

**THE ADMINISTRATION'S PAUSE ON LIQUEFIED
NATURAL GAS (LNG) EXPORT APPROVALS AND
THE DEPARTMENT OF ENERGY'S PROCESS FOR
ASSESSING LNG EXPORT APPLICATIONS**

HEARING
BEFORE THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED EIGHTEENTH CONGRESS
SECOND SESSION

FEBRUARY 8, 2024



Printed for the use of the
Committee on Energy and Natural Resources

Available via the World Wide Web: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

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THE ADMINISTRATION'S PAUSE ON LIQUEFIED NATURAL GAS (LNG) EXPORT APPROVALS AND THE DEPARTMENT OF ENERGY'S PROCESS FOR ASSESSING LNG EXPORT APPLICATIONS

THURSDAY, FEBRUARY 8, 2024

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The Committee met, pursuant to notice, at 9:30 a.m., in Room SD-366, Dirksen Senate Office Building, Hon. Joe Manchin III, Chairman of the Committee, presiding.

**OPENING STATEMENT OF HON. JOE MANCHIN III,
U.S. SENATOR FROM WEST VIRGINIA**

The CHAIRMAN. The Committee will come to order.

Before we move to today's business, I want to extend condolences on behalf of our entire committee and staff to Senator Barrasso. As you might know, his beautiful wife was laid to rest this past week, and our hearts are all broken. Bobbi was something special, and it's clear that all the loved ones of Bobbi are going to cherish her memory as a leader for the great State of Wyoming and devoted wife and mother that she has been.

So, buddy, we're with you, okay?

Senator BARRASSO. I appreciate it. And to Gayle as well. When you hear the story of what happened there in that car—

The CHAIRMAN. I was—

Senator BARRASSO. A little bit of a different location of where the impact was.

The CHAIRMAN. Yes.

Senator BARRASSO. Instead of just having her sustain significant injuries, it could have been a similar situation.

The CHAIRMAN. When John was going through his grieving and loss, I was trying to get to Wyoming to attend the funeral, and then my wife was in a very bad car wreck. It was just about three feet and she would have not been here too. But by the grace of God, she is fine and going to do well, but it just so happened I called him, and he calls me, and back and forth, and we're trying to lean on each other for a little strength. So with that, our prayers are with you.

Senator BARRASSO. Thanks, Mr. Chairman.

The CHAIRMAN. Turning to the purpose of today's hearing, we are meeting to get to the facts of the Administration's pause of new

LNG export approvals to non free trade agreement countries, like our friends in Europe. Of course, I believe that our first priority is ensuring that none of our exports harm our U.S. families, businesses, or our economy. Beyond that, we also have a responsibility to our allies and trading partners who may have no other choice but to turn to countries that don't share our values if they can't count on American support. The United States has shown that we can do both of those things.

Over the past seven years, our LNG production has ramped up from essentially no exports in 2016 to a peak capacity of around 14 billion cubic feet per-day.

Yes, go ahead, remove them. Thank you so much. We appreciate very much you coming.

[Protest interruption.]

The CHAIRMAN. Thank you very much for coming. We are happy to meet with you later, sir, if you would like and if you are more orderly.

Thank you very much. Thank you. Thank you, all.

It's a wonderful country we have.

I like the song.

Thank you all so much. We appreciate their attendance and their input.

Beyond that, we all have a responsibility to our allies and trading partners, as we have said, they may have no choice but to turn to countries that don't share our values if they can't count on American support.

Over the past seven years, LNG production has ramped up, as I have said before, up to 14 percent of our current U.S. production capacity and more than any other exporting nation. To support these increased exports, we are producing more energy than ever in our country—4.7 billion barrels of crude oil and 37 trillion cubic feet of gas in 2023. We have never hit those numbers before. And during that time, our domestic natural gas prices have remained flat, on average. The average Henry Hub price was about \$2.50 per Mcf, and that is both in 2016 and 2023. But at the same time, as we are producing and exporting more than ever, American consumers are using a record amount of gas—now more than 32 trillion cubic feet annually is consumed in our country.

So let me be clear—a lot has changed in a few years, and there are sensible reasons to update the market assessments that the DOE uses when reviewing export applications to ensure the trajectory that we are on won't risk harming American families and businesses. But these types of decisions should be firmly based on facts, not politics. Unfortunately, the Administration hasn't actually done its new market assessment yet, as I understand, or presented us any facts that justify this pause at all. They do throw around some data points. For example, they tout that the U.S. is on track to export 26 billion cubic feet per-day by the end of this decade between facilities currently operating and those now under construction. But my question is this, where is the analysis showing that 26 is the magic number, and that's all we can do? It seems to me that 26 billion cubic feet per-day is just what happened to be in the hopper when the White House made the political calculation to pause exports.

The White House has gone out of its way to signal that the pause is a political ploy intended to get votes in an election year. It's all about politics, not economics, and we just saw yesterday what that does for us. Between the two statements issued by the White House announcing the pause, climate and environmental issues are mentioned more than 35 times. All combined, consumer costs, energy security, and helping our allies are mentioned less than half as much.

In one egregious example that clearly politicizes the issue, the White House statement accuses "MAGA Republicans" of willfully denying the urgency of the climate crisis. This statement is just intended to antagonize, and it's not going to help us solve any of our actual problems. It shows a disregard for any efforts to build bipartisan support on a reasonable, sensible approach to protecting both consumers and the environment. Shockingly, in the White House statements, there is no reference at all to the crisis created by Putin's invasion of Ukraine, to the growing instability in the oil and gas producing regions in the Middle East following Hamas's attack on Israel, or to any other crisis that U.S. LNG exports can help address. Again and again, the White House has shown that it is so concerned with indulging radical climate activists that it's willing to play politics with our energy security and that of our allies. This reminds me all too well the Administration's misguided and unlawful pause on oil and gas leasing, which I know my fellow Committee members will recall. Simply put, politicizing LNG exports is reckless and dangerous and it could empower and enrich Russia, Qatar, and Iran.

Deputy Secretary Turk, if I am correct, DOE is just now beginning its new analysis of the economic impacts of our growing export levels. If this is the case, I strongly urge that this pause should be reversed immediately. Facts must come before action, not the other way around. Unfortunately, it seems that the White House has already sided with climate activists determined to block any more LNG exports, and I am deeply concerned that the White House will put its thumb on the scale at the DOE to get the political outcome they want. And with actions like this that have direct impacts on our own economy and countries around the world, I am disappointed that this Administration has attempted to avoid seeking the advice and consent of the Senate by changing the title of their climate envoy. I am confident that today's hearing will paint a clear picture regarding the facts about the LNG market and motivations behind the pause.

I am grateful that Deputy Secretary Turk has joined us once again today to answer these serious questions. And Mr. Turk, I commend you for always—and I say that—always being willing to appear before this Committee, even on contentious topics such as this.

I am also glad to have our second panel of experts from the energy sectors in both the U.S. and Europe to help us understand the facts about transatlantic LNG trade and the impacts on each of our respective economies.

And with that, I will turn to our Ranking Member, Senator Barasso.

**OPENING STATEMENT OF HON. JOHN BARRASSO,
U.S. SENATOR FROM WYOMING**

Senator BARRASSO. Well, thanks so very much, Mr. Chairman. I agree with the comments you made. I want to thank you for holding the hearing.

I remember in 2014, former Defense Secretary Robert Gates wrote about then Vice President Joe Biden—he said he has been wrong on nearly every major foreign policy and national security issue over the past four decades. I’m sorry to say that Joe Biden’s record not only hasn’t improved, in fact, it’s actually gotten worse. On every energy security issue facing our country, Joe Biden has been terribly wrong for our nation’s security. As the Wall Street Journal put it, and this is from just the other day, Monday, February 5th. This is based on the President’s announcement to stop approved liquefied natural gas (LNG) exports. It says “It is Biden’s worst energy decision yet.” That is the President of the United States. Even the liberal Washington Post called it “Biden’s LNG pause is just political theater.” You go through it and it says “It’s an election year sop to climate activists.” Because that’s what it is, Mr. Chairman, a transparent—very transparent election year payoff to appease radical environmentalists who want to end exports of American natural gas.

[The articles referred to follow:]

<https://www.wsj.com/articles/biden-ing-permit-pause-climate-energy-economy-national-security-1ec77997>

OPINION REVIEW & OUTLOOK [Follow](#)

Biden's Worst Energy Decision

His LNG export permit ban looks worse the more you examine it.

By The Editorial Board [Follow](#)

Feb. 4, 2024 5:33 pm ET



The Aristidis I liquefied natural gas (LNG) tanker docked at the Cheniere Liquefaction facility (CCL) in Corpus Christi, Texas, Dec. 4, 2023. PHOTO: MARK FELIX/BLOOMBERG NEWS

Congress this week will hold hearings on the permit freeze for new liquefied natural gas (LNG) export projects that President Biden announced two weeks ago. The closer one looks, the more harm this raw political payoff to the climate left will do to U.S. national security and economic interests.

The White House has been whispering to its European allies not to worry about its moratorium's impact on LNG supply even as it crows to the climate lobby. Progressives are celebrating because they know the putative pause will shrink investment in LNG. Merely read the plaudits from climate potentates on the White House website.

"The Biden administration is listening to the calls to break America's reliance on dirty fossil fuels," Sierra Club executive director Ben Jealous proclaimed. "It's undeniable that LNG export projects are simply not in the public interest and we

<https://www.wsj.com/articles/biden-ing-permit-pause-climate-energy-economy-national-security-1ec77997>

1/3

are confident that if this review is done right, that would end the rubber-stamping of these projects.” Got that, Mr. President?

The Energy Department is required by law to approve permits to export LNG to countries with which the U.S. doesn’t have free-trade agreements if they are in the “public interest.” The department has never rejected a permit. But now the Administration plans to do so by redefining “public interest” to include the potential impact on the climate.

The White House says the pause will only affect a handful of projects that are currently seeking Energy Department permits, but this is dishonest. It will also freeze about a half a dozen projects seeking Federal Energy Regulatory Commission approvals and could halt another dozen or so that have been permitted by previous Presidents.

That’s because the Energy Department in December announced that projects not yet operating will have to reapply for permits if it’s been seven years since they were authorized. So projects in the works could get deep-sixed—even if they have billions of dollars in committed capital and contractual agreements with customers.

The Administration is deliberately creating uncertainty about permit approvals and extensions to chill investment and discourage foreign governments from signing long-term contracts. Why risk investing in or signing a purchase agreement with a Gulf Coast project that may later be killed? Smarter to link up with the Qataris.

That’s what some are already doing. Japanese trading house Mitsui & Co is considering buying a stake in a major Qatar expansion project to ensure stable LNG supply, according to a Reuters report last autumn. Japan’s largest power generator is in talks with Qatar for a long-term supply contract. These are hedges against unreliable U.S. energy policy.

While the Administration downplays the national-security risks of its self-embargo, U.S. allies worry it will make them more vulnerable to geopolitical disruptions. About 20% of the global LNG supply travels through the Strait of

Hormuz. LNG cargoes to Europe are now being diverted from the Red Sea because of Houthi missile attacks.

Russian and Iranian proxies could cause LNG prices to spike by attacking one or two large Qatar export facilities. Some countries in Asia might then burn more coal as they did in 2022 when LNG prices shot up. But Europeans are planning to retire coal and nuclear plants in the coming years on the expectation that they will have ample LNG from the U.S.

As for America's economic interests, a single LNG export project will produce about \$600 billion in revenue over its lifespan and create thousands of jobs, including in steel manufacturing and fracking—no government subsidies required.

Venture Global's Gulf Coast CP2 could supply about 5% of the world's LNG by 2026 and would have a bigger impact on the U.S. economy than any green energy project. It would also reduce global greenhouse gas emissions by 140 million tons a year—about as much as all container ships in the world produce. But it still needs an Energy Department permit.

We look forward to hearing Administration officials explain to Congress how this remarkably destructive ban is in the public interest.

Appeared in the February 5, 2024, print edition as 'Biden's Worst Energy Decision'.

Opinion | Biden's LNG decision is a win for political symbolism, not the climate



By the Editorial Board

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January 29, 2024 at 1:43 p.m. EST

Currently accounting for 22 percent of global primary energy consumption, natural gas will remain crucial to the world's energy mix through 2050, even as alternative energy use grows, [according to the latest International Energy Agency projections](#). Though it's a fossil fuel and, as such, a source of carbon dioxide emissions, gas still provides baseload grid power needed to complement renewable electricity, and it's generally cleaner than coal.

Unfortunately for the world, Russia produces much of this vital resource, as Europe discovered to its dismay when President Vladimir Putin invaded Ukraine — with an army that had been funded by earnings from Russian gas exports. Fortunately for the world, the United States has emerged as the top exporter of the supercooled form known as liquefied natural gas, or LNG. In fact, after the beginning of Russia's full-scale invasion of Ukraine, the Biden administration launched a largely successful effort to help allies substitute American LNG, delivered via ships, for pipelined Russian gas. "The United States now plays a critical balancing role in the global LNG market, adding supply and flexibility that has boosted global energy security," in the words of a recent [Center for Strategic and International Studies report](#).



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On Friday, however, that same Biden administration [ordered a de facto halt](#) to the approval of new facilities for exporting the resource to countries with which the United States does not have free-trade agreements — a category that includes all of Europe. It's an election-year sop to climate activists that will do much more to unsettle vital U.S. alliances than to save the planet.

At issue were federal permits for LNG projects planned on the Gulf of Mexico coast. One of these, [known as Calcasieu Pass 2](#), or CP2, has already secured financing, and the company that owns the Louisiana facility had signed a 20-year contract to [supply Germany](#). But under the new Biden administration policy, approvals could be delayed through the November election, while regulators apply heightened scrutiny to the impacts on carbon emissions and domestic energy costs.

To be sure, the eight LNG export projects currently in operation will remain unaffected, as will 10 projects already approved and under construction. In the short run, there will be little disruption to Europe's economy or, for that matter, to what is generally a well-supplied market around the world. The problem is what might happen beyond that in, say, the next quarter-century. "If additional U.S. LNG export capacities don't materialize, it would risk increasing and prolonging the global supply imbalance," warned Eurogas, the trade association for Europe's natural gas industry. "This would inevitably prolong the period of price volatility in Europe and could lead to price increases with the consequent implications that would have for economic turmoil and social impact."

The main short-run damage the administration's obviously political decision does is to the United States' reputation for rational, fact-based policymaking, and for wise consideration of climate control in the context of geopolitics. You cannot change demand for energy by destroying supply: If the United States did indeed curtail LNG exports, it would just drive customers into the arms of competitors such as Australia, Qatar, Algeria and, yes, Russia. Quite possibly, some potential customers would choose to meet their needs with coal instead.

Either way, the effect on global carbon emission is likely marginal, even if it's true, as climate activists maintain, that natural gas liquefaction and shipping are energy-intensive processes and increase the fuel's carbon footprint. (That footprint, by the way, is mitigated somewhat in the United States by Biden administration emissions controls.) And the other ostensible concern behind the Biden policy — higher domestic U.S. gas prices because of shipping gas overseas — is overblown. Prices for gas in the United States have trended down even as LNG exports boomed from zero in 2015 to 86 million tons in 2023.

It all looks like a reenactment of the political theater over the Keystone XL pipeline, which President Biden canceled despite its having gone through lengthy and rigorous environmental and economic analysis. That gesture was also a snub to a U.S. ally — Canada, whose oil would have traveled via the pipeline to U.S. refineries. Canada appears to have gotten over Keystone XL. And despite Europeans' concerns for the long term, they are, for now, officially playing down friction with the Biden administration. There is still time to work out a more sensible and sustainable approach in the next presidential term. Any such approach would understand that the United States needs to help save the planet from two threats: climate change and autocratic regimes that use energy as a geopolitical weapon.

Senator BARRASSO. The President wants to appear reasonable. He says, well, we just want to take a hard look at the impacts of LNG exports on energy costs—you made the point on that, on American energy security, and on the environment. It's environment, environment, environment, but we already know the impacts. The impacts on our economy, the impacts on all of the issues related to this are overwhelmingly positive, including with the environment. We shouldn't spend any time, let alone the year that they want to spend, studying a question that has already been asked and answered. And that's what makes President Biden's decision, in my opinion, cowardly. He defies logic to kiss up to the radical climate extremists. So why would I say this? Well, the New York Times reported—this is the New York Times—"The White House made the decision to stop approving LNG exports based on the demands of a 25-year-old so-called influencer on TikTok." The President of the United States relying on some young man's TikTok account to set the policy affecting our closest allies around the world.

So let's look at the facts. Critics have claimed that American natural gas exports would raise natural gas prices here at home. The data shows otherwise. In the eight years since we began exporting LNG, the domestic spot price of gas is, on average, much lower than the domestic spot price on gas during the eight years before we were able to start exporting LNG. Critics also say exports would reduce the supply of natural gas here at home. But in 2023, there was 23 percent more natural gas available to the U.S. economy than in 2015, the year we began with exports. That's because American natural gas exports stimulate additional natural gas production. American natural gas exports have also improved our balance of trade. From 2016 to 2023, LNG exports brought \$134 billion into our American economy. In that process, they have created thousands of good-paying jobs for American workers.

On security, the answer is obvious. American natural gas exports are vital to our nation's security. Without them, our allies and partners across the world would be more dependent on Russia's Vladimir Putin and on Iran's theocracy. Europe knows the value of American energy. Two short years ago, our European allies faced a horrible decision of either depriving their own citizens of energy or buying gas from Russia. And of course, the money to Russia would help fund Putin's war against Ukraine. American natural gas exports allow Europe to cut imports of Russian gas, while keeping their citizens warm and the lights on. In 2021, 29 percent of U.S. liquefied natural gas exports were shipped to Europe. Now, more than twice that amount. If Joe Biden has his way, Europe and other allies will now be on their own. They will be forced back into the arms of Russia, Iran, the Middle East, anywhere but the United States, and Congress would be spending billions of dollars protecting Ukraine and Israel, only for Joe Biden to allow Russia and Iran to generate billions more in the new natural gas sales. It is utterly ludicrous and self-defeating.

Finally, there is no basis to the claim that American natural gas exports are bad for the environment. The fact is, American natural gas is among the cleanest in the world, far cleaner than Russia, far cleaner than Iranian gas, and at last year's climate conference,

nearly 200 countries, including the U.S., called out the role fuels like natural gas are playing in reducing emissions, not increasing emissions, but reducing emissions.

Mr. Chairman, the world needs and wants more American energy, not less. And the President can break his 50-year run of getting things wrong by waking up and reversing this terrible decision, one that the Washington Post says is “just political theater,” not really helping the economy or the environment. If he doesn’t, Congress and this Committee must act.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Barrasso.

We have two panels today. In our first panel, we have the Honorable David Turk, Deputy Secretary of Energy. And Mr. Turk, it’s now your turn for your opening remarks.

**STATEMENT OF HON. DAVID M. TURK,
DEPUTY SECRETARY, U.S. DEPARTMENT OF ENERGY**

Mr. TURK. Chairman Manchin, Ranking Member Barrasso, and members of the Committee, thank you for the opportunity to be with you again today.

The Natural Gas Act has given the Department of Energy the responsibility to evaluate whether authorizations for the export of liquefied natural gas (LNG) to non free trade agreement countries is consistent with the “public interest.” Since 2018, when our last macroeconomic analysis was updated, there have been truly transformational changes that need to be fully incorporated into our analysis. While this analytical update is being completed, DOE will pause review of pending applications for additional export to non-FTA countries. Let me just start with some numbers. And I think it’s important to know where we have been, where we are, and where we are going, even under existing authorizations. In 2018, the last time we updated our macroeconomic analysis, U.S. LNG export capacity was less than four billion cubic feet per-day. Today, our export capacity has more than tripled, to 14 Bcf/d, making us the world’s largest exporter of natural gas. By 2030, when another 12 Bcf per-day of U.S.-sourced LNG export capacity that is already authorized, already under construction, is set to come online, a total of 26 Bcf per-day of export capacity will be online from our country. In fact, a grand total of 48 Bcf per-day has already been authorized, which is nearly half of total current U.S. natural gas production.

There is no doubt that this dramatically increasing amount of LNG export creates and will continue to create large numbers of jobs, but our public interest determinations also need to analyze potential price impacts to all U.S. consumers and all U.S. manufacturers and industry. EIA’s 2023 long-term outlook—and this is EIA, our Energy Information Administration, an independent part of our department—found that as the U.S. exports more LNG, global and domestic prices converge. And that, and I quote: “Higher LNG exports create a tighter domestic natural gas market, all else held equal, increasing domestic natural gas prices.” As a point of reference, in 2023, natural gas prices in Europe and Asia were five to six times higher than they were in the U.S. Our updated environmental analysis, of course, will need to focus on methane leak-

age, as methane has contributed over 30 percent of human-caused warming between 2010 and 2019.

But we also need to better understand the downstream climate impacts of more and more volumes of U.S. LNG exports, especially over the long term. Our DOE authorizations run through 2050. As a point of reference, in the IEA's net-zero scenario, global LNG demand needs to fall 75 percent by 2050. This is the scenario that gets us to the goal that science tells us we need to get to in order to avoid the worst consequences of climate change. Our analytical update also needs to better capture any and all health risks to our front-line communities. Now, let me underscore—and I think this is incredibly important as we begin this hearing—what this review is not. It is not unprecedented. We have repeatedly updated our analysis about every five to six years at the Department. And I want to say this very clearly—it will not impact our ability to supply our allies with LNG. U.S. LNG exports, as I have just gone over, have already tripled over the past five years, will double again by 2030, and could double yet again under existing authorizations. This review and pause does not impact any of these increased volumes.

At the same time, Europe's natural gas demand is forecast to actually decline from 2021 to 2026 by 20 percent. LNG demand has already peaked in Japan and is expected to peak in South Korea by 2030. On the other hand, China's demand for LNG is expected to increase a further 65 percent by 2030. The Department of Energy is going into this "take-a-step-back" review process as a data- and science-driven organization with questions, not answers. Given all these transformational changes, DOE has the responsibility to assess additional proposed exports using the most complete, the most updated, and the most robust analysis possible. In fact, I would find it irresponsible if we were not taking a step back and undertaking this rigorous analysis. Once updated, our analysis will be transparently shared for public comment. We very much appreciate in advance all stakeholders—all sides of this issue—submitting their feedback. The U.S. Department of Energy remains committed to keeping energy affordable for all Americans, strengthening energy security for us and for our allies, and protecting against the worst impacts of climate change.

Thank you. I look forward to your questions.

[The prepared statement of Mr. Turk follows:]

**TESTIMONY OF
DAVID TURK, DEPUTY SECRETARY
U.S. DEPARTMENT OF ENERGY
BEFORE THE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
REGARDING
LIQUEFIED NATURAL GAS APPLICATIONS AND EXPORTS
FEBURARY 8, 2024**

Chairman Manchin, Ranking Member Barrasso, and distinguished Members of the Committee, thank you for the opportunity to be with you today to discuss the Department of Energy (DOE)'s recent announcement regarding the public interest determination of liquefied natural gas (LNG) export applications.

Congress, through the Natural Gas Act, has given DOE the responsibility to evaluate whether authorizations for the export of LNG to non-free trade agreement (FTA) countries is consistent with the "public interest." Accordingly, DOE has long reviewed proposed exports using a variety of market, economic, national security, and environmental considerations – including greenhouse gas emissions like carbon dioxide (CO₂) and methane.

DOE, as an organization that is guided by science and data, periodically updates our environmental and macroeconomic studies that help guide the public interest determination for each individual application. The most recent macroeconomic analysis was finalized in 2018, just two years after the first export of U.S. LNG.

Since 2018, there have been truly transformative changes that need to be fully incorporated in our analysis. And, in turn, this updated analysis will allow us to better address a wide variety of key questions that need to be answered for us to make public interest determinations.

First, the amount of U.S. natural gas that is being exported has dramatically increased, and we need to answer how authorizing exports beyond these unprecedented volumes could impact affordability for U.S. consumers and competitiveness of U.S. manufacturing. Second, our understanding of CO₂ and methane's effect on climate change have only become sharper, and we need to further improve our analytical tools to answer a range of questions about LNG exports' climate and environmental consequences, both near and longer term. Third, increased deployment of clean energy is driving updated estimates of fossil fuel demand and usage over time; and we need to understand how the latest regional and global trends will impact our own energy security as well as that of our allies.

Accordingly, on January 26, 2024, DOE announced that we are undertaking a major review of our analysis that helps support the determination of when exports of LNG are in the public interest. While the update to our assessment process is being completed, DOE will pause determinations on all pending applications for export of LNG to non-FTA countries. (There is an exception to this pause for unanticipated and immediate national security emergencies.) Applications for exports to FTA countries are still automatically deemed in the public interest pursuant to the statutory language of the Natural Gas Act.

DOE will partner with our National Laboratories on this analysis, which, once updated, will be officially shared for public comment before it is finalized. We very much appreciate in advance all stakeholders – on all sides of this issue – in taking this public comment opportunity seriously and submitting your feedback.

It is also critical to underscore what this review is *not*. It is *not* a retroactive review of already authorized exports. It will *not* affect our ability to supply our allies. And it is *not* an unprecedented step. In fact, DOE has repeatedly updated our analyses to enable the Department to carry out our statutory responsibility to determine whether authorizations are in the public interest, including a time in the past when we also paused reviews while we updated our analysis.

This most recent analytical update is a necessary and prudent action that will ensure the most up-to-date macroeconomic and environmental analyses are being utilized for our public interest determinations, especially in light of transformational changes since 2018.

DRAMATIC LNG EXPORT INCREASES

The LNG market has changed dramatically over a very short number of years:

- In 2018 – when DOE’s economic analysis was last updated – U.S. LNG export capacity was less than 4 billion cubic feet per day (Bcf/d).
- Today, our export capacity has more than tripled to 14 Bcf/d, making the United States the world’s largest LNG exporter.
- By 2030, when another 12 Bcf/d of U.S.-sourced LNG export capacity that is already authorized and under active construction pursuant to final investment decisions is set to come on-line, we expect a total of up to 26 Bcf/d being exported from the United States.
- A grand total of 48 Bcf/d has already been authorized, which is nearly half of total current U.S. natural gas production (104.4 Bcf/d).

Let me underscore – the United States has already tripled our export capacity in just five years, becoming the world’s largest LNG exporter; our capacity may nearly double again by 2030; and total exports already authorized would nearly double that total again.

ECONOMIC IMPACTS, INCLUDING TO U.S. CONSUMERS AND MANUFACTURERS

To best inform our public interest determinations, our updated economic analysis aims to ensure that we are accurately capturing the full economic impacts of LNG exports to all American consumers and manufacturers.

There is no doubt that a substantial number of jobs have been created from these dramatic increases in LNG exports. There have also been substantial economic benefits to importing countries.

At the same time, we also need to examine questions about potential price impacts to all U.S. consumers and industry from LNG exports. In 2022, the Federal Energy Regulatory Commission (FERC)'s 2022-23 Winter Energy Market and Reliability Assessment predicted that "continued growth in net exports, including from liquefied natural gas (LNG) export facilities will place additional pressure on natural gas prices."¹ In the recent past, potential price impacts have also been reflected in requests from utilities across the country, who have filed regulatory requests to raise rates for natural gas, citing availability constraints as a result of higher global demand and U.S. exports.²

The Energy Information Administration (EIA)'s 2023 long-term outlook³ found that as the U.S. exports more LNG, global and domestic prices converge and that "higher LNG exports create a tighter domestic natural gas market (all else held equal), increasing domestic natural gas prices." The benchmark U.S. natural gas price averaged \$2.53 per million British thermal units (mmBtu) in 2023; benchmark prices in Europe and Asia were five to six times higher than U.S. prices.

Furthermore, natural gas prices have been relatively stable in the U.S. compared to European and Asian markets, where benchmark prices for natural gas have been about 50-100% more volatile. Rigorous analysis needs to consider how expanding U.S. natural gas export capacity to the level already permitted today and perhaps beyond could inject domestic natural gas markets with this kind of exposure to volatility and increasing prices, and how that could impact American households and manufacturers. We need to be particularly focused on potential cost increases for lower-income Americans who can least afford it.

We should also be mindful of how expanding LNG supply aligns with global gas demand. EIA's reference case for U.S. LNG exports in 2050 expects exports to be at 27.3 Bcf/d, which closely tracks the 26 Bcf/d of U.S. LNG export capacity already expected to be operational in 2030.⁴ According to S&P Global⁵, overall LNG supply growth from around the world could outpace demand growth over the next five years, leading to an increasing risk of an oversupplied market in the second half of this decade.

¹ [Report | 2022-2023 Winter Assessment | Federal Energy Regulatory Commission \(ferc.gov\)](#)

² [Natural-Gas Exports Lift Prices for U.S. Utilities Ahead of Winter - WSI](#)

³ [EIA Annual Energy Outlook 2023 - U.S. Energy Information Administration \(EIA\)](#)

⁴ [EIA Annual Energy Outlook 2023 - U.S. Energy Information Administration \(EIA\)](#)

⁵ [S&P Global - LNG](#)

CLIMATE AND ENVIRONMENTAL IMPACTS – NEAR AND LONGER TERM

Since 2019 – when DOE last published estimates of the lifecycle greenhouse gas impacts of U.S. LNG exports⁶ – our understanding of the economic and human impacts from climate change has only sharpened:

- In 2019, there were 14 weather and climate disaster events with losses exceeding \$1 billion each across the U.S., costing Americans an estimated \$45 billion.⁷
- In 2023, there were 28 weather and climate disasters exceeding \$1 billion each, costing Americans over \$92.9 billion.⁸ 500 Americans lost their lives due to these disasters.
- Analysis by the Office for Management and Budget found that climate change could lead to Federal revenue losses of up to \$2 trillion per year.⁹

Our updated climate and environmental analysis will not only incorporate all the latest science and data on real-world impacts from climate change, but it is also specifically aimed to provide us greater tools to analyze the overall environmental impact of additional volumes of LNG exports over the short-, medium-, and long-term.

On the upstream side, we need to have a particular focus on methane leakage. Global methane emissions contributed over 30% of human-caused warming between 2010 and 2019.¹⁰ While some oil and gas companies have made significant progress in reducing methane leakage, overall U.S. methane emissions in the oil and gas sector still account for over 20% of U.S. methane emissions. As a point of reference looking ahead, methane emissions need to be reduced roughly a third by 2030 to limit the global warming increase to 1.5 degrees Celsius.¹¹

On the downstream part of the equation, we need better tools and analysis to understand the impact of additional volumes of U.S. LNG exports, both in the near-term, and, especially, over the long-term. It is particularly important to note that DOE authorizations of LNG exports to non-FTA countries are valid through 2050.

For a variety of reasons, including the unprecedented build-out of clean energy, the most recent International Energy Agency (IEA) reference scenario shows global demand for natural gas peaking this decade. In the IEA Announced Pledges Scenario (which assumes countries will achieve their various announced goals), global demand for natural gas decreases 4% by 2030 and 37% by 2050. In the IEA Net Zero Emissions scenario, global LNG demand falls 75% to 2050,

⁶ [2019 NETL LCA-GHG Report.pdf \(energy.gov\)](#)

⁷ [NationalReport \(weather.gov\)](#)

⁸ [2023: A historic year of U.S. billion-dollar weather and climate disasters | NOAA Climate.gov](#)

⁹ <https://www.whitehouse.gov/omb/briefing-room/2022/04/04/quantifying-risks-to-the-federal-budget-from-climate-change/>

¹⁰ [IPCC_AR6_SYR_LongerReport.pdf](#)

¹¹ [The evidence is clear: the time for action is now. We can halve emissions by 2030. — IPCC](#)

from 46 bcf/d to about 12 bcf/d. Both the Announced Policies and Net Zero scenarios see a glut of LNG capacity forming by the middle of this decade.¹²

Our analytical update will also evaluate how best to integrate environmental risks to the health of front-line communities. As we continue to solicit feedback from all stakeholders, we are particularly eager to hear from those communities most directly impacted by LNG export facilities. We also commit to collaborating and sharing information with our federal agency partners on this matter.

NATIONAL SECURITY IMPLICATIONS; SUPPORTING OUR ALLIES

Put simply, this temporary pause to update our analyses will not impact our ability to supply our allies with LNG. This pause on additional approvals does not interfere with current exports nor other projects already authorized or under construction. Recall that U.S. LNG exports are already expected to double by the end of this decade.

The European Commission has stated that this pause “will not have any short- or medium-term impact on the EU's security of supply¹³” (emphasis added). Since Russia’s invasion of Ukraine, the United States has exceeded all commitments of additional LNG supplies to Europe. Last year, over 60% of U.S. LNG exports went to Europe. We have also worked with our European allies to economize consumption and manage storage to ensure Russia cannot threaten their natural gas supplies. It is important to highlight that IEA’s most recent Medium-Term Gas Report shows that OECD Europe’s natural gas demand is forecast to decline 20% from 2021 to 2026.¹⁴

We also appreciate the importance of our exports to key allies in Asia such as Japan and the Republic of Korea,¹⁵ noting that they are among the top importing countries of U.S. LNG. A significant portion of their economies are dependent on imports, and we will continue to supply them with the energy that they need. LNG demand in the Republic of Korea is expected to peak by 2030 and demand in Japan has already peaked, as both countries make advances toward their net-zero climate targets.¹⁶

In making public interest determinations, we must also understand with more clarity the longer-term demand centers for LNG across the globe. Given this Committee’s past interest in these topics, it is informative to highlight that China’s demand for LNG is expected to increase 65% from 2024 to 2030. From 2021-2023, Chinese imports of LNG from global sources averaged over 9 Bcf/d, including 0.7 Bcf/d from the U.S.¹⁷

CONCLUSION

¹² [International Energy Agency – World Energy Outlook 2023](#)

¹³ [US LNG ‘pause’ to have no short- mid-term impact on EU supply security: EC | S&P Global Commodity Insights \(spglobal.com\)](#)

¹⁴ [Medium-Term Gas Report 2023 - Including the Gas Market Report, Q4-2023 \(windows.net\)](#) (p.39)

¹⁵ Note that the ROK is an FTA partner of the United States.

¹⁶ [S&P Global – Demand Tracker](#)

¹⁷ [S&P Global – Long-term LNG Demand](#)

With all these transformational changes since 2018 – and in order to best answer the wide variety of questions raised by these transformations – DOE has a responsibility to assess proposed exports to non-FTA countries using the most complete, most updated, and most robust analysis possible. That is why we are undertaking the analytical update and pause announced on January 26.

The Department of Energy remains committed to keeping energy affordable for all Americans, strengthening energy security for us and for our allies, protecting against the worst impacts of climate change, and helping America lead the world into a clean energy future.

Thank you. I look forward to your questions.

The CHAIRMAN. Thank you. Now we will turn to Senator Barrasso for his questions.

Senator BARRASSO. Thanks, Mr. Chair.

Mr. Turk, so Russia, Iran, and Qatar are ranked one, two, and three right now on reserves of natural gas. Russia is dramatically expanding its capacity to export LNG. Iran is developing its own LNG export capacity. Qatar is already the world's second largest LNG exporter. I think each would love nothing more than to displace American LNG on the world market. So are America's interests better served if the world is buying LNG from the United States or from Russia?

Mr. TURK. So, better served by LNG from the United States than the other countries.

Senator BARRASSO. And are our interests better served if the world is buying it from the United States or Iran?

Mr. TURK. Better from the United States than Iran.

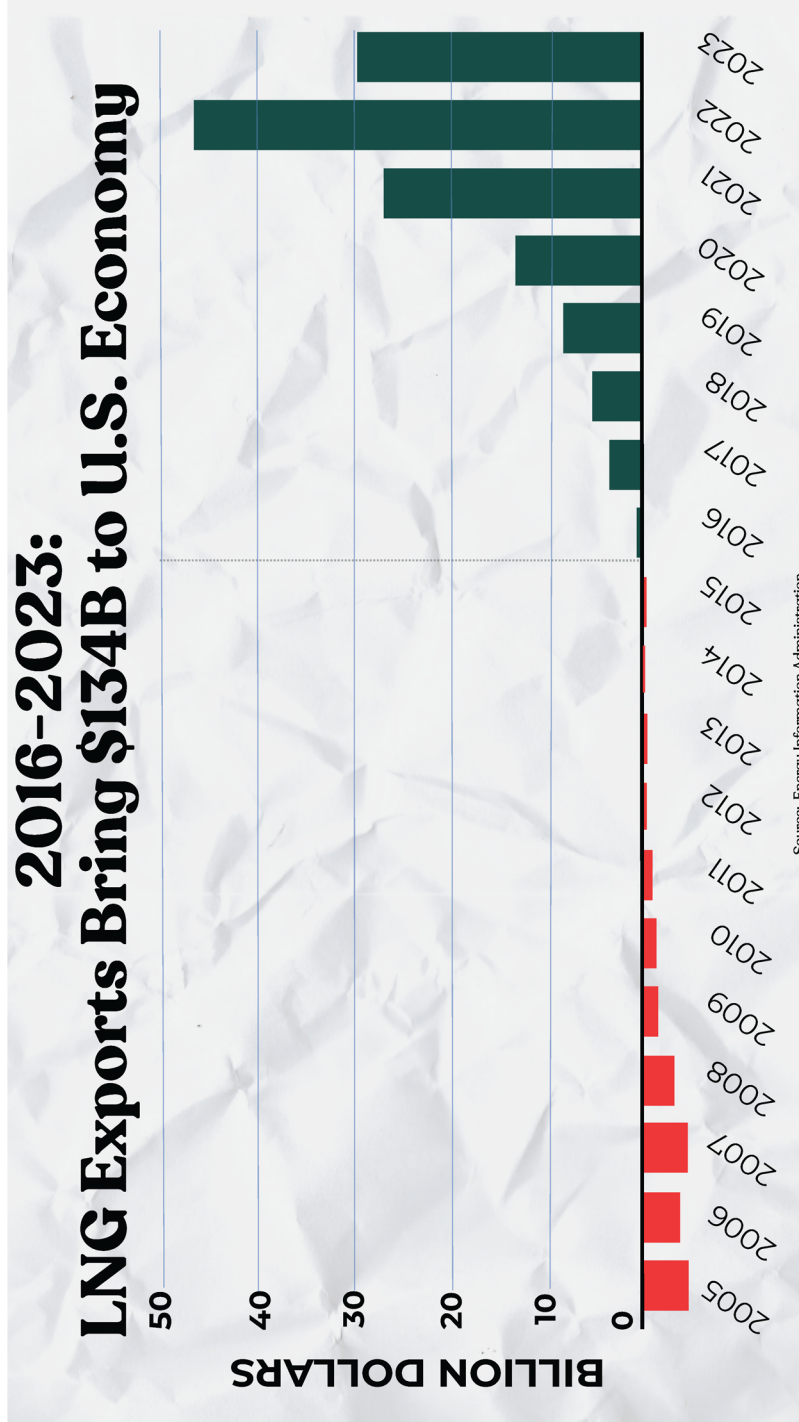
Senator BARRASSO. So Russia continues its brutal war in Ukraine. We are debating now on the floor of the U.S. Senate, aid. Iran's proxies are waging a terrorist campaign against Israel. We are debating that aid as well. U.S. troops are working across the Middle East. Americans are not only sacrificing their money, but the lives of their sons and daughters, as we just saw this past week, to support our friends and allies.

