



Industrial Energy Consumers of America
The Voice of Industrial Energy Consumer

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December 13, 2010

U.S. Department of Energy
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW.
Washington, DC 20585



Motion to Intervene: [FE Docket No. 10-111-LNG] Sabine Pass Liquefaction, LLC;
Application for Long-Term Authorization to Export Liquefied Natural Gas

On behalf of the Industrial Energy Consumers of America (IECA), we oppose approving the Sabine Pass Liquefaction, LLC application (Application). It is not in the interests of the public nor industry whose competitiveness is dependent upon low relative natural gas and electricity prices to be competitive in global markets to support exporting natural gas, much of which is produced on federal lands owned by the American public without any safeguards to consumers. A lot can happen in 20 years and exporting without any consumer safe guards could increase the price of natural gas and electricity.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$800 billion in annual sales and with more than 750,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

- Exporting natural gas is the equivalent of higher demand, both of which has the potential to increase the price of natural gas for the manufacturing sector and the public. Higher prices for natural gas and the resulting higher prices of electricity could result in loss of manufacturing jobs. Higher natural gas and electricity prices are not in the interest of the public.

The manufacturing sector has lost 5.4 million jobs since 2000 or 31 percent. Most of these lost jobs were because of the loss of competitiveness due to higher

US costs that include significant increases in the price of natural gas and impacts to the price of electricity in the period of 2000 to 2008.

While IECA acknowledges that recent estimates of natural gas reserves have increased, there are still many important uncertainties that can delay or stop drilling in portions of the country that could reduce supply and raise the price of natural gas and electricity for the entire country. Key issues of uncertainty include: regulatory issues surrounding the fracturing process, access to onshore lands (including federal lands), the stringency of regulations for offshore drilling, offshore moratoriums and what can be done to resolve issues surrounding natural gas liquids. The most important uncertainty is what price for natural gas will be necessary to bring shale natural gas reserves to market given these uncertainties. It is not enough to know that the US has significant reserves of natural gas. The question remains, what portion of those reserves can be produced at affordable prices and especially at prices that allow the manufacturing sector to flourish.

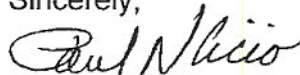
It is the search for many of these answers is why Secretary of Energy Chu has requested the National Petroleum Council to study these and other natural gas related issues. The report is under development and will be released in 2011. Secretary Chu recognizes that this is a vital natural resource that we all depend and a market that is in transition and with uncertainties that are not fully understood.

- Exporting natural gas, a portion of which was produced from public lands that are owned by the American public, decreases US energy security and is not in the interest of the public.
- Exporting a significant portion of what the US consumes each year is not in the interests of the public or manufacturing. The Application requests approval to export as much as .803 trillion cubic feet of natural gas per year for a 20 year period. This is a significant amount of natural gas and is equivalent to 3.54 percent of 2009 US demand; 13.4 percent of industrial demand; 17.1 percent of residential demand and 11.6 percent of electric sector demand. A annual average increase in demand of 3.5 percent could have the effect of pushing prices up for everyone.
- Approving to a 20 year approval to export natural gas is not in the interest of the public or the manufacturing sector. A 20 year period is a significantly long time and raises concerns given the history of natural gas prices in the last ten years. From 2000 to 2008 we saw prices rise from the \$4.00 per Btu range to the \$14.00 Btu range. Just because we have prices in the mid \$4.00 range today does not mean these lower prices will remain at these affordable levels. The federal government has the responsibility to error on the side of caution.

- At this time, it is not in the interest of the public to "promote liberalization of the global natural gas market by fostering increased liquidity and trade at prices established by market forces". This quote comes from Sabine Pass's Application. What this means is that they would like US natural gas prices to trade at globally traded prices. This is what crude oil does today. The problem is that when tight supply occurs, and it always does, increased demand from other places in the world will have the result of increasing the price of natural gas for everyone in the US. For example, if China and India's demand for crude oil increases, it increases the price of crude and gasoline in the US. For natural gas, this is not a benefit to the US. We are currently benefiting from the increased regional supply in the US and Canada. For now, so long as domestic supplies continue to meet demand at affordable prices, regional prices (US and Canada) promise to be lower than global prices.

It is for all of these reasons that IECA opposes the Sabine Pass application. Manufacturing, like most home owners and farmers do not have a substitute for natural gas and we rely upon common sense energy policy to provide the affordable and reliable natural gas for all of our needs. Domestic consumers should be placed as a priority. We urge you to carefully consider our concerns as you make your decision. If you have any questions, please feel free to contact us.

Sincerely,



Paul N. Cicio
President

DOE confirmation

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