

From: [Soto, Andrew](#)
To: [LNGStudy](#)
Cc: [Anderson, John](#); [Myers, Edward](#)
Subject: Notice of Availability of 2012 LNG Export Study and Request for Comments
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Attachments: [image001.png](#)
[130124 AGA Comment Letter on LNG Export Study.pdf](#)

John A. Anderson
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
U.S. Department of Energy

RE: *2012 LNG Export Study*, 77 Fed. Reg. 73627 (Dec. 11, 2012).

Dear Mr. Anderson:

Attached for filing in the above-referenced proceeding, please find comments of the American Gas Association in response to the Notice of Availability of 2012 LNG Export Study and Request for Comments issued by the U.S. Department of Energy, Office of Fossil Energy, in the Federal Register on December 11, 2012.

If you have any questions regarding this filing, please contact me.

Thank you for your consideration.



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The American Gas Association represents more than 200 local energy companies committed to the safe delivery of clean natural gas to more than 65 million customers throughout the nation.



January 24, 2013

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Office of Natural Gas Regulatory Activities
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Forrestal Building, Room 3E-042
1000 Independence Avenue, SW
Washington, DC 20585

RE: *2012 LNG Export Study*, 77 Fed. Reg. 73627 (Dec. 11, 2012).

Dear Mr. Anderson:

The American Gas Association (AGA) is pleased to submit comments in response to the Notice of Availability of 2012 LNG Export Study and Request for Comments issued by the U.S. Department of Energy (DOE), Office of Fossil Energy, in the Federal Register on December 11, 2012, seeking public input on the results of a study of the macroeconomic impacts of increased exports of liquefied natural gas (LNG) to help inform DOE's determination of the public interest in considering authorizations to export LNG. In AGA's view, natural gas is the foundation fuel for a clean and secure energy future providing benefits for the economy, our environment and our energy security. AGA has confidence in America's natural gas resource base and its ability to satisfy existing demand and new markets for natural gas at competitive prices for many years to come. Accordingly, AGA does not oppose the exportation of natural gas as LNG.

The AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 71 million residential, commercial and industrial natural gas customers in the U.S., of which 92 percent — more than 65 million customers — receive their gas from AGA members. AGA is an advocate for local natural gas utility companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States' energy needs. For more information, please visit www.aga.org.

DOE has issued two studies regarding the impacts of LNG exports. The first study, conducted by the Energy Information Administration (EIA) and issued in January 2012, assessed how specific scenarios of increased LNG export volumes beginning at different

times could affect domestic energy prices. The second study, performed by NERA Economic Consulting and issued December 5, 2012, evaluated the macroeconomic impact of LNG exports on the U.S. economy and concluded that the U.S. would gain net economic benefits from allowing LNG exports under a broad range of scenarios and, in all but one of the scenarios, net economic benefits increased as the level of LNG exports increased. In addition, the study concluded that the benefits of export expansion outweigh the losses from reduced capital and wage income to U.S. consumers, consistent with economic theory regarding removal of trade barriers. The study noted that while domestic natural gas prices increase modestly when LNG is exported, the global market would limit price increases, and domestic gas prices would not likely become linked to global oil prices.

AGA believes that the North American natural gas marketplace has undergone a fundamental shift. For most of the past 30 years, messaging around natural gas supply has often been negative with outlooks reflecting shortages and domestic production reductions. That view has changed dramatically. Natural gas is abundant in North America. Proved domestic reserves are at their highest level in 40 years, and domestic production is the strongest it has been since 1974. Moreover, the strength of our resource based lies in its diversity. Reservoirs of natural gas today are found off-shore and on-shore, in sandstones, fractured tight sands, carbonate rocks, coal seams, and, of course, low-permeability shales. It is this diversity that has enabled the United States to become the largest producer of natural gas in the world.

Technology has opened the door to efficient, affordable and robust extraction of natural gas. The combination of horizontal drilling and hydraulic fracturing extraction techniques has enabled the economic development of the nation's abundant shale gas resources. According to EIA, shales are expected to be the most significant incremental contributor to domestic gas production during the next 25 years. In addition, the nation's 2.4 million mile network of transmission and distribution pipelines is highly integrated and can transport natural gas from where it is produced to nearly any location in the country. Our companies continue to invest in upgrading and improving our natural gas pipeline infrastructure. In the midstream sector alone, more than 8,000 miles of interstate pipelines capable of moving more than 62 billion cubic feet of natural gas per day were added to the pipeline grid over the last five years, based on information from the Federal Energy Regulatory Commission. Technological advances applied to a newly accessible and abundant domestic resource and combined with an already extensive delivery infrastructure provide the potential for natural gas to become the foundation fuel for our nation's economic growth.

Given this abundant supply picture, AGA envisions relative price stability in the natural gas marketplace for the next ten years and possibly beyond. AGA believes that U.S. natural gas supply fundamentals can respond efficiently and robustly to foreseeable domestic demand requirements at an affordable cost compared to other energy

alternatives. Domestic production capability provides an opportunity to satisfy significant new demand at affordable prices well into the future. In fact, in AGA's estimation, a broad range of natural gas demand scenarios representing estimates of potential natural gas consumption from 66 – 85 Bcf/day can be supported by a natural gas acquisition price in the range of \$4.00 - \$6.50 per MMBtu as measured at the Henry Hub pricing point. These estimates provide the basis for AGA's view of market stability for natural gas during the next decade – a relatively narrow price expectation over a broad range of potential demand outcomes.

Our nation's bullish natural gas supply outlook offers a tremendous opportunity to deliver energy value to American homes and businesses, fuel a renaissance in U.S. manufacturing, and provide a cleaner, less expensive option for vehicles, thus reducing our dependence on imported oil. In light of this outlook, AGA does not believe that U.S. exports of natural gas as LNG will have a material impact on domestic natural gas consumers for the foreseeable future. Further, AGA believes that new market demand, whether for domestic uses or exports, will help stimulate new production technologies and generally support a healthy natural gas producing sector. For these reasons, AGA believes that natural gas, similar to other domestic commodities, should not be restricted in terms of exportation to foreign countries.

AGA acknowledges that there are concerns about the impact of LNG exportation on domestic energy consumers. Those concerns have largely been answered by the DOE studies described above, which find that on balance LNG exportation will produce an overall net economic benefit for Americans. To the extent changes in the current abundant supply outlook, through unreasonable constraints on access to the domestic resource base or unforeseen market transformations, result in significant negative impacts on natural gas consumers, AGA believes that DOE should revisit its policies supporting LNG export authorizations, and take suitable corrective action as necessary.

Respectfully submitted,



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