29483 (May. 12 2016).

<sup>16</sup> See, Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050, 85 FR 7678 (Feb. 11 2020).

#### IV. Conclusion

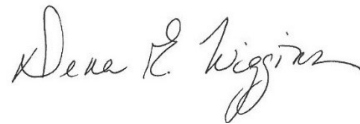
CLNG and NGSA support DOE's proposed policy statement to extend the standard 20-year term for authorizations to export natural gas from the Lower-48 states, including LNG, to Non-FTA countries, as clarified above. The Proposal sends a clear statement of confidence in U.S. LNG and provides U.S. LNG exporters with greater regulatory certainty. Reliable trade in natural gas is critical to maintaining the U.S. natural gas and LNG industry as an engine for growth. This Proposal enables that growth because it gives U.S. natural gas and LNG exporters more regulatory certainty, makes exporters more competitive in the global LNG market, and sends a clear message to customers abroad that the United States is a committed natural gas trading partner.

Respectfully Submitted,



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