

RECEIVED

By Docket Room at 10:07 am, Jan 16, 2013

From: [Rajarshi Gupta](#)
To: [LNGStudy](#)
Cc: [Kamal Chopra](#); [R K Singla](#); [Y K Mishra](#); [Subhash Kumar](#); [sudhir_sharma](#)
Subject: Comments on LNG Export Study
Date: Wednesday, January 16, 2013 2:50:57 AM
Attachments: [ONGC Videsh Limited comments on DOE LNG Export Report.pdf](#)
Importance: High

Dear Sir / Madam,

This has reference to the notice of DOE no: 10 CFR Part 590 requesting public comments on LNG Export Study.

Attached herewith are comments of ONGC Videsh Limited (OVL), the premier international E&P NOC of India, on the said study for your kind consideration.

May please feel free to contact me for any clarification.

With best regards,

Rajarshi Gupta
Sr. Vice President
Business Development
ONGC VIDESH LIMITED
8th Floor, Kailash Building;
26, K. G. Marg;
New Delhi - 110001; India

Phone: + 91 11 41291133

Mob: + 91 9868282381

Fax No: +91 11 23730369

Disclaimer: "The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and is unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. ONGC Videsh Limited is not liable for any improper and/or incomplete transmission of the information contained in this communication or for any delay in its receipt or for any damage caused by malicious code or alteration by any third party. The contents of this email do not necessarily represent the views or policies of ONGC Videsh Limited."

**Comments on study by NERA Economic Consulting on
“Macroeconomic Impacts of LNG Exports from the United States” for DOE, U.S.**

About the study

The report of NERA Economic Consulting (NERA) on the study done by them on “Macroeconomic Impacts of LNG Exports from the United States” has been perused. The study has analyzed the impact of exports of LNG on the U.S. economy under a range of different assumptions about levels of exports, global market conditions, and the cost of producing natural gas in the U.S. NERA has examined the economic impacts of different limits on LNG exports under each of the market scenarios.

Across all the scenarios studied, the U.S. has been projected to gain net economic benefits from allowing LNG exports. Moreover, for every one of the market scenarios examined, net economic benefits increased as the level of LNG exports increased. In particular, scenarios with unlimited exports always have higher net economic benefits than corresponding cases with limited exports. In all of these cases, it was concluded that the benefits that come from export expansion outweighed the losses from reduced capital and wage income to U.S. consumers, and hence LNG exports have net economic benefits in spite of higher domestic natural gas prices.

The study is a positive development and if implemented, it will help in satisfying the growing global gas demand, particularly from the growing economies like India and China. Considering the free competition approach suggested in the report, US LNG exports will also help in keeping the global gas prices at reasonable levels. Apart from the net economic benefits to US, the report, if implemented will also lead to higher global economic activity and presumably high net economic benefits.

Suggestions

- The report does not make an explicit distinction between US LNG exports to Free Trade Agreement (FTA) and to non-FTA countries. Since at present export to FTA countries are deemed to be consistent with public interest and their applications granted without modification or delay under Section 3 of Natural Gas Act, it appears that the study is primarily for allowing exports to non-FTA countries.

References to demand from countries like India and China (both Non FTA), further reinforces the impression that the study has been conducted with scope to examine consequences of exports globally (and not to FTA countries alone).

However, to make things clear it may be prudent to suggest specifically mentioning in the report that there should be no distinction between FTA and non-FTA countries for LNG exports.

- It is believed that the present US laws require approval to even export LNG converted from gas brought from outside US, e.g. from Canada. The report may make it clear that it favors automatic approval for export of LNG converted from gas routed from outside US. Similarly, any gas exported from U.S. to Canada may also be allowed to be re-exported to any country without the need for any additional approval of U.S. This will facilitate early monetization of gas available in the north east of U.S.
- The study may also consider that in addition to LNG exports, U.S. will greatly benefit if off-take companies have the mandate and aim to backward integrate into U.S. gas assets which will bring in foreign investments into the E&P industry and go a long way in boosting exploration and exploitation of shale gas resources. NOCs like ONGC Videsh Limited (OVL), the premier

international E&P NOC of India, can dovetail into this role perfectly wherein it enters off-take agreement with potential LNG exporters and simultaneously backward integrates by investing in U.S. gas assets thereby committing to long term partnerships beneficial for both nations.

- In addition to the above, considering US desire to wean away countries like India away from certain countries sanctioned by US for energy requirements, it may be worthwhile to take up that US may consider allowing exports of LNG to India on preferential basis without any restrictions.