You have served on the National Security Council. In times of war, is it wise to give our allies and partners and neutral parties across the world an excuse to do business with our enemies?

Mr. TURK. So we are, as I said, a data- and science-driven organization. I think it's incredibly important to look at the numbers, look at what we have—we have already tripled, just over the last five to six years, in terms of our export. We are set to double in the new few-years period of time with LNG facilities that are already under construction. And we have already authorized a doubling beyond that. You look at that huge growth and then you compare that with what our allies need. Europe's demand, as I said, is actually decreasing. They are decreasing 20 percent to 2026. Japan has already peaked their natural gas need and their LNG need. So we need to look at how much we have already authorized, how much we already have in process, and compare that to what our allies actually need.

Senator BARRASSO. So let's take a look at this. You said look at the numbers. So for six decades, the U.S. had been a net importer of liquefied natural gas. Since 2016, the United States has been a net exporter, and we take a look at the revenue that has come in since 2016—\$134 billion trade surplus in LNG from 2016 through 2023.

[Displayed chart follows:]



Senator BARRASSO. Would you agree that trade surpluses are good for the American economy and the United States as a whole?

Mr. TURK. I think trade surpluses are great. What Congress has given us the responsibility to do is to take into account the entire public interest, the entire economic implications, including for our farmers, for our consumers, and for our own industry and competitiveness.

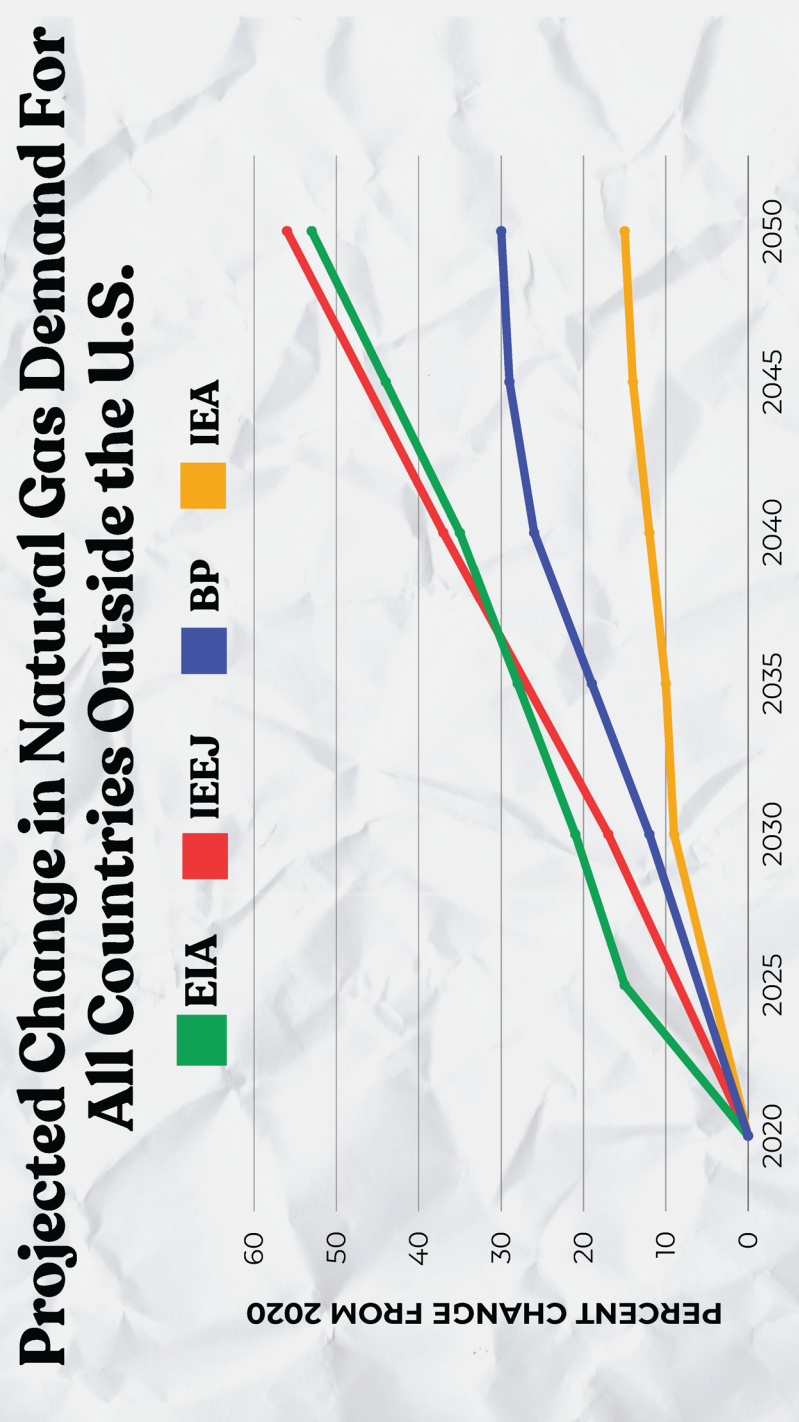
Senator BARRASSO. It does seem that this is a focus based on climate, and we have seen the Washington Post—the LNG pause is “political theater,” the Wall Street Journal—“Biden’s worst energy decision yet.” So is the climate better served if the world buys gas from the United States or from Russia?

Mr. TURK. I feel incredibly proud to be part of an Administration that is taking head-on the climate challenge that’s facing our country, and we are making remarkable strides along those lines. I also think, in addition to the climate impacts of more and more exports of natural gas, we also need to take into account the economic consequences for American consumers, American farmers, and our American competitiveness. And it makes me very nervous when our independent data nerds come and tell us that prices are going to converge if we export more and more volume.

Senator BARRASSO. I am going to get to the data nerds in a second, but your own boss, Secretary Granholm, has testified that Russian production of natural gas is the “dirtiest on Earth.” Studies have shown that greenhouse gas emissions from Russian gas far exceed greenhouse gas emissions from the same amount of U.S. LNG. So I think the climate is better served if people around the world are using U.S. natural gas rather than Russia.

But in your testimony, you argue that global natural gas demand is declining, and you cited two International Energy Agency forecasts. But I think you have ignored the forecast from your own department, the Department of Energy. Here we are—the EIA, Energy Information Administration, that’s the green line, 2020. In 2050, world demand for natural gas according to your own Department of Energy. This is the chart, it shows four leading energy models, all of which say that demand outside the U.S. is going to increase through 2050.

[The chart referred to follows:]



Senator BARRASSO. Do you agree that natural gas demand outside the United States is going to continue to rise for the foreseeable future, as your own Department is predicting?

Mr. TURK. I think it incredibly important—as someone who has worked with modelers for many, many years, to look at a variety of models to question the assumptions going forward. I am struck that if you look at where the International Energy Agency—and I served as the Deputy to that organization and know some of the modelers who are working there—for the first time ever, their projections for overall demand across the world, including in the U.S., natural gas demand will peak this decade——

Senator BARRASSO. So you are disputing the Department of Energy. You are disputing your own Department's——

Mr. TURK. No, no, those are the——

Senator BARRASSO. You said you go to different models and look at a lot of them and others don't agree, but this is your own Department.

Mr. TURK. I think it's important to look at all of those scenarios and other scenarios. All of those scenarios are also reference case scenarios. Those scenarios are not on track for where we need to be for achieving our climate objectives——

Senator BARRASSO. Mr. Chairman, my time is running out. I appreciate your comments. I am just bringing out what the Department of Energy of the United States is saying the global needs are.

Mr. Chairman, I do have some letters from government officials, dozens of small business groups from here in the United States, all over the world, deeply concerned about President Biden's decision to stop approving LNG exports, and it's a big pile. I just ask unanimous consent to enter these letters into the record.

The CHAIRMAN. Without objection.

Senator BARRASSO. Thanks, Mr. Chairman.

[Letters regarding LNG export pause follow:]

January 24, 2024

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
Washington, DC 20585

Dear Secretary Granholm,

As trade and member associations representing the United States liquefied natural gas (LNG) value chain, we are deeply concerned the Biden administration is considering burdensome changes to the Department of Energy's (DOE) permitting process for U.S. LNG exports. Any action to halt U.S. LNG export approvals would be a major mistake that puts American jobs and allies at risk while undermining global climate goals.

The United States is the world leader in natural gas production, meeting record domestic demand and becoming the top exporter of LNG in 2023. Our nation's abundant supply of natural gas is an impactful geopolitical tool, helping insulate American consumers from increasing global instability while advancing American national interests and ensuring the energy security of key U.S. allies.

U.S. LNG blunted a potentially disastrous situation in 2022 following Russia's invasion of Ukraine, and Secretary Blinken emphasized that increased cargoes of U.S. LNG were critical to undercutting Vladimir Putin's meddling in Europe.¹ While our European allies have made significant strides in reducing their reliance on Russian natural gas thanks to American energy producers, Europe faces a considerable supply gap over the long-term that should be met by American energy, not hostile nations.² Moving forward with a pause on U.S. LNG export approvals would only bolster Russian influence and undercut President Biden's own commitment to supply our allies with reliable energy, undermining American credibility and threatening American jobs. An analysis of the President's pledge to Europe found that the benefits to the United States could include \$63 billion in capital expenditures, a GDP boost of \$46 billion, and 71,500 jobs supported annually from 2025-2030.³

Here at home, natural gas prices remain among the lowest in the world according to the International Energy Agency (IEA).⁴ A recent economic study found that U.S. LNG exports *"have not had any sustained and significant direct impact on natural gas prices."*⁵ Another study determined that future U.S. gas production *"can satisfy both growing domestic consumption and export demand at relatively low*

¹ Secretary Antony J. Blinken Remarks Before U.S.-EU Energy Council Meeting, Department of State, April 4, 2023. <https://www.state.gov/secretary-antony-j-blinken-remarks-before-u-s-eu-energy-council-meeting/>

² Top EU energy official says US gas will be needed for decades, *Financial Times*, September 24, 2023. <https://www.ft.com/content/7e94bc82-c358-4a8c-b539-781d62dbc3c9>

³ Study of Infrastructure Need to Expand US LNG Exports to European and Asian Allies, ICF, July 18th, 2023. <https://www.api.org/-/media/files/misc/2024/01/icf-study-of-infrastructure-needed-to-meet-european-pledge.pdf>

⁴ Gas Market Report, IEA, May 2023. <https://www.iea.org/reports/gas-market-report-q2-2023>

⁵ US LNG Exports and Prices, LNG Allies, May 18, 2023. <https://bit.ly/41aqiUj>

prices...”⁶ In fact, while exports reached record highs in 2023, domestic prices declined 62% as U.S. natural gas production also surged to record levels—demonstrating this industry’s ability to meet rising global demand for natural gas while maintaining a well-supplied domestic market.⁷

Not only would curbing LNG export approvals hamper U.S. energy leadership and jeopardize American jobs, but it would undermine global efforts to reduce greenhouse gas (GHG) emissions. The U.S. leads the world in CO₂ emissions reductions largely thanks to coal-to-natural gas fuel switching in the power sector. At a time when global coal consumption has soared to record highs, eclipsing 8.3 billion tonnes in 2022, America can export our emission reduction success story to countries still heavily reliant on coal.⁸

DOE’s National Energy Technology Lab released studies in both 2014 and 2019 that showed U.S. LNG exports for European and Asian markets would significantly reduce life cycle greenhouse gas emissions when compared to coal use.⁹ Nearly eight years of operating experience and DOE’s own studies have demonstrated that LNG exports are squarely within the public interest. Throttling down U.S. LNG exports will eliminate an important tool in reducing global emissions and force quickly developing nations—specifically in Asia—to abandon plans to reduce emissions and increase coal consumption.

Our industry is proud to support our allies and global emissions goals, but the geopolitical and climate benefits of American energy exports cannot be maintained with a regulatory regime that moves at the whims of political pressure. We urge you to reject calls for DOE to prolong the review period or create new hurdles as it considers approvals for new LNG projects and terminals. This administration has already extended a process that took seven weeks during the last administration to an 11-month process on average. Restricting U.S. LNG exports any further could exacerbate the energy crisis in Europe, threaten U.S. jobs and force quickly developing nations to rely on coal for their growing energy needs.

Sincerely,

Alaska Oil & Gas Association
American Association of Professional Landmen
American Exploration & Production Council
American Gas Association
American Petroleum Institute
Center for LNG
Colorado Oil & Gas Association
Energy Workforce & Technology Council
GO-WV
GPA Midstream Association
GPSA Midstream Suppliers
Independent Petroleum Association of America

⁶ *Analysis of U.S. Natural Gas Market Price Impacts*, Am. Council for Capital Formation, May 22, 2023. https://accf.org/wp-content/uploads/2023/05/ACCF_NatGas_Market_052123.pdf

⁷ *U.S. Henry Hub natural gas prices in 2023 were the lowest since mid-2020*, Energy Information Administration, January 4, 2023. <https://www.eia.gov/todayinenergy/detail.php?id=61183>

⁸ *IEA says coal use hit an all-time high last year — and global demand will persist near record levels*, CNBC, July 27, 2023. <https://www.cnbc.com/2023/07/27/iea-says-coal-use-hit-all-time-high.html>

⁹ *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied natural Gas from the United States: 2019*, National Energy Technology Laboratory, September 12, 2019. <https://netl.doe.gov/energy-analysis/search?search=LiquefiedNatGas>

Interstate Natural Gas Association of America
 LNG Allies, The USLNG Association
 Louisiana Mid-Continent Oil & Gas Association
 Marcellus Shale Coalition
 Montana Petroleum Association
 National Association of Manufacturers
 Natural Allies for a Clean Energy Future
 Natural Gas Supply Association
 New Mexico Oil & Gas Association
 North Dakota Petroleum Council
 Ohio Oil and Gas Association
 Partnership to Address Global Emissions (PAGE)
 Permian Basin Petroleum Association
 Petroleum Association of Wyoming
 Texas Alliance of Energy Producers
 Texas Independent Producers & Royalty Owners Association
 Texas Oil & Gas Association
 Texas Pipeline Association
 The Petroleum Alliance of Oklahoma
 U.S. Chamber of Commerce
 Utah Petroleum Association
 West Slope Colorado Oil & Gas Association
 Western States and Tribal Nations Natural Gas Initiative

cc: US Secretary of State Antony Blinken
 US National Security Advisor Jake Sullivan
 Senior Advisor to the President for Clean Energy Innovation and Implementation John Podesta
 White House National Climate Advisor Ali Zaidi
 Senior Advisor for Energy and Investment Amos Hochstein

January 26, 2024

The President
The White House
Washington, DC, 20500

Dear President Biden:

We are an international coalition of trade associations and leading public policy research organizations working together to advance common interests related to the beneficial role of natural gas in both energy security and the environment. We have serious concerns with the Administration decision to halt the public interest review process used by the Department of Energy (DOE) when considering applications to export liquefied natural gas (LNG) to non-free trade agreement (FTA) countries such as Japan, the UK, and members of the European Union.¹ Such action may restrict export of U.S. LNG to global markets, which would be detrimental to energy security while global gas markets remain in a fragile and unstable situation, risking a return of price volatility and further growth in emissions if consumers around the world switch to higher-polluting alternatives.

Even prior to this policy change, under your administration permits have taken an average of more than 330 days for approval—more than twice as long as during the two previous Administrations. Given the long-term energy security ramifications of Russia's invasion of Ukraine in both Europe and Asia, as well as growing demand for affordable, clean energy sources in the developing world, any effort that further delays export authorizations sends the wrong signals to U.S. allies and trading partners around the world.

Moreover, as you emphasized in a March 2022 speech committing additional LNG supplies to Europe, natural gas infrastructure expansions “will occur in a way that is consistent with...the net-zero climate goal that we’re shooting for.”² This approach is consistent with Administration energy dialogues with other allies such as Japan³ and the UK.⁴ To this end, our industry has remained committed to ensuring natural gas projects support continued emissions reductions in furtherance of net zero ambitions. In particular, we are committed partners in the global effort to reduce methane emissions through efforts such as methane

¹ Under the Natural Gas Act, applications to export U.S. LNG are presumed to be in the public interest unless DOE determines otherwise.

² <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/03/25/remarks-by-president-biden-and-european-commission-president-ursula-von-der-leven-in-joint-press-statement/>

³ <https://jp.usembassy.gov/japan-us-energy-security-dialogue-joint-statement>

⁴ <https://www.whitehouse.gov/briefing-room/statements-releases/2022/12/07/us-uk-energy-security-and-affordability-partnership>

regulations in the EU, where there is now a very stringent and reinforced new regulation in effect, in the United States with the U.S. Department of Energy's International Working Group to Establish a Universal Approach to Measuring, Monitoring, Reporting, and Verifying Greenhouse Gas Emissions Across the Natural Gas Supply Chain, and with the CLEAN initiative from Japan.

Collectively, the commitment of the global industry to accelerate detection, documenting, and elimination of methane emissions through numerous voluntary initiatives and rapid technology deployment is gaining pace.

We remain eager to partner with governments around the world on the important technical and policy work necessary to advance international methane reduction initiatives. Our members are also aggressively pursuing innovation and investment in technologies to measure and reduce methane emissions throughout the value chain, while also working to accelerate development of promising low-carbon technologies, including biomethane and renewable natural gas (RNG), CCUS, hydrogen, ammonia, and e-methane. Collectively, these efforts will ensure that U.S. natural gas—already widely recognized to have enormous emissions reduction potential as a substitute to coal and higher-emitting natural gas producers such as Russia—can serve as an ever-cleaner component of the global energy mix.

As this important work proceeds, it is critical to understand that international demand for natural gas is likely to continue growing for decades. The IEA's April 2023 "Outlooks for Gas Markets and Investment" report forecasts that natural gas demand in Africa, the Middle East, and developing Asian markets will continue to grow through 2050, and that "an additional 240 bcm per year of LNG export capacity is needed by 2050 above what currently exists or is under construction."⁵ Other credible forecasts from BP and Japan's Institute for Energy Economics project higher global natural gas demand than IEA.

Meanwhile, despite heroic efforts since Russia's invasion of Ukraine, Europe's dependence on Russian natural gas remains unacceptably high, relying on nearly 50 bcm of LNG and pipeline imports in 2023. As Olivier Becht, France's minister delegate for foreign trade said in a recent statement on this issue, "What's certain is that in the current geopolitical environment, we're counting a lot on American gas,".

In summary, with America now the world's largest LNG exporter, it is clear that U.S. natural gas must continue to play a fundamental role in supporting global energy security and contributing to an orderly energy transition and a sustainable, affordable, and reliable

⁵ Available at [Outlooks for gas markets and investment: a report for the G7 \(windows.net\)](#). Projection based on IEA "STEPS," or Stated Policies, scenario.

energy future. We therefore strongly urge the Administration to reconsider any changes to the process for approving U.S. LNG exports to non-FTA countries, and expeditiously act on pending applications that need a decision.

Thank you for considering our views.

Sincerely,

American Exploration and Production Council
American Petroleum Institute
Asia Natural Gas & Energy Association
Center for Liquefied Natural Gas
Energy Policy Research Foundation, Inc.
Eurogas
International Association of Oil & Gas Producers
International Gas Union
LNG Allies, The USLNG Association
U.S. Chamber of Commerce
Western States and Tribal Nations Natural Gas Initiative

Cc:

The Honorable Fumio Kishida, Prime Minister, Japan
The Honorable Ursula von der Leyen, President, European Union
The Honorable Anthony Blinken, U.S. Secretary of State
The Honorable Jennifer Granholm, U.S. Secretary of Energy
The Honorable Charles Michel, President, European Council
Jake Sullivan, Assistant to the President for National Security Affairs
Ali Zaidi, Assistant to the President and National Climate Advisor
John Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation



9 Battery Road, Downtown
Singapore 049910

4 January, 2024

The Honorable Jennifer Granholm
Secretary of Energy U.S. Department of Energy
1000 Independence Ave.,
S.W. Washington,
D.C. 20585

Dear Secretary Granholm,

Subject: DOE non-FTA permits for LNG export facilities

The Asia Natural Gas & Energy Association (ANGEA) was founded in Singapore to work constructively with governments, society, and industry to build effective and integrated energy policies to support climate objectives while promoting sustainable economic growth and energy security.

ANGEA and its members (which include U.S. and Australian-based LNG exporters, Asia-based energy buyers (such as Japan's JERA), shipping companies, utilizes and more) are committed partners to Asian nations in their efforts to reduce GHG emissions while maintaining energy security. ANGEA members are committed to a progressive and accelerated decarbonisation of the natural gas value chain in line with the Paris Agreement.

The opportunity to advance climate goals in Asia via coal to gas switching is also clear. In power generation, taking into account both CO₂ and methane emissions on average, coal-to-gas switching reduces emissions by 50 per cent when producing electricity, according to the IEA.

While the Ukraine conflict has diverted many cargoes to Europe, Asia remains the fastest-growing LNG market, with forecasts that it will command 80 per cent of demand through 2040. To a large extent it is either the U.S. which will meet this growing demand, or Russia.

In my conversations with leaders across the Asia-Pacific region, there are significant concerns about the commitment of trusted energy supplier nations - such as the U.S. - to support Asia's energy demands with cleaner fuel such as natural gas during the energy transition. By 2050, Asia's

energy demand will more than double. Governments in Asia are increasingly challenged by the need to balance their energy security, economic growth and in many cases, raising their populations out of poverty, with environmental priorities.

Given these concerns, ANGEA co-sponsored a study by Rystad Energy into “*Energy Security in Southeast Asia*.” Key findings from the study include:

- **Declining Domestic Gas Resources:** Most countries in southeast Asia have dwindling domestic energy resources. On average, gas production across Vietnam, Thailand and Indonesia will decline 11 per cent year-on-year between 2031 – 2040. But Vietnamese gas demand is projected to expand at a Combined Annual Growth Rate of 4.7 per cent between 2022 – 2050.
- **Coal to Gas Switching Reversed:** Some Southeast Asian countries naturally are prioritising short-term economic and energy security concerns at the cost of long-term decarbonisation efforts. The only viable solution for some countries in Asia is to turn once again to increased coal use. According to the International Energy Agency (IEA), even with commodity prices now moderating, economies in the region are set to increase coal use to help power their longer-term economic growth. In fact, the latest IEA data forecasts record coal demand in 2023 in Vietnam, Indonesia and the Philippines, beyond the much greater demand from China and India.
- **Costs of Policy Failure:** A clear warning sign from the findings of that study is the cost of inaction by policymakers. Take the experience of Europe, where the cost of securing alternative energy supplies after Russia invaded Ukraine has risen to approximately USD \$1 trillion. Most Asian countries simply do not have this luxury, either financially or in terms of the potentially negative political effects.

These findings put a spotlight on the risk of placing developing nations across Asia in a state of energy poverty and stalling energy transition efforts. Put simply: the cost of inaction amongst wealthy and LNG producing countries is an increased reliance on coal amongst fast-growing nations in Southeast Asia.

Each country will determine its own energy transition pathway, but emerging Asia needs pragmatic supply-side policy support that recognizes the critical role of natural gas and the need for reliable low-carbon supplies of LNG and gas to the region for the foreseeable future. Policy in responsible, reliable gas-producing nations such as the U.S. and Australia should prioritize the return of a more stable and balanced global natural gas market. This is direct support to international efforts to limit global warming by ensuring timely buildout of gas infrastructure through streamlined and transparent regulations. It is only nations such as the U.S. and Australia, which have adequate energy export capacity and commitment to stringent environmental standards that can provide leadership on this critical front of the ongoing energy transition.

As such, we advocate strongly for the U.S. to establish new infrastructure links from the Rockies to future export opportunities in the United States, Mexico or Canada, and these same export

locations can serve future decarbonized ammonia or hydrogen markets, if built with the future end in mind. Giving Rockies and Permian gas greater connectivity to domestic and international markets adds to the substantial supplies available elsewhere in the U.S. ensures that domestic and export prices are not in conflict.

We are also strongly in favor of U.S. enabling and speeding up non-FTA authorizations, including those which will support future North America LNG export outlets that can reach the Pacific, such as Energía Costa Azul LNG and Vista Pacifico LNG, Saguaro Energía, LNG Canada and Woodfibre LNG. With the Panama Canal increasingly becoming an operational and political risk because of transit bottlenecks, Pacific exports become ever more critical.

These opportunities can position the U.S. as the major supplier of energy to Asia, which will continue to yield enormous economic, domestic, and geopolitical benefits for decades. Based on the recent Rystad study, the U.S., with its vast supplies of natural gas and current regulatory regime, is able to provide low emissions LNG to Asia while also keeping domestic prices low demonstrating that domestic and international economic growth and reducing carbon emissions can be achieved together.

Most countries in Asia are net importers of energy. Large-scale infrastructure investments across the energy chain require long-term supply-side policy certainty. Failure to recognize this fundamental point risks placing developing nations across Asia in a state of energy poverty and will stall energy transition efforts.

Many countries in South-East Asia simply do not possess the natural solar and wind assets that countries like the United States, Australia and China do. As such, solar and wind energy is unlikely to play the significant role in their near term decarbonization.

Both the recent Net Zero America and Net Zero Australia studies noted the critical role of gas in the energy transition as a natural complement to intermittent renewable energy. It is encouraging to see, in both the Group of Seven Nations' most recent communique and the U.S. Japan Energy Dialogue, a recognition of the essential role LNG producing nations such as the US can play meeting energy security and climate goals in Asia, especially for allied nations. Policymaking decisions that enable continued access to gas supplies and provide the assurances that make responsible investments in flexible infrastructure such as LNG-to-hydrogen facilities possible.

Without sufficient access to gas imports, energy security and the energy transition will be elusive for the people of Southeast Asia, and that in turn places at risk the ambitious decarbonisation plans spearheaded by Japan, which take into account Asian nations' specific requirements.

Yours sincerely,

A handwritten signature in blue ink, reading "Paul Everingham". The signature is fluid and cursive, with the first name "Paul" and last name "Everingham" clearly distinguishable.

Paul Everingham
Chief Executive
Asia Natural Gas and Energy Association



NEWS

FOR IMMEDIATE RELEASE January 26, 2024

Contact: Hinson.Peters@ngsa.org (703) 964-6990

Daphne.Magnuson@ngsa.org (202) 631-0625

Center for LNG Statement on White House Halt of U.S. LNG Export Approvals

(Washington, D.C.) – The Center for LNG (CLNG) issued the following statement following the announcement that the Department of Energy (DOE) is pausing the reviews of U.S. LNG export applications.

Charlie Riedl, CLNG Executive Director, said:

“This is a short-sighted and damaging action that weakens U.S. relations with our allies. It undermines U.S. energy leadership in the world without any benefit to our shared climate goals and with considerable risk to the U.S. economy by endangering future projects and the jobs associated with them, as well as destabilizing international energy markets.

“By halting LNG export authorizations, the White House is sending a signal to our allies in Europe that they cannot rely on U.S. promises to help with energy security and climate leadership.

Less than two years ago, this administration pledged to help Europe withstand the energy crisis triggered by Russia’s invasion of Ukraine by ramping up supply of LNG. The U.S. LNG industry stepped up to fulfill these pledges and has been a good-faith partner for this administration. We are dismayed that the administration is backtracking on promises to our longtime allies, which hinge on additional LNG export capacity.

“Every U.S. LNG export terminal already goes through a multi-year approval process before it reaches a final investment decision and construction begins. Long-term agreements signed with buyers around the world underpin these multi-billion dollar projects. Pausing export approvals pulls the rug out from under these agreements and projects and jeopardizes U.S. energy and climate goals.

“In study after study, the Department of Energy and other researchers have found that LNG exports drive increased purchasing power at home, spur additional natural gas and NGL production, and encourage a strong domestic economy and job growth. In contrast, limiting U.S. LNG exports will destabilize international energy markets, driving up costs, and compel trade partners and allies to sign long-term energy supply agreements with parties whose interests diverge from American interests.

The benefits of using natural gas are glaringly obvious right here at home, where power sector emissions in the United States have dropped dramatically over the past two decades as natural gas has replaced coal as the most widely-used source for electricity and facilitated greater use of renewables. The administration is hurting U.S. economic and climate goals by taking this step.”

Visit CLNG’s [website](#) for more information and data on how the [U.S. LNG industry is reducing emissions](#), LNG’s [environmental benefits](#) and the economic benefits of [exports](#).

-CLNG-

The Center for Liquefied Natural Gas (CLNG) advocates for public policies that advance the use of liquefied natural gas (LNG) in the United States, and its export internationally. A committee of the Natural Gas Supply Association (NGSA), CLNG represents the full LNG value chain, including 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, clean and versatile fuel can be fully realized. For more information, please visit www.lngfacts.org.

Powering a Clean Energy Future



EQT CORPORATION
625 Liberty Ave | Pittsburgh, PA 15222-3111
P: 412.553.5700 | www.eqt.com

The Honorable Jennifer Granholm
Secretary, U.S. Department of Energy
1000 Independence Ave, S.W.
Washington, DC 20585

January 30, 2024

Dear Secretary Granholm-

I am writing to you in response to the moratorium imposed on the issuance of authorizations for liquefied natural gas ("LNG") projects announced on January 26, 2024 (the "Moratorium"). I have previously written to you and the Administration with respect to the criticality of U.S. LNG in the energy transition,¹ and it should come as no surprise that I view the Moratorium as a significant step in the wrong direction.

Before getting into the issues with the Moratorium itself, it is important to lay out the context in which it is being imposed, from both a climate and geopolitical landscape.

The World We Are In

The Moratorium comes approximately one month after the conclusion of COP28, where coordinated action is outlined to address climate change. At the conclusion of COP28, signatory countries from around the world agreed to a Global Stocktake, outlining key principles and priorities for our collective action against climate change. The Global Stocktake is important both in what it said and what it did not say.²

First and foremost, the signatory parties rejected calls to "phase out" or even "phase down" fossil fuels – as was fiercely advocated for by a select number privileged nations – landing instead on a call to "transition away from fossil fuels ... in a just, orderly and equitable manner ... so as to achieve net zero by 2050 in keeping with the science." While some have attempted to draw an equivalency between the final language and that of a "phase out" or "phase down," no equivalency exists, a fact that becomes readily apparent with a continued reading of the Global Stocktake.

The Global Stocktake is of particular importance because this COP was tasked with reflecting on the progress and efficacy of the strategy deployed to date in addressing climate change. While a lot of media attention has been focused on the first mention of "fossil fuels" in a COP readout, there were other "firsts" that deserve equal, if not more, attention.

For the first time, the Global Stocktake specifically referenced the importance of nuclear; carbon capture, utilization and storage ("CCUS"); and "transitional fuels" – a politically palatable pseudonym for natural gas. That the Global Stocktake referenced each mainstream non-renewables alternative to coal-fired power generation should not be a surprise to anyone paying attention to what is happening in the real world.

Emissions from coal globally have hit all-time highs in each of the last three years, and there is no realistic option to achieving a 1.5 degree scenario absent a rapid, significant reversal of this trend.³ The global community recognizes this, as the Global Stocktake calls for "[a]ccelerating efforts towards the *phase-down* of unabated coal power" (emphasis added) – emphasizing the intention for unabated coal to be viewed as separate from, and not a peer to, transition fuels. To achieve this phase-down, the Global Stocktake calls on a tripling of renewables by 2030 and an acceleration of nuclear and

¹ My [prior letter](#) to you was in response to calls for curtailing U.S. LNG due to environmental and domestic price concerns similar to the primary bases for the Moratorium. That letter was sent eight days before Russia invaded Ukraine.

² The Global Stocktake can be found [here](#).

³ IEA (2023), Greenhouse Gas Emissions from Energy Data Explorer, IEA, Paris, <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>; IEA (2023), Global coal demand set to remain at record levels in 2023, IEA, <https://www.iea.org/news/global-coal-demand-set-to-remain-at-record-levels-in-2023>.

CCUS, and recognizes “that transitional fuels” – i.e., natural gas – “can play a role in facilitating the energy transition while ensuring energy security.”

If the global community thought that phasing down unabated coal (much less reaching net zero) could be achieved without nuclear, CCUS and natural gas and instead with renewables alone, it would have documented it as such. It’s hard to imagine that a COP of all places would resolve differently if that were the case.

What the Global Stocktake is saying, however, is that we need more renewables, more nuclear, more natural gas and more CCUS to even get on the path to reaching a 1.5 degree goal. This makes sense to anyone that actually understands how power generation works, how much worse coal is than all other alternatives, the scale of coal in the world, and the physical and economic shortcomings of renewables.

Undoubtedly, the events of recent years also influenced the signatories in their assigning importance to natural gas, and in particular natural gas in the form of LNG, in the sustainability of the energy transition. The price shocks of 2021 and 2022, exacerbated by the weaponization of natural gas by Russia, wreaked global havoc. While we can debate whether the energy insecurity that arose during this time period was an organic outcropping of the transition strategy deployed to date or was instead foisted on the world by Russia, the result is the same. From a climate perspective, not only did the insecurity result in rampant increases in coal consumption and associated emissions, but otherwise fragile nations (including nations for which the label “fragile” was previously unthinkable) had to significantly devalue climate in their efforts to keep the lights on.

For Europe and those concerned about climate, virtually all thanks for rectifying this situation should be directed to the United States natural gas and LNG industry. These industries on their own effectuated the greatest re-direction of energy flows the world has ever seen, and they did it in a way that kept prices low for American consumers.⁴ In time, the efforts of this industry will be looked upon in the same light as the mobilization of the industrial sector in World War II.

The World We Seek to Become

It is against this backdrop that the Moratorium has been announced, and its announcement is a signal that our nation has not yet fully grasped the complexity of the journey upon which we have embarked and, as a result, has not yet come to understand the role that the United States must play in the transition.

The campaign executed by the proponents of the Moratorium is a part of a dangerous movement, one that negatively impacts our efforts to address climate change. It is a movement that galvanizes around blocking marginal domestic development projects with memorable names – be it Keystone XL, Mountain Valley Pipeline, Willow or CP2⁵ – under the auspices of climate change without any debate or discussion around, or accountability for, the secondary or tertiary impacts that will result in a “success” scenario. It is one that labels CP2 as a “climate bomb” while simultaneously blocking solar farms and offshore wind projects,⁶ one that sides with a coal lobby in seeking to block the construction of a natural gas pipeline.⁷ It is one that has inserted unpredictable chaos and costs⁸ into the very system seeking to provide our

⁴ Within one year of the invasion, domestic natural gas prices are currently below the trailing 20-year average. In fact, with the exception of late 2021 and 2022, domestic natural gas prices have remained at or below this 20-year average in every year in which U.S. LNG has been exported.

⁵ I would be surprised if any of the proponents of the Moratorium can name a single coal mine or coal-fired power plant. I’d be equally surprised if they understood the global emissions of coal, that coal emits more methane than natural gas globally, or that absent natural gas replacing coal the current Administration would be overseeing increasing domestic emissions.

⁶ [Survey of Utility-Scale Wind and Solar Developers Report](#)

⁷ [Coal Industry Opposes Natural Gas Pipeline](#)

⁸ It is not LNG exports, but rather the inability to construct energy projects because of activists like the proponents that is the primary contributor to the elevated consumer energy prices. While natural gas prices today are in line with prices in 2020, the consumer price index for household energy today is 30% higher than in 2020, despite having remained flat for the prior decade. See [here](#). In fact, a recent [study](#) by the National Economic Research Associates (NERA) found that it was not LNG export, but rather the inability to construct natural gas pipeline infrastructure, that was a material impediment to keeping natural prices low for domestic consumers. Fixing this problem requires bi-partisan support for permitting reform, a task that has become more difficult politically with the imposition of the Moratorium.

nation with the power and prosperity needed to effectuate our climate goals. At its core, it is an anti-development movement.

By instituting the Moratorium, the proponents have been effectively deputized as heads of our climate and energy policies, empowering them to double-down on their anti-development strategy and putting at risk the historic climate investments promulgated under the Biden Administration. While challenging the development of transmission lines, solar farms, offshore wind projects, nuclear plants and pipelines here in the United States is one thing, blocking the construction of LNG facilities is on an entirely different level in light of the backdrop outlined above.

