

**From:** [REDACTED]  
**To:** [LNGStudy](#)  
**Subject:** 2012 LNG Export Study  
**Date:** Sunday, February 24, 2013 7:30:30 PM  
**Attachments:** [Natural Gas Reply - Joshua Koshy.docx](#)

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I've attached the 2012 LNG Export Study Reply letter.

Thanks,  
Josh Koshy

## 2012 LNG Export Study Reply

Dear Secretary Chu,

We have been enjoying low heating bills due to the abundance of shale natural gas that was recently found coupled with the new drilling technology known as hydraulic fracturing or fracking. Because of this surplus of natural gas, we are paying a well head price (the price as the gas leaves the well) of \$3.25 per 1000 cubic feet whereas the price in Europe and Asia is \$12 to \$14. This disparity is big opportunity for the fracking companies to make windfall profit which caused the Department of Energy to receive applications from more than a dozen companies to export natural gas unlimitedly.

The executive summary of NERA's study stated that, "Natural gas price increases at the time LNG exports could begin range from zero to \$0.33 (2010\$/Mcf). The largest price increases that would be observed after 5 more years of potentially growing exports could range from \$0.22 to \$1.11 (2010\$/Mcf)".

As for the price here in the US, the law of economics state that when exporting a product, our price will increase to match that of the world market. We can very roughly approximate what the price of natural gas will be using simple math. With the world price of around \$14 per 1000 cubic feet and liquefaction (turning gaseous natural gas into liquid for long shipments) and shipping costs at around \$6, the price here will be 14-6 or \$8, almost double of what we are paying now.

I am not against exporting natural gas and fracking, as a matter of fact I think there is a huge potential in it that should be capitalized on. I propose that we develop a ratio for how much natural gas can be exported and how much can be distributed locally (Initial comment #76). For example, a fracking company must sell 70% of the gas here and 30% can be exported. Note that these numbers are arbitrary and the real ratio will be determined based on the natural gas price here. As you can see, it is imperative to avoid exporting unlimitedly.

The benefits of cheap natural gas

1. Cheap electricity for businesses
2. Lower transportation costs, mainly for businesses. (Natural gas currently costs from \$1.50-\$2.00 less per gasoline gallon equivalent (GGE ))
3. Lower prices for natural gas heating in homes
4. Creation of manufacturing Jobs

Rick Bowen, the President of Alcoa Energy, disagrees with assumptions and claims made by the NERA report, stating that, "The NERA study does not properly compare the economic benefits of exporting natural gas to using it as a domestic job creator. This vastly underestimates the benefit of investment in manufacturing to the US domestic economy." (Initial Comment #106)

Let's take a look at natural gas and its application to American businesses. Because China, India, and other developing countries have a competitive advantage over us via cheap labor, most American businesses have been moving their operations overseas. We also heard during the presidential election that both candidates stated that we will bring those businesses back by "simply making America more attractive for businesses". Did either candidate ever state how exactly they were going to do that? The answer is our potential for cheap energy using natural gas for both electricity generation and natural gas vehicles. There is a huge potential for natural gas vehicles, not just for day to day individual use, but for companies and public agencies that have a fleet of vehicles that refuel on-site. We all know that the worldwide energy prices are increasing and they are increasing much more quickly in fast developing countries such as India and China, the same countries where our businesses are moving. Even though our price of labor is higher, it will stay relatively constant while our energy prices will decrease as more business take advantage of what natural gas has to offer. However, other countries have increasing labor prices, (due to the emergence of civil rights, unions) increasing energy generation prices and increasing gasoline prices. Clearly, the future is here in America, but only if we disallow the unlimited export of natural gas and keep the prices low, around \$4 per 1000 cubic feet, to secure the future of American businesses and manufacturing.

Thanks and God bless America,  
Joshua Koshy