Providing affordable LNG is our *only* means of influencing global decarbonization at any scale that is not in the form of paper (dollars or agreements). Yes, the United States is the largest exporter of natural gas in the world. However, the growth in natural gas export over the last decade – a cited basis for the need to “pause” – is miniscule in light of what is needed to address climate, obviating the need for only approximately 7% of international coal consumption.⁹

We need to do more, much more.¹⁰

It should not be viewed as illogical to assume that the United States – which along with Russia, Iran, and Qatar, holds roughly two-thirds of the world’s economically recoverable natural gas resource – will over time transition to exporting a greater portion of its natural gas. While we can debate whether in a net zero scenario the United States would consume less or more natural gas,¹¹ surely we can agree that nations around the world currently and increasingly powered by coal will want greater access to natural gas. For the 190 or so countries in the world not named above that lack domestic natural gas opportunities of necessary scale, that gas has to come from somewhere and, in the free world, that somewhere is America.

The market demand is there, it is why the now paused projects were being built in the first place. The markets work, the markets are influenced by the framework that the world agrees is best to address climate, and the markets are calling for more U.S. LNG.

Blocking the export of climate solutions is an especially dangerous precipice, even before factoring in the obvious geopolitical ramifications. The countries that were going to purchase U.S. LNG have their own Nationally Determined Contributions (“NDCs”) in line with the Paris Accord, and as such are required to consider the climate impacts of the imported LNG in their overall analyses. Presumably they determined that, like virtually all countries that have made meaningful climate progress, natural gas is actually a *necessary good* for them, and not an unnecessary evil as those behind the Moratorium would have us believe.¹²

By blocking the LNG export projects these countries were relying upon, the Administration has effectively repatriated authority away from those who are tasked with and accountable for meeting their NDCs, who are most knowledgeable of what it will take to achieve them, and who are planning and investing accordingly. It has handed this

9 In 2023, the United States exported approximately 86 million tons of LNG, sufficient to provide 638 billion kwh of electricity generation, versus global coal generation of 8,848 billion kwh. <https://www.eia.gov/outlooks/ieo/data.php>

10 That proponents of the Moratorium [recently pointed out](#) the potential for LNG projects to power 500 million homes – a number that honestly is highly suspect given that the volumes in question represent a fraction of the natural gas consumed in America, with its 144 million homes – to support preventing the export is itself perverse. It is in effect saying that the intended purchasers of this LNG should go without power. Undoubtedly, the proponents would argue that solar and wind are “cheaper,” readily available alternatives. If this were true, why then do we have to have a global edict calling for the tripling of their rate of deployment and recognizing “the need to increase the affordability and accessibility of such technologies,” and why are market dynamics calling for the construction of multi-billion dollar projects to provide “more expensive” LNG?

11 A recent [study](#) on pathways to achieve economy-wide net zero by 2050 in the United States found that a pathway that leveraged low-cost natural gas and carbon capture would cost American citizens approximately \$9,000 per household per year less than a pathway that restricted access to those solutions. To put this into context, while both would achieve net zero, the pathway that does not leverage natural gas would have the secondary impact of putting roughly 10% of the United States, or 30 million citizens, into poverty.

12 Imposing a *delay* on LNG projects, and putting at risk their ultimate development, is therefore directly contrary to the calls of the global climate community to “*accelerate* efforts towards the phase-down of unabated coal power” (emphasis added) and to the recognition that transitional fuels such as natural gas “can play a role in facilitating the energy transition while ensuring energy security.” And the manner on which the delay has been imposed is most definitely not “just, orderly and equitable.”

authority to an unelected political minority that has no accountability to the citizenry that its decisions impact, inserting significant disruption, uncertainty, costs and risks into their transition. And it provides support to a false premise that these countries must not be taking climate as seriously as we are, disenfranchising a significant portion of the world.

In effect, it simultaneously rewrites and undermines the Paris Accord, the very basis through which the United States seeks to influence the emissions over which it has no direct control and on which substantially all of our success in addressing climate change is dependent. It is the framework under which this and future administrations, as well as our allies and adversaries, work to achieve one of the most monumental tasks in human history.

To unilaterally change the rules of the road has significant follow-on risks, risks that dwarf the alleged climate impacts of the planned LNG facilities. If any moratorium is needed to analyze climate risks, it should be one that looks at the risks of our current approach to the transition as a whole. That in effect was the purpose of the Global Stocktake, and the world has spoken.

The Moratorium should be lifted immediately.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Rice', with a stylized flourish at the end.

Toby Z. Rice
President and Chief Executive Officer



Eurogas Statement on European Union and United States Energy Partnership:

Exports of U.S. LNG and European Energy Security

At the outbreak of the war in Ukraine, Europe made a strong decision to be independent from Russian gas before the end of the decade. We have also a binding commitment to be net zero greenhouse gas emitters by 2050.

In Eurogas we support these objectives and therefore find it alarming that recent initiatives by some interests in the United States governing institutions are calling for a potential scale back of efforts to export US LNG to Europe.

Europe is committed to phase out its dependency on Russian gas, which provided about 155bcm (40%) in 2021 of total European Union gas supply. That has been cut to less than 50bcm in 2023. However, we have increased our imports of US LNG from slightly more than 20bcm in 2021 to around 50bcm in 2022 and 60bcm in 2023. This LNG has been a relief for Europe and contributed to the stabilisation of gas and electricity prices in Europe for consumers, after a long period of record high prices caused by the Russian supply drop. This LNG does not fully replace the gas we had in the past from Russia, we still have a supply gap - and as such we need additional LNG imports from the US. Moreover, additional volumes of US LNG are set to play a crucial role for European energy security in case of other possible supply shortfalls caused by geopolitical instability in the future. US LNG exports are important for energy security globally, including in Asia, and especially for US allies.

If additional US LNG export capacities would not materialise it would risk increasing and prolonging the global supply imbalance. This would inevitably prolong the period of price volatility in Europe and could lead to price increases with the consequent implications that would have for economic turmoil and social impact. In the past two years since the Russian invasion of Ukraine, Europe has worked extremely hard to secure price stability of natural gas – with the important contribution of like-minded countries including the United States. It is essential that the United States stands with Europe, especially at a time of war where we are working together to protect our values, and does not deliberately spark a new period of price volatility in Europe caused by policy driven LNG shortages. US LNG also offers a way to create jobs and develop economic activity in the US and economic analysis (such as NERA Economic Consulting studies for the DOE in 2018 & 2023) conclude that there is almost no link between the level of US LNG exports and domestic US gas prices.

In Europe many projects for new LNG import terminals are based on the assumption of stable long-term supply relationships with the US. The recent communication from some US policymakers was intensively discussed in the LNG projects currently under development here in Europe. Any doubts regarding the stability of US LNG supplies are putting the development of the necessary import structures at risk again raising concerns of potential further price volatility. US LNG is very much needed in Europe for our energy transition, particularly in places like Germany with easy access to coal, to support the phase out of coal in power production as soon as possible.

We are serious about the climate and are addressing the issue of methane emissions. The European gas industry is already one of the best performers in this regard. We will have one of the most stringent methane emission regulations in the world in place this year. The US administration is also working to address the issue. We must therefore not use past performance, based on some historical data of older installations, to prevent the development of new installations applying industry best practices.

It is also important to stick to the facts when looking at methane and greenhouse gas emissions from natural gas. In 2021 the International Energy Agency (IEA) made a full assessment of methane and



greenhouse gas emissions from all fossil fuels and concluded that natural gas emitted the least – indeed the IEA demonstrated that the worst emitters in natural gas were still better than the best emitting coal sources in terms of overall greenhouse gas emissions. Prohibiting US LNG exports will simply lead to burning more coal in Europe – with all the negative consequences that has for the climate and environment.

We therefore urge the US administration to avoid an unnecessary prohibition or limitation of new LNG exports to Europe, in addition to ensuring the delivery of cargoes to European customers via already agreed long-term contracts. We need to support each other at this critical time in the Ukraine war.

Didier Holleaux

President Eurogas

Press Release

US decision to pause LNG export approvals could put European security of supply at risk

Brussels, 30 January 2024: IOGP Europe expresses its serious concerns regarding the Biden administration's decision to pause pending approvals of US LNG exports to non-FTA countries. In the current geopolitical situation, this could precipitate the return of market volatility, increase the use of higher-polluting alternatives, and jeopardize Europe's security of energy supply.

Europe's energy supply situation remains precarious and highly exposed to market volatility. While Asian buyers have concluded large numbers of long-term LNG supply contracts, Europe has only secured 33% of its LNG needs through 2040. Up to 2500 bcm of additional volumes still need to be contracted, most of which was expected to be sourced from US exporters¹.

These additional US LNG volumes will be needed by the EU to reach its net zero objectives by 2050. Their carbon footprint will also decline thanks to voluntary industry initiatives to reduce operational emissions, as well as new regulations in the EU and US.

"The data is clear – without a steady increase in US LNG supplies, Europe will be unable to substitute Russian gas imports in coming years. There simply aren't enough LNG alternatives out there" said François-Régis Mouton, Managing Director of IOGP Europe. *"If this measure is extended or made permanent, Europe may well see the return to higher energy costs, a second wave of industrial demand destruction, and an increase in coal-fired power generation and associated emissions."*

Together with a coalition of trade associations and public policy research organizations, IOGP Europe has sent a letter to the Biden administration, urging it to reconsider any changes to the approval process so that US natural gas can continue to support the energy security of the US' non-FTA trade partners such as the EU, Japan and the UK.

¹ [*Rystad Energy, Rebalancing Europe's Gas Supply – 2nd edition, December 2023*](#)

About IOGP Europe

The International Association of Oil & Gas Producers (IOGP) Europe is the Brussels-based advocacy arm of IOGP.

Its 90+ Members account for 90% of Europe's oil and gas production and over 40% globally.

IOGP Europe supports the EU's objective to reach climate neutrality in Europe and calls for an inclusive policy framework to help reach it.

Contact

Nareg Terzian
Head of Strategy and Communications
T: +32 2 790 77 73
M: +32 470 90 59 62
E: ntz@iogp.org



The announced halt to the review of key US LNG export projects sends an unsettling signal to global energy markets

The US is the world's largest LNG exporter, and has revolutionised the global gas market, supercharging its liberalisation by introducing great commercial flexibility in trade and contracts. The functioning of a flexible global gas market made it possible to keep the world's energy system above water during the worst energy crisis in memory. Having open, flexible, transparent, competitive, and reliable gas markets is imperative to ensuring the success of the global energy transition and safeguarding international energy security, while markets provide the best counterbalance to the politicisation of energy supply.

"The current dynamic we are seeing unfold is highly worrying. It is eroding these fundamental market principles and will harm global energy security and emission reduction"

said Menelaos (Mel) Ydreos, Secretary General of the International Gas Union.

Globally, gas supply remains tight, and the market is vulnerable to more volatility and price escalation. Despite a cooling of prices in Europe and Asia, they remain nearly double the pre-crisis levels. But the world is not yet through the crisis. Until new volumes of LNG come onstream, the global market will hang on a fragile balance of demand reductions and stability in the current supply level, especially when it comes to the flexible LNG, which allows bringing gas to remote markets that need it. The mild winter in the northern hemisphere, together with demand-reducing factors including affordability issues, have contributed to the subdued demand in Europe thus far. At the same time, demand in Asia is growing again, adding pressure to this fragile balance.

LNG is playing a key role in the reliability of the global energy system and in keeping emissions in check. Gas produces about half of the greenhouse gas emissions of coal on a lifecycle basis. In the form of LNG, it has unmatched scalability and flexibility, making it a critical resiliency resource in the energy transition, as seen through its rapid deployment to offset the Russian pipeline gas shortages in Europe. The surge of renewable energy will intensify the need for responsive dispatchable tools to balance the grid. Natural gas, low carbon and renewable gases will therefore need to play a key role during intermittency and peak periods (while batteries may fulfil the balancing needs for shorter duration periods and provide key rapid reliability and stabilisation services).

Restoring global LNG supply balance and energy security requires the current and forecasted shortfall to be addressed. Despite recent optimism about new gas project investment growth, this comes after a prolonged under-investment period. Between 2014 and 2020 investments in gas supply dropped by 58%. These began to recover marginally in 2021, however current levels of investment and off-take agreements are still falling short of the growing global demand.



Limiting the supply of gas into the global market will not reduce emissions; it will do the opposite. Over the last two years we have seen high gas prices lead to gas-to-coal switching and to all-time high emissions from coal in line with record consumption. Despite record additions of renewables and the resurgence of nuclear in 2023, the decade-long trend of coal having a 40% share of global power sector emissions continued.

Gas is the lowest emission, highly efficient, abundant, and non-air polluting hydrocarbon. It is critical for providing power system flexibility and balancing the grid in longer periods of renewables intermittency, particularly those that fall outside of the technical capabilities of the storage technologies that are commercially available today across the world. Beyond electricity, which still represents about a fifth of the total energy consumed by the world's economies, gas is critical for heating buildings, fuelling industry, and providing feedstock to critical sectors like food fertiliser production. Recent gas supply shortages and extreme price volatility have resulted in skyrocketing fertiliser costs, with obvious knock-on effects on food prices. Fertiliser prices more than tripled between 2020 and 2022. According to the IMF, *a 1 percent increase in fertilizer prices spikes food commodity prices by 0.45 percent.*

While natural gas will continue to play a pivotal role in the energy transition, facilitating the decarbonisation of the global economy, the gas sector itself will also continue to undergo a process of decarbonisation. This is imperative, and we call on the policymakers and industry to find urgent solutions for accelerating the deployment of carbon capture, low-carbon, and renewable gases. We also stress that doubling down on eliminating methane emissions is required to make this transition possible.

Investments emissions-eliminating technology for gas and LNG infrastructure will ensure project longevity, guaranteeing long-term asset use in parallel with the growing adoption of low-carbon and renewable gases. For instance, renewable biomethane and e-methane can be liquified, and can leverage existing natural gas infrastructure. The potential of utilising existing LNG infrastructure for liquid hydrogen carriers, like ammonia or liquid hydrogen, is also gaining traction, with rising investments and R&D efforts. Finally, the right policy frameworks, such as putting a price on emissions and putting a value on their reduction, will help encourage all these investments.

For further information, please contact:

IGU Strategic Communications Director at

Tatiana.Khanberg@igu.org



February 6, 2024

Submitted via email

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

The Honorable Jennifer M. Granholm
Secretary, U.S. Department of Energy
100 Independence Avenue, SW
Washington, D.C. 20585

Re: Objections to the Liquefied Natural Gas Export Pause

Dear President Biden and Secretary Granholm:

We, the Attorneys General for Kansas, Indiana, Louisiana, West Virginia, Alabama, Alaska, Arkansas, Georgia, Idaho, Kentucky, Mississippi, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, and Wyoming urge you to end the “pause” on exports of liquefied natural gas (LNG). Instead of addressing America’s real energy challenges, your administration has decided to double down on a reckless environmental agenda through this TikTok-inspired “pause.” But this surprise freeze is (1) unlawful, (2) harmful to our economy, and (3) detrimental to our national security. It emboldens and empowers Iran and Russia, while further hampering our ability to protect ourselves.

The Liquefied Natural Gas Export “Pause” is Unlawful

Your administration’s planned “pause”—which we might more accurately call a series of constructive denials—of most American LNG exports is unlawful for several reasons.

First, the Department of Energy has identified no authority to issue blanket denials of export permits. As you should know, the Department “literally has no power to act—including under its regulations—unless and until **Congress** authorizes it to do so by statute.”¹ Yet neither the White House nor the Department cited any statutory authority when announcing the pause. Instead, the White House merely referred to President Biden’s executive order commanding federal agencies to reorder federal operations around single-minded and fears about climate

¹ *Fed. Election Comm’n v. Cruz*, 596 U.S. 289, 301 (2022) (cleaned up) (emphasis added).

change. But that order is not sufficient, as “a President may only confer by Executive Order rights that Congress has authorized the President to confer.”²

If you intended to rely on Section 3 of the Natural Gas Act (NGA), then you were mistaken. That statute **requires** the Department to approve applications to export LNG to non-Free Trade Agreement countries “unless, after opportunity for hearing, it finds that the proposed exportation ... will not be consistent with the public interest.”³ It creates a “general presumption favoring [export] authorization.”⁴ The Department would need to make “an affirmative showing of inconsistency with the public interest” to deny the application.⁵

Here, you have signaled every intention to deny a sweeping category of exports based on allusions to environmental harms.⁶ Your administration and its allies appear to be “seizing on regulatory loopholes and prejudging the outcomes of complicated policy analysis.”⁷ Agency predetermination is bad enough,⁸ but it’s doubly wrong when it conflicts with Congress’s express purpose in enacting the statute. Indeed, some suggest this pause is an effort to obstruct ongoing litigation concerning related export approvals.⁹

The Department’s defiance of statutory requirements is even more remarkable because LNG exports are of vast “economic and political significance.”¹⁰ As discussed below, our allies rely on LNG exports for their energy needs.¹¹ And meeting this demand requires new export terminals leading to billions of dollars in capital expenditures and tens of thousands of new jobs.¹² The Department’s pause jeopardizes all this work¹³—all without the Department pointing to any “clear congressional authorization” to issue this pause in the first place.¹⁴ Congress is

² *Karuk Tribe of Cal. v. Ammon*, 209 F.3d 1366, 1375 (Fed. Cir. 2000).

³ 15 U.S.C. § 717b(a).

⁴ *W. Va. Pub. Servs. Comm’n v. U.S. Dep’t of Energy*, 681 F.2d 847, 856 (D.C. Cir. 1982).

⁵ *Panhandle Producers & Royalty Owners Ass’n v. Econ. Regul. Admin.*, 822 F.2d 1105, 1111 (D.C. Cir. 1987).

⁶ *Contra Elizabeth Urrutia, The Bear, the Boom, and the Barriers to Liquefied Natural Gas Exports*, 39 *Environ. Emtl. L. & Pol’y* J. 19, 31 (2015) (“DOE policy itself suggests that the public interest determination should be limited and should exclude environmental considerations.”).

⁷ Matthew Yglesias, *Banning Natural Gas Exports*, *Slow Boring* (Jan. 29, 2024), <https://bit.ly/48SoQJn>; see also Ben Cahill & Joseph Majkut, *Biden Administration Pauses New LNG Approvals*, Center for Strategic & International Strategies (Jan. 26, 2024), <https://bit.ly/49dAChb> (explaining how the pause resulted from “environmental campaigners”).

⁸ *Cf. Forest Guardians v. U.S. Fish & Wildlife Serv.*, 611 F.3d 692, 714 (10th Cir. 2010).

⁹ See Niina H. Farah, *Biden’s gas export pause could ripple through LNG lawsuits*, *E&E News* (Jan. 29, 2024), <https://bit.ly/3OorMVQ>.

¹⁰ *Biden v. Nebraska*, 143 S. Ct. 2355, 2372 (2023) (internal quotation marks omitted).

¹¹ See C. Thomas Kruse, *Mitigating Risk in U.S. Liquefied Natural Gas Contracts*, *Law360* (Aug. 14, 2023), <http://tinyurl.com/3fpfuj9k>.

¹² See *Studies of Infrastructure Need to Expand US LNG Exports to European and Asian Allies* at 27, <http://tinyurl.com/4wwjchz3>.

¹³ See Brian Dabbs, *Biden Administration Freezes Gas Export Approvals*, *E&E News* (Jan. 26, 2024), <http://tinyurl.com/4wmcaepd>.

¹⁴ *W. Virginia v. EPA*, 597 U.S. 697, 732 (2022).

aware of the economic and environmental impacts that LNG exports may have, but it has declined to act.

In short, you are reconstructing the NGA’s regulatory structures. “[W]hen Congress wishes to alter the fundamental details of a regulatory scheme, as [the Department] contend[s] it did here through delegation, [courts] would expect it to speak with the requisite clarity to place that intent beyond dispute.”¹⁵

Second, we anticipate that your action will give rise to liability under the Administrative Procedure Act for unreasonable delay. “To state a claim for unreasonable delay,” a plaintiff need only “allege that the agency failed to take a discrete agency action that it is required to take,” and show “that the delay was unreasonable.”¹⁶ Courts consider several factors in evaluating reasonableness, including whether the delay “may be undermining the statutory scheme, either by frustrating the statutory goal or by creating a situation in which the agency is losing its ability to effectively regulate at all.”¹⁷

The elements of a delay claim are here. The NGA requires the Department to address these export applications. As for unreasonableness, several things confirm that the “pause” will fail that standard. Among other things, this delay will only further lengthen what is already a “lengthy, cumbersome process” in an industry where competition is fierce and time is of the essence.¹⁸ Further environmental review will unreasonably duplicate the “extensive environmental regulatory process” that applicants must already undergo.¹⁹ And this situation is not one where the Department has limited resources and competing obligations that compel delay;²⁰ the Department is creating this problem all on its own considering how the process could take up to 15 months or more to finish.²¹

Third, beyond delay, your action also fails to stay “within the bounds of reasoned decision-making.”²² The reasons why should be clear to this point—chiefly, the Department has failed to consider the effects of this indefinite pause. Several export projects are awaiting approval from the Department, and the Department doesn’t explain how the pause will impact those projects. Here again, it’s likely because the Department has no idea what will happen to those projects. For example, an official said that the pause will have no impact on the Venture Global’s Calcasieu Pass 2 project—a facility planned to be built along the Louisiana coast—but a Department spokesperson later clarified that all “current and future pending applications” will

¹⁵ *U.S. Forest Serv. v. Cowpasture River Pres. Ass’n*, 140 S. Ct. 1837, 1848–49 (2020).

¹⁶ *Da Costa v. Immigr. Inv. Program Off.*, 80 F.4th 330, 340 (D.C. Cir. 2023).

¹⁷ *Cutler v. Hayes*, 818 F.2d 879, 898 (D.C. Cir. 1987) (cleaned up).

¹⁸ *Umutia*, *supra*, n.6 at 27–28.

¹⁹ *Id.* at 34.

²⁰ See, e.g., *Mashpee Wampanoag Tribal Council, Inc. v. Norton*, 336 F.3d 1094, 1100 (D.C. Cir. 2003).

²¹ See Ben Lefebvre, *White House Gas Export Review to Freeze New Projects for More than a Year*, Politico (Jan. 25, 2024), <http://tinyurl.com/t5pxjhsh>.

²² *Dep’t of Com. v. New York*, 139 S. Ct. 2551, 2569 (2019).

be affected by the pause.²³ As companies make final decisions on whether to invest in these projects, the Department has no answers. And we as discuss below, the Department does not explain how the pause will impact our national security interests as our allies have come to depend on our LNG exports.²⁴ So the Department has not adequately explained how it arrived at its decision; the pause is neither “reasonable” nor “reasonably explained.”²⁵

Fourth, and finally, the Department did not offer a chance for anyone to weigh in on the pause. Generally, agency legislative rules must go through the APA’s notice-and-comments procedures.²⁶ And the pause here is a substantive rule required to go through that process. The pause effectively commands the Department to stop performing its obligations under the NGA to approve export applications and does not leave the agency free to exercise discretion unless it chooses to disobey the policy. That’s the exact type of substantive rule that needs to go through notice and comment because it modifies substantial rights.²⁷

This “Pause” Further Damages our Economy

Beyond being unlawful, this “pause” unnecessarily harms our economy. Our nation’s abundant supply of LNG insulates U.S. consumers from the increasing global energy instability while at the same time advancing U.S. national interests and ensuring the energy security for U.S. allies. The United States is the world leader in natural gas production and became the top exporter of LNG in 2023—exporting an unprecedented 86 million metric tons.²⁸ Almost 187 million Americans use natural gas, and the industry supports more than four million jobs.²⁹ Notably, “[e]xport facilities employ thousands of workers, and the industry has ripple effects on construction and other indirect jobs.”³⁰ Because of our bountiful resources, the U.S. has enough dry natural gas to last nearly 90 years.³¹

However, we need the infrastructure to move that gas from where it is produced to where it is consumed, including abroad via LNG export facilities. The export of American LNG provides significant economic benefits across the country. Exports of American LNG are expected to create more than 450,000 jobs by 2035 and increase GDP by \$73 billion.³² Given the

²³ Kelsey Brugger, *Biden’s pause on LNG export approvals riles Republicans*, E&E News (Jan. 26, 2024), <http://tinyurl.com/mf3c46hc>.

²⁴ See Secretary Anthony J. Blinken Remarks Before U.S.-E.U. Energy Council Meeting, Department of State, April 4, 2023, <http://tinyurl.com/5n7m383p>.

²⁵ *Fed. Comm’n Comm’n v. Prometheus Radio Project*, 592 U.S. 414, 423 (2021).

²⁶ See 5 U.S.C. § 553.

²⁷ See *Louisiana*, 543 F. Supp. 3d at 415 (holding that a “pause” on new oil-and-gas leases should have been subject to notice and comment).

²⁸ Ben Cahill, *U.S. LNG Export Boom: Defining National Interests*, Center for Strategic & International Studies (Jan. 11, 2024), <http://tinyurl.com/ms86yenu>.

²⁹ *Cleaner Energy by the Numbers*, American Gas Association, <http://tinyurl.com/4peywwzd>.

³⁰ Jeffrey Kupfer, *An LNG Export Ban is Bad Politics for Biden*, Wall Street Journal (January 24, 2024), <https://www.wsj.com/articles/stifling-energy-production-is-bad-politics-for-biden-lng-export-review-6b270d94>.

³¹ *How Much Natural Gas Does the United States Have, and How Long Will it Last?*, U.S. Energy Information Administration (Mar. 28, 2023), <http://tinyurl.com/bdfz997h>.

³² Harry Vidas, *Impact of LNG Exports on the U.S. Economy: A Brief Update*, ICF (September 2017).

recent growth in the domestic LNG industry, those benefits could be even greater today and in the future. Your “pause” will directly prevent America from reaching its full potential in LNG job production and economic growth. For example, the Venture Global’s Calcasieu Pass 2, a \$10 billion LNG terminal proposed project for exports in Louisiana (which will be affected by your “pause”), is estimated to boost daily American LNG shipments by about 20 percent.³³

Natural gas meets domestic needs and the prices remain among the lowest in the world.³⁴ The gas production levels can satisfy both domestic consumption and export needs.³⁵ Even while exports reached record highs in 2023, domestic prices declined 62%.³⁶ This energy industry has the ability to meet rising global demand for natural gas and maintain a well-supplied domestic market. Your administration appears intent on destroying this economic progress in the name of vague climate change goals. That is simply unacceptable.

The “Pause” Harms our National Security

Your administration’s pause on LNG exports is not only unlawful and harmful to our economy, it is also detrimental to our national security.

While exporting American LNG has no effect on the price of natural gas domestically, it does impact the prices paid by American allies and the rest of the world. American allies rely on American LNG to meet their energy needs.³⁷ The United States is the largest producer of LNG.³⁸ If the market for American LNG evaporates, consumers will be forced to turn to other suppliers—namely, Russia, Iran, and China—the next largest producers of LNG.³⁹ At best, these countries do not share our interests or values; at worst, they actively seek to harm us and our allies.

Freezing American LNG exports is a win for Russia and Vladimir Putin. European countries, including American allies, depend on natural gas imports to fulfill their energy needs.⁴⁰ Cutting them off from American LNG will not decrease that need; it will force them to turn to other sources. Russia is more than ready to fill the void. Not long ago, you celebrated the delivery of American gas to Europe as a “key geopolitical weapon” against Putin.⁴¹ Now,

³³ Brian Dabbs and Carlos Anchondo, *Will Biden Shock Global Market with LNG Stop Sign?* (Jan. 25, 2024), E&E News, <http://tinyurl.com/45ukwa8e/>.

³⁴ *Gas Market Report q2-2023*, IEA (May 2023), <http://tinyurl.com/ye7ef49>.

³⁵ *Analysis of U.S. Natural Gas Market Price Impacts*, Am. Council for Capital Formation (May 22, 2023), <http://tinyurl.com/mrht6rf2>.

³⁶ *U.S. Henry Hub natural gas prices in 2023 were the lowest since mid-2020*, U.S. Energy Information Administration (Jan. 4, 2023), <http://tinyurl.com/mpum4adx>.

³⁷ *See Studies of Infrastructure Need to Expand US LNG Exports to European and Asian Allies* at 27, <http://tinyurl.com/4wwjchz3>.

³⁸ Melissa Pistilli, *Top 10 Countries for Natural Gas Production*, Investing News Network (Oct. 25, 2023), <http://tinyurl.com/436hbmt4>.

³⁹ *Id.*

⁴⁰ *See Studies of Infrastructure*, *supra* n.36.

⁴¹ Matthew Daley, *Biden Delays Consideration of New Natural Gas Export Terminals, Citing Climate Risk*, AP (Jan. 26, 2024), <http://tinyurl.com/mwunn8f2>.

this pause effectively funds Russia's war in Ukraine and its destabilization efforts in Europe and Asia.

And recently, Iran-backed militias killed three American military members and injured over 30 more in a drone strike on the Jordan-Syria border. You acknowledged that these "militias are responsible for [] continued attacks on U.S. forces,"⁴² as well as being responsible for attacks on Israel, America's strongest ally in the region.⁴³ You promised the American people to "take all necessary actions to defend the United States, our troops, and our interests."⁴⁴ Your administration's natural gas export pause not only contradicts that statement, it guarantees that even more money and resources will end up in the hands of a government intent on killing American servicemembers. This is wrong, and it is dangerous.

We hoped that your administration would have considered this and the economic and national security implications before announcing the pause, but this does not appear to be the case. It appears instead that the administration made this decision to appease a 25-year-old left-wing TikTok influencer⁴⁵ and Hollywood celebrities.⁴⁶ After viewing social media videos, your administration announced the pause, stating that it was necessary to address the "climate crisis."⁴⁷ Under less serious circumstances, it would be laughable to think the President of the United States made any decision based on the whims of a Chinese-controlled social media platform.⁴⁸ But this is not a laughing matter. This decision harms our national security and will cost lives. We urge your administration to stop making decisions based on the whims of social media influencers and treat this matter seriously by reversing this reckless decision.

Your administration has already demonstrated your disinterest in our national security. This pause comes at a time when your administration is engaged in an unnecessary and unproductive standoff at the border with Texas, raising serious concerns about potential motives. Recently, every Republican state attorney general signed a letter condemning your administration's desire to punish Texas for doing nothing more than protecting its borders from an invasion associated with illegal immigration; a responsibility your administration abdicated. Texas is one of the largest producers of natural gas and at least one of their projects will be implicated by this export pause.⁴⁹ While we certainly hope that the federal government is not intentionally trying to destroy a state's economy, the timing of this announcement and your administration's behavior are suspect.

⁴² Paul Mcleary and Lara Seligman, "We Shall Respond": Biden Warns Militants After 3 US Troops Killed in Jordan, Politico, <http://tinyurl.com/dj3sra6j>.

⁴³ Steve Holland and Matt Spetalnick, *Biden Offers Israel Support, Faces Criticism on Iran at Home*, Reuters (Oct. 7, 2023), <http://tinyurl.com/yhmvd8rv>.

⁴⁴ Mcleary, *supra* n.39.

⁴⁵ Coral Davenport, *White House Said to Delay Decision on Enormous Natural Gas Export Terminal*, New York Times (Jan. 24, 2024), <http://tinyurl.com/ye257mcw>.

⁴⁶ Mark Ruffalo (@MarkRuffalo), Twitter (Jan. 26, 2024), <http://tinyurl.com/54v3jszd>.

⁴⁷ *Statement from President Joe Biden on Decision to Pause Pending Approvals of Liquefied Natural Gas Exports*, The White House, Jan. 26, 2024, <http://tinyurl.com/mrx7f96n>.

⁴⁸ David Ingram, *TikTok's Content on Some Political Subjects Aligns with the Chinese Government, Study Says*, NBC News (Dec. 21, 2023), <http://tinyurl.com/3eyyepue>.

⁴⁹ *Companies Most Affected by US Pause on LNG Export Permits*, Reuters (Jan. 26, 2024), <http://tinyurl.com/4ud474e7>.

Conclusion

Although your administration has put this country in a difficult situation through this LNG “pause,” you still have time to change course. Your administration does not have to recklessly continue down an unlawful path that harms our economic and national security interests. You can and must reverse course by immediately ending this “pause.”

Sincerely,



Attorney General for Kansas



Attorney General for Indiana



Attorney General for Louisiana



Attorney General for West Virginia



Attorney General for Alabama



Attorney General for Alaska



Attorney General for Arkansas



Attorney General for Georgia



Attorney General for Idaho



Attorney General for Kentucky



Attorney General for Mississippi



Attorney General for Montana



Attorney General for Nebraska



Attorney General for Ohio



Attorney General for Oklahoma



Attorney General for South Carolina



Attorney General for South Dakota

A handwritten signature in black ink, appearing to read "Andrew Wigley".

Attorney General for North Dakota

A handwritten signature in blue ink, appearing to read "Jonathan Skonett".

Attorney General for Tennessee

A handwritten signature in black ink, appearing to read "Ken Paxton".

Attorney General for Texas

A handwritten signature in blue ink, appearing to read "Scott McCall".

Attorney General for Utah

A handwritten signature in blue ink, appearing to read "Bridget Zill".

Attorney General for Wyoming



January 19, 2024

The Honorable Jennifer Granholm
 Secretary, U.S. Department of Energy
 1000 Independence Ave., S.W.
 Washington, D.C. 20585

Dear Secretary Granholm:

On behalf of the Partnership to Address Global Emissions (PAGE), we write in response to recent reports that the U.S. Department of Energy (DOE) is considering updating the criteria it uses to determine whether an application for exporting liquified natural gas (LNG) is in the public interest. DOE should not pursue a moratorium or de facto pause on issuing new export approvals during its consideration of additional public interest criteria and should not pursue a review process that results in a de facto moratorium on new approvals. We urge DOE to consider the following:

U.S. LNG provides an unprecedented opportunity to support our allies as they look for secure and less carbon intensive sources of energy. Global instability has made clear that the world lacks sufficient access to reliable, affordable, cleaner sources that can adequately replace coal-power generation, the largest source of power-related greenhouse gas (GHG) emissions. By introducing more supply to the world through U.S. LNG, we can bolster energy security while rapidly replacing coal.

When it comes to addressing global climate change, U.S. LNG is the single most powerful tool the world has to reduce global emissions by displacing coal use around the globe. Not only is natural gas a cleaner fuel, natural gas produced in the United States also carries a lower GHG emissions profile than the gas produced in most other regions of the world.

Over the last 15 years, prominent countries including Germany, the United Kingdom, Japan and the United States have successfully lowered GHG emissions, with natural gas playing a major role. In the U.S., which led reductions, 65% of the power sector emissions reductions came from coal-to-gas switching between 2005 and 2020.¹ In fact, the impact of just U.S. coal-to-gas switching was roughly the same as the progress of the other top five countries in emissions reduction combined.

Yet, global conflicts and supply instability have impacted the progress made and threatened the climate goals that we share. In 2021, coal accounted for 44% of emissions from fuel combustion, despite comprising just 27% of the global energy supply,² and its usage is on the rise. Coal

¹ EIA (2021), *Electric power sector CO2 emissions drop as generation mix shifts from coal to natural gas*, <https://www.eia.gov/todayinenergy/detail.php?id=48296>

² IEA (2023), *Greenhouse Gas Emissions from Energy Data Explorer*, IEA, Paris <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>.

consumption increased 3.3% in 2022, to 8.3 billion tonnes, reaching an all-time high.³ In the first half of 2023, demand for coal from the two largest consumers, China and India, grew by over 5%, more than offsetting declines elsewhere.

There is a proven solution that can be replicated beyond our shores. Global power sector emissions would be reduced by 30% if the world's top 5% worst emitting power plants switched to natural gas.⁴ And emissions could be reduced up to 50% if Carbon Capture Utilization and Storage (CCUS) is applied to those power plants. LNG from the United States could single-handedly underpin this effort, meaning that incremental U.S. LNG could have roughly the same impact as decarbonizing the entire United States.

Two-thirds of the world's economically recoverable natural gas is concentrated in just four countries: Russia, Iran, Qatar, and the United States. Guided by stringent regulatory standards, and produced and transported by responsible companies, the U.S. has the resources, solutions, and capabilities to quadruple its LNG capacity and provide a stable supply to our global allies who also want to decarbonize, reduce their reliance on Russian gas, and grow their economies.

In addition to its significant decarbonization potential, U.S. LNG holds vast potential for increasing employment and economic growth here at home while providing energy security to our allies.

The cumulative contribution to U.S. economic growth from the addition of more LNG plants is estimated to range from \$716 billion to \$1.267 trillion between 2013 and 2050, supporting 2 million to 3.9 million jobs during that period.⁵

Already deep into an energy crisis, Europe, fell deeper in 2022 following Russia's invasion of Ukraine, and the subsequent reduction in Russian gas supply to Europe pushed prices to historical highs. While the United States was able to divert existing LNG to Europe, with LNG imports into EU-27 countries and the U.K. increasing by 73% (6.3 Bcf/d) in 2022 compared with 2021,⁶ the lack of meaningful incremental supply in the global market and Europe's limited electric grid infrastructure capacity had the expected impacts—coal consumption reaching all-time highs (and growing) in 2023. This does not happen if feasible alternatives exist at scale.

The U.S. has the potential to greatly expand LNG exports by 2030. This would be crucial in meeting our parallel goals of displacing global coal (or as recent years show, tamping coal growth), while also shoring up the energy security of our allies.

³ IEA (2023), *Global coal demand set to remain at record levels in 2023*, IEA, <https://www.iea.org/news/global-coal-demand-set-to-remain-at-record-levels-in-2023>.

⁴ <https://www.smithsonianmag.com/smart-news/five-percent-power-plants-release-73-percent-global-electricity-production-emissions-180978355/>.

⁵ ICF (2018), *Calculating the Economic Benefits of U.S. LNG Exports*, Prepared for LNG Allies, <https://www.lngallies.com/jobs.pdf>.

⁶ U.S. Energy Information Administration, *Global liquefied natural gas trade volumes set a new record in 2022*, <https://www.eia.gov/todayinenergy/detail.php?id=57000#>.

Some of our closest allies, including important allies in the Indo-Pacific, rely on imports for upwards of 90% of their energy. U.S. LNG provides an unprecedented opportunity to help our friends and allies disentangle from other dirtier sources of energy and hostile nations.

This context was a key recognition of COP 28 and was memorialized in the UAE Consensus, which stated that transitional fuels such as U.S. LNG can “play a role in facilitating the energy transition while ensuring energy security.”

We urge the Biden-Harris Administration to heed the global call for solutions like U.S. LNG and avoid advancing misguided policies that inhibit the U.S. from contributing to decarbonization efforts beyond our borders. The decarbonization, employment, and geopolitical benefits of U.S. LNG are unmatched.

Sincerely,

Partnership to Address Global Emissions (PAGE)

cc: President Joe Biden; U.S. Secretary of State Antony Blinken; and U.S. Secretary of Defense Lloyd Austin; U.S. Special Presidential Envoy for Climate John Kerry; Assistant to the President and National Climate Advisor Ali Zaidi.

About PAGE

The Partnership to Address Global Emissions (PAGE) is a coalition of responsible energy companies, allied NGOs, labor unions and leading climate advocates dedicated to reducing global emissions by promoting U.S. policies that protect the climate, strengthen the economy, lower energy costs and bolster energy security through the production and export of cleaner natural gas. Learn more at <https://www.pagecoalition.com/>.



U.S. Chamber of Commerce



January 26, 2024

The Honorable Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Biden:

As business organizations representing the United States, Europe, and Japan, we write to express our concern with the recent announcement pausing the Department of Energy's (DOE) review and approval of liquified natural gas export license applications to non-free trade agreement (FTA) countries.

As you know, non-FTA countries include Japan and the European Union, both of which are heavily dependent on imports of U.S. LNG for energy security. We urge you to reconsider this decision in light of the unique and vital role of American natural gas in meeting the critical energy security and Paris Agreement objectives that our nations share.

With respect to security of supply, the critical importance of U.S. LNG in helping Europe and Japan diversify away from dependence on Russia is well understood. In the aftermath of Russia's unwarranted invasion of Ukraine, these crucial supplies helped the people of Europe and Japan heat and power their homes, factories, and businesses at a time of great need and uncertainty. Further diversification is necessary, and with numerous forecasts projecting global natural gas demand to rise well into the next decade, additional supplies of LNG will be needed to supply world markets.

We know this demand can be met in a manner that continues progress on emissions reductions. In December, nearly 200 nations that convened at the United Nations climate conference (COP 28) agreed to the Dubai Consensus, which states that "transitional fuels can play a role in facilitating the energy transition while ensuring energy security"—a clear reference to the potential for natural gas to displace higher emitting fuels. Moreover, we strongly support the global effort to reduce methane

emissions that will lower the greenhouse gas emissions footprint of the natural gas that we produce, transport and consume around the world.

Ensuring the world's leading democracies have access to stable and secure supplies of energy is a geopolitical and economic imperative, while cleaner natural gas provides the environmental opportunity to continue progress on emissions reductions. For these reasons, we strongly urge the U.S. government avoid further delay in review of LNG export license applications to non-FTA countries. To do otherwise would send a troubling signal to allies, investors, and energy markets that could reverberate for many years to come.

We are eager to assist your administration on advancing our shared goals of energy security, economic well-being, and environmental sustainability and stand ready to provide additional information as needed.

Thank you for your consideration of our views.

Sincerely,

U.S. Chamber of Commerce
BusinessEurope
Keidanren (Japan Business Federation)

Cc:

The Honorable Fumio Kishida, Prime Minister, Japan
The Honorable Ursula von der Leyen, President, European Union
The Honorable Charles Michel, President, European Council
The Honorable Anthony Blinken, U.S. Secretary of State
The Honorable Jennifer Granholm, U.S. Secretary of Energy
Jake Sullivan, Assistant to the President for National Security Affairs
Ali Zaidi, Assistant to the President and National Climate Advisor
John Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation



Dec. 6, 2023

The Honorable
Jennifer Granholm
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., S.W.
Washington, D.C. 20585

Re: DOE non-FTA Permits for west coast LNG Export Facilities

Dear Secretary Granholm,

I am writing to you as President of the [Western States and Tribal Nations Natural Gas Initiative](#) (WSTN) in response to a [letter](#) dated Nov. 14, 2023, from Members of Congress urging you to update how the U.S. Department of Energy (DOE) determines whether new licenses for liquefied natural gas (LNG) exports to countries which do not have free trade agreements (non-FTA countries) with the U.S. are in the public interest.

WSTN is a bipartisan, trans-national initiative led by sovereign tribal nations, states and counties focused on creating rural economic development, advancing tribal self-determination and reducing global emissions through the export of clean natural gas from western North America to international markets. It began as a bipartisan effort under former Colorado Gov. John Hickenlooper and former Utah Gov. Gary Herbert, and is now an established 501(c)4 organized under a Memorandum of Understanding between sovereign tribal, state, and county governments including:

- The Ute Indian Tribe
- The State of Utah (Utah Governor's Office of Energy Development)
- The State of Wyoming (Wyoming Energy Authority)
- The State of Baja California, Mexico (Ministry of Tourism and Economic Development)
- The State of New Mexico (Energy, Minerals and Natural Resource Department)
- The Western Colorado counties of Garfield, Mesa, Moffat and Rio Blanco
- The Southern Ute Indian Tribe
- The Jicarilla Apache Tribe
- The Province of Alberta (Pending)

As you are aware, global demand for American LNG reached record levels and doubled over the past four years, in large part because of strong economic growth and fuel switching in Asian nations and then, the need to supply our European allies after Russia invaded Ukraine and cut off gas supplies to Europe. Natural gas from Rockies basins can play a key role in meeting those energy needs, providing reliable, cleaner baseload power to displace dirtier fuels and foster renewable energy deployment by balancing intermittency issues and supporting related supply chains.



WSTN's [Rockies-natural gas focused study](#) "*Life Cycle Assessment of Greenhouse Gas Emissions from Liquefied Natural Gas Exports from North America's West Coast for Coal-Displaced Electricity Generation in Asia*" (released in June 2021) finds that LNG exported from the North American West Coast to China, India, Japan, South Korea, and Taiwan would create net life cycle emissions reductions of between 42%-55% if used to replace coal-fired power generation. Crucially, the report accounts for the life cycle greenhouse gas emissions impact of Rockies-sourced gas by assessing every point of the entire LNG supply chain, starting with production at the well head and ending with the emissions from electricity transmission and distribution in those nations.

WSTN is in the process of updating this study, which has roots in a 2014 study by DOE's National Energy Technology Laboratories ([updated in 2019](#)) entitled [Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States](#). The original 2014 study was [entered into the record for 25 then-pending dockets regarding non-FTA authorizations](#) for LNG exports by the DOE Office of Fossil Energy and Carbon Management, to provide relevant data as to the greenhouse gas impact of those exports.

All of this data is just as relevant to the question of public interest now, and WSTN's current study provides strong support for exports as a global decarbonization tool. We expect that our expanded and updated study, now in the works, will do the same in supporting the fact that decarbonization is a global, not local, issue.

PRICE AND DEMAND ANALYSIS

These export levels (currently about [12% of U.S. dry natural gas production](#) per the Energy Information Administration) are unseen before in American history. Yet the oft-voiced concern that exports would harm the domestic natural gas market and prices for American families and industries have yet to materialize. Indeed, the year-to-date average price at the Henry Hub, according to [Energy Information Administration \(EIA\) data](#), is \$2.53 per Million BTU (MMBTU), which demonstrates the rapid U.S.-led market response to the price surge caused by Russia's invasion of Ukraine, which led to an annual average price of \$4.58/MMBTU in 2022.

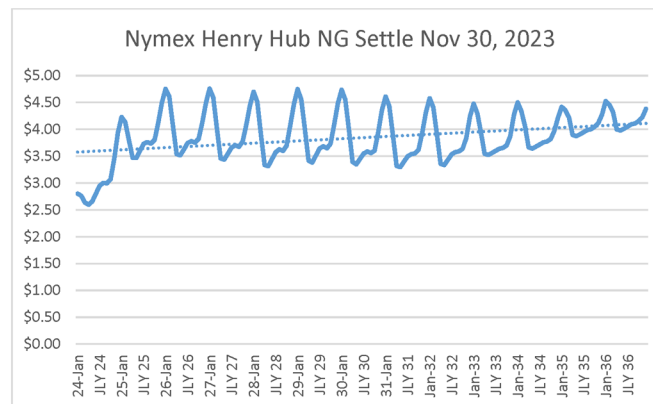
The EIA, in its May 2023 "[Issues in Focus: Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market](#)" forecasts a 2050 average Henry Hub price of \$4.81/MMBTU in the highest-volume export case which assumes that U.S. LNG export volumes will more than quadruple to 48.2 billion cubic feet of exports day (Bcf/d) versus our current maximum export capacity of 11.2 Bcf/d, and that international prices remain elevated. This analysis is based on historical Henry Hub prices.

On an inflation-adjusted basis, this is actually lower than the current spot price, even with more than four times the export volume and the lure of higher international prices attracting gas away from the domestic market. That is equivalent to a Henry Hub price of \$2.49/MMBTU in today's dollars, whereas the Henry Hub spot price as of [Nov. 30 was \\$2.84](#). WSTN's calculation of this inflation-adjusted value uses the highest price, highest export volume case stated by the EIA and discounts the future value using St. Louis Federal Reserve Bank's [30-year breakeven inflation rate](#) of 2.47%.

The EIA's May 2023 analysis buttresses this argument as well, even when presenting a high export volume with a higher price and lower natural gas supply forecast of \$6.37/MMBTU in 2050. Using the same inflation discount formula, this represents a price of \$3.29/MMBTU in today's dollars – in line with the 10-year average historical Henry Hub price of \$3.37/MMBTU.



The same analysis holds true when using futures market settlement data from the [CME Group's NYMEX Henry Hub quotes through 2036](#), the furthest point for which quotes are available. Using the same inflation analysis method and smoothing via a trendline to account for seasonality, the July 2036 futures settlement price of \$4.38/MMBTU is equal to \$3.23/MMBTU in 2023 dollars. Once again, that forecast is in line with the 10-year average historical Henry Hub price of \$3.37/MMBTU. (For this, WSTN used the average of the St. Louis Fed's 10- and 20-year breakeven rates, which was 2.38% as of Nov. 2023)



Both analyses argue for the market responding to price signals with increased production and crucially, being able to do so because there are few burdensome restrictions on production or the supply chain.

Indeed, the market response was so strong to the increased European demand, along with the consistent Asian demand, that the 2023 YTD price is **35% lower** than the 2021 yearly average price of \$3.89/MMBTU.

Aside from market responsiveness, this underscores the resilience of our supply. Since the U.S. became the world's largest natural gas producer in 2012 because of the innovations brought by the shale gas revolution, The Potential Gas Committee estimates that there is as much as 40% more technically recoverable natural gas available as a result.

In short, existing pricing and supply data shows that the threat of higher domestic natural gas prices is neither realistic nor supported by evidence, barring any major policy changes which would artificially limit U.S. LNG suppliers' and natural gas producers' ability participate in free energy market trade.

GEOPOLITICAL CONSIDERATIONS

This data snapshot demonstrates the robustness of America's energy supply and the responsiveness of its industry when called upon to meet market demand and to help supply America's allies with the energy security they need in a time of war and crisis. This is our tradition as a principled and practical nation; and



that tradition is predicated upon sensible and reasonable policies that promote American economic strength as a geopolitical equal to our military power.

The State Department in 2022 recognized the value of LNG as a “just right” Goldilocks tool of geopolitics and decarbonization – lying squarely between soft and hard power – in bilateral energy dialogues with [Japan](#) and the [United Kingdom](#), our most important partners in Asia and Europe.

Crucially, the State Department supported language in the [2023 Group of Seven Nations Communiqué](#) which defined LNG’s usage going forward to support future energy systems such as hydrogen and decarbonized ammonia. This recognized the tectonic shifts in the energy world caused by Russia’s use of natural gas denial as a weapon, and more importantly, recognized Japan’s visionary path to clean energy systems for Asia that will meet specific economic and environmental needs on a nation-by-nation basis. The [relevant portion](#) of the Communiqué reads in part:

“In this context, we stress the important role that increased deliveries of LNG can play, and acknowledge that investment in the sector can be appropriate in response to the current crisis and to address potential gas market shortfalls provoked by the crisis ... publicly supported investment in the gas sector can be appropriate as a temporary response, subject to clearly defined national circumstances, if implemented in a manner consistent with our climate objectives without creating lock-in effects, for example by ensuring that projects are integrated into national strategies for the development of low-carbon and renewable hydrogen.”

WSTN’s member states and sovereign tribal nations strongly advocated for this policy approach during the 2023 G7 process for three main reasons:

- 1) This policy position promotes a practical, realistic vision of future-proofing our existing natural gas infrastructure to become part of the hydrogen and decarbonized ammonia emerging energy markets. As free markets and governments demand lower-carbon and decarbonized energy options, natural gas produced in the Rockies – where there is a friendly arms race among the states to demonstrate who can produce the lowest methane intensity gas – is already a leader. This leadership supports WSTN’s vision of offering Asian nations lower-carbon electricity generation fuel options to lower their carbon footprint, and our closely entwined goals of rural economic development and tribal self-determination.
- 2) It is bipartisan in nature domestically, skillfully bridging the divide between ideology and the reality that we need fully functioning and robust energy systems now and into the future. Leveraging our existing strengths is the fastest path to success in lowering GHG emissions, as nearly two decades of success has shown us in the U.S. – where increased natural gas generation to replace higher-emitting systems has led to a [20% reduction in our hydrocarbon emissions](#) since 2007. This translates directly to our vision of exporting this success to Asia, where Japan is leading and helping finance the ambitious [Asia Zero Emission Community initiative](#) across the region to decarbonize in a manner tailored to local conditions and which respects that many nations do not share its level of wealth or development. The best of American diplomacy has historically incorporated this principle, and made its resources available to allied nations which share our ideals – and not unduly withheld them to force an ideological or locally inappropriate solution. As sovereign tribal nations and states, it is crucial for us that we respect sovereignty and the rights that come with it when engaging in bilateral or multilateral actions. It is wholly inappropriate for



one side to dictate to those with less power in cordial diplomatic relations which directly impact the economy with as much force as energy does.

- 3) It supports more opportunities to deliver U.S. LNG to Asia and to diversify our domestic supply, by creating greater market access for Rockies gas – which is often constrained. While the Ukraine conflict has diverted many cargoes to Europe, Asia remains the fastest-growing LNG market, with forecasts that it will command 80% of demand through 2040. It is either the U.S. and allies such as Australia and Qatar which will meet this demand, or Russia. This case was made at our April 2023 forum in Washington by the Honorable Hirai Hirohide, Vice Minister of Japan’s Ministry of Economy, Trade and Industry, who described the “‘inconvenient truth’ that if the U.S. does not meet the demand for natural gas, especially in Asia, Russia will be ‘pleased’ to step in to supply the fuel,” as [Politico](#) quoted him.

GLOBAL COMPETITIVENESS AND TRADE CONSIDERATIONS

Besides the aforementioned need to replace Russian natural gas with U.S. and allied supplies, the Panama Canal is increasingly becoming a challenging political and operational risk for Asian nations which depend on U.S. gas for supply. Without an option for West Coast exports, this is a) competitive risk for existing LNG exports from U.S. suppliers and b) a physical barrier to trade and c) a threat to LNG’s demonstrated ability to materially lower the U.S. trade deficit.

In conversations with our partners and allies in Asia, the current drought conditions in the Panama Canal that have reduced ship transits to 40-50% of capacity are top-of-mind for LNG customers, who depend on cargoes to supply energy for their economies. This has long been a worry about the Panama Canal, and it is now a daily reality. This is already triggering questions among Asian buyers about their choice of supplier.

It is a legitimate question to ask whether U.S. suppliers that must transit the Panama Canal would be more attractive than Australian or Qatari suppliers that do not have the same operational and political risk. The solution to this, to keep American suppliers on a level playing field, is to establish Pacific Coast export options. Unfortunately, these only exist or will exist in Canada or Mexico, as political objections have made Washington, Oregon and California off-limits, to the detriment of other U.S. states. WSTN is supportive of U.S. West Coast LNG export options in the first instance, as evidenced by its support the federally permitted Jordan Cove LNG project in Oregon, which was withdrawn when the state permits were not issued.

This is why WSTN is advocating strongly to establish new infrastructure links from the Rockies to future export opportunities in the United States, Mexico or Canada, and these same export locations can serve future decarbonized ammonia or hydrogen markets, if built with the future end in mind.

From a broader American macroeconomic perspective, LNG exports make good sense because they are increasingly helping lower our trade deficit. At the peak of our 2022 deficit in August of that year, [LNG exports lowered the trade deficit](#) by 7.5% by contributing \$72.5 billion in export value. This is a contribution that has emerged as rapidly as the U.S. LNG industry has grown to provide a fifth of the world’s supply, and it is a durable option for the upcoming decades as we decarbonize and move to hydrogen and decarbonized ammonia.



As the world's largest LNG exporter, the U.S. is now bolstering energy security for its allies in Europe and Asia, especially those who are dependent on LNG imports such as Japan, South Korea and Taiwan. In addition to supporting existing allies, these products can also help to forge new partnerships including rapidly growing countries in Asia that would counter growing Chinese and Russian influence. It is incumbent upon the U.S. to enable non-FTA authorizations that empower us to do so, including to support future North America LNG export outlets that can reach the Pacific such as Energía Costa Azul LNG and Vista Pacifico LNG, Saguaro Energía, LNG Canada and Woodfibre LNG can position the U.S. as the major supplier of energy to Asia, which will yield enormous economic, domestic and geopolitical benefits.

Sincerely,



Andrew Browning
President, Western States and Tribal Nations Natural Gas Initiative

Cc: Brad Crabtree, Assistant Secretary, Office of Fossil Energy and Carbon Management, U.S.
Department of Energy
Bryan Newland, Assistant Secretary, Indian Affairs, U.S. Department of Interior

**Statement on the German and United States Energy Partnership:
Exports of US LNG and the German Energiewende**

Zukunft Gas, the voice of the German Gas and Hydrogen Industry, expresses its profound appreciation for the pivotal role the United States has played in stabilizing Europe's energy supply following the unlawful invasion of Ukraine. In the past two years, Europe has emerged as the most significant customer for US gas, and the US has become the most important gas supplier for Europe. Our fast-growing energy partnership demonstrates the fundamental change of energy markets and also demonstrates the potential for a long-term partnership built on common values and goals.

In response to the crisis, Germany has demonstrated remarkable agility in developing and securing its import capacity for natural gas, a process that will continue to expand in the coming years. This rapid development has been crucial in mitigating the immediate impact of Putin's energy terror and setting a foundation for future energy security. We are particularly grateful to the US LNG industry for their swift reaction and the rapid ramp-up of supply, which has been instrumental in stabilizing the energy market during these tumultuous times.

The fact that the newly acquired LNG does not yet fully compensate for the gas previously sourced from Russia underscores the critical need for ongoing and augmented LNG imports from the US. Furthermore, additional volumes of US LNG are crucial for European energy security, particularly in the face of potential future supply shortfalls due to geopolitical instability and reduced domestic production.

The possibility of additional US LNG export capacities not materializing raises concerns about exacerbating the global supply imbalance, potentially extending the period of price volatility in Europe and leading to increased prices. This could have severe implications for economic stability and social impact. In the two years following the Russian invasion of Ukraine, Europe has worked tirelessly to secure the price stability of natural gas, with significant contributions from like-minded countries, including the United States. It is essential for the US to continue standing with Europe, particularly during a time of war, where we are united in protecting our shared values. We must not inadvertently trigger a new period of price volatility in Europe due to policy-driven LNG shortages. US LNG also provides opportunities for job creation and economic development in the US, with economic analyses indicating minimal impact on domestic US gas prices.

The development of new LNG import terminals in Germany is based on the expectation of stable supply relationships with the US. Any doubts about the stability of US LNG supplies risk jeopardizing these vital infrastructure projects, potentially leading to further price volatility. US LNG is essential for Germany's energy transition, which is working to phase out coal in power production by 2030. Substituting a power plant operating on domestic lignite with a gas-fired power plant can result in a reduction of the CO₂ footprint of the electricity produced by almost 70%. Limiting US LNG exports would likely lead to increased coal consumption in Germany, with detrimental effects on the climate and environment. We are committed to addressing climate change and specifically the issue of methane emissions. Consequently, we welcome sensible regulations aimed at enhancing

transparency across the entire value chain of gas. Such measures are crucial for building trust and demonstrating that the mitigation of methane emissions is not only a priority but also technically feasible. The European gas industry is a leader in this area, and we are on track to implement some of the most stringent methane emission regulations globally. The US administration's efforts in this field are also noteworthy. Therefore, historical data from older installations should not be used to hinder the development of new installations that apply industry best practices. Instead, our objective should be to develop transatlantic standards and certification systems focused on eliminating any mistrust towards natural gas, particularly emphasizing its low carbon footprint.

We urge the US administration to consider the broader implications of any restrictions on LNG exports to Europe and to build a foundation for a trustful long-term energy partnership with the perspective of developing it towards the climate targets. Our mutual support is critical at this time, as we collectively navigate the challenges posed by the Ukraine war and the climate change.

Berlin, January 26, 2024.

The CHAIRMAN. Thank you.

What we have here is a situation where it's going to be the United States' abundance of natural resources that are displacing a lot of the parts of the world that are where the reserves lie now, and they are going to produce more. I was unaware that basically 15 percent of the gas being consumed in Europe is still coming from Russia. I was thinking that we were able to shut that down pretty significantly, and we have, but still 15 percent, and we can displace that. What I think we are sending is a real strong signal to other parts of the world that we might not be in the game. And I don't know if 26 is the right number. I don't know if it's 30, 40, or wherever we stand. I know what our capacity is. I know what the shale reserves are, and that we have the ability to produce it better than anyplace else in the world. I think us producing the amount of oil that we are producing has kept the world markets a little bit more in check than they would have been. The price of gasoline would have been out of sight right now with what has been taken off the market and displaced.

So I don't know, has there ever been a pause on natural gas before? Has there ever been a pause on LNG? You all have gone through the reviews—2018, you said. You didn't pause then. You saw us going right through the stratosphere and nobody said, oh, wait a minute, better look at this. And now, we are at 13, maybe 14 right now and we know what's in the hopper is up to 26, and we don't know what is basically in the queue. So if you take everything in the queue and what's in the hopper right now, maybe you are at 35? I think in that neighborhood. I am not sure if that's the right number. Now, the only thing we are saying, Mr. Turk, is rather than saying and sending a signal, do the evaluation, come back, and show us how it would be restrictive on our markets, how it would be harmful to our consumers and citizens. We don't see that because the more we have produced, the more we are able to put into the market, and with doing that, we are basically stabilizing the price in America.

Now, if you are telling me that we are going to run out and the shale doesn't have the reserves and we are just about at the end, we have done hit the Utica, the Marcellus—we got the Utica, the Permian—all the things that are producing all these resources for us, that those are gone—they are not. I have seen the reserves. And I think you have too. So that's not fair to the American consumer, what we are going to be doing to them voluntarily. And that's what we are saying. This pause should be basically eliminated now, not sending that signal. Finish your review and then come back. That's all. We put the cart before the horse.

So the areas that have the reserves that basically can take up what the United States would be either drawing back or cutting back—we know Russia has reserves, correct? We know Iran has reserves. We know, basically, Qatar. Those three countries are not our same values. That resource—the money that comes from those reserves is going to be most destructive to the United States and to the world. It will be used for destructive purposes, proliferating, and supporting terrorist supports, basically, uncalled-for wars on Ukraine and other parts of our European allies. This is what we are worried about. This energy that we have, the abundance, can

really stabilize and help our allies get through and basically not turn to these resources. We have turned a blind eye to the ghost ships of oil coming from Iran because we wanted to make sure the markets were not going crazy. We let Venezuela, with the dirtiest production of oil in the world, come back. We have biomass being used in Africa and all the growing nations of the world that we could replace with clean natural gas. We are not going to be able to fulfill that.

I just think it's a terrible, terrible mistake. Again, I said I want to see the facts. So what we are here for, and I would say to you is that America's European partners are looking at us, and if they see us hitting that pause button right now, and they are going to say, well, can we really count on them for our future growth here? I notice you said that the growth in Europe might not be there. But you do acknowledge where the growth in the rest of the world is coming from, where the dirtiest consumption of energy today, or no consumption, and they are looking for whatever—they will burn anything they have in their backyard. They will burn anything they have. The cheapest supply of any type of energy, they will use. And in the last account I knew, it was called global climate. It's not called U.S. climate. It's not called any other climate in any other nation, except it's global. We are all responsible.

We have done a pretty good job, and we can do a lot better. And the more that we are producing, the better we are helping the climate. So I would say, if you would take back—I know it's my statement, it's not much of a question right now. I have more questions. I will get to them in my second round. But if you would take the consideration of removing this pause that sends a horrible signal, and if we could sit down with the climate policymakers in the White House and the DOE and look at something strategically that would make sense, but sending this signal serves, I think, a wrong direction for our country, a very wrong direction.

With that, I am going to turn now to, since we got out of order there, I will go to Senator Cortez Masto, for her questions.

Senator CORTEZ MASTO. Deputy Secretary, thank you for being here.

I think the challenge for me, and this is what I hope you to please address—so we have been fighting in this Committee to take back our economic advantage around the world in mining, in manufacturing, right? And this is one area where we do have an economic advantage, and there is a concern by, as you hear, why would we cede that economic advantage. At the same time, however, I am just seeing a chart showing record profits for LNG, but I don't see the benefits coming to Americans in my community. And so, there is a question about what is happening, right, at the end of the day. So that's kind of where I am approaching this to understand the Administration's position. But my first question to you is, why the pause, and does the pause truly have an impact on some of the projects moving forward and our access to that LNG that we want here domestically, or as we look to export it?

Mr. TURK. Well, thanks, Senator. And this is the public interest. That's what Congress has given us the responsibility to take care of. And I think you are rightfully focused, and we are rightfully focused from the Department, on the economic impact for all Ameri-

cans. We have a phenomenal competitive advantage in all sorts of ways in our country. One is the fact that we pay five to six times less for natural gas right now. These are consumers. This is farmers. Natural gas goes into fertilizer. So this is our manufacturers and industry. It makes me nervous when you have independent agencies, like the EIA, saying that prices will converge as we export more and more volumes. We need to take a hard look at that and understand the full implications of this for Americans before we export even more and more volumes.

To your question on the pause—when we have already authorized and constructed, and we are already in the process of constructing another doubling from where we are right now—we are the world's largest natural gas LNG exporter right now, 14 Bcf per-day. Already under construction takes us to 26. Already authorized could take us up to 40—half of our total gas production. When I see that, I say take a step back. Let's make sure we are doing the analysis. Let's make sure before we authorize anything more to 2050, we have to do the analysis on the economic implications, the climate implications, all of that, to make sure we inform that public interest determination. So that's why we are doing a pause right now.

Senator CORTEZ MASTO. But does the pause actually impact projects in the queue?

Mr. TURK. The pause does not impact what is already being exported. It does not impact those projects that are already being constructed. That's 14 to 26, another doubling. And it does not even impact all of those additional authorizations to 48 Bcf per-day that we have already made.

Senator CORTEZ MASTO. So the pause is on any potential future requests to expand LNG, is that right?

Mr. TURK. Future requests, pending requests, but everything that has already been authorized and is already in the queue isn't impacted by this pause.

Senator CORTEZ MASTO. And to what extent is your study going to be looking at how we address the climate crisis piece of that and lowering methane gas?

Mr. TURK. So we absolutely need to focus on that. And I think it's incredibly important, not only to focus on the climate impact over the next few years of additional exports of our gas, but we need to focus on where we want to be 10 years, 15 years, 20 years from now. I am incredibly proud to be part of an Administration where we have a net-zero goal by 2050. Countries around the world are setting net-zero goals. As I mentioned, a scenario consistent with achieving our net-zero goals says we need 75 percent less liquefied natural gas exports around the world by 2050. So those are stark numbers, and we have to take that very much into account in the public interest, absolutely.

Senator CORTEZ MASTO. And how long do you think this study and this pause will last?

Mr. TURK. We are going to do this as quickly as we possibly can do it. We are going to do it right though, and we are going to do it in a rigorous manner, given that these trends are going on. The way we do this is, we ask our national labs. Our national labs, as you know, Senator, certainly the Chairman knows, other members

of this Committee know, have phenomenal expertise. We are going to ask several of our national labs to take a look at the economic analysis, the climate analysis, the national security analysis, and then, very importantly, we will do this transparently. We will put this updated analysis out there for public comment, at least 60 days, so that everyone, all stakeholders can comment on it. We can improve the analysis. And then we can be much more confident that we are making these public interest determinations with this most rigorous, most complete, most updated analysis possible.

So we will move as quickly as possible, but I can't set a particular timeline on it. I don't think that would be fair to the process.

Senator CORTEZ MASTO. Thank you.

The CHAIRMAN. Thank you, Senator.

And now we have Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. Thank you, Mr. Turk, for being here.

I have to tell you, I am—this whole place that we are in right now, just is almost incomprehensible to understand why, in an effort to review something, you are absolutely putting a pause, putting a freeze on it, call it whatever it is, but basically, you are stopping things. I notice that my friend and a former chair of this Committee, Senator Landrieu is with us, and it's actually interesting because I was provided a statement that she made, apparently very recently, about the decision coming out of the Administration, and she says, "This is surprising. It is disappointing and it is alarming. It is completely contrary to the President's own climate goals. When you stop exporting cleaner natural gas from the United States, you only encourage countries all over the world to use more coal, which is twice as dirty and has twice as much harmful emissions. He's breaking his promise to our democratic allies at a time when he is asking Republicans in Congress to support money to the Ukraine. He is pulling the rug out from under the frame. It doesn't make any sense." Well, Mary, note that I agree. I think it makes no sense.

So you have just responded to Senator Cortez Masto that you are going to have this very transparent process. People are going to be able to have comment. It was kind of stunning. You have to admit that it was kind of stunning that there was no public process leading up to this. There was no Federal Register notice. Just all of a sudden, one Friday—it's always on a Friday—Friday afternoon, January 26th, we hear that there is this pause. A pause in further LNG exports to non-FTA so that you can do this review. I am trying to understand whether there is actually a strategy in defining the scope of the review, whether or not there was any direction provided for an operating timeline because it's not just Senator Barasso. It's not the New York Times. You have to acknowledge that there is a fair amount of skepticism and cynicism about this and the politics of the timing with a President who is trying to get well with the environmental community because he may have done something right from an energy security perspective in approving a project like the Willow Project up North. He did the right thing there. The Administration did the right thing there.

But now, blame it on TikTok or blame it on whatever, but we are in a place that just doesn't seem to make sense. And it doesn't make sense from an economic perspective, from a trade perspective, but I want to follow on Senator Manchin, talking about the national security implications, because right now the world is crazy out there. And we know this all too well. We need to be able to send a message to our friends and allies that you can actually trust the United States to be true to their word, that we are more than just talk, but that we will actually be there with some substance. And we can send money, or we can send natural gas, LNG. We can help our friends and allies and that's where we have made an extraordinary difference.

So, a couple questions here before I run out of time. First of all, Under Secretary Crabtree, he was at a conference in Italy last week. He stated that this review will be made in a few months' time, that analysis will be available for public comment, not just limited to public comment in the U.S.—our allies, both in the government and industry around the world can feel free to comment. It will be a robust analysis. Do you agree with Under Secretary Crabtree that this is going to be done in a few months?

Mr. TURK. So again, I am not going to put a specific timeline on it, but we are going to do it as expeditiously as possible.

Senator MURKOWSKI. Do you think that he's being realistic with that statement then?

Mr. TURK. I think when you see the kinds of—our independent energy data nerds, EIA, telling us to take a look at the convergence, the potential convergence in price, the fact that we, right now, have such an advantage—we pay five to six times less. What does that mean as we export more and more natural gas? There are a lot of questions here, Senator. I really feel—

Senator MURKOWSKI. There are a lot of questions, but—

Mr. TURK. And that's what we need to answer. That's why we are doing this kind of analysis and review.

Senator MURKOWSKI. We were surprised when we saw this on the Friday afternoon of the 26th. Were our allies equally surprised? Were they given a heads-up or any indication as to this action? We have allies—Germany, Japan. They currently have offtake agreements with the CP2 export facility. That is impacted by this review. Was there any forewarning to them? They have considerable investments with regards to these projects. We are going to hear from Eurogas on the next panel, but it really begs the question, how does the Administration respond to the statements that this policy change will cause significant concern regarding the price volatility, the economic turmoil, the barriers to decarbonization, and more that can arise in Europe as a result of the pause?

And so, it's not just us, but does the Department consider the security of our allies as a component to national security and whether or not these were factored in before this surprise announcement? I mean, this is impact to our economy, this is impact to our trade, and this is impact to our national security. And what we have now is, you are going to have a robust process. It is indefinite in time. My guess, and I think it's probably a pretty well-educated guess, is that it will conveniently not be concluded prior to the election. It's stunning to me that in an effort to, again, try to get well with

the environmental community, you would put so many security components at risk.

Thank you, Mr. Chairman.

Mr. TURK. I am happy to answer that, if there is time.

The CHAIRMAN. Sure, go ahead.

Mr. TURK. On the national security piece, and certainly, Senator, happy to have more conversations. When Chairman Manchin called me, I was at the airport flying home on a trip, and the Chairman said we want to have you come up as quickly as possible in order to—I think the way you put it, Senator, was take the temperature down. Let's get good facts on the table. Let's actually talk about what we are doing with this pause and review. That's why I am here. Happy to answer any and all questions. I have really appreciated all our conversations over many, many years, Senator. And anything that I can do, anything that we can do to talk this through.

Senator MURKOWSKI. We don't want to kill the messenger here, but you are the one who is in the hot seat right now.

Mr. TURK. I will say, on the national security side, maybe two points—one, I think it's incredibly useful, again, to go back to the numbers, to go back to the fact that we have already tripled our natural gas exports from our country. We are on target with LNG facilities already under construction, which won't be impacted by this pause at all, to double, again, roughly to 26 Bcf per-day. And we have authorizations above and beyond that. So our volume of natural gas exports is increasing at the same time Europe's demand is actually decreasing.

And so, I feel very comfortable that we are taking care of our European allies and our other allies, like Korea, like Asia. And I think it's incredibly important to listen to the governments themselves. I know we have a representative from the European industry association for natural gas. That is a perspective, but I think it's more important to listen to what the Europeans are actually saying. The European Commission has said publicly this pause will not have any short- or medium-term impact on EU's security of supply. So again, I think it's important to listen to everyone.

The CHAIRMAN. Let me add, if I may chime in real quick and then I am going to go right to Senator Hickenlooper. You have 22 more in the queue. So if you have 26 right now, everything that's basically under construction, with the 14, we will go up to 26.

Mr. TURK. That's right.

The CHAIRMAN. You are saying we could go to 48?

Mr. TURK. That's the total number authorized at this point.

The CHAIRMAN. I think you have to be accurate on that, Mr. Turk, that 22 has been in the queue for quite a while. It only moves when the market moves. If we could have sent a signal and said, listen, the United States is prepared to replace and displace all the dirty fuel coming from countries that are basically supporting terrorist operations, that's all we have to say. That's all you had to say. But by doing the pause, it's like we are going to harm the industry here and we really don't care what happens in the rest of the world. And the rest of the world is counting on us. Forty-eight might be the magic number. I don't know. But 22 have not—they have been in the queue for a long time. They might

never be built until the market grabs them and says we have got to have more. And we are going to say, go do it. We are going to help our friends.

That's it, in a nutshell, where I am coming from.

Mr. TURK. Hey, Senator, if I could just, on that——

The CHAIRMAN. Sure.

Mr. TURK. I think the numbers are important. You are absolutely right. The 26 is what's under construction.

The CHAIRMAN. Yes, right.

Mr. TURK. That is what is in the queue, in plans, to come online in the next——

The CHAIRMAN. And that 22 might never come.

Mr. TURK. That 22 may or may not, obviously——

The CHAIRMAN. Yes, right.

Mr. TURK. Different investment decisions.

The CHAIRMAN. Sure.

Mr. TURK. Taking a look at that, it's also clear, and I have not shared this number yet. We have pending, above and beyond that 48 Bcf, already authorized another 11.2. That's a significant additional amount of volume. That is what is being paused now during the consideration.

The CHAIRMAN. I am just saying, the market pauses it without you putting a political statement out that you are pausing it. The market paused the 22. Definitely, the market has really paused the other 11 because there isn't consumption for it, okay? But we have the ability to produce that much. We have the shale revolution like nothing else that has ever been seen. That's all I am saying. I think just what we are talking about—calm it down. Let's get out of the politics. Let's get to the facts, and let the market do what the market is going to do, but let the world know, we can help you. Don't turn to Russia. Don't go to Iran, okay? And Qatar is playing games with whoever they can. We don't need to have them going there. And Qatar with Iran right now and that big gas fill they have there, they haven't even tapped into that. We are really concerned about that. There are a lot of concerns we have that it's going to be harmful to the world and definitely to the United States.

Senator Hickenlooper.

I'm sorry, guys.

Senator HICKENLOOPER. Thank you, Mr. Chair. And thank you, Mr. Turk, for being here today, but also for all your work on this.

And I, as you know, I am deeply concerned about climate change. I have studied it since 19—since I was a graduate student in earth and environmental science back in the 1970s. And the thing that I have found so perplexing is that we don't have a business plan—a coherent, integrated business plan on how we are going to address climate change. And I don't think we are going to do well establishing energy policy on a project-by-project basis. So maybe you can elaborate on the Department of Energy's perspective on the role of natural gas in the long-term strategy, both domestically and internationally.

Mr. TURK. Well, first of all, Senator, thank you for your leadership. As someone who is also focused on climate change and clean energy issues for the vast bulk of my career, thank you for all that

you have done when you were Governor and as a Senator as well, including focusing on methane emissions.

Senator HICKENLOOPER. We will get to that. We will get to that.

Mr. TURK. I don't know if there are many people here who appreciate how much you have done in the methane emission cause and the leadership on that, in particular.

I think your point is exactly why we are taking this pause, taking this step back, updating our analysis. Congress has given us the responsibility to look, in the public interest, project by project, application by application. And the volumes of what we have already authorized to export, that we are already constructing, are so large, the climate implications, especially as we look out, not only the next few years, but decades, these are huge facilities that last for decades. That is why we need to take a step back. That is why we need to update our analysis with the rigor it deserves so that we can make those project-by-project determinations, but in a broader context, in a rigorous context, in an updated context.

Senator HICKENLOOPER. All right. Well, I look forward to seeing that because I think it is crucially important to get that plan and the more—the larger scale and more integrated the plan can be, the better.

You mentioned methane, which, I remember when we first starting talking with the industry in Colorado about measuring methane and then regulating methane. And you know, in business, the cliché is that what gets measured is what gets managed—or what gets done, that sometimes is said. I think that's true in science as well and certainly in the science of energy. Regarding the climate impact of LNG exports, there are a lot of issues around the energy and emissions that the future LNG is going to displace. How does DOE plan to integrate the uncertainties of these emission measurements into its climate analysis for future LNG projects, and what is the current understanding of the emissions intensity of U.S. LNG compared to other nations? In other words, how are you are all working to enhance understanding of emissions throughout the entire supply chain? I mean, obviously a lot of this has to do with how much methane escapes during discovery, production and transportation, liquefaction, and then transportation as liquid. How well can we measure that as well?

Mr. TURK. Yes, so our measurements are getting better and better, but we need to keep working on that. We have satellite technology. We are actually funding some companies to look at it basin-wide, using lasers and other techniques to make sure that we have the best numbers on it. Methane, as you know, first and foremost, is a big, big deal. It's a huge challenge. And we have to make near-term progress on methane if we are going to be successful in our overall climate change strategy. In fact, it has been estimated that if we want to achieve the goals we have set for ourselves, we need to reduce methane emissions around the world, not just from oil and gas, but from agriculture, across the board, a third by 2030. So we have a lot of work to do. I am incredibly proud the EPA has stepped up, building off of terrific work that has been done in Colorado and elsewhere and actually setting standards. We should have standards here. There is no reason that we should have leaking methane coming out throughout the life-cycle perspective.

I have worked with a lot of modelers and analysts. I think it's incredibly important, as we undertake an analysis, as we update our analysis in this rigorous way, that we bring in a variety of voices. We bring in several of our national labs to come at this from different perspectives, different assumptions. There is never one right answer about what is going to happen five, ten years, fifteen years from now, and we need to have different viewpoints coming in. That's why the public comment period, I think, is so important as well. We will put our analysis—we will do our homework, we will put it out there for NGOs to take a look at, for oil and gas companies to take a look at, everyone to take a look at so we have the best, as you said, a comprehensive framework to make these decisions.

Senator HICKENLOOPER. Right. I do appreciate that. I appreciate some of the grants from the Inflation Reduction Act that are going out to these large-scale projects to really measure methane.

Mr. TURK. Absolutely.

Senator HICKENLOOPER. And so that we can actually have more confidence on it.

I also do appreciate your looking at it from multiple, different perspectives. When I was back as a geology student, we used to call it the theory of multiple working hypotheses, where you don't assume that one approach is the solitary, correct way to do it, but you try to look at several possible perspectives and figure out which one is exactly the best. So that scientific approach is much appreciated.

Mr. TURK. Well, and just a data point, if I could, Senator, on that. There is a scenario that has been done by the International Energy Agency called their Announced Pledges Scenario. It's a scenario that takes everyone at their word for all the net-zero commitments that have been made and what does that mean in terms of overall fuel supplies, emissions, et cetera. Under that Announced Pledges Scenario, global demand for natural gas—this isn't just LNG, this is all of natural gas—would decrease four percent by 2030 and 37 percent by 2050. So again, we need to have multiple analyses coming at and exploring these issues.

Senator HICKENLOOPER. Right. And it's so dynamic. I appreciate that and how difficult that is when you look at those expectations. We are not going to make all of them, and which ones we make, which ones we don't, and how we have to adjust our future, it's all interdependent.

Mr. TURK. And that Announced Pledges Scenario is not even the scenario we need to be on if we are actually going to achieve our objectives.

Senator HICKENLOOPER. Right, exactly.

Okay, I appreciate it. I am out of time.

The CHAIRMAN. No, no.

Senator HICKENLOOPER. But I might come back. I might come back.

The CHAIRMAN. You are more than welcome.

Okay, let me just say this, let's go to six minutes. Forget five. Go to at least six.

[Laughter.]

The CHAIRMAN. Senator Hyde-Smith.

Senator HYDE-SMITH. Thank you, Mr. Chairman, and you know, to no one's surprise, we are here again talking about the Biden Administration just causing a train wreck for domestic energy policy. And the U.S. exports more LNG than any other country in the world, as we are well aware, which is a critical way of aiding our allies against Putin's aggressions and combating the Iran-backed forces. And however, with this new pause on pending and future approvals, this aid could end. I mean, it's like, you're welcome, Russia.

Deputy Secretary, back in July 2023, the Department of Energy denied a petition from a highly recognized environmental group regarding rulemaking for LNG export regulations. According to the Department, one of the reasons for the denial was that DOE already has rigorous standards for approving gas exports. That was just six months ago. Now, in the first month of the new year, DOE has done a complete 180 and paused LNG exporting permits to perform a blanket review of its LNG policy for climate change. So why shouldn't we believe that the sudden change in tune from rigorous standards to a blanket review of LNG export regulations is a result of any strategic political play from the Biden Administration?

Mr. TURK. Well, thank you very much for your question, Senator. And again, I think it's incredibly important to appreciate what this pause is and what this pause is not. We have already tripled our LNG exports just over the last five years. We already have pending construction that doubles that to 26 Bcf per-day. And we have already authorized—none of the pause touches any of this—authorized up to 48 Bcf per-day, almost half of our overall production in the U.S. right now. Those are the kinds of numbers—as we have had conversations with the Europeans, with the Japanese, with the South Koreans—that increase their comfort level that those volumes are going to be there at the same time that Europe's demand is going down 20 percent. Japan has already peaked their natural gas and their LNG use. They are going down, including because they are bringing more nuclear capacity back online. Korea's is going to peak by 2030.

One country who has not peaked, and in fact, will increase their LNG appetite, is China. China's LNG appetite is expected to increase 65 percent to 2030. So these kinds of numbers give me great confidence that we are taking care of our allies. Again, when you look at the actual numbers and you listen to the governments themselves—of course industry associations would want even more gas and would want to have even more exports coming from the U.S., and we are just asking questions with this pause. We are asking questions with this analysis to make sure that our experts at the national labs are coming at this in a very rigorous way to inform those decisions once the pause is lifted.

Senator HYDE-SMITH. So how does this pause coincide with the Administrative Procedure Act?

Mr. TURK. So Congress has given us the authority, and I would say the responsibility, to make public interest determinations. We take that incredibly seriously. When we have seen these kinds of volumes, these kinds of trends, we think it in the public interest to take a step back, to do the rigorous analysis, and make sure we are doing our homework so that we can be true to that responsi-

bility. So I feel very comfortable. I have had many conversations with our general counsel and our legal team. We feel very comfortable of our legal position here. And frankly, I think it would be irresponsible if we were not taking a step back and doing this kind of rigorous analysis.

Senator HYDE-SMITH. Does this deprive the interested parties of the ability to challenge the rule before it goes into effect?

Mr. TURK. I am happy to have our general counsel talk to you or others on the particulars of that. Obviously, we get sued all the time for doing all sorts of things. It's a free country. People can—I am always eager to hear a variety of viewpoints on this issue. We will have the public comment period. There is a reason we are doing that, to have this be transparent, to make sure that our analysis is not only informed by our experts in our national labs, but informed by industry experts, by NGO experts across the board.

Senator HYDE-SMITH. The industries that are contacting me have a very different opinion of that, but I want to turn to the trend that is happening across the board with our federal agencies. In 2022, FERC issued policy statements citing climate change to consider and approve future natural gas products. This was met by so much blowback that FERC withdrew the proposal. And just last year, EPA used the same strategy in its power plant rulemaking. And the electricity generation industry continues to remain in a state of uncertainty on how they are going to meet these standards knowing that it will only worsen supply chains, ultimately harming them further. DOE continues to follow the same doom track without listening to industry needs. And uncertainty just seems to be the name of the game when it comes to the Biden domestic energy policy. What impact will this pause have on the outlook for financing and carrying out future LNG production, not to mention the uncertainty it creates for our allies that increasingly rely on American LNG?

Mr. TURK. So let me again reiterate, this pause does not impact those projects already under construction and those projects that have already been authorized, up to a half of our total natural gas production in our country. Secondly, I think it's incredibly important to listen to industry perspectives. I meet with industry folks all the time. I meet with NGO folks all the time. But I think it's important to also appreciate that they have a particular perspective. They have a particular interest in these matters. What Congress has given us the responsibility for is to look at the public interest, especially how this impacts U.S. consumers, U.S. farmers, and U.S. manufacturers in our competitive advantage right now.

You also mentioned the FERC. I think it's important to point out that the FERC said in 2022, continued growth in net exports, including from LNG export facilities will place additional pressure on natural gas prices here in our country. So it's important to look at everything everybody is saying.

The CHAIRMAN. Thank you, Senator.

Senator HYDE-SMITH. My time is up.

The CHAIRMAN. Well, we have—we are not really paying a lot of attention to times anymore it seems like, but no problem about that.

Senator HICKENLOOPER. Especially you.

The CHAIRMAN. I know, I am the worst. That's why I am not reprimanding anybody.

But I do want to make one correction. I think it would be—for the whole staff, our whole Committee to know, and staff and everyone here, that basically the reduction, as far as in gas consumption in Europe, especially over in Europe, has gone down because of the Ukraine war—the high prices that they had to endure and the deindustrialization that they have gone through. That will come back. You are saying that they are not going to come back. I think that will be part of the evaluation, sir, but I don't think it's accurate saying that you are expecting their demand to be low. If they have stable pricing that they can count on and rely on, not Russia, not foreign adversaries that we can't count on, then you will see Europe come back, I believe, strong. And that's what they are waiting for. That's my statement.

And we will go to Mr. Padilla at this time.

Senator PADILLA. Thank you, Senator Manchin. I, too, believe they are going to come back, but when they come back and when they rebuild their infrastructure and economy, it will be in a much more efficient infrastructure and economy than the infrastructure of decades past, and that needs to be part of the consideration as well.

Mr. Turk, thank you for being here and always being accessible to me and to my office. I appreciate the prior questions on U.S. energy leadership and its impact on our allies, our ability to help our allies and meet our obligations, and I even more appreciate your responses to those questions. A couple things I just want to add for the record—a couple of data points. The United States is the global leader of LNG exports today with 14 billion cubic feet per-day in current operating capacity, and even more important to underscore here, 48 billion cubic feet per-day in total authorizations already approved by the Department of Energy. So that's over three times our current operating capacity. So we are putting the pause in that perspective of what has already been approved, above and beyond what is already operating.

They have beat me to the punch in asking, not just the broad questions of fulfilling commitments to our allies, but again, I appreciate the specificity with which you address the questions about Europe, the questions about Japan, the questions about Ukraine, South Korea, and others. Just to round that out though, would you spend another minute addressing this? Given the already authorized tripling of our LNG export output, how will the projected LNG exports compare to global demand through 2050?

Mr. TURK. Yes, thanks for the question. You put it incredibly well. You should be testifying here, Senator. Anytime you want to work at the Department of Energy—

So again, you look at different scenarios, right, to look at where the global demand is going to be, and it is important to look at reference case scenarios, that is, basically a prediction of where experts think things are going, but then also look at where we need to go, given where climate change tells us we need to be in terms of reducing our use on unabated fossil fuels, including natural gas. So a couple numbers for you that I think are useful here—EIA, again, that is the independent data arm of the Department of En-

ergy—in EIA’s reference case, for U.S. LNG exports in 2050, it expects exports to be at 27.3 Bcf per-day, which again, is right around the 26 Bcf per-day that are already under construction. So I think that is a relevant data point to explore on that front. S&P Global, if you want to look at an industry source, overall, LNG supply growth from around the world could outpace demand growth over the next five years. A lot of people are talking about a potential glut in the market because of so much being constructed, and demand numbers in Europe and elsewhere decreasing along those lines.

The Senator makes an incredibly important point on Europe, in particular, Senator, if I could pick that up for a second. Europe had a traumatic experience when the gas was shut off by pipeline from Russia. I feel incredibly proud that we were able and we were in an opportunity to provide that gas, to work with them on efficiency and other kinds of improvements going forward. It is, of course, up to the Europeans to decide for themselves what mix of gas, what mix of other fuels go forward. They are making strides and they have an incredibly impressive goal to reduce their overall emissions quite quickly to 2030, into 2035, et cetera, along those lines.

Senator, just to round out the question, if you look at actual climate scenarios, in terms of what is necessary if we are going to be on the right path to get to where science tells us we need to get to, again, the IEA—International Energy Agency—scenario says we need 75 percent less LNG by 2050, if we are actually going to be on the pathway we need to, to avoid the worst consequences of climate change. So maybe too many numbers, but I know you are a numbers guy, so I throw them out there for you.

Senator PADILLA. Absolutely. And again, a reminder to my colleagues on the Committee and staff and everybody who is concerned here, you know, we track volume, supply, demand, but must keep in consideration conservation and efficiencies and that impact on demand while we continue to grow our economy and meet the needs of a growing population.

I also want to course-correct a little bit to some of the comments that were made by some of my colleagues earlier. And I have to say how embarrassing and insulting it is to suggest that this is an Administration that is making decisions based on TikTok influencers. I mean, it’s the prior Administration that denied science and prided itself in deleting data and research that, you know, is important and is conducted by professionals in a number of federal departments and agencies. This Administration, and I know the Department of Energy, among others, works hard to ensure that decisions are made based in science and fact and that we are holding ourselves to that important standard. And I hope the Committee sort of continues to come back to that.

And in that spirit, Mr. Turk, how will the Department of Energy leverage to get national labs as resources in the effort to better understand the climate impacts of LNG exports? I mean, you made broad reference to it earlier, but can you spend some time elaborating on that?

Mr. TURK. Yes, happy to do so. And just for the record I don’t have a TikTok account, so I am not sure what all the TikTok—

Senator PADILLA. Neither do I.

Mr. TURK [continuing]. Discussion is all about, I have to be perfectly honest with you.

So our national labs, and you know this, Senator, you have a couple of our national labs in your—actually three national labs—in your state. Phenomenal resource. Phenomenal talent. Phenomenal expertise. Independent expertise. These are government-owned labs, but contractor-operated labs, which gives them an extra scientific integrity to them. That's who we turn to when we do analysis like this. And some of the best analysts—economic analysts, life-cycle analysts—in the world are in our national labs. And so, we are working with them. We have been working with them. We said take a step back. Let's look at this. Let's look at the models that you have. Let's use other tools to make sure we are incorporating and looking at the economic consequences, national security consequences, environmental and climate change consequences.

One thing we are asking for additional information on is the health impacts for frontline communities as well. That is an important consideration. All of this goes into our public interest determination. That is what Congress has given us when we do these case-by-case application reviews and analyses. And again, this will all be put out publicly for public comment. Everyone can comment on it. If you like this part of the analysis, don't like this part of the analysis, and then we will finalize and we will use that. So we actually have the most rigorous, the most complete analysis and analytical framework possible.

Senator PADILLA. Thank you very much.

Mr. Chairman, my time is up.

The CHAIRMAN. Sorry. You stayed right on time. Thank you.

Senator King.

Senator KING. Thank you, Mr. Chairman.

First, I think you captured this hearing very well. The phrase you used was, I just want to see the facts. And I think, Mr. Turk, isn't that exactly what we are talking about here, is determining the facts? And your legal responsibility is to see that export projects are in the public interest, not in the interest of the oil and gas industry, not in the interest of anybody else, but in the public interest. And that's your job. And isn't what you are doing here simply looking before we leap? You are saying we want to take some time and look at the analysis both in terms of the climate, but also the economics. Isn't that what this is all about?

Mr. TURK. Yes, 100 percent accurate. And Congress has given us that responsibility, the public interest determination. And I know the Secretary, myself, all of us who are fortunate enough to serve in these roles, take that incredibly, incredibly seriously. And we are an organization of data and an organization of science, including and especially our national labs.

Senator KING. So all we are trying to do is determine what the environmental impacts might be, including methane, so you are looking at a life cycle, and that's an unsettled question, and then also, at the economic impacts of going beyond where we already are. I have to tell you, I was sitting right here in 2015, January, when we had a hearing with the natural gas industry and we were talking about exports, and I expressed concern about if we export

too much, it will affect our domestic prices. The witness for the industry said, "It will never go beyond nine percent of production." Today—and I said, how about taking a friendly amendment, putting that in writing? Today, we are at 14 percent. In 2028, we are going to be at 26 percent, and as you have testified, by 2050, close to 50 percent. I am just a country lawyer from Maine, but I don't understand how you will take 50 percent of the production of a commodity and that won't affect the price.

And we don't have to speculate too much about this, we can look at Australia. Australia's price has gone from \$3.45 a gigajoule in 2015 in Australian dollars to \$17.93 because of the gigantic increase in exports of liquefied natural gas from Australia. So that should be a warning to us. And I don't know the conclusion of this, but my understanding is all you are trying to do is be sure, before we add additional commitments, that we know what the effect will be on a manufacturer in Michigan or a family in New England trying to heat their house. Isn't that all this is all about?

Mr. TURK. Yes, absolutely. And when you are talking about those percentages and those volumes, that should be a blinking red light for all of us to take a step back, let's do the analysis, let's focus on what the impacts are for farmers, for consumers, for industry. Again, we pay five to six times less than those in Europe and Asia right now.

Senator KING. Which is a huge economic advantage.

Mr. TURK. That is a huge economic advantage. Do we want to give that up as a country? Again, we need to analyze that. We are answering questions here. We are raising the issue so that we can do the analysis that allows us to make those sound decisions going forward.

Senator KING. Well again, to understand just exactly what is being proposed, as I think you have said, no projects that are under construction or have already been permitted are affected by this.

Mr. TURK. That's right, including the jobs of those projects. Those jobs are not at stake here. Those projects continue.

Senator KING. And they take us, just those projects that are already approved, take us to 26, between 26 and 30 percent of production, is that right?

Mr. TURK. That's right.

Senator KING. So we are not stopping any construction. We are not stopping any projects. We are just saying for future projects that have been proposed but not approved, we are going to see what the impacts are going to be.

Mr. TURK. That's exactly right, and look before you leap, do the analysis now. Again, these are long-term decisions. When we make an authorization, it goes out for a several-decades period of time. Before we do that, make sure we take into account the full implications—economic, climate, national security.

Senator KING. And we are getting a lot of representations from various parties about what is going to happen and not happen, whether it will affect prices, what the methane impacts are. I go back to one of my philosopher guides, Ronald Reagan, "Trust, but verify." And that's really all we are talking about here is verifying. Is that correct?

Mr. TURK. Trust, but verify, and also look at who is making what points, right? It's not a surprise that folks, and I am not disparaging folks who are in the natural gas business, whether in Europe or in the U.S., they have a certain perspective, but that is not the public interest. We take into account the full implications impacts for all Americans.

Senator KING. Including the benefits to—

Mr. TURK. Including the benefits of those jobs, absolutely.

Senator KING. Now, I think you testified that the projections are—and these are not your projections—but IEA projections are European demand will flatten, if not decline. Didn't you testify at the very beginning that where the real increase is going to be is in China?

Mr. TURK. Sixty-five percent projected increase between now and 2030 in China for LNG demand.

Senator KING. And isn't it true that Chinese companies are financing some of these proposed projects, or the contracts are based behind these projects?

Mr. TURK. Absolutely.

Senator KING. So what we are really talking about here is potentially exporting our economic advantage to China, where they are paying much higher energy costs. It's one of the few advantages we have vis-a-vis China.

Mr. TURK. That's why I say it's irresponsible if we didn't take a step back, do the analysis and make sure, eyes-wide-open, we know what we are getting into.

Senator KING. But I am also aware that a strong argument could be made that if we are replacing coal plants in China with natural gas, that is a net benefit to the climate. However, we have also got to understand what the life-cycle net emissions are in terms of methane liquefaction, un-liquefaction, transportation across the ocean, so we are looking at apples to apples in terms of emissions. I have always been supportive of natural gas as a cleaner fuel, but only if methane is controlled, because if it isn't, as you know, methane is—I have seen ranging between 30 and 80 times as serious a greenhouse gas as CO₂. So again, we just want the facts, isn't that correct?

Mr. TURK. So we do. And right now, China has 1,109 gigawatts of coal online. They also have plans to bring on an additional 392 gigawatts of coal. And so we need to be taking into account what's the plan to reduce those emissions. That is a huge amount of emissions. China's emissions right now, globally, are about 30 percent of overall emissions around the world. I think ours are 14, 13 percent from the U.S. side. So we need to look near-term, but you are also right to look long-term in terms of where we need to be.

Senator KING. Well, reducing that in China would be a good thing. I understand that. But we have got to be sure that it is a true reduction when you take into account all the methane side effect.

Mr. TURK. The methane emissions throughout the life cycle and also long-term as well when we need to be much more carbon-constrained, much more methane emission-constrained in a decade, two decades, in getting to net-zero mid-century.

Senator KING. Final question. The timing, and you asked this, you are talking about months here, not years on this analysis?

Mr. TURK. We are going to do it as quickly as we possibly can. Months, not years, that's right.

Senator KING. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The only thing I would say on this, if we were talking about considering a pause, this is a great, great panel for this. You have an executive order doing a pause. That's the difference. That's the difference I have with my Administration, our Administration, the country's Administration. You have done an executive order. You put, basically, you know, they put the cart before the horse. You leaped. You really leaped before you looked. That's all we are saying.

Senator KING. I think it's just the opposite, Mr. Chairman. They are doing their job. Their job is to see that these projects are in the public interest—

The CHAIRMAN. No, I agree with you on that.

Senator KING [continuing]. And there is no way to do that without the data.

The CHAIRMAN. You can't do the pause first though. They did an executive order on pause.

Senator KING. Why not? So they are supposed to continue approving projects?

The CHAIRMAN. But basically, do the pause, justify what you are doing—

Senator KING. Continue approving projects when you find out five years from now it was a disaster. I don't think that's a very good policy.

The CHAIRMAN. They're estimating—

Senator KING. We are talking six months here, and these are projects that won't be built for eight years.

The CHAIRMAN. Look at the prices you are paying in New England right now. Why? Why are you paying the higher prices?

Senator KING. Shortage of gas pipeline.

The CHAIRMAN. Okay, okay. That's what I am saying. So in our own country we have this type of diversity and division. That's the problem that we are running into. I am just saying that the pause was ill-advised from a political standpoint of sending it out to the world right now that we might not be in the market. That's all. You might be justified at what you are saying. Is it 26? Is it 48? Where is it? I don't know. I am willing to find out, but you don't draw the brakes on everything and send scare tactics around the world until we know for sure.

Senator KING. But shouldn't we find out before we make those commitments that are then irrevocable?

Senator MURKOWSKI. But they already do the reviews. Mr. Turk said that about every five years you do reviews. But as you do the reviews, the work continues, but you are still doing reviews. But it doesn't necessarily mean that you have to halt everything that is in the pipeline. I think that's where this discussion is.

Senator KING. But we're not—everything that's in the "pipeline" that has been approved or under construction is grandfathered. This doesn't affect it.

Mr. TURK. That's right.

Senator KING. We are talking about projects that are five to eight years in the future.

The CHAIRMAN. Yeah, the bottom line, we are going to have to get to the second panel and I just want to thank——

Senator KING. This is a real debate in the U.S. Senate. I like it.

The CHAIRMAN. I like it too.

[Laughter.]

The CHAIRMAN. We don't do much of this. You can see why we are excited. We are excited.

Mr. Turk, thank you so much. You have always been so kind with your time and being as direct as you always have been. I appreciate it, your knowledge you have. We have a little difference of opinion right now. That's what this is all about. That's democracy. This Committee can work through it. We will find the answer. And all we are asking for is to consider removing the pause until we do the facts. Come back and ask for your pause and show the facts of why you need it and what the number would be. We are not there. We don't have that information. I don't want to scare the bejesus out of our friends. That's all.

So with that being said—I'm sorry, go ahead.

Senator MURKOWSKI. Just very quickly. I asked for one opportunity just for clarification on the record. You have stated, but I want to hear it clarified that the Alaska LNG project is not impacted by this decision. Is that correct?

Mr. TURK. That has already been authorized. That is part of the 48 Bcf per-day. That is not impacted by this pause. And I think what Senator King was saying is exactly right, and I think this is why our allies have reacted——

Senator KING. Could you say that again, for the record?

[Laughter.]

Mr. TURK. The part about Alaska or the part about Senator King?

[Laughter.]

Senator MURKOWSKI. But if I can just add further clarification to that. What if an export project to a non-FTA country that has been issued a DOE export license, but is not yet constructed, and is in the need of a license extension of the existing DOE export data authorization—are those extensions impacted by the pause?

Mr. TURK. So let me be very clear.

Senator MURKOWSKI. Okay.

Mr. TURK. And we have been answering this question for folks who have been asking this question because this is——

Senator MURKOWSKI. I just need it—I am curious about our specific——

The CHAIRMAN. She wants you on record is what she's saying.

Mr. TURK. So just to be clear, this is stuff that has been authorized, but sometimes seven years is not quite enough. That's how long the authorization is for. If anyone needs an extension, to be clear, this pause does not impact that process.

Senator MURKOWSKI. That extension. Okay, good.

Mr. TURK. So we came out last year, in May—April of last year. You can get an extension beyond seven years if you meet two criteria. One, you have physically commenced construction and then

secondly, and I quote, “extenuating circumstances outside of the control of the applicant.”

Senator MURKOWSKI. Okay. Thank you and thank you also for the efforts that you have made with regards to Cook Inlet Natural Gas. I know you have talked to folks up there about our looming natural gas supply challenges. But it might be good to sit down with the folks at DOI because they have done the review. If the concern is domestic prices, maybe you need to look at the policies that are being enacted by the Interior Department because they have done the analysis within their memo. So thank you.

The CHAIRMAN. Thank you, Mr. Turk, very much. We appreciate it. Now we are going to switch to our second panel. Second panel, if they’d please come forward.

Okay, well first of all, we have Charlie Riedl, Executive Director of the Center of LNG.

And we have Dr. James Watson, Secretary General of Eurogas.

And we are going to begin with your remarks, and Dr. Watson, we will start with you and then we will go right over to Mr. Riedl.

**STATEMENT OF DR. JAMES WATSON,
SECRETARY GENERAL, EUROGAS**

Dr. WATSON. Well, first of all, I have to say thank you very much for inviting me here today. We really appreciate it to allow the European industry to have its views heard, and of course, in this great hall of democracy. So it does mean a lot to me personally, as a young guy from Wales, giving me a chance to be here, it is a great pleasure and a great honor. And obviously, my members are not sending me here for fun to enjoy Washington, DC. We are very busy. We have a lot of things to do. So I think that even by being here, it is very clear that our industry feels quite concerned by the developments on this side of the Atlantic.

We must say that since the Russian invasion of the Ukraine, the situation in Europe has been very, very difficult.

[Protest interruption.]

The CHAIRMAN. We appreciate having you all, but this is not going to interrupt us. So thank you so much.

Dr. WATSON. Also, I would be very happy to talk to all NGOs.

The CHAIRMAN. Yes, we will talk to them. Yes, we want them to be here.

Dr. WATSON. We are open to dialogue as Eurogas. We engage with NGOs.

The CHAIRMAN. We appreciate very much you all coming here. Thank you.

Dr. WATSON. We work very, very happily with anybody who wants to have a serious dialogue on the issues we face.

[Protest interruption.]

The CHAIRMAN. Thank you so much, ma’am. Appreciate you being here.

Continue, Dr. Watson.

Dr. WATSON. Yes, okay.

And so, I think that we have been in a very difficult situation since the Russian invasion of Ukraine and the war. Of course, the last two years have seen a tremendous amount of focus on the energy that we use and we have to start by saying we are grateful

to the United States for stepping up and indeed committing to send us 50 billion cubic meters of additional U.S. LNG every year. And I think that is a big commitment.

Of course, it has not been met yet, Mr. Chairman, Senators. We are at the moment looking at, in fact, a situation where we have only seen a 40 billion cubic meter increase last year. So we did find it very strange to be looking at a new situation coming out of Washington where there was going to be a pause on the LNG permitting situation. We feel that, indeed, the U.S. and the EU and the UK need to stand together when we are looking at Ukraine and the situation that we face there. And by not being able, perhaps, to honor the commitments that have been made in the United States towards its allies, you are going to indeed force us to continue to do business with Russia.

I have to say that I have a lot of sympathy for Mr. Turk because I think he had been asked to explain the unexplainable, which is not easy to do. From my point of view, he failed to mention one very important statistic, and that is that Europe is still taking 50 billion cubic meters a year of Russian gas, and the LNG imports from Russia are increasing, even though we have a stated aim to reduce Russian gas supply to zero by 2027. We feel very strongly that the United States should support us in this activity. We see it as a like-minded nation. We stand together and we understand that we have to work together, also, to achieve our climate objectives, which we take very seriously.

This whole situation has created a lot of fuss in a sense that if we don't know what the situation is—is the United States going to honor its commitments? Is the outcome of the review going to be not just a pause, but a total stop? Where then shall we source our gas? In this regard, I think that when we heard all the statistics that were put together, I think the most important thing is what is said in the law. And the law in Europe has been very clear, and it has just been passed. There is no end or prohibition to the use of natural gas until 2049. Long-term contracts will be permitted, and after that point, they will still be permitted as long as they are abated. This is yet to be defined, what abated means, but this means that for at least 25 years, we are expecting to be using natural gas. And that was something else that I think was also missing from the testimony.

I think it is very important that we do look at this pause and think, why is this pause being taken now? I would also make a procedural point. In Europe, we often review our guidelines and our regulations, but at the same time, we keep implementing the ones that are currently running. Why do we have a pause? Why do you not just create new regulations or guidelines and then implement them once they are ready and replace the old? For what purpose could a pause serve? This is not clear to us, and so, I must say with my last 20 seconds that I have, it is important that we remain stable in our relationship. We do not need unnecessary surprises. This is a serious issue for us. We do consider it to be one of such a significance and importance that I have been sent from Brussels to bring our message today to ask for your continued help. Thank you.

[The prepared statement of Dr. Watson follows:]



Name: James Watson

Title: Dr

Organisation: Eurogas

Written Submission to the United States Senate Committee on Energy and Natural Resources by Eurogas, at the hearing to examine the administration's pause on liquefied natural gas (LNG) export approvals and the Department of Energy's process for assessing LNG export applications.

1. Context

Europe has vastly increased its LNG imports from the United States (U.S.) since the beginning of the war in Ukraine in February 2022. There is a stated European Commission policy ambition to substitute Russian supplies of natural gas to Europe before the end of the decade. Eurogas supports this objective. The route to reduce Russian gas consumption that is preferred is to bring more non-Russian origin gas and U.S. LNG, to Europe, as was agreed between President Biden and President Von Der Leyen. In March 2022 a joint statement of the White House and the European Commission confirmed that until at least 2030, approximately 50 billion cubic meters (bcm)/year of additional U.S. LNG would be provided for Europe.

There are few alternative suppliers of LNG that could contribute as much as the U.S. to this objective to be independent from Russian gas.

The pause of the U.S. permitting procedure by the Department of Energy will reduce the likelihood of the agreement for 50bcm of extra LNG per year for Europe being honoured, and subsequently cause a loss of confidence in the U.S. as a strategic partner for energy security in Europe.

2. Reducing Russian Gas Demand in Europe

It is a clear priority for Europe to reduce Russian imports, given that these imports provide hard capital for the Kremlin's Ukraine war chest. As stated above the objective is to be independent of Russian gas by 2027 in Europe, given that we are heavily impacted by the war in Ukraine – with over 4 million Ukrainian refugees being housed across Europe as of the start of this year according to the United Nations. As frontline supporters of Ukraine, it is important that the U.S. and Europe remain aligned and committed on all elements of our relationship – including supply of LNG.

In 2021 Europe consumed about 155bcm of Russian gas. Working with allies and reducing gas and electricity demand has seen that figure fall to about 49bcm of imports in 2023. Conversely U.S. LNG has risen from around 22bcm imported to Europe in 2021 to 60bcm in 2023, according to our market data provider Keplr. This is about 17% of overall demand in 2023, up from 14% in 2022. This effort is not yet meeting the target of an additional 50bcm of U.S. LNG to Europe, a commitment in the U.S. – EU Energy Security Taskforce launch statement in March 2022, but the trajectory is growing strongly.

However, while piped Russian gas use is declining rapidly in Europe, Russian LNG is growing in volume imported to the European Union and United Kingdom (U.K.) from 18.6bcm in 2021 to 22.5bcm in 2023. This is despite the U.K. ban on Russian LNG imports that has been in place since January 2023. It is possible to conclude that outside of the UK the import of Russian LNG has been growing. Therefore, the dependency on Russian gas, albeit significantly reduced, is maintained, with a potential to grow in the near future, if we do not have alternative suppliers of LNG. As a result, the



EU remains vulnerable to the threat that Russia could, at any time, decide to halt all remaining natural gas exports to the region. This vulnerability highlights the critical need for the EU to continue to work with the U.S. for the mid to long term, as well as at this immediate point. U.S. LNG is a core pillar of EU energy security now and we need a stable regulatory framework to allow the relationship to continue to grow, so that we can achieve our stated aims in Europe and by the U.S.

EU countries have reduced gas demand by 19% between August 2022 and January 2023 according to the European Commission. This decline led to the destruction of some industries and jobs, with all the social consequences that entails. There is little room for further immediate gas demand reductions, given efficiency measures have already been maximised in most European industries. In Eurogas we support gas demand reductions due to the war, but also recognise that this route to reduce dependence on Russian gas has mostly run its course.

There is clearly a demand for LNG in Europe, as we move away from Russian piped gas. We still have 50bcm of Russian gas even with 60bcm of U.S. LNG entering Europe in 2023. There is a high risk of a supply gap in Europe: while it has so far been avoided this year, thanks to preventive measures and mild weather, the equilibrium remains fragile. This equilibrium will be further challenged due to the growth in other regions of the world's LNG demand. For example, China regained its position as the world's main LNG importer in 2023, despite upward pressure on prices. There is the potential to reach historical high demand for LNG in the near future, which could starve Europe of available volumes. Clearly we will need more LNG to avoid a supply imbalance in the coming years. This is where we see an important role for the U.S. to help Europe resupply its natural gas and LNG needs.

3. United States LNG Import Potential for Europe

The U.S. is one of only two potential sources for providing the volumes of LNG that Europe needs to become independent from Russian gas as soon as possible, the other possibility is Qatar. In the U.S. the pause in licensing affects around 50bcm of projects that are awaiting a green light from the Department of Energy to start construction. We are aware that not all the capacity that is being built will be destined for Europe, clearly U.S. market actors have contracts with customers in Asia and Latin America. However, if that capacity does not come online in the next 2-3 years, then there is likely to be a shortfall of LNG in Europe and possibly globally.

A shortfall in LNG deliveries can result in the type of price chaos we have seen in 2022 in Europe, when prices of electricity (being linked to gas due to the high level of gas consumption in power production in Europe) and gas rose with alarming rapidity due to the Russians vastly reducing gas supply to Europe. Having lived through this, we know that this impacts the weakest parts of society the most given their limited financial capacity. We also saw a very negative impact on industry and commerce, with an estimated 24% of the natural gas demand reduction achieved in 2022 due to production curtailment and fuel switching according to the International Energy Agency. As for other sectors, while it is unclear how much of that demand destruction will be permanent, we can see a slow recovery of the sector, indicating permanent damage has been done to the E.U. economy. Therefore, from a societal and industrial perspective we still have a strong need for U.S. LNG in the mid and long term.

4. Long Term Contracts for LNG between the United States and Europe

It is important that the LNG trade between the U.S. and Europe remains stable, reliable and honest. In the aftermath of the shock of the Russian war on Ukraine, the countries of Europe are counting on the U.S. to work with them to provide affordable and reliable energy. Many of the LNG gasification



terminals built in Europe, particularly in Germany, have been done so under the conviction that U.S. LNG will be available and delivered to Europe. In Germany gasification capacity for LNG imports went from zero to 44.5bcm in 22 months between February 2022 and December 2023, very specific emergency legislation was introduced to make this feat possible. It is therefore clear that Europe wants to work with the U.S. on LNG and will be a demand centre for years to come.

A number of long-term contracts have been signed between U.S. LNG suppliers and European off takers, which have underpinned the development of some of the infrastructure in the U.S. While North America is leading the contracting activity from a supplier's perspective, Europe was the second main buyer in term of contracting activity. This is a trend that looks set to continue as European companies will increasingly engage the U.S. for gas supply in the coming years notably to reduce spot exposure.

The pause and review undertaken by the Department of Energy threatens to derail some of the confidence in this process, as it appears that the U.S. is not as committed as it was two years ago to delivering the LNG that Europe needs. This will impact the development of business between Europe and the U.S. and could force European companies to continue to depend on Russian supplies.

Given that Qatar is the only other notable supplier of LNG that would have volumes available in the same period, European companies would try to source supplies there. This is not without risk as much of the extra volume is already tied up in long term contracts with China and other Asian countries. Accessing this LNG is therefore uncertain, while we must not forget the virtues of working with a like-minded ally like the U.S. on European energy security.

US LNG also offers a way to create jobs and develop economic activity in the US and economic analysis (such as NERA Economic Consulting studies for the DOE in 2018 & 2023) conclude that there is almost no link between the level of US LNG exports and domestic US gas prices.

5. Methane Emission Reduction

The expansion of US LNG exports to the European Union aligns with the shared climate objectives of the US and the EU, notably through our commitment to implementing ambitious policies aimed at reducing methane emissions from the gas sector. These policies underscore our mutual recognition of the need for cleaner energy solutions. By focusing on reducing the environmental impact of natural gas, including stringent methane emission mitigation, the US and EU are working together to ensure that LNG serves as a more sustainable bridge fuel. Many other natural gas exporting countries are yet to adopt equally ambitious methane emission mitigation policies. Strong and reliable gas trade between the US and the EU therefore not only addresses immediate energy security concerns but also reinforces our longer-term climate goals. Working with the U.S. as a likeminded country we are convinced that Europe and the U.S. can have the cleanest gas possible.

We are committed as a sector to reduce methane emissions from natural gas operations. Eurogas is a member of the Methane Guiding Principles and counts a number of methane emission reduction technology providers in its membership.

6. Conclusion

It is for all the reasons outlined above that we are keen that the pause in the Department of Energy permitting process and review is concluded as quickly as possible. The psychological imperative of the message that is sent is more damaging than the impact on the gas market today, in the sense that it makes the U.S. look unstable as an ally or even noncommittal to supporting Europe at this



time of war. This reduces confidence in the U.S. as a strategic partner and ally. Eurogas believes strongly that the U.S. and Europe should work together to deliver the missing volumes of gas that Europe will need to be independent of Russian natural gas imports.

Failing to have enough U.S. LNG in the market in 2026, 2027 and 2028 could result in increasing risk and prolonging the global supply imbalance. It is therefore important that the Department of Energy reconsiders the pause, as soon as possible, to ensure that we do not end up short of supply at a time when we need to have independence from Russian energy imports.

The CHAIRMAN. Thank you, Dr. Watson.
And now, we will hear from Mr. Riedl.

**STATEMENT OF CHARLIE RIEDL,
EXECUTIVE DIRECTOR, CENTER FOR LNG**

Mr. RIEDL. Good morning, Chairman Manchin, Ranking Member Barrasso, and distinguished members of this Committee. I am honored to testify before all of you today. My name is Charlie Riedl, and I serve as the Executive Director at the Center for LNG. Our organization is committed to advancing public policies that promote the use and export of liquefied natural gas, and we represent the full LNG value chain, giving us a unique and comprehensive view of the ways in which LNG, as a sustainable, abundant, and versatile energy resource, can be leveraged globally. The United States, which is home to a vast natural gas reserve, is now the leader in global LNG exports. The role, however, extends beyond mere commodity trading, as James has mentioned. U.S. LNG is a linchpin to a global effort to reduce emissions, bolster economic growth, and enhance energy security at home and for our allies in Europe and Asia.

With the Biden Administration's halt on LNG export application reviews, I am here to emphasize the value of U.S. LNG and explain why the Administration's pause is not only unfortunate, but also shortsighted. When I last addressed this Committee in 2019, there were three operational export facilities. As I speak today, there are seven. Domestic production of natural gas has also increased by seven percent since that time, but that is only part of the story. Since the shale revolution began nearly 20 years ago, production has more than doubled according to EIA, which we heard Secretary Turk discuss today. Over that same time period, since 2005, prices have fallen by 71 percent for domestic natural gas, and the resource of natural gas in the U.S. has reached an all-time high, according to the U.S. Potential Gas Committee. Amazingly, those resources have grown, even as production in the U.S. has doubled and consumers have reaped the economic benefits as a result.

Our domestic supplies of affordable natural gas have created a manufacturing renaissance here in the U.S. Taking just the last ten years, from 2018 and looking forward to 2027, U.S. natural gas has spurred over 78 major industrial projects in the United States, representing \$128 billion in capital investment here in the United States. Our industry is committed to enhancing energy security while promoting sustainable environmental practices. LNG is a critical element in the shift toward a lower carbon energy future, and we emit 50 percent less CO₂ than coal. LNG's role is an essential piece of the global effort to combat climate change, and this role has only increased over the last decade, bolstered by technological innovations such as methane emission monitoring and carbon capture. The expansion of LNG exports is broad and continues to bring about significant economic impacts here domestically, creating over 450,000 jobs and adding nearly \$73 billion to the U.S. economy by 2040. LNG exports are also projected to reduce the U.S. trade deficit by three percent by the end of the decade. Transitioning to natural gas here in the U.S. has led to a 35 percent reduction in CO₂ emissions from the U.S. power sector. And

internationally, U.S. LNG exports offer a similar pathway for other countries to also lower their emissions.

LNG pairs well with renewable energy sources, which further highlights the indispensable role that natural gas will continue to play in facilitating our sustainable energy future. The strategic importance of LNG exports in the realm of energy security and geopolitics cannot be overstated. The abrupt curtailment of Russian gas, as James mentioned, in Europe amid the invasion in the Ukraine highlighted the crucial role of U.S. LNG in maintaining global energy stability. The Administration's commitment to replacing Russian gas with U.S. LNG, made in collaboration with the European Commission, is admirable, and it underscores the strategic value of these exports. But the pause on the export applications contradicts that commitment. It risks undermining our diplomatic relations with these countries at a moment when energy security is so critically important.

Regulatory certainty is essential for the continued investment and development of the LNG sector. Building LNG export terminals can take up to ten years and upwards of \$20 billion per project. So projects of this magnitude require extremely careful planning and investing. Any fluctuations in that policy or the regulatory frameworks will slow innovation and deter investments, which can potentially destabilize the United States' leadership in the global energy market. Before exports began in 2016, the effects of U.S. LNG exports at home and abroad were theoretical, and they deserved thoughtful analysis as part of the Department of Energy's public interest review. Today, after eight years of U.S. LNG exports, the benefits are no longer theoretical. The facts are clear: U.S. LNG has been determined to be in the public interest. The decision to pause LNG export approvals could have far-reaching consequences, potentially jeopardizing international relationships, economic stability, and progress toward our environmental objectives.

I appreciate the time and opportunity to testify today and look forward to your questions.

[The prepared statement of Mr. Riedl follows:]



**Testimony of Charlie Riedl, Executive Director of the Center for LNG, before
the U.S. Senate Committee on Energy and Natural Resources**

Hearing to Examine the Administration's Pause on LNG Export Approvals and the Department
of Energy's Process for Assessing LNG Export Applications

February 8, 2024

Introduction:

Good morning, Chairman Manchin, Ranking Member Barrasso, and members of the committee. Thank you for the opportunity to testify today. My name is Charlie Riedl, I am the Executive Director of the Center for LNG or CLNG.

CLNG advocates for public policies that advance the use of liquefied natural gas (LNG) and its export. A committee of the Natural Gas Supply Association (NGSA), CLNG represents the full LNG value chain, including LNG producers, shippers, terminal operators and developers, providing it with unique insight into the ways in which the vast potential of this abundant, clean and versatile resource can be fully realized around the world.

We appreciate the opportunity today to highlight the essential role of U.S. LNG, especially amid the Administration's "pause" on reviewing export applications. America's rich natural gas resources have positioned us as a global leader in LNG exports, but U.S. LNG is not just a commodity; it is pivotal for reducing global emissions, creating jobs, ensuring economic stability in a rapidly expanding sector and strengthening America's diplomatic ties. This is especially true with allies in Europe and Asia. At a time when energy security and climate change are critical global issues, the significance of U.S. LNG cannot be overstated.

Biden Administration officials have explained that the need to "pause" reviewing LNG export applications is based on concerns about domestic natural gas price impacts, changes in global energy markets and the greenhouse gas emissions associated with exports. Before exports began in 2016, the effects of U.S. LNG exports at home and abroad were theoretical and deserved thoughtful analysis as part of Department of Energy's public interest review. Today, after eight years of U.S. LNG exports, the benefits are no longer theoretical, and the Administration is ignoring the facts



While U.S. LNG exports reached record levels in 2023:

- Benchmark domestic natural gas prices remained at or near historic lows throughout 2023¹;
- Domestic natural gas production reached record levels at the end of 2023²;
- The U.S. economy grew at 2.5 percent in 2023³;
- Our European allies imported nearly half of all of their natural gas needs from the U.S. in 2023⁴;
- The International Energy Agency anticipates global natural gas demand to increase in 2024⁵;
- The Energy Information Administration anticipates global natural gas demand to increase through 2050⁶; and
- The world acknowledged at COP28 the role that natural gas plays in supporting the energy transition in nationally determined pathways.⁷

These facts and more refute the Administration’s rationale for “pausing” review of LNG export applications. Furthermore, this “pause” is inconsistent with the DOE’s longstanding policy and precedent and the free-market principles that have allowed our country to remain the world’s most prosperous. In the LNG export approvals issued immediately following Vladimir Putin’s invasion of Ukraine, the Biden Administration’s DOE recognized that “under most circumstances, the market is the most efficient means of allocating natural gas supplies.”⁸ With record domestic natural gas production, historically low domestic natural gas prices, robust economic growth and the global need to displace record coal demand, the question arises: why does the Biden Administration now want to reevaluate the benefits of LNG exports?

¹ <https://www.eia.gov/todayinenergy/detail.php?id=61183#>

² <https://www.eia.gov/todayinenergy/detail.php?id=61263>

³ <https://www.bea.gov/news/2024/gross-domestic-product-fourth-quarter-and-year-2023-advance-estimate>

⁴ <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/lng/112823-interactive-lng-europe-imports>

⁵ <https://www.iea.org/reports/gas-market-report-q1-2024>

⁶ <https://www.eia.gov/outlooks/ieo/>

⁷ <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/121323-cop28-leaders-agree-to-transition-away-from-fossil-fuels-in-final-text>

⁸ <https://www.energy.gov/sites/default/files/2022-03/ord4799.pdf>



Section I:

The Environmental and Climate Rationale for LNG, Renewable Energy

LNG provides a cleaner combustion process compared to other fossil fuels and represents a transformative aspect in the energy sector. Using natural gas for electricity generation emits approximately 50 to 60 percent less CO₂ than coal,⁹ making LNG an essential component in the transition toward a lower-carbon energy mix. If we are going to keep up our concerted efforts to combat climate change, LNG is a key component and must be a part of global initiatives.

Innovation and technological advancements have provided the energy sector with several notable environmentally friendly improvements over the last decade, and the LNG industry's commitment to this progress has been relentless. Technologies like drones and AI for consistent methane emissions monitoring, measuring and prevention, carbon capture and sequestration, electric drive motors, in addition to the integration of renewables for LNG operations, have had a significant impact in reducing total greenhouse gas emissions. As such, LNG is a key component for accomplishing two of the United States' most important objectives: improving energy security and bolstering environmentally responsible and sustainable practices.

To meet our climate goals, we need LNG as a strategic asset in support of the deployment of renewable energy, as well as carbon capture infrastructure. Industry-led initiatives, continued innovation, international cooperation and supportive policies will allow us to maximize the climate benefits of LNG. We are committed to this path, and it will secure LNG's position in the global energy landscape while fostering economic growth and maintaining environmental stewardship.

Global Environmental Benefits, Challenges and Policy Implications

With such valuable environmental benefits, our LNG exports demand our attention and require supportive policies that acknowledge U.S. LNG as a geopolitical asset as well as its ability to help us reduce global greenhouse gases. We must advocate for policies that enhance global energy security, support developing countries in

⁹ <https://www.eia.gov/todayinenergy/detail.php?id=48296>



their transition to cleaner energy production and solidify LNG as an essential piece of the energy mix.

Section II:

Efficiency in Supply and Demand Response; Consumer and Producer Benefits

The U.S. natural gas industry has shown remarkable flexibility in responding to global price and demand signals. The growth of LNG exports has been a strong market driver, promoting domestic natural gas production underpinned by our enormous natural gas supply.

The ways in which our natural gas production met the demand surges that occurred in 2022-2023 provide a compelling illustration of the market's resilience and adaptability. Energy Information Administration (EIA) data¹⁰ shows that natural gas prices decreased during periods of increased production, illustrating the advantages of a market-driven approach.

Further, the strength of our export market has been instrumental in ensuring that Henry Hub (domestic) natural gas prices remain competitive, projected to average under \$3.00 per MMBtu in 2024 and 2025, despite increased consumption and exports.¹¹ At the same time, the U.S. achieved record-high dry natural gas production averaging 104 billion cubic feet per day (Bcf/d) in 2023, which is 4% higher than the 2022 annual average. LNG exports are met through increased production, which also maintains supply levels that support competitive domestic prices. In fact, in 2023, Henry Hub natural gas prices were the lowest since mid-2020, even as LNG and natural gas pipeline exports grew.¹² Restrictions on LNG exports could lead to fewer consumer choices and potentially higher domestic prices due to less production at home.

By adjusting production to meet both domestic and international needs, especially in moments of heightened demand, our market has tremendous flexibility and has been able to maintain a steady equilibrium. This is one prime example of our industry's ability to balance itself, largely through boosted production rather than government intervention.

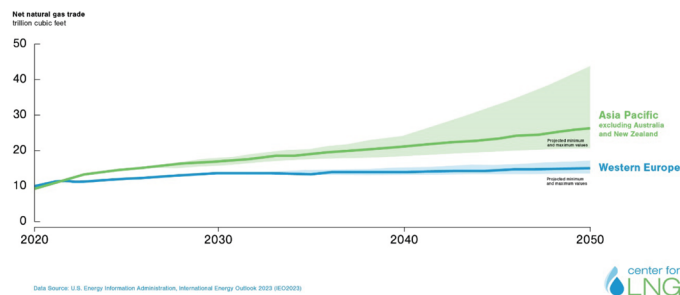
¹⁰ https://www.eia.gov/naturalgas/weekly/archivenew_ngwu/2023/12_14/

¹¹ EIA Today in Energy, Jan. 4, 2024, <https://www.eia.gov/todayinenergy/detail.php?id=61183>

¹² <https://www.eia.gov/todayinenergy/detail.php?id=61183#>



ASIA AND EUROPE IMPORT MORE NATURAL GAS TO MEET GROWING DEMAND, 2020-2050



Economic Growth and Job Creation

At home, the LNG industry is bolstering the national economy. It is creating jobs for Americans in the industry itself, from extraction to distribution to export, as well as the many industries it supports, like manufacturing and construction. In fact, a strong LNG export market enhances the competitiveness of U.S.-based manufacturers.

The construction of an LNG export facility costs tens of billions of dollars in labor and materials. During peak construction periods, companies employ between 2,000 and 3,000 workers to build their facilities.¹³ Building LNG export terminals, which can take 6 to 10 years to complete, shows that we are carefully planning and investing in our country's production capacity, which helps promote long-term economic growth. This type of infrastructure development demonstrates our commitment to obtaining and maintaining a strong and robust economic future.

The studies conducted by DOE illustrate the positive ripple effects of LNG exports across the entire U.S. economy. An increase in exports has been shown to

¹³ <https://www.ferc.gov/sites/default/files/2020-05/corpuschristiFEIS.pdf>



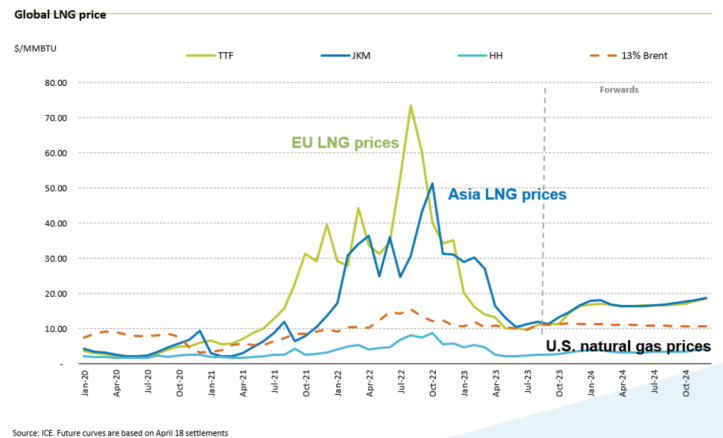
substantially enhance economic output by stabilizing domestic markets and labor income, driving billions of dollars in new investments and supporting tens of thousands more throughout the supply chain.

The construction and operation of LNG facilities is dictated by market conditions, not the cumulative export capacity from DOE applications, and offers a great number of valuable employment opportunities. These jobs are critical pieces of our local economies and provide good-paying opportunities that bolster economic resilience and fuel community development.

Additionally, natural gas can serve as a safeguard against inflation. With a healthy and consistent regulatory framework for exports that bolster global security, natural gas can consequently help moderate energy costs. A diverse energy mix is key for stabilizing prices and can serve as a strong buffer against market volatility — natural gas, to be clear, is an essential and irreplaceable part of this equation and will remain so for many decades to come.



U.S. Natural Gas Prices Exponentially Lower Than EU, Asia





Continual growth of LNG exports is essential in stabilizing the domestic natural gas market. This encourages production while also advancing environmental responsibility by promoting emissions reductions across the value chain, most notably domestic methane emissions. The environmental benefits of LNG, especially when it comes to emissions reduction, are a notable part of our domestic and foreign policy. Our economic growth is clearly aligned with environmental responsibility. Outside of natural gas, there are very few examples of commodities that serve the U.S. in this way.

Contribution to National and International Goals

The benefits of using natural gas are visible right here at home, where power sector emissions in the U.S. have dropped dramatically over the past two decades as natural gas has replaced more carbon-intense fuel as the most widely-used source of electricity and facilitated greater use of renewables.

There is a strong argument to support other countries in reducing their reliance on higher-emissions fuels and addressing climate change challenges by incorporating natural gas into their energy portfolios. The Department of Energy's Life Cycle Assessment (LCA) of Greenhouse Gas (GHG) emissions study¹⁴ shows that when U.S. LNG exports are used for electricity generation in Asian and European markets, it reduces the overall GHG emissions generated by their current fuel choices.¹⁵ This fact helps underpin our status as a necessary agent in worldwide emissions reductions. The U.S. can continue to be a sustainable energy leader while enhancing our ability to ensure energy security for our allies as long as U.S. LNG exports continue to grow.

Our allies' interest in U.S. LNG is what is propelling the industry forward. Existing U.S. LNG export facilities are consistently operating at or above capacity. This means every bit of LNG we can produce is being purchased. We cannot produce more LNG without expanding existing facilities or building new ones. In this way, and contrary to one of the stated objectives by The White House when announcing

¹⁴https://netl.doe.gov/projects/files/LIFECYCLEGREENHOUSEGASPERPECTIVEONEXPORTINGLIQUEFIEDNATURALGASFROMTHEUNITEDSTATES2019UPD_091219.pdf

¹⁵ Department of Energy, <https://www.energy.gov/fecm/articles/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>



this pause on LNG export approvals, the administration is hurting worldwide climate efforts.

LNG exports also play an essential role in the global effort to reduce emissions and phase out more-polluting fuels because they promote the growth of renewable energy. As a partner with renewables, LNG serves as an irreplaceable and valuable component in the energy road ahead. Unlike other baseload generation, natural gas's flexibility and reliability as a power source, can support renewables like wind and solar. This capability is essential if grids around the world are to maintain stability and keep the lights on during the energy transition.

This is in alignment with international climate goals and mirrors the U.S.'s commitment to seek out and secure cleaner energy alternatives. As stewards of energy policy and as advocates for environmental and economic progress, it is clear to me that the advantages of LNG exports are quite diverse — exports contribute to GDP growth, create jobs and heighten energy security. While providing reliable, environmentally responsible energy, LNG exports also serve as a catalyst for international collaboration, strengthening our alliances with key partners and promoting renewable power generation.

Section III:

U.S. LNG Exports for Energy Security

Vladimir Putin's sudden termination of natural gas flows to Europe in conjunction with the invasion of Ukraine served as a bold reminder of the connection between energy security and national and economic security. The Biden Administration worked with the European Commission to backfill lost Russian natural gas with U.S. LNG. At that time in 2022, the Biden Administration committed to "maintaining an enabling regulatory environment with procedures to review and expeditiously act upon applications to permit any additional export LNG capacities that would be needed to meet this emergency energy security objective and support the RePowerEU goals, affirming the joint resolve to terminate EU dependence on Russian fossil fuels by 2027."¹⁶ What a difference less than two years later from the Biden Administration. There is no resolution in the war in Ukraine and not

¹⁶ <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/joint-statement-between-the-united-states-and-the-european-commission-on-european-energy-security/>



nearly enough time has passed for the structural changes outlined in the joint statement between the U.S. and the European Commission. The “pause” on export applications is an about-face in policy contrary to the Biden Administration’s commitments to our European allies.

Recent global events and turmoil have pushed the subject of energy security to the forefront of international discourse. During these times, U.S. LNG exports have emerged as a reliable and stabilizing force among so much uncertainty. When Russia invaded Ukraine, U.S. LNG helped support European countries with more than 2 trillion cubic feet of natural gas in the first nine months of 2023 alone. These actions, totaling over 800 cargoes and representing a 141% increase in exports from 2021, demonstrated our commitment to global energy security while underscoring the importance of U.S. LNG in maintaining our European allies’ energy autonomy.

The Director General of the European Commission, Ditte Juul Jørgensen, has clearly stated the importance of U.S. LNG for Europe in the decades ahead. Jørgensen points to the strategic value of LNG exports in ensuring energy security for Europe and others. If we restrict our export capacities, we limit our ability to support our allies and diminish both the U.S.’s potential to provide global energy security and our influential leadership position in the international energy market.

The U.S. has committed to significantly increase its LNG exports to the European Union by an additional 50 billion cubic meters per annum by 2030.¹⁷ Pausing our export approvals would likely compromise these commitments and tragically undermine the U.S.’s diplomatic standing.

Further, our LNG exports also contribute to balancing the U.S. trade deficit while meeting the energy needs of the global market. We will continue to see substantial growth in the demand for natural gas through 2050, especially in Asia and Europe,¹⁸ and in these ways, U.S. LNG exports are indispensable. From its role in global politics and environmental stability to energy security, LNG is one of the strongest and most abundant assets the U.S. has to meet our climate goals. Temporarily pausing our LNG export applications would likely have drastic

¹⁷ <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/fact-sheet-united-states-and-european-commission-announce-task-force-to-reduce-europes-dependence-on-russian-fossil-fuels/>

¹⁸ <https://www.eia.gov/todayinenergy/detail.php?id=57000>



adverse consequences on our geopolitical influence, and it is imperative for policymakers to consider actions that only ensure the continued expansion and stability of U.S. LNG.

The message is clear: U.S. LNG exports are as much a trade commodity as they are a strategic asset in the geopolitical arena. They are a sign of our commitment to our allies and a signal that the U.S. is prepared to lead the way in all things energy security and environmental stewardship.

The Importance of Regulatory Certainty

Capital-intensive LNG export facilities rely on regulatory certainty. Pauses and shifts in regulatory frameworks can divert capital to other nations and ultimately stall our domestic innovation and growth. Without regulatory certainty, we undermine the confidence of investors and developers who rely on stable conditions to carry out projects.

A case in point is the Department of the Interior's extended "pause" on both onshore and offshore leasing sales after the President took office. In both instances, we witnessed a series of negative effects, including revenue loss, job losses, decline, investment uncertainty and legal challenges.

In light of the prominent role natural gas will continue to play in the global energy mix of the future, the absence of American regulatory certainty will no doubt motivate potential international customers to seek out more reliable sources of this commodity — likely from producers who value environmental stewardship far less than the U.S.

Section IV:

Community Engagement and Environmental Justice, Benefits to Local Communities

U.S. LNG companies have shown their steadfast commitment to community engagement. This has largely been through meticulous project planning and ongoing social risk assessments. They are continuously working to investigate and mitigate any impact LNG projects may have on local communities. By facilitating public safety workshops, hosting open houses and providing direct feedback mechanisms, they have made local communities a top priority. With these



measures, LNG companies can effectively address any issues throughout a project's lifecycle.

LNG projects also offer communities multifaceted benefits. In the past, these projects have created direct employment opportunities and fostered supply chain involvement. But that's not all, these projects also contribute to local economies and the social fabric by way of mentorship programs, internships, charitable initiatives and investments in community safety and infrastructure, boosting local tax revenues. LNG companies have also provided funding for fire training, emergency planning and investments in first responder agencies, improving the safety and well-being of the communities in which they operate.

Section V:

Summary and Final Thoughts on the Strategic Importance of Continuing to Support LNG Export Initiatives

This document has highlighted with detail the benefits of U.S. LNG exports both domestically and internationally. Pausing LNG export approvals will have negative consequences here and abroad.

The indispensable nature of U.S. LNG is underscored by some of its major impacts: it serves as a cornerstone for environmental stewardship, a catalyst for economic expansion and job creation and acts as a linchpin for enhancing global energy security. These benefits demonstrate U.S. LNG's essential role in addressing today's most pressing challenges, including climate change and the quest for reliable, sustainable energy sources. As we navigate these global discussions, the strategic importance of U.S. LNG in fostering a more secure, prosperous and environmentally sustainable world demands our attention and support.

With this pause, we risk damaging our relationships with our allies, especially when we undermine commitments to assist other nations with their energy security. Today, this is especially relevant with our commitment to Europe in the wake of Russia's invasion of Ukraine. The U.S. will create uncertainty about its reliability, undermine long-term agreements and investments and destabilize domestic and international global energy markets, resulting in the loss of jobs and endangering future energy projects. Halting U.S. export approvals also will undermine the



U.S.'s leadership in global energy markets, suggesting that the U.S. is no longer a reliable energy supplier, and neutralize our influence on international energy policies.

In addition, a pause will put our economy at risk. LNG exports are met through increased production, which also maintains supply levels that support competitive domestic prices. Restrictions on LNG exports could lead to fewer consumer choices and potentially higher domestic prices due to less production at home.

Lastly, by not producing enough natural gas and U.S. exported LNG, we are no longer doing our part to reduce global emissions. As we know, the battle against climate change waits for no one, and the benefits to global emissions reductions provided by U.S. natural gas and LNG companies.

The CHAIRMAN. Thank you very much.

We will start our questions right now. I will start with Dr. Watson.

We all know that American LNG developers need to sign long-term contracts. I have been to Europe. I have been working with people on that. In order to finance these new export facilities that Mr. Riedl so aptly gave you, the cost is quite enormous. At some points in the past, it has been difficult for American exporters to secure long-term contracts in Europe due to European companies and officials questioning whether Europe will need American LNG in the long run. And with everything that has evolved in the last three years, we know that has changed. So in some cases, this meant countries that do not share our values, like China, have subscribed to American LNG capacity instead of our allies in Europe where we would rather make sure that we have this relationship. So how did the Russian invasion of Ukraine shift your members' views about signing long-term export agreements for American LNG, and what impact does the Administration's pause have on the future of your long-term agreements or contracts that might be needed or are in the works? I would like to know that.

Dr. WATSON. Yes, thank you very much for the question, Chairman. I think that indeed what we have seen since the war in Ukraine began is an increase in interest in doing business with the United States. When we look to the numbers of long-term contracts that have been signed, indeed, a lot of those companies are now European. We would want to see more, but everything depends on having a stable relationship. Of course, there have been unfortunate situations where one company, in particular, Venture Global, has not honored its long-term contracts. That is an issue for us. We would like to see the Administration also address that. But to be more general, I think that there is a strong concern about the pause because of what I have said—in essence, we still take a lot of Russian LNG and piped gas. We would like to have the ability—

The CHAIRMAN. Do you all have long-term contracts with Russia?

Dr. WATSON. Yes, there are long-term contracts that are in place. Those, though—

The CHAIRMAN. Did the war abdicate that?

Dr. WATSON. Exactly. I was going to say—

The CHAIRMAN. Because of the war?

Dr. WATSON. Those are not being honored by the Russians. They are not being supplied. That is very clear.

The CHAIRMAN. If I may? And we will come back.

Dr. WATSON. Yes.

The CHAIRMAN. Mr. Riedl, some in your industry have argued that DOE should be completely removed from the LNG review process because there should be no limit to how much LNG we allow to be exported. If permits were not an issue, where do you assess the exports would cap out at, if any? Where do you look at that as far as when you find the ratio of what you think should be here and there and how we serve both?

Mr. RIEDL. That is a good question. I think getting to the point of what I was talking about in my opening remarks around supply, I think the point being the U.S. market has demonstrated the abil-

ity to absorb the increase that we have seen—the comment earlier that we are at 14 percent of current production value here in the U.S.—that number—production will rise to match that. The market will determine exactly just how much more volume is brought on. When we start trying to pick winners and losers and projects, I think, we are automatically losers.

The CHAIRMAN. How about the 22 that are still in the queue?

Mr. RIEDL. Yes, those 22 that are in the queue, some of those might actually end up getting built, some might not, right? I mean, the market conditions are——

The CHAIRMAN. The market would determine that, long-term contracts coming from——

Mr. RIEDL. That's right.

The CHAIRMAN. Dr. Watson, your reply?

Dr. WATSON. Yes, just to say on that, because, in fact, that's true, and I do have figures, in fact, right here where we looked at the assessment of the projects that are in the pipe, but still we see, in fact, that if you look at the amount of gas that's going to be coming from those, we are still talking around about 20 to 24 billion cubic meters a year, which is not 50 billion cubic meters.

The CHAIRMAN. And Mr. Riedl, I would say, and to my dear friend Senator King, a lot of the gas that we have been basically tapped into, the 37 trillion cubic feet and growing, has come a lot from the oil production. And the oil production is needed to try to keep the world markets from getting in flux. And the prices—we saw what happened. With that production, there is an awful lot of gas that comes off of that production. What happens to that gas if we don't? Does it stop the production of oil? Isn't the really what some of our adversaries want who don't want us to produce the gas, so if we quit producing the oil, then it would have a negative effect on us? Where does that gas go? Has it been flared in the past?

Mr. RIEDL. Yes.

The CHAIRMAN. And now we are capturing it and sending it for a commodity?

Mr. RIEDL. Yes. Yes on both fronts. If we are not able to—with the associated gas that's coming out of the major oil plays—if we are not able to capture that gas through the technology that we have developed——

The CHAIRMAN. That is a detriment to the environment.

Mr. RIEDL. Right.

The CHAIRMAN. I don't know what it was before. We are capturing it now.

Mr. RIEDL. Right.

The CHAIRMAN. So that's why we say we produce it cleaner than anywhere else in the world. And the appetite that you all have, if you had a constant supply from us, knowing that we were reliable and long-term, can you replace all of your Russian dependency?

Dr. WATSON. That would certainly be the objective, sir. I think that this is really how we would like to see it. We do see the great importance of the relationship with the United States. We are doing more long-term contracts. That is something that is growing. Of course, it's not going to be just like that, overnight.

The CHAIRMAN. Sure.

Dr. WATSON. And like you rightly pointed out, we do, indeed, still have some of Russia. We have got our fingers burnt. So it always takes a bit of time to get into new long-term contracts. That's why this pause is relatively damaging because it's about how you do business with a new partner on long-term contract fronts. So we would, of course, prefer to have had that stable regime. And I think that this is one of the things that one of my members has said—it reduces the confidence the EU industry has in the partnership that we are trying to build with the U.S.

The CHAIRMAN. Well, the case has been made here. Basically, we do not want to start exporting to China to supply their energy needs. We want to make sure we have all of our allies in the western world and all those that have our same values. That's our desire to make that happen and we have the ability to do that.

Senator BARRASSO, your questioning.

Senator BARRASSO. Thanks, Mr. Chairman.

Dr. Watson, earlier this week, Geoffrey Pyatt, a U.S. State Department official, responded to widespread alarm over the President's decision to stop approving new liquefied natural gas exports. He said, "There is no reason for concerns," from the position of the Administration. Are you concerned about the President's decision to stop permitting new LNG?

Dr. WATSON. Yes, thank you very much, Ranking Senator Barrasso. I indeed would have to say that is a concern for us and that is why, indeed, I am here today to make that testimony. We do see this as some kind of destabilization of the situation, and that is very difficult for us to understand and to take. And I think that we would like to have a better understanding of why a pause has been declared in the middle of winter, which is in Europe, the peak gas season. And also, to understand, you know, how long this will take, what is the likely outcome? Is there an outcome at one point that says that actually no more gas will be coming from the United States? From our point of view, it is very unclear.

We are in a situation where we are very close to the front line of the war. We have four million Ukrainian refugees housed in Europe at the moment. We are indeed suffering, certainly on the economic front. Demand destruction has been mentioned by your colleague, the Honorable Chairman. These are all realities that we are facing. And we see the United States as a good opportunity for us to work together to get us through those difficult times.

Senator BARRASSO. Do you believe that most officials in Europe oppose what the President has done here in terms of the decision to stop approvals of LNG exports?

Dr. WATSON. I can only tell you this—there is no European government that has welcomed this decision. The European Commission, despite what Mr. Turk said, did not welcome this decision. The European Parliament does not welcome this decision, nor has the European Council. The United Kingdom has not welcomed this decision. No country in Europe has welcomed this decision. Maybe some have made noises, which I think are necessary, and Mr. Turk alluded to it to say we shouldn't see this as a crisis. That is correct. We don't want to create some kind of new panic in our markets to send our prices haywire. In reality, we have to be a bit stoic.

Senator BARRASSO. Stoic. You don't hear that word around here in the United States Senate very often.

Mr. Riedl, the Biden Administration claims its decision to stop permitting new LNG exports is going to have minimal and only short-term impacts. Would you explain how this decision is actually going to hurt companies' ability to obtain financing for new and existing facilities?

Mr. RIEDL. Sure. Well, I think you just heard Dr. Watson very clearly elaborate the concern from the other side. But I think if we talk about the project investment here—I mentioned, you know, the \$20 billion of projects, right? No one is going to finance a \$20 billion project without firm commitments on the long-term contracts that we have been discussing this morning. A project relies on a non free trade authorization as part of the idea that they have all of the necessary permits from the United States to begin export. No bank is going to lend a \$20 billion loan to a project developer on the idea that they might end up getting their permit at some point down the road. So when we talk about the pause and what that could potentially bring about, it is a slowing of the ability to actually meet the needs from our buyers around the world. And what would ultimately happen is, is those projects that were going to make \$20 to \$25 billion investments just simply won't be built and we won't be able to satisfy international demand from the market.

Senator BARRASSO. So talking about the timeline and all—the impact there—so even before the President's recent announcement, what we have seen from the Department of Energy has been a slow-walking of the approvals of LNG exports under this President. The average time to process these applications jumped from about two months to over a year. Would you discuss how Biden's recent decision has made actually a bad situation worse?

Mr. RIEDL. Look, I think the idea that we are dealing with the unpredictability of a project waiting for a permit, to now an indefinite pause, we didn't hear a timeline from the Deputy Secretary today on how quickly they could complete the study. I think our question is similar to the one that my panelist shares, which is, why pause? We have looked at these studies numerous times. We have done these studies multiple times in the past. This will be the fourth time that we have looked at the macroeconomic impacts and the third time that we have looked at the life-cycle analysis. In every previous instance, when we have completed these studies, we have continued to keep working on processing permits.

Senator BARRASSO. And in terms of long-term contracts and the necessity for certainty, you are just not going to have it.

Dr. Watson, a substantial amount of LNG imported to Europe travels through shipping lanes in the Middle East. Recent events have demonstrated that Iran and its proxies are threatening these supplies. Would Europe benefit from a greater supply of U.S. LNG that doesn't have to travel through and around active conflict zones?

Dr. WATSON. Well, obviously, yes, I think if you are traveling across the Atlantic it's a very safe part of the world. So going from the United States to the European Union and the UK, we wouldn't see any particular dangers with that.

On the other hand, if we are looking at what is going on in the Gulf and the Red Sea area, of course, there is a lot of danger to shipping. Though I have to say, I am not aware of any Qatari-based ships that are being attacked. It makes some sort of supposition as to why that is, but I don't think that I should really, probably, go into that in too much detail. It's speculating.

Senator BARRASSO. All right, thanks.

Dr. WATSON. But they haven't been attacked as far as I am aware.

Senator BARRASSO. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, sir.

Senator KING.

Senator KING. Well, first, my friend the Vice Chair has migrated from pause to stop. Nobody is talking about stopping. We are talking about taking a period of time in order to do the necessary research to have the information. So I think it's important that the language match the reality.

Dr. Watson, welcome. I don't know if you are aware but Americans attribute roughly 20 points of IQ to anyone with a British accent.

[Laughter.]

Senator KING. So we are delighted to have you raising the level here today. I appreciate that.

Mr. Riedl, you testified that where we are now is in the public interest, 14 percent of production. My question is, as it is already committed to 28 percent and then to 42 percent—that's already in the pipeline for construction. That's not affected by this pause. Do you have the same level of confidence? It's hard for me to believe that if you have a finite resource and you essentially divert half of it, that that isn't going to affect the price of what is left. And you have testified that there was an increase, but these estimates of 42 percent going to 54 percent are based also upon projections of increasing the level of production. Can you assure the American consumers that they won't face an Australia situation where the price has gone up five times?

Mr. RIEDL. Sure. So let me note that that is an important question that we discussed this morning. So I think the idea, right, is the assumption that we are going to remain flat in our production is just inaccurate, right? So I think that the idea—

Senator KING. But I don't think these projections assume that. I think they do assume growth.

Mr. RIEDL. In production, correct.

Senator KING. In production.

Mr. RIEDL. They assume—

Senator KING. Fifty-four percent of assumed growth of production.

Mr. RIEDL. Correct, when you look at the resource base of natural gas here in the U.S., the EIA, when they model these forecasts looking forward, they do take into account in looking at the increase in production caused by the increase in demand for natural gas. Whether that's demand from the industrial sector, electric sector, or LNG export sector. When you look at those demand signals from the market, production then rises to meet that. EIA, when

they are forecasting out to 2050, are not assuming that we are only going to continue producing just 100 Bcf a day of gas. They are assuming that we are going to continue to increase the production on that gas.

Senator KING. And I agree with that, but what I am saying is, using that increased production base, the projection is that the projects that are already approved or in construction will go to about 45 percent of the increased production. Can you assure me that that's not going to affect the gas prices for manufacturers and businesses and consumers in the U.S.? That's what I am worried about.

Mr. RIEDL. Sure, I understand. So I think that the confusion there maybe is the idea that it's actually going to be 45 percent. That's not what they are suggesting.

Senator KING. Well, that's what's in the pipeline.

Mr. RIEDL. That's what's in the pipeline.

Senator KING. That's the capacity that is either in construction or authorized by the Energy Department.

Mr. RIEDL. Correct, but that 45 percent number that you are suggesting assumes that we are remaining flat—

Senator KING. No, it isn't. That's what you just said. The assumptions assume a growth of production. And these numbers, 42 percent is of a growing production base. It's not assuming—I don't believe it assumes a flat production.

Mr. RIEDL. I apologize if I miscommunicated that. That's not assuming that we are going—that 42 percent number would be if we remained flat at production, is what I am suggesting.

Senator KING. Okay, we will have to check this. I disagree with you.

Mr. RIEDL. We can gladly follow up with that information.

Senator KING. I would be happy to.

The other piece is, last year the Australians had to put a cap on domestic natural gas prices. Nobody wants to go there, but when their prices have increased five times—five times—and all accounts are based upon the enormous explosion of—and that's the wrong term to use in this context—the growth of natural gas exports. Again—

Mr. RIEDL. Sure.

Senator KING [continuing]. I just want to ask these questions and get the answers, and it seems to me this pause is an opportunity to do those kinds of studies. And it's not the end of the world, because it doesn't affect any projects that are already in the pipeline for the next four or five years. We are talking about projects eight or nine years—ten years from now.

Mr. RIEDL. So two points there. One, it does impacts projects that are currently in the queue. There are two projects that are immediately impacted by this pause.

Senator KING. How?

Mr. RIEDL. Because they are waiting for their permit and they are going to need an extension.

Senator KING. Oh, they are in the—well, but the testimony of the prior witness was that the pause would not affect an extension of an existing permit.

Mr. RIEDL. Understood. I am happy to follow up and explain further. I know that we are close on time here.

So the other piece in getting to the Australia side of this, gas this morning in the United States is trading at a \$1.98. So when we start talking about putting caps on sort of where we are at relative, and to the studies that—

Senator KING. And that's about where it was in Australia in 2005.

Mr. RIEDL. Right.

Senator KING. Before they started their export boom. There is another term I should not have used. And now, the prices have gone up by five times. I am not contesting that. Right now, it's all working.

Mr. RIEDL. Right.

Senator KING. I am saying it's okay at 14 percent. How will it be at 28 percent, which is what is under construction, and how will it be at 42 or 50 percent? That's all the question here.

Mr. RIEDL. Understood. And like I said, we are happy to follow up to explain why that 28 percent number that you are suggesting does not actually account for the production that we are talking about from a gas perspective.

Senator KING. I appreciate that.

Mr. RIEDL. Sure.

Senator KING. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Murkowski.

Senator MURKOWSKI. Mr. Chairman, I am going to defer to Senator Daines, who has another commitment, and I am enjoying this hearing so much I don't want to leave.

The CHAIRMAN. Senator Daines.

Senator DAINES. Senator Murkowski, thank you for that, and Chairman Manchin and Ranking Member Barrasso, thank you as well.

Look, I didn't think I would live to see the day where we would have an Administration work to pause and go backwards as it relates to liquid natural gas. The Biden Administration's recent pause on LNG exports approvals is an affront to the American people. It's going to lead to fewer jobs, less security, and bolsters our adversaries. Unfortunately, this action, I think, only demonstrates how far out of touch this Administration is from reality. Once again, the Biden Administration is bending to the wills of an extreme green agenda and turning its back on hardworking Americans. Less than a year ago, the Department of Energy rightfully denied extreme climate groups' petition to change the Department's process for approving LNG export terminals. Yet, out of the blue, President Biden just announced that he's pausing all applications and now reviewing the process. What changed between last year and now? Nothing. The only thing that has changed is that this Administration has caved to the woke green agenda to appease activists at the expense of working families.

Simply look at the White House website. Go look at it. They are promoting quotes like "hashtag stop LNG" and "this is the most significant action taken by the President to curb fossil fuel expansion." It is beyond a doubt that U.S. exports of LNG are good for

the economy, good for jobs, good for national security, and good for our allies. This pause will do nothing but hurt Americans. It will help Russia. It will help Iran. It will help other adversaries.

Deputy Secretary, Mr. Riedl, and Dr. Watson, I have questions for you. The federal law is very clear: “The government shall issue an approval for LNG exports,” and I am quoting, “unless it finds that the proposed exportation will not be consistent with the public interest.” That’s what it says. It is very clear they are growing jobs, bolstering the economy, reducing emissions. I will say that again—reducing emissions and helping our allies are all in the public interest. So I have a couple of simple questions to drill down on this fact. A recent analysis showed that continued expansion of LNG exports to our European allies will lead to an increase of over 400,000 jobs through 2030. Do you agree that there will be more jobs for American families and that it is in the public interest?

Mr. RIEDL. Simply, yes.

Senator DAINES. Dr. Watson.

Dr. WATSON. I would say that is probably correct. From our point of view, of course, it’s an American question. So I would leave it to Charlie to answer.

[Laughter.]

Mr. RIEDL. He sounds better when answering it.

Senator DAINES. He does. Well, it’s 20 points IQ improvement when you answer, you know that, according to Senator King.

The second question, regarding the economy: increased development of natural gas in the United States provides revenue for local, state, and federal governments and improved energy security. Do you agree that increased revenue for local communities to support education, support infrastructure, and community services is in the public interest?

Mr. Riedl.

Mr. RIEDL. Yes.

Senator DAINES. Dr. Watson.

Dr. WATSON. Again, it’s for Charlie, but I would say yes.

Senator DAINES. All right.

Next, regarding supporting allies. Export of U.S. LNG to Europe has led to the reduction of European imports from Russia. If the United States does not continue to meet the global demand, then our allies will be forced to turn to Russia. Here’s the question: Do you agree that supporting our allies—Dr. Watson, this is one that you’ll be able to answer here—do you agree that supporting our allies and reducing Russia’s influence is in the public interest?

Mr. RIEDL. Without question.

Dr. WATSON. Yes, definitely.

Senator DAINES. Numerous studies have shown that the increase of LNG exports has contributed to the reduction of global emissions. Do you agree that reducing emissions is in the public interest?

Mr. RIEDL. Absolutely.

Senator DAINES. Dr. Watson.

Dr. WATSON. Yes.

Senator DAINES. Well, thanks for giving clarity here to something the Biden Administration seems to lack clarity on. It’s very clear to see that continuing to grow LNG exports will bolster jobs, sup-

port our allies, and contribute to energy security. I urge the Department of Energy to reverse course immediately and return to reason.

Thank you.

The CHAIRMAN. Thank you, Senator.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman, and gentlemen, thank you for being here before the Committee. Thank you for making the trip across and for the representation that you have.

I want to start with you, Dr. Watson, if I may. The Administration's press release for this LNG pause states that this policy, "will not impact our ability to continue supplying LNG to our allies in the near term and that unprovoked acts of aggression cannot threaten the EU's supply." Do you agree with the Administration's assessment, what they have stated in their own press release? Would you report that EU's supply and storage capacities are sufficient and that the Administration's policy poses no risk to create energy vulnerability within the EU?

Dr. WATSON. I think the important caveat was in the short term, and I think that we would probably agree with that, but it's not just about the short term. The International Energy Agency was quoted a lot this morning, and they are forecasting a supply gap within two to three years. This means that Europe will face a future problem if there is not the capacity there to supply our needs, or, as you colleague, Senator, previously said, we will simply have to continue beyond that 2027 deadline taking Russian gas. There isn't really much choice for us.

Senator MURKOWSKI. Well, I appreciate that you have accentuated that because this is part of the challenge that we are dealing with here, and you heard from Under Secretary Turk that we don't know how long this pause will continue. You have used some key phrases in your comments that Mr. Turk was here—was put in front of us to explain the unexplainable. But you also spoke to the risk that the Biden Administration has taken with this pause. It impacts the way investors are looking at the future. It impacts diplomatic relationships. It impacts the—just our credibility, really. Our credibility in on the line here. Will the United States honor its commitments? Right now, we are trying to figure out how we are going to honor our commitment to Ukraine, to Israel, to Taiwan, and we are—I will just say it here—we are in a little bit of a mess right now in sending a clear and concise message that the United States is going to be there for our friends and our allies, whether it's at times of security crisis—national security crisis—or when resources are important to not only that trade relationship, but also to that diplomatic relationship and to the stability.

You said that we don't need unnecessary surprises. Was this an unnecessary surprise?

Dr. WATSON. Indeed, Senator, and this is what I described it as, and I think when we were first alerted to the situation, as this was being developed—the position, I mean, of the Administration—we did write to the White House and to DOE because we wanted to express our alarm at the situation because it isn't clear to us, at least, what will happen in this review during this pause because it doesn't seem there is a particular agreed outcome. Does it mean

that there will be LNG available for us after it, or not? I don't think that Mr. Turk could answer that question either because he has to say—he has to look at all the data and look at the many different things, which, I think, of course, is concerning. And I think I would use the word that was used, indeed, by one of my members here, and he said it would erode confidence in doing business with the United States. And I think that is quite—we should all be concerned, not just us.

Senator MURKOWSKI. We are very concerned.

Let me turn to you, Mr. Riedl. We don't know how long this pause is going to continue. We know that this has created certain uncertainty, but if this pause turns out to be more than just a short pause, I tried to pin Under Secretary Turk down to see if he would commit to the comments made by Mr. Crabtree, that it was just going to be several months. He couldn't commit to that. So I don't think we have learned anything more from this hearing into the duration. But if it turns out to be more of a long pause, and then a moratorium, how do you think that this affects the energy security of some of our allies in the medium and the long term here? Because we are trying to signal that we are going to be there, but a pause doesn't give you that. And the longer a pause draws out, the more decisions are going to have to be made into the future because our future here is not certain.

Can you share with me what concerns you have about a lengthy pause and potentially the moratorium? I mean, the moratorium is pretty tough. But are we already starting to see impacts from this announced policy just in the few weeks that it has been out there?

Mr. RIEDL. So the short answer is yes, we have already seen impacts. The additional sort of points that I would like to make to that—one is, when we start to think about what this message sends, you have heard sort of from my colleague here, what he is suggesting on the impact on the European market, but it's not just the European market that we are talking about. There is the Asian market where we already are honoring long-term contract commitments that have signed up for additional long-term contract commitments that they are calling into question already. Why? Why this pause? So, similar to the Europeans, the Asian market buyers are asking the exact same questions. The unknown of how long this pause takes while they conduct this study is enormously problematic in trying to answer, not only to the market, but to the investors who are lined up to make large-sum investments in these projects.

So it not only hurts there, but then I want to sort of touch on the geopolitical ramifications as well, right? When we start talking about the idea that others who were thinking about long-term contracts, buying from the United States from LNG producers, turning to Russia, Iran, Qatar. Those countries are not aligned with the same sort of thought process that we share from a value standpoint, and it plays right into sort of the hands of funding the geopolitical unrest that is already happening around the world, to the point that you are making—the mess that we are in is a real one. And so, if we start taking U.S. energy off of the water and LNG off of the water and looking at a longer-term pause, this is to the

detriment not only from a security standpoint, but also from our allies and looking for that energy from the United States.

Senator MURKOWSKI. Thank you, both.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Cassidy.

Turn your speaker on, sir.

Senator CASSIDY. —Mr. Riedl, this is like a war on the American worker. It's really amazing. This policy is a war on the American worker. I think the fourth largest project in the world right now is in South Louisiana building an LNG export plant, and the number of jobs—good-paying jobs for people who otherwise would not have that economic opportunity is incredible. So can you comment a little bit, and keep your answer tight, please, on the economic impact if we create uncertainty—no, if the Administration, kowtowing to their climate lobby for electoral politics, creates the uncertainty associated with this, the impact that will have on working Americans' jobs, not just in Louisiana, but across the country?

Mr. RIEDL. Sure. So the average construction price of a facility is \$15 to \$20 billion—

Senator CASSIDY. That's billion, with a B?

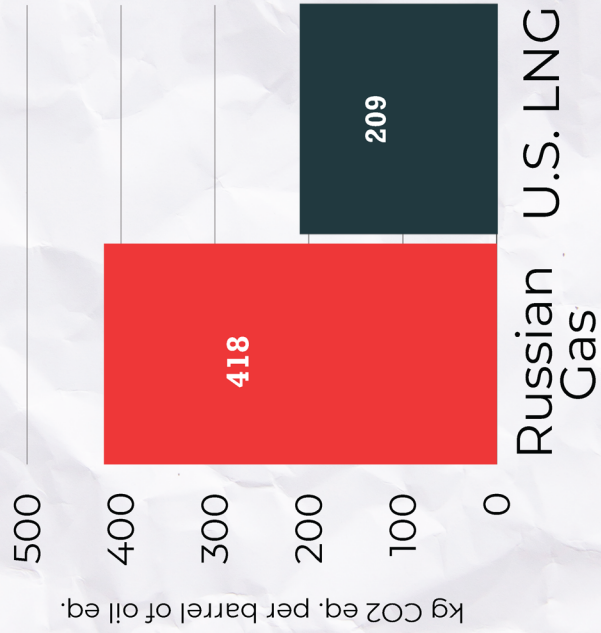
Mr. RIEDL. Correct, 6,000 to 8,000 employees at a job site for upwards of ten years building these facilities. So those facilities that don't get built, that is 6,000 to 8,000 jobs that would ultimately not come to fruition. Not only that, when you look at taking that LNG off the market, those production numbers in upstream markets like Arkansas, Ohio, Pennsylvania, and other places—production drops as a result of the demand signal from the market going down when LNG facilities don't get built.

Senator CASSIDY. So there are the construction jobs, but there also are the permanent jobs. This is a war on those workers.

Now, let me ask, because this supposedly is being done kind of because of climate policy. But I just want to put something up there real quickly.

[Displayed chart follows:]

Greenhouse Gas Intensity: Russian Gas vs. U.S. LNG to Germany



Source: RMI

Senator CASSIDY. The greenhouse gas emissions life cycle associated with U.S. LNG and with Russian gas. Clearly, we are much cleaner. Now, Dr. Watson, they said you are more intelligent because you have a British accent, but I will note that you are named after an American biologist, so that said. But is market demand going to go away because the climate lobby decides that the Administration should create uncertainty in the LNG export, but differently, will England and Germany still need natural gas?

Dr. WATSON. Well, I think it's very clear, at least for the short-to mid-term, we are going to be using lots of natural gas.

Senator CASSIDY. And so, if the United States does not provide it, the Qataris, the Iranians, and the Russians will probably provide it.

Dr. WATSON. We have to get it from somewhere.

Senator CASSIDY. You have to get it from somewhere. And so, they will use their environmental standards to supply Germany, and instead of having fewer emissions, we will have more emissions because of this policy.

Dr. WATSON. I am very familiar with the study you are referring to by the Rocky Mountain Institute and that is exactly what we also believe at Eurogas.

Senator CASSIDY. So this electoral politics is actually a war on the climate.

Let me ask, Mr. Riedl, if magically China replaced one-third of the coal they are burning with U.S. natural gas, can you kind of give us a sense of the impact that would have upon global emissions?

Mr. RIEDL. I think when we talk about U.S., the combustion of natural gas relative to coal, it's a reduction of anywhere from 50 to 60 percent, when you think about that sort of number.

Senator CASSIDY. So it would dramatically decrease Chinese emissions. By the way, I looked it up once. When China burns coal, the SO_x and NO_x blow over the Pacific Ocean and they land on our West Coast. And I think a third of the sulfur in the atmosphere in California actually originates in China. I hate to say it—this is kind of a war on air quality in California. Not giving the Chinese the ability to convert from coal to natural gas is going to make somebody have an asthma attack somewhere in the Bay area. This is a war on the health of our West Coast. Pretty amazing.

So let me just finish up with this: I don't get a sense that there is a clear rationale if the rationale is that we are going to decrease emissions by doing this. It doesn't seem like either of you think that's the case. It clearly is going to negatively impact workers in the United States. It is clearly going to negatively impact our allies. And by the way, Dr. Watson, you point out that it creates an uncertainty regarding future dealings with the United States.

I don't know if the Administration could have made more wrong decisions in one policy if they had actively sought to do so, unless they were actively seeking to do so.

Thank you. I yield.

The CHAIRMAN. You want to go on? You can. Do you have another question? Since you missed the first one. You are on a roll there, brother.

Senator CASSIDY. I am on a roll.

The CHAIRMAN. Let me just say to both of you, thank you for your expertise and coming here. There is an awful lot going on this morning. You just see members coming and going all along, but I can tell you, your comments and giving us a view of what's going on in the market is very, very helpful. We want to make sure that the American market is protected, but that our allies are protected also. We want to make sure that we are displacing, basically, the Russians or whether it's the Iranians or whether it's the Qataris from dominating these markets because the resources they receive from that, the money, is used for absolutely horrible things for our world and that's what we are trying to look at.

So the only thing, and I have said this very clearly, the Administration was so wrong in basically stating a pause by executive order. They could have said we are going to have hearings and listen to the concerns we have about maybe going into a pause, if needed. That's where they basically jumped before they looked where they were jumping. And we are trying to get them to retract that. And I think your help in showing how you can totally wean yourself off of Russian gas, which it is our intention to stop the flow of revenue going to them to be used against our allies in Ukraine and all over Europe. And hopefully, we can take this message back and maybe change for the better, if you will. We will put a real pause to the pause is what I think we should do.

So with that being said, all comments will be taken into consideration and this meeting will be adjourned.

Thank you.

[Whereupon, at 11:48 a.m., the hearing was adjourned.]

APPENDIX MATERIAL SUBMITTED

U.S. Senate Committee on Energy and Natural Resources
February 8, 2024 Hearing: *The Administration's Pause on Liquefied Natural Gas (LNG)*
Export Approvals and the Department of Energy's Process for Assessing LNG Export Applications
Questions for the Record Submitted to the Honorable David M. Turk

QUESTIONS FROM RANKING MEMBER JOHN BARRASSO

The responses to the QFRs were written with the information available to DOE at the time of the hearing “Oversight of the Biden Administration’s Pause on Liquefied Natural Gas Exports”, which occurred prior to the preliminary injunction issued on July 1, 2024 by the U.S. District Court for the Western District of Louisiana in [Louisiana v. Biden](#).

On July 1, 2024, in [Louisiana v. Biden](#), the U.S. District Court for the Western District of Louisiana granted a Motion for Preliminary Injunction and enjoined DOE and other defendants “from halting and/or pausing the approval process for pending and future applications for LNG exports of liquified natural gas to non-FTA countries, effective immediately, to remain in effect pending the final resolution of this case, or until further orders from this Court, the United States Court of Appeal, or the Supreme Court of the United States.” DOE is complying with the Court’s order and is reviewing pending non-FTA applications.

Separately, DOE is continuing to update its economic and environmental analyses that will inform its public interest decisions on non-FTA applications under section 3(a) of the Natural Gas Act. Once the analyses are completed, DOE will publish a notice of availability of the new analyses in the *Federal Register* for public comment.

Q1. To support your contention that future worldwide natural gas demand is shrinking, you use as your authority cite three forecast scenarios from the International Energy Agency’s (IEA) World Energy Outlook 2023 (WEO2023), one of which is the Announced Pledges Scenario (APS). WEO2023 APS “assume[s] that all governments will meet, in full and on time, all of the climate-related commitments that they have announced . . .” It goes on to say that, “Since most governments are still very far from having policies announced or in place to deliver in full on their commitments and pledges, this scenario could be regarded as giving them the benefit of the doubt, and very considerable progress would have to be made for it to be achieved. [italics added]”

Do you agree with IEA that most governments are very far from delivering on their pledges? If not, please explain why you think countries will deliver on their pledges.

A1. The administration is doing all it can to set the U.S. on a trajectory toward meeting its pledges. The tools that have become available thanks to the Inflation Reduction Act and the Bipartisan Infrastructure Law are invaluable in this task.

Q2. Many countries have made their pledges conditional on government-to-government financial assistance from developed countries, including the United States. The International Monetary Fund estimates that developing and emerging economies could need \$2 trillion annually by 2030 to achieve net zero emissions by 2050. Do you think it is realistic to assume that developing countries, where virtually all of the emissions growth is occurring, will meet their pledges?

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- A2. There is no doubt that achieving net zero emissions by mid-century to help avoid the worst impacts of the climate crisis will require a significant undertaking. It is also true that developing countries will face a variety of challenges in being successful to achieve these goals.
- Q3. Forecasts of natural gas demand outside the United States from serious modelers like the Energy Information Administration (EIA), Institute of Energy Economics of Japan, BP, ExxonMobil, the Organization of Petroleum Exporting Countries, and IEA Stated Policies all show increases for decades to come. Do you agree that the consensus is that global natural gas demand outside the United States will increase and that IEA's APS is an outlier?
- A3. Projection scenarios for worldwide global natural gas consumption vary considerably, reflecting different assumptions about the trajectory of policy, energy efficiency, and human behavior, amongst other variables. DOE is currently assessing a variety of scenarios by multiple credible modeling organizations, including those articulated in the question, to better understand their assumptions.
- Q4. The forecast range of natural gas demand outside the United States in 2050 from the highest forecast (EIA's International Energy Outlook 2023 High Economic Growth case) and the lowest forecast (IEA's APS) is roughly 3,600 bcm—a range that exceeds current global natural gas demand. With such a wide range of forecasts, only one of which (IEA's APS) shows decreasing natural gas demand, why does the administration believe that world natural gas demand will decline?
- A4. Projection scenarios for worldwide global natural gas consumption vary considerably, reflecting different assumptions about the trajectory of policy, energy efficiency, and human behavior, amongst other variables. DOE is currently assessing a variety of scenarios by multiple credible modeling organizations, including those articulated in the question, to better understand their assumptions and how those assumptions shape the wide range of projected natural gas consumption levels in 2050.

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- Q5. How did you determine that IEA's APS is the most likely future scenario?
- A5. DOE has not asserted nor determined that any scenario of the IEA's World Energy Outlook is more likely than any other scenario by the IEA or any other credible modeling organization.
- Q6. During your testimony, you dismissed EIA's IEO 2023 forecast of a large increase in natural gas demand outside the United States from 2022 to 2050 as a "reference case." Given that IEA has admitted the difficulty governments will have delivering on their Paris Agreement pledges, what justification can you provide for dismissing EIA's forecasts, which show natural gas demand in Western Europe increasing 12 percent and Eastern Europe/Eurasia demand increasing 55 percent from 2022 to 2050?
- A6. One of the reasons DOE is updating its analysis is precisely because there is substantial variation in different forecasts for natural gas and LNG demand in the future. We want to understand the drivers of these different outcomes and make informed decisions about the impacts of additional export approvals both on the U.S. economy and for our allies and partners.
- Q7. Who is in a better position to assess the future market for American LNG, modelers and bureaucrats or project developers risking billions of dollars?
- A7. DOE's responsibility under the Natural Gas Act is to determine the broader public interest in relation to proposed LNG exports to non-Free Trade Agreement countries. Market analysis, including the use of sophisticated modeling by highly experienced professionals, is a valuable tool DOE can use to inform its decisions. Project developers have a view of the potential market for their product, and they play an important role as entrepreneurs who can create value for investors and the economy. Project developers' primary focus is on realizing the potential of their own projects for those risking capital on them. DOE's job is to do due diligence on the part of the broader public.
- Q8. In your testimony, you noted that U.S. LNG export capacity has grown from 4 billion cubic feet per day (Bcf/d) to 14 Bcf/d since 2018, with an additional 12 Bcf/d that is authorized and currently under construction. You also repeatedly stated that a total of 48 Bcf/d has been authorized.

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However, much of the remaining export capacity that has already been authorized but is not yet currently under construction will require an extension of its approval within in the next 3 to 5 years. Last year, the Department modified its policy on extensions, reaffirming the seven-year deadline for authorized projects to commence exports and establishing new conditions on extension approvals. Projects unable to meet these conditions will expire and be required to submit a new non-FTA application. DOE's website states that "Authorization holders unable to make this demonstration may submit a new non-FTA application, which will be considered without prejudice."

What is the total volume of export authorizations that are set to expire by 2032?

- A8. DOE maintains a website showing the export commencement deadline associated with all current long-term non-FTA authorizations:

<https://www.energy.gov/fecm/articles/policy-statement-export-commencement-deadlines-natural-gas-export-authorizations>

Most long-term authorizations have a seven-year commencement deadline and will expire before 2032, but the Alaska LNG export authorization, which has a 12-year commencement deadline due to the unique aspects of that proposed project, has a commencement deadline of August 2032.

- Q9. Given this amount of capacity that will likely expire in the next few years, combined with the fact that DOE is now refusing to review pending and future non-FTA applications, do you agree that the total volume of authorized exports can be expected to decrease significantly in the near future?
- A9. Several current authorization holders have indicated to DOE that they plan to seek a commencement date extension under the April 2023 policy statement, and one request has been filed so far on March 1, 2024, that is still under DOE review. Depending on how many authorization holders seek and receive extensions, the total volume of existing authorizations could decrease. A determination about future authorizations for pending applicants will be made after the updates to the analyses are complete.

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- Q10. Does the Department stand by the statement on its website that re-submitted non-FTA applications for authorized projects that expire under the new extension policy “will be considered without prejudice” and not impacted by last month’s announcement?
- A10. Current non-FTA authorization holders who wish to seek an extension of their export commencement deadline may submit an application pursuant to the April 2023 policy statement on commencement extensions, and those applications will be reviewed during this time.
- Q11. Does the “pause” on LNG permitting extend beyond DOE to include the Federal Energy Regulatory Commission, Maritime Administration, and the U. S. Army Corps of Engineers, and has the Department consulted with those agencies as part of this “review” of LNG approvals?
- A11. The need to defer final public interest determinations on non-FTA applications during the pendency of the update is a consideration made solely by DOE and involves only DOE’s regulatory responsibilities.

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Q1. Our energy policy shouldn’t be established project by project. We need a business plan for climate that clearly lays out the role of different energy sources.

Please elaborate on the Department of Energy’s perspective on the role of natural gas in our long-term energy strategy, both domestically and internationally?

A1. DOE is pursuing a natural gas strategy that safeguards energy security for the nation and our allies, provides affordable energy to American consumers, bolsters our economic competitiveness, and supports both decarbonization and mitigation of methane emissions across the natural gas value chain. DOE’s Office of Fossil Energy and Carbon Management is using its research portfolio and relevant authorities to help build a sustainable path for natural gas.

Q2. Some advocates have raised concerns about “stranded assets,” referring to fossil fuel infrastructure designed for 20-30 years, potentially committing us to emissions for an extended period. Yet, I see a scenario where we decrease natural gas demand, leaving stranded assets as financial burdens for private enterprises.

Do you see infrastructure “lock-in” as a legitimate concern or is this a risk primarily born by private developers choosing to make such investments?

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- A2. The question reinforces the importance of reviewing a wide variety of scenarios—all with differing assumptions—in order to best guide decision making. This is exactly what will be undertaken with this analysis update.

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Questions for the Record Submitted to the Honorable David M. Turk

QUESTIONS FROM SENATOR JAMES E. RISCH

The responses to the QFRs were written with the information available to DOE at the time of the hearing “Oversight of the Biden Administration’s Pause on Liquefied Natural Gas Exports”, which occurred prior to the preliminary injunction issued on July 1, 2024 by the U.S. District Court for the Western District of Louisiana in [Louisiana v. Biden](#).

On July 1, 2024, in [Louisiana v. Biden](#), the U.S. District Court for the Western District of Louisiana granted a Motion for Preliminary Injunction and enjoined DOE and other defendants “from halting and/or pausing the approval process for pending and future applications for LNG exports of liquified natural gas to non-FTA countries, effective immediately, to remain in effect pending the final resolution of this case, or until further orders from this Court, the United States Court of Appeal, or the Supreme Court of the United States.” DOE is complying with the Court’s order and is reviewing pending non-FTA applications.

Separately, DOE is continuing to update its economic and environmental analyses that will inform its public interest decisions on non-FTA applications under section 3(a) of the Natural Gas Act. Once the analyses are completed, DOE will publish a notice of availability of the new analyses in the *Federal Register* for public comment.

- Q1. For decades, U.S. Administrations of both parties have warned our allies, particularly our European allies, not to buy Russian gas because of the way the Kremlin uses energy as a weapon. U.S. LNG is the most credible replacement for Russian gas and was essential to enabling Europe to stay warm following Russia’s invasion of Ukraine in February 2022 and the subsequent cutoff of most Russian gas deliveries to Europe. The top EU energy official (Ditte Juul Jorgensen) even said this fall that Europe would depend on U.S. LNG to meet EU energy needs “for decades to come.”

Yet, with this move to ban U.S. LNG exports, we are forcing our allies directly into the arms of Russian natural gas.

- A1. DOE has not taken any actions to ban U.S. LNG exports; the U.S. is the largest LNG exporter in the world, and U.S. LNG exports are expected to double by the end of this decade based on previously authorized exports that have associated projects that have made a final investment decision and are under active construction. The analytic update DOE is performing to consider pending applications for additional non-FTA exports does not affect the doubling of U.S. LNG exports that is already underway, and even more that may come online pursuant to existing approvals.

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- a. Which allies did you consult with before issuing this decision? Can you name any foreign governments who support your plan?
- A1a. The announcement of the analytic update was made with the knowledge that it would not impact near or medium term supplies due to the vast amount of current exports and the near-doubling of additional export capacity coming online between now and 2030—none of which would be impacted. DOE continues to engage in extensive outreach to our foreign partners to make sure they understand the parameters of the announcement of the analytic update for reviews of pending non-FTA applications, and that near to medium term supplies are unaffected.
- b. Was the State Department involved in the development of this regulation? How did DOE incorporate foreign policy considerations into the development of this regulation?
- A1b. The State Department does not have a role in LNG export reviews, but DOE and the State Department more generally confer frequently on the intersection of energy policy and foreign policy. Since the announcement, DOE and the State Department have jointly conducted briefings with embassy staff. The announcement of the analytic update to consider pending applications for additional exports to non-free trade agreement countries is not a regulation and does not affect near- to medium-term exports of U.S. LNG which are set double by the end of this decade.
- c. Given the lack of coordination and there being no immediate and viable replacement for LNG for our allies, what is DOE's plan to ensure this action will not force them to buy Russian LNG?
- A1c. The U.S. is already the largest global supplier of LNG, and additional export capacity under construction subject to final investment decisions—again, unaffected by the analytic update being performed to consider additional applications—has the U.S. on track to exceed the export capacity of any other country by more than 40%, even once all announced global liquefaction additions are complete.

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QUESTIONS FROM SENATOR STEVE DAINES

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Separately, DOE is continuing to update its economic and environmental analyses that will inform its public interest decisions on non-FTA applications under section 3(a) of the Natural Gas Act. Once the analyses are completed, DOE will publish a notice of availability of the new analyses in the *Federal Register* for public comment.

Q1. Deputy Secretary Turk, a recent analysis showed that continued expansion of LNG exports to our European allies will lead to an increase of over 400,000 jobs through 2030. During questioning both Dr. Watson and Mr. Riedl agreed that creating jobs for American families is in the public interest. Do you also agree that creating jobs for American families is in the public interest?

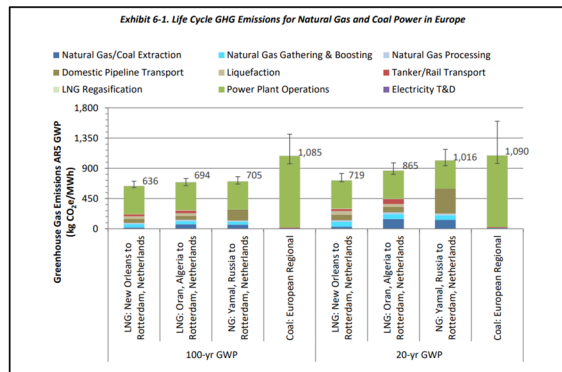
A1. Yes. Economic impacts, including job impacts, will be an important part of the analyses update that DOE is undertaking. On energy jobs overall, as described in DOE’s United States Energy & Employment Report 2023 (USEER), U.S. energy sector jobs grew by 3.8% from 2021 to 2022, and clean energy jobs grew even faster at 3.9%, both outpacing overall U.S. employment growth (3.1%) in the same period. Growth occurred in many sectors, with significant growth in offshore wind, grid modernization, coal fuel, natural gas fuel, petroleum, and alternative vehicles. In pursuing sustainably long-term approaches, we believe we are evaluating energy investments that support economic and employment stability and security. The USEER can be found at:
<https://www.energy.gov/policy/us-energy-employment-jobs-report-useer>.

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- Q2. Deputy Secretary Turk, increased development of natural gas in the United States provides revenue for local, state and federal governments, and improves our energy security. During questioning both Dr. Watson and Mr. Riedl agreed that increased revenue for local communities to support education, infrastructure, and community services is in the public interest. Do you also agree that increased revenue for local communities to support education, infrastructure, and community services is in the public interest?
- A2. Yes. Economic impacts, including increased revenues for local communities and the broader economy, are part of consideration of the public interest in DOE's LNG proceedings, along with a number of other factors.
- Q3. Deputy Secretary Turk, exports of U.S. LNG to Europe have led to the reduction of European imports from Russia. If the United States does not continue to meet global demand then our allies will be forced to turn to Russia. During questioning both Dr. Watson and Mr. Riedl agreed that supporting our allies and reducing Russia's influence is in the public interest. Do you also agree that supporting our allies and reducing Russia's influence is in the public interest?
- A3. Yes. U.S. and global energy security are among the factors evaluated in non-FTA export decisions. The U.S. is the largest global supplier of LNG. Additional export capacity under construction subject to final investment decisions is not affected by DOE's announcement regarding the analytic update for pending applications. Applications already approved have the U.S. on track to exceed the export capacity of any other country by more than 40%, even once all announced global liquefaction additions are complete.
- Q4. Deputy Secretary Turk, numerous studies have shown that the increase in U.S. LNG exports has contributed to the reduction of global emissions. During questioning both Dr. Watson and Mr. Riedl agreed that emissions is in the public interest. Do you also agree that reducing emissions is in the public interest?
- A4. Yes.
- Q5. Deputy Secretary Turk, according to the below graph on page 20 of the Department of Energy's "Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States," LNG sourced from the United States has a lower Life Cycle

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GHG emissions than those of Algeria or Russia. Do you agree with the Department's findings that U.S. LNG is better for the environment than that sourced from Russia?



- A5. In analysis the National Energy Technology Laboratory has performed multiple times to date, U.S. LNG is more likely to have lower greenhouse gas emissions than natural gas sourced from Russia and delivered to the European market when considering a 20-year time-frame for converting emissions to global warming potentials (GWP) using the International Panel and Climate Change (IPCC) Fifth Assessment Report (AR5) with climate carbon feedback (GWP₂₀ CH₄ = 36). Comparative results on a 100-year GWP timeframe for U.S. LNG and Russian natural gas have a small probability of being equivalent as evidenced by the overlapping uncertainty bars on the upper range of U.S. LNG with the lower uncertainty range of the Russian natural gas on Exhibit 6-1 of the Department of Energy's "Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States". It is more likely that U.S. LNG has lower GWP than Russian natural gas on a 100-year timeframe; per Exhibit A-1 from the DOE referenced report, the uncertainty range for U.S. LNG to Europe is 615 to 709 kg CO₂e/MWh and the uncertainty range for Russian natural gas delivered to the European market is 668 to 778 kg CO₂e/MWh. It is important to note, that actual Russian GHG

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emissions from extraction, processing, and transmission are unknown. U.S. natural gas GHG performance for conventional gas extraction was used as a proxy to represent the common type of natural gas extraction method in Russia. Transmission pipeline distance was adjusted in the U.S. transmission pipeline model to represent Russian gas delivery to Europe. Representative U.S. proxy data was used to reduce modeling bias within the study and focus the comparative difference on known physical supply chain attributes (extraction method, transport distance and mode, and physical state of natural gas during long-distance transport, gaseous or liquid state).

- Q6. Deputy Secretary Turk, the export of U.S. LNG has helped displace European natural gas imports from Russia. Do you believe that it is important for U.S. and European national security for the U.S. to continue to displace Russian gas in Europe?
- A6. U.S. LNG is on a trajectory to continue to serve this purpose given that the U.S. is already the largest global supplier of LNG and additional export capacity under construction has the U.S. on track to exceed the export capacity of any other country by more than 40%, even once all announced global liquefaction additions are complete. On Europe in particular, over 60% of U.S. LNG has gone to Europe in 2022 and 2023, and U.S. LNG export to Europe have helped enable European natural gas in storage levels to be at all-time high levels leaving the most recent winter heating season (2023-2024).
 [See <https://www.ft.com/content/961ee3bd-97e6-4d40-a0b4-ff7e01e11731>]
- Q7. Deputy Secretary Turk, please list all pending applications that the Department's pause will affect and note for each project where in the regulatory process it had reached before the pause.
- A7. DOE maintains a list of all long-term application received for the export of LNG here:
<https://www.energy.gov/fecm/articles/summary-lng-export-applications-lower-48-states>

Before reaching a final decision on any non-FTA application, DOE must also comply with the National Environmental Policy Act (NEPA). Applications that are still undergoing their relevant NEPA review and the federal agency that is leading that review and is responsible for permitting the export facility (either FERC or MARAD) are

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identified with an asterisk. DOE does not take final action on non-FTA applications until its relevant review under NEPA is completed.

- Q8. Deputy Secretary Turk, how many projects affected by the pause would have been shipping primarily to Europe?
- A8. U.S. LNG is flexibly traded and all projects that receive authorization to export to non-FTA countries can export to any country with which trade is not prohibited by U.S. law or policy. Nearly every exporting project has exported to many if not most of the countries that import U.S. LNG, and specific projects do not tend to serve specific regions; U.S. LNG typically goes where the market demands it most at the time of export.
- Q9. Deputy Secretary Turk, in July, 2023, the Department of Energy rejected a petition from environmental groups to initiate a rulemaking on the Department's process for approving exports of liquefied natural gas. In the denial the Department states "Upon review of Petitioners' arguments, DOE concludes that its LNG export regulatory program—and, specifically, its extensive, multi-factor public interest analysis—reasonably satisfies the substantive concerns raised in the Rulemaking Petition." What specific change of material facts or nationally/internationally relevant event caused the Department to throw out its previous findings that the current regulatory program is sufficient and instead pause approvals in order to reevaluate its program?
- A9. DOE's announcement regarding the analytic update needed for reviews of pending non-FTA applications is consistent with the position DOE took in the decision issued in July 2023 to deny a petition for rulemaking to define the public interest. That decision, available at <https://www.energy.gov/sites/default/files/2023-07/DOE%20Response%20to%20Sierra%20Club%27s%20Petition%20for%20Rulemaking%207.18.2023%20%28002%29.pdf>, concludes "Precisely because the U.S. LNG market and related issues—including climate change considerations and global energy security—are dynamic, **the LNG export program is best served by continuing to update the economic and environmental studies, analytical approaches, and public interest factors that DOE considers in an iterative fashion, based on developing facts and circumstances.** Accordingly, DOE denies the Rulemaking Petition."

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DOE's current update of its economic and environmental analyses is allowing the program to stay up to date with the current market dynamics and the state of science with regard to understanding the environmental impacts of U.S. LNG exports.

- Q10. Deputy Secretary Turk, in what ways is the current pause and reassessment different than the rulemaking you denied six months ago?
- A10. The position DOE took in denying a petition for rulemaking on determining the public interest of LNG exports was to allow DOE to retain "flexibility to adapt to changing economic and environmental circumstances". DOE is retaining this flexibility now with the update of the economic and environmental analyses.
- Q11. Deputy Secretary Turk, you stated that after the reassessment the Department will hold a 60-day comment period. Will you be following formal Administrative Procedures Act process and submitting the comment period to the Federal Register, making all comments public, and submitting your final findings publicly through the Federal Register?
- A11. Yes, that is the process DOE has used in prior analytic updates and that is the anticipated process for this update.

The following link shows the various federal register notices associated with the 2018 and 2019 analysis updates, and DOE expects to follow a similar procedure with this update:

<https://fossil.energy.gov/app/docketindex/docket/index/10>

<https://fossil.energy.gov/app/docketindex/docket/index/21>

- Q12. Deputy Secretary Turk, did you formally notify Congress of the Department's pause on applications as is custom for major federal actions, and if you did not, please explain why?
- A12. DOE's announcement that we are updating our analyses to continue reviews of non-FTA applications is not a final action being taken in any application. DOE has informed the public that it is pausing reviews to be transparent about the additional time that will be needed to complete reviews of pending applications.

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- Q13. Deputy Secretary Turk, will you submit to Congress your final assessment after the 60-day comment period?
- A13. Upon completion, both the draft and final analyses will be made public, and DOE will provide any interested members of Congress with notification of these updates.

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QUESTIONS FROM SENATOR JOHN HOEVEN

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Separately, DOE is continuing to update its economic and environmental analyses that will inform its public interest decisions on non-FTA applications under section 3(a) of the Natural Gas Act. Once the analyses are completed, DOE will publish a notice of availability of the new analyses in the *Federal Register* for public comment.

Q1. It is concerning that there are 18 pending LNG export applications to non-FTA nations that will be impacted by the Department of Energy’s indefinite pause on new authorizations.

Isn’t it unfair to delay these projects and move the regulatory goalposts in the middle of a review?

A1. DOE has updated its analyses that support non-FTA export decisions multiple times since the first study was announced in 2012. Each time DOE updates its analyses, any pending applicant becomes subject to the findings of the latest analyses. Currently DOE has 14 active pending non-FTA applications in various stages of review, with 6 of the 14 currently awaiting decision by another agency (FERC and/or MARAD) before they would be considered ready for final review by DOE.

Q2. Has the Department considered the job impacts resulting from the Department’s indefinite delay?

A2. DOE has continually stated that this is a temporary pause in reviews of non-FTA applications and is committed to completing the update of the economic and environmental analyses as expeditiously as possible. Additionally, there are currently 12

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billion cubic feet per day (Bcf/d) of export capacity under construction pursuant to final investment decisions. This amount, spread across multiple LNG export projects, represents a near doubling of current operating capacity that is 14 Bcf/d. The jobs associated with the projects under construction or expanding are not affected by this analytic update to support reviews of pending applications. We understand that any re-evaluation can change investment decisions and therefore the growth of future jobs, but workers employed in the industry today will be unaffected by this pause.

- Q3. Will this pause on new approvals benefit Russia, Qatar, and others seeking to sign long-term LNG supply contracts to meet increased global demand?
- A3. The U.S. continues to be the top global supplier of LNG and is expecting to remain so by a considerable margin. The 12 Bcf/d of export capacity currently under construction subject to final investment decisions is not affected by DOE's announced update regarding reviews of pending applications. This amount represents a near doubling of current capacity—meaning that the U.S. will have approximately 40% more export capacity than any other country by the time all the projects under construction in the United States are complete later this decade, even considering announced global liquefaction capacity additions.
- Q4. How long will this pause take, and when will project reviews resume?
- A4. DOE expects it will take several months to complete the updated economic and environmental studies, and once they are complete, there will be a public comment period and response to comments that must be completed before reviews of specific applications resume.
- Q5. As U.S. LNG exports have grown over the past several years, domestic natural gas prices have generally remained near record lows, and there has been less volatility in price.
- Do you agree that new LNG export opportunities help stimulate investment in new domestic natural gas production, and growth in supply benefits domestic consumers?

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- A5. Given the significant portion of U.S. production that has been approved for exports to non-FTA countries – 48 Bcf/d, an amount equivalent to roughly 45 percent of current domestic natural gas production – DOE is updating its economic analysis to make sure it has the best understanding of the effects of further LNG export sector demand on the domestic market.

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QUESTIONS FROM SENATOR BILL CASSIDY, M.D.

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- Q1. Will the Department of Energy (DOE) issue any decision on the review or a reversal of the pause prior to the November election?
- A1. DOE’s focus is to complete the analysis we’ve committed to doing as expeditiously as we can, knowing there is a lot of ground to cover since the most recent updates that were made in 2018 and 2019. On March 18, 2024, Secretary Granholm announced that DOE anticipates completing the updated analyses within a year, stating it would be in the “rear view mirror” a year from the time of her making that announcement.
- Q2. Louisiana accounts for 63% of current U.S. LNG exports and two-thirds of the non-FTA applications currently under DOE review. Has DOE considered the economic impact of the pause on workers and families in Louisiana?
- A2. Louisiana continues to be a leader in LNG exports, including through the operating projects of Sabine Pass, Cameron, and Calcasieu Pass, as well as the Venture Global Plaquemines project that is under construction and will be among the largest in the country once complete. Jobs for workers in Louisiana and the broader region, as well as other local and regional economic benefits, are an important factor in DOE’s public interest determination and will be an important element of the analysis to be updated.

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- Q3. DOE imposes seven-year commencement deadlines for facilities to begin exporting LNG, and several facilities under DOE review are approaching their commencement deadlines. How does the pause and DOE's review impact commencement deadlines?
- A3. During the analytic update, DOE will continue to review any applications from current authorization holders for extensions of the commencement date that qualify under our April 2023 policy statement. The policy requires that the projects meet a two-part test, 1) the project is under construction and, 2) the project is able to demonstrate extenuating circumstances beyond their control as to why they have not been able to commence exports within the authorized timeframe.
- Q4. Will DOE review extension requests for permits that have been previously issued by the Agency, regardless of the pause?
- A4. All commencement extension requests from current authorization holders will be reviewed under the April 2023 commencement policy statement, and DOE will plan to review any of these requests as they come in during the pause.
- Q5. Will DOE make an exception to the pause and review projects that have already received the appropriate FERC permits?
- A5. The announcement to update our analyses affects all pending non-FTA export applications, regardless of their status with other regulatory agencies.
- Q6. Does DOE's pause extend to other agencies that play key roles in LNG permitting, including FERC and MARAD?
- A6. No. DOE's announcement that we are updating our analyses does not impact other agencies' review of LNG exports. FERC and MARAD have authority over the siting, construction, and operations of onshore and offshore LNG terminals.

DOE does not consider non-FTA applications ripe for review until they have completed their review under the National Environmental Policy Act (NEPA). For most domestic applications, FERC performs these reviews (MARAD performs reviews for offshore

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LNG facilities) with DOE as a cooperating agency. DOE does not act on applications until the FERC and/or MARAD process is complete, including the project getting an order for the siting, construction, and operation of the LNG facility. For applications for proposed exports from Mexican facilities, DOE leads the review under NEPA.

- Q7. Do you agree that American LNG is a key tool to displace Russian and Iranian gas, thereby providing environmental benefits and enhancing energy security in Europe?
- A7. There certainly benefits that U.S. LNG has played and continues to play in displacing Russian gas in Europe. Iranian gas does not currently reach Western Europe, though it does reach Turkey where U.S. LNG is also a major source of natural gas supply. The U.S. has quickly become the world's largest LNG exporter, and our exports are set to double based on final investment decisions for several projects made in the last year. The analytic update we are doing for reviews of pending applications is to assess where we stand now that our exports are set to grow to such a significant level and to evaluate whether previous findings made when LNG exports had just begun remain valid.

The economic study we did two analytic update cycles ago in 2015 only looked at exports up to 20 Bcf/d, imagining that was the highest possible level that might occur out to 2040. We will soon reach 26 Bcf/d of U.S. LNG export capacity and our current total approvals stand at 48 Bcf/d, with over 14 Bcf/d of active applications in the queue. Before committing any higher levels of our resources for export, we need to take stock of where we are and understand the potential implications of the impacts of further export decisions.

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QUESTIONS FROM SENATOR CINDY HYDE-SMITH

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- Q1. Dr. Watson, testifying on behalf of Eurogas, indicated in the hearing that U.S. LNG exporters may struggle to secure long term contracts with European utilities and other EU buyers due, in part, to one company failing to deliver any volumes under its existing long-term contracts. Could this be a problem for the reliability and affordability of U.S. LNG being a credible alternative to Russian and Middle Eastern gas?
- A1. DOE does not get involved in commercial transactions or determine the destinations or buyers of natural gas, including LNG. DOE has long taken the position that commercial agreements, including disagreements with contract terms and performance, are a matter for the commercial parties to resolve.
- Q2. Please describe how an operator can make its own determination as to when their facility is obliged to honor its contracts and how current policy allows for an abuse of that flexibility?
- A2. Under section 3 of the Natural Gas Act, it is FERC, not DOE, that exercises jurisdiction over the construction and operation of LNG projects. This includes determining when the project’s commissioning phase is complete and thus when the project may be placed into service, which is the subject of the contractual dispute referenced in the previous

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response. DOE has no involvement in FERC's process for determining when a facility's commissioning process has been completed.

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February 8, 2024 Hearing: *The Administration's Pause on Liquefied Natural Gas (LNG)*
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Questions for the Record Submitted to Dr. James Watson

Questions from Senator James E. Risch

For decades, U.S. Administrations of both parties have warned our allies, particularly our European allies, not to buy Russian gas because of the way the Kremlin uses energy as a weapon. U.S. LNG is the most credible replacement for Russian gas and was essential to enabling Europe to stay warm following Russia's invasion of Ukraine in February 2022 and the subsequent cutoff of most Russian gas deliveries to Europe. The top EU energy official (Ditte Juul Jorgensen) even said this fall that Europe would depend on U.S. LNG to meet EU energy needs "for decades to come."

Yet, with this move to ban U.S. LNG exports, we are forcing our allies directly into the arms of Russian natural gas.

Question 1: Please discuss what a complete shutoff of U.S. LNG imports would mean for your decision making over the next year.

- a. Where would you need to source LNG from?

If there were to be a complete shut off of US gas we would be necessarily required to source our gas from somewhere else. The European gas market is expected to grow by 3% in 2024 according to the International Energy Agency (IEA) therefore demand is robust. If there were to be no US LNG we would need to source from Qatar and other countries in the Middle East and North Africa in the first instance, but ultimately we would take gas from where we can get it. However, this would unlikely to be enough and therefore we would continue to need Russian gas, probably in increasing volumes.

- b. What will this mean for your cost and reliability?

It is likely that a supply crunch will form and the price of gas will rise. In terms of reliability we would be more exposed to the whims of Russia and other non-democratic states. We have learnt that this is not a good position to be in – as evidenced in 2021 and 2022. Thus not having reliable gas sources will be a considerable challenge for Europe.

Questions from Senator John Hoeven

Question 1: Do you agree that the Biden administration's pause on new LNG exports is contrary to the need to offset Russian gas and cut off funding to Putin's war machine?

The LNG pause does not have an immediate effect on the sourcing of LNG from the US. We are still able to receive our contracted volumes at the present time. The issue will arise in 2-3 years when global demand for LNG is forecast to increase (European Union gas demand will increase by 3% in 2024 according to the International Energy Agency) and if US projects do not come on

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line there will not be sufficient LNG to meet European and possibly global demand. It takes time to build LNG projects so stopping the build now implies that there will not be new projects in 2-3 years time in the US. At this point Europe will need to continue to source gas from other suppliers including Russia. This is contrary to the aims of the European Commission and will leave Europe exposed to the whims of Russia for its gas security. Buying gas from Russia of course implies funds for the Russian government.

Question 2: If the U.S. is not a reliable supplier, where will European nations turn to meet their demand needs?

The US has been a major supplier for Europe in the past two years – delivering more than 60bcm of LNG in 2023, up from around 20bcm in 2021. Despite the increase since 2021, these quantities still fall short by around 10bcm/year of the target of the extra 50bcm a year that we were promised in the US-EU Energy Security Taskforce Declaration of March 2022. If this extra gas does not appear from the US, Europe will source its gas from countries including Qatar and Russia, as well as other smaller suppliers around the world.

Question 3: What steps could Congress take to help strengthen the natural gas trade between the U.S. and Europe?

Eurogas is a European trade body and therefore is not in a strong position to comment on what democratically elected organs of government should do in the US. We could however, suggest that Congress should call on US suppliers of LNG to uphold long term contracts and avoid unnecessary machinations to hinder supplying foundation customers. This causes instability and uncertainty in the market, which undermines reliability. In relation to the pause on LNG licensing Congress could encourage the Administration to conduct its review in parallel with assessing projects under existing guidelines. This is the norm for European law making, where one set of guidelines is maintained until the new set is ready for use. Again we reserve our answer on this point given our European nature.

Questions from Senator Cindy Hyde-Smith

Question 1: The LNG pause has resulted in our allies in Europe and Asia looking to procure much-needed gas from other sources, notably Russia. Meanwhile Russian state cyber actors are actively targeting our infrastructure and those of our allies. By forcing our partners to procure Russian gas we are indirectly invalidating our own sanctions against Russia. What are the short-term and long-term consequences of the LNG pause when it does not have a determinate end date in mind?

There are limited short term impacts on the actual flow of gas. The short term damage is more psychological in the sense that it makes the US seem unconcerned with the needs of Europe and worse, it reduces confidence in doing business with the US for LNG. Coupled with a recent incident where a US company did not honour the long term contracts with European off takers

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(resulting in ongoing litigation) the picture is not clear in terms of a stable business future with the US.

The long term consequences are possibly more severe as there could be an LNG shortage in 2-3 years time, resulting in price instability and volatility which has significant consequences both economically and socially in Europe.

Question 2: Eurogas sent a letter last October that talked about ensuring the LNG market be transparent and operate according to long-term contracts that were previously agreed upon in order to maintain strong U.S. – E.U. relations. Please expand on how to ensure that the international relationship among our European allies remain strong when it comes to market pricing LNG and highlight any potential pitfalls or uncertainty as a result of not upholding or renegeing on long-term contracts?

Long term contracts are an important part of Europe's supply strategy. Having seen many such contracts being ignored or not honoured by Russia in the past few years, it is of course concerning that one US supplier is now also shunning the needs of their European foundation buyers. European companies are supporting the construction of LNG export facilities in the US by being foundation buyers, when a US supplier does not supply the agreed gas that these foundation buyers contracted, it is a significant issue for the sourcing of reliable gas for Europe. This may make European companies less confident in undertaking long term contracts with some US suppliers, and overall reduce certainty in our business relations. This is only to the benefit of non-US suppliers such as Russia.

It is therefore clear that to maintain a strong relationship with our US allies we would like to see all long term contracts honoured without needless litigation.

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Questions from Senator John Hoeven

Question 1: How has an increase in U.S. LNG exports supported more domestic natural gas production, lower consumer prices, and strengthened relationships with our allies abroad?

While U.S. LNG exports reached record levels in 2023:

- Benchmark domestic natural gas prices remained at or near historic lows throughout 2023¹;
- Domestic natural gas production reached record levels at the end of 2023²;
- The U.S. economy grew at 2.5 percent in 2023³;
- Our European allies imported nearly half of all of their natural gas needs from the U.S. in 2023⁴. Russia's invasion of Ukraine caused the European natural gas market to see spikes in prices, by delivering US LNG to Europe the US LNG industry was able to help bring stabilization to their natural gas market, help build European natural gas storage to ensure there was enough natural gas to meet demand.
- Long lead times on LNG export facilities allow the market to better plan additional supply to meet demand and facilitate further productions of NGLs used in manufacturing.

Question 2: What are the near-term and long-term effects of the Biden administration's indefinite pause on new LNG projects?

With this pause, the United States risks damaging our relationships with our allies, especially when we undermine commitments to assist other nations with their energy security. Today, this is especially relevant with our commitment to Europe in the wake of Russia's invasion of Ukraine. The U.S. will create doubt about its reliability, undermine long-term agreements and investments and destabilize domestic and international global energy markets, resulting in the loss of jobs and endangering future energy projects. Halting U.S. export approvals also will undermine the U.S.'s leadership in global energy markets, suggesting that the U.S. is no longer a reliable energy supplier, and neutralize our influence on international energy policies. As adversaries such as Russia and Iran bring more LNG supply to market, just as U.S. LNG's reliability is called into question, allies may be forced to turn to countries that have used energy as a weapon and ensures continued revenue for these regimes.

¹ <https://www.eia.gov/todayinenergy/detail.php?id=61183#>

² <https://www.eia.gov/todayinenergy/detail.php?id=61263>

³ <https://www.bea.gov/news/2024/gross-domestic-product-fourth-quarter-and-year-2023-advance-estimate>

⁴ <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/lng/112823-interactive-lng-europe-imports>

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Question 3: What does this indefinite pause mean for the workforce supporting these projects?

LNG projects also offer communities multifaceted benefits. In the past, these projects have created direct employment opportunities and fostered supply chain involvement. But that's not all, these projects also contribute to local economies and the social fabric by way of mentorship programs, internships, charitable initiatives and investments in community safety and infrastructure, boosting local tax revenues. This pause creates uncertainty for these workforces and undermines confidence in future investments in local communities.

Questions from Senator Cindy Hyde-Smith

Question 1: Do you believe that the U.S. has a fundamental interest in advancing the infrastructure needed to match our country's abundant natural gas supply with the international demand for energy?

Yes, energy infrastructure is essential to unlocking the many benefits of U.S. natural gas both domestically and internationally. Investing in energy infrastructures assures our allies and trading partners we are a reliable energy partner by not just looking at the here and now, but planning for a cleaner energy future.

Question 2: How would the Department's pause on U.S. LNG exports not impact the energy industry's infrastructure development, which continues to bolster the middle class, strengthen communities, and contribute to the United States' global competitiveness?

This pause will put our economy at risk. LNG exports are met through increased production, which also maintains supply levels that support competitive domestic prices. Additionally, increased natural gas production to meet export markets increases the supply of natural gas liquids (NGL) which are essential in the domestic manufacturing space. Restrictions on LNG exports could lead to fewer consumer choices and potentially higher domestic prices due to less production at home.

Question 3: Wouldn't the delay further complicate the speed and certainty of natural gas infrastructure permitting processes that allow for the planning, construction, and operation of export capabilities?

Capital-intensive LNG export facilities represent billions of dollars of investment and rely on regulatory certainty. Pauses and shifts in regulatory frameworks can divert capital to other nations and ultimately stall our domestic innovation and growth. Without regulatory

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certainty, we undermine the confidence of investors and developers who rely on stable conditions to carry out projects.

Question 4: Do natural gas infrastructure permitting delays also hinder the ability for project developers and operators to keep workers under contract?

A case in point is the Department of the Interior's extended "pause" on both onshore and offshore leasing sales after the President took office. In both instances, we witnessed a series of negative effects, including revenue loss, job losses, investment uncertainty and legal challenges. Construction of facilities typically does not begin until all permits have been acquired and long term contracts have been signed. Any delay in acquiring either permits or contracts has a material impact on project timelines and can cause uncertainty in the hiring process. The short answer is yes, it will hinder our ability to hire and recruit the skilled work force needed, often times from domestic and international labor pools due to specialized nature of skills required to build these export facilities. Other exporting countries will continue to build facilities and take those jobs overseas which will undoubtedly have an impact here in the United States.

Question 5: In addition to building new infrastructure capacity, aren't workers needed to maintain and update existing assets to keep pace with anticipated supply and ensure the safe transportation of natural gas nationwide?

The construction and operation of LNG facilities is dictated by market conditions, not the cumulative export capacity from DOE applications, and offers a great number of valuable employment opportunities. These jobs are critical pieces of our local economies and provide good-paying opportunities that bolster economic resilience and fuel community development.

Question 6: Are you aware of any industry players in the United States that might be taking actions that would have an effect of higher prices for Europe right now? Are higher prices normal for the LNG industry or could this be seen as a slippery slope?

Market conditions drive prices and as we saw in Europe, when supply from Russia was curtailed, prices rose. U.S. LNG played a key role in helping to reduce those price spikes by sending roughly 2 trillion cubic feet of natural gas to Europe since the invasion of Ukraine. Ensuring regulatory certainty for U.S. LNG can help bring additional supply to markets and further dull supply disruptions to allies in the future. The US LNG industry has always been known for reliability and sanctity of contracts. This, along with regulatory certainty and transparency to customers is being called into question currently. During this pause it is critical that US LNG industry continue to honor contracts and deliver cargoes to customers in

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order to show the rest of the world that the US LNG export industry is a reliable trade partner.

Question 7: How would DOE's pause not harm sources of international energy supply that are competitive, accessible, and environmentally favorable?

In light of the prominent role natural gas will continue to play in the global energy mix of the future, the absence of American regulatory certainty will no doubt motivate potential international customers to seek out more reliable sources of this commodity — likely from producers who value environmental stewardship far less than the U.S and may be a direct adversary in the case of Russia and Iran.

Question 8: How does this policy not limit the comparative advantage of U.S. natural gas?

Our allies and trading partner's interest in U.S. LNG is what is propelling the industry forward. Existing U.S. LNG export facilities are consistently operating at or above capacity. This means every bit of LNG we can produce is being purchased. We cannot produce more LNG without expanding existing facilities or building new ones. In this way, and contrary to one of the stated objectives by The White House when announcing this pause on LNG export approvals, the administration is hurting worldwide climate efforts.

Question 9: Wouldn't it also impair competitiveness of domestic LNG exports, placing new and existing LNG export terminal capacity at risk?

The construction of an LNG export facility costs tens of billions of dollars in labor and materials. During peak construction periods, companies employ between 4,000 and 5,000 workers to build their facilities.⁵ Permitting and building LNG export terminals, which can take 6 to 10 years to complete, shows that we are carefully planning and investing in our country's production capacity, which helps promote long-term economic growth. The numerous studies already conducted by DOE all illustrate the positive ripple effects of LNG exports across the entire U.S. economy. An increase in exports has been shown to substantially enhance economic output by stabilizing domestic markets and labor income, driving billions of dollars in new investments, and supporting tens of thousands more throughout the supply chain.

⁵ <https://www.ferc.gov/sites/default/files/2020-05/corpuschristiFEIS.pdf>

<https://www.wsj.com/articles/activists-neuter-a-global-watchdog-energy-policy-international-energy-agency-1ac4f81b>

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Climate Politics Neuters an Energy Watchdog

The International Energy Agency once provided solid information. Its reports can no longer be trusted.

By Robert McNally

Feb. 12, 2024 4:16 pm ET



CNN's Becky Anderson, U.S. climate envoy John Kerry, and the IEA's Fatih Birol sit onstage at the COP28 conference in Dubai, Dec. 3, 2023. PHOTO: HANDOUT/GETTY IMAGES

The U.S. and other oil-importing countries established the International Energy Agency in 1974, a year after the disruptions of the Arab oil embargo. The IEA's founders intended to create a multinational organization that would bolster energy security by providing authoritative data and analysis; scrutinizing energy markets, policies and geopolitics; and orchestrating responses to emergencies. But today the IEA looks more like a climate-obsessed nongovernmental organization. As IEA members gather this week in Paris, they should consider several steps to restore the agency's reputation and bolster energy security.

<https://www.wsj.com/articles/activists-neuter-a-global-watchdog-energy-policy-international-energy-agency-1ac4f81b>

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For most of the past five decades, the IEA fulfilled its watchdog duties. It became the gold standard for timely data, impartial analysis and forecasts devoid of political bias. The agency navigated energy crises, providing data and policy coordination during the two Gulf Wars, the 2019 Iranian attack on Saudi Arabia's Abqaiq oil facility, and various natural disasters affecting energy supply and basic energy trends.

Unfortunately, in recent years, the IEA has succumbed to politicization and strayed from its security mission. In 2020 the IEA bowed to enormous pressure from climate activists and ceased publication of oil and gas demand forecasts that didn't show demand for those fuels would soon peak because of imaginary future climate policies. Green groups had been angry over IEA baseline forecasts showing what the activists regarded as too much oil and gas demand. This was because these baseline forecasts assumed only the laws currently on the books and didn't engage in conjecture about future green policies. As a result, IEA's influential demand forecasts now reflect wishful thinking about the timing and cost of a peak in oil and gas consumption.

IEA's capitulation to political pressure transcends mere technical debates among energy-forecasting experts. Bullying the world's respected energy authority to mislead the world into thinking that oil and gas demand will soon peak might align with the preferences of certain governments and activists. But the distortion and politicization of the IEA's once-respected forecasts pose significant risks.

Skewing forecasts to signal a near-term peak in fossil-fuel demand perpetuates the myth that there's no need for further investment in new oil and gas fields. The IEA has announced that under its imaginary scenario, in which the world marches toward "net zero" emissions, new investments in oil and gas won't be required—and therefore none will be permitted. The media and activists have gleefully interpreted the IEA's observation as a plea by the world's energy authority to ban new oil and gas investment, with little clarifying pushback from the IEA. In the past few weeks, the Biden administration has jumped on the IEA's forecast for a near-term peak in natural-gas demand, using it as a key rationale for halting the processing of applications for new liquefied natural gas projects.

Basing decisions to limit or prohibit investments in oil and gas on official forecasts influenced by political agendas undermines energy security and borders on energy self-sabotage. Fossil fuels lifted humanity from millennia of squalor, darkness and immobility. For decades fossil fuels have accounted for 80% of global energy consumption. While renewables are growing strongly from a small base, oil and gas will continue to power modern society. By encouraging calls to ban oil and gas supply, an agency established to protect consumers against painful energy crises is helping to ensure the next one takes place.

The IEA's cave-in to zealous green censors presents another significant risk: Without unbiased, policy-neutral baseline forecasts, elected officials can't evaluate the trade-offs, costs and benefits of energy and climate proposals. Pulling the wool over officials' eyes is especially dangerous as policymakers propose radical and potentially exorbitant climate measures. President Biden wants to ban natural gas and coal, which account for 60% of the nation's power generation, in all electric plants by 2035. That's the same year some states plan to outlaw the sale of new gasoline-powered vehicles.

The world has enough climate NGOs. What it needs in a time of energy-roiling conflicts in Europe and the Middle East is an impartial and respected energy security agency. The U.S. and other IEA members should urge the agency to resume producing unbiased, policy-neutral forecasts. The IEA should also clarify that it opposes any disastrous halt in new oil and gas supply. And it should follow the example of the U.S. Energy Information Administration and make all taxpayer-financed IEA data, assumptions, and methodologies available to the public.

The world's energy-security watchdog has gone missing. With energy risks and challenges aplenty, all IEA members must restore the agency's credibility and walk it back to its vital security mission.

Mr. McNally is an energy consultant and author of "Crude Volatility: The History and the Future of Boom-Bust Oil Prices." He served as a special assistant to the president on the National Economic Council, 2001-03.

Appeared in the February 13, 2024, print edition as 'Climateers Neuter an Energy Watchdog'.



Jeff Branick
County Judge

Jefferson County Courthouse
P.O. Box 4025
Beaumont, TX 77704

Beaumont (409) 835-8466
Pt. Arthur (409) 727-2191 Ext. 8466
Facsimile (409) 839-2311

February 5, 2024

Honorable Joe Manchin, Chair, Senate Committee on Energy and Natural Resources and Members
Honorable John Barrasso, Ranking Member, Senate Committee on Energy and Natural Resources
304 Dirksen Senate Building
Washington, DC 20510

Dear Senator Manchin and Members of the Senate Committee on Energy and Natural Resources:

I am writing as County Judge of Jefferson County, Texas to call your attention to certain long-term and potentially dire consequences of the current administration's pause of consideration of LNG project permits. These consequences have devastating local impacts and also affect the position of the U.S. globally with respect to energy security, employment, trade imbalances and military readiness. I am hopeful that members of the Senate will consider taking action to ameliorate this pause, particularly since it applies to previously filed permit applications, which has placed international investors in U.S. infrastructure at peril of losing years of investments in research, design and engineering and put at risk the reputation of the U.S. as a country whose stability in the regulatory realm can be relied upon.

For those of you who may have never heard of Jefferson County, let me provide some background. On January 10, 1901 the Spindletop oil boom occurred. This brought about the utilization of oil reserves for transportation and uses other than as heating oil. Texaco and Gulf Oil had their beginnings in our county and we have a long and distinguished history in providing for the energy security and stability of the United States. We are home to the 1st and 2nd largest refineries in America.

Every day in our county we provide approximately 10% of the diesel fuel, 14% of the gasoline, 50% of the commercial aviation fuel and an even greater percentage of the military aviation fuel refined in the U.S. We are home to the largest LNG export facilities in the U.S., the 3rd largest waterway by tonnage in the U.S., the largest military offload port, the busiest section of the Intracoastal waterway for maritime commerce and, of late, the home to some of the largest known blue and green energy projects relating to synthetic fuels, hydrogen, ammonia and bio-fuels. Our local industries provide hundreds of thousands of jobs.

Because of actions taken by local industries in the 80's and 90's we are also an EPA air quality attainment area and a landscape where energy and the environment exist in harmony. Our county is home to a 138,000 acre Cheniere marshland that is critically important as a finfish, crab and shrimp nursery habitat and important wintering ground for migratory birds and waterfowl. We are also home to the Texas Gulf Coast's second most valuable seafood catch. Our local industry knows how to operate safely and with minimal impact on natural resources. I set forth below some of the benefits of industry and of Port Arthur LNG/Sempra, in particular, as they have a permit which is currently held in flux as a result of the pause.

Port Arthur LNG has been intimately involved in our community for at least the last ten years. Well before they began their permitting process and any engineering, design and procurement work, they participated in Chamber of Commerce, educational and non-profit activities and have been generous in their support. On a personal note, I have worked on coastal restoration projects since 2007 and we are in the middle of a \$180 million restoration of our beaches and marshland ecosystems. Sempra/Port Arthur LNG has donated hundreds of thousands of dollars to our efforts helping rebuild marshes devastated by Hurricanes Rita and Ike.

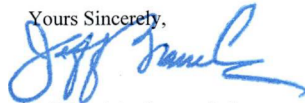
Port Arthur LNG has partnered with our local state college for technical education initiatives that prepare our youth for the high-paying jobs of tomorrow. They also work with the county and other local governments to assure that local vendors, subcontractors and retailers are part of the contracting process for construction of their facilities.

Notably, their phase 1 project will create over 3,500 construction jobs and hundreds of permanent full-time jobs that will add 100's of millions of dollars to our local economy and, over the life of the project, pay billions of dollars into the federal coffers.

The processes employed by Port Arthur LNG assure a safe, environmentally friendly and economically productive project that will lend to further development in our community. This is underscored by their initiative to invest in carbon sequestration projects as part of their phase 2 development should the pause in permitting be withdrawn or overridden.

I am hopeful that the committee will take action to reverse what we believe to be ill-advised policy relating to the permitting of these strategically important and economically beneficial projects. I thank you so very much for your kind attention to this missive and stand ready to provide whatever other information you might be desirous of reviewing.

Yours Sincerely,



Jeff Branick, County Judge



January 26, 2024

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear President Biden and Secretary Granholm,

We write to express deep concerns with the Department of Energy's (DOE) review of criteria necessary to approve permits for liquefied natural gas (LNG) export projects and the disastrous pause to all pending non-FTA export permit applications. This "LNG Plan" without input from Congress could have significant economic, environmental, and national security consequences domestically and globally. It would be reckless to jeopardize our advantage, especially in a world where energy is frequently being used as a geopolitical weapon.

U.S. LNG exports have served as a vital lifeline for countries in Europe and across the globe. Nearly half of U.S. LNG exports have been delivered to Europe to date,¹ with a significant increase in exports following Russia's full-scale invasion of Ukraine.² When European imports of LNG increased by 60 percent in 2022, U.S. LNG met that demand.³

Without U.S. LNG exports, European leaders would have to decide between depriving their own citizens of energy or actively funding Russia's war on Ukraine. Moreover, in December 2023, Russia exported LNG at record levels.⁴ Russia is also in the process of dramatically expanding its future LNG export capacity.

Now, Iran-backed forces have provoked war in the Middle East and are threatening shipping lanes through which LNG is shipped to Europe and Asia. At the same time, Iran is seeking to benefit from the war by ramping its own domestic LNG exports to displace the very supplies it helped to disrupt.⁵

¹ *Id.*

² Ben Cahill, "[U.S. LNG Export Boom: Defining National Interests](#)," Center for Strategic and International Studies, January 11, 2024.

³ *Id.*

⁴ "[Russian LNG exports to Europe fell 1.9% in 2023 – LSEG data](#)," Reuters, January 2, 2024.

⁵ "[Biden Toys With an LNG Export Ban](#)," Wall Street Journal, January 22, 2024.

American LNG exports have enhanced our geopolitical influence and international energy security across the board since 2016. In addition to Europe, U.S. LNG has a significant impact on energy security in Asia. Japan and South Korea have been the top two destinations for importing U.S. LNG.⁶ Taiwan also imports U.S. LNG, and India is rapidly increasing its imports as well. According to EIA, the four Asian countries accounted for one-fifth of U.S. LNG exports between January and October of 2023.⁷ Stable and secure supplies of U.S. LNG are critical to their energy security.

LNG exports from the United States are also uniquely suited to decrease global emissions. Both China and India, two of the largest polluters globally, are top destinations for U.S. LNG exports.⁸ Efforts to limit the export of LNG from the United States thus directly undermines the ability to reduce emissions through the use of clean-burning natural gas.

Limiting U.S. LNG exports does not have any impact on the world's demand for natural gas. Instead, countries including Russia and Iran will simply produce more energy that is subject to less stringent environmental regulations. As a result, limiting American LNG exports in the name of stopping climate change could do just the opposite and add to global emissions.

Finally, the export of U.S. LNG provides significant economic benefits across the country. According to an ICF study, increased exports of U.S. LNG could create more than 450,000 jobs and increase GDP by \$73 billion.⁹ Given the recent growth in the domestic LNG industry, those benefits could be even greater today and in the future.

We strongly urge you to stop this shortsighted effort. As the President of the United States and as the Secretary of Energy, you should be championing – not undermining – American LNG exports and the environmental, economic, and national security benefits to the United States and our allies.

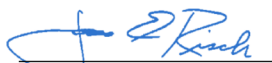
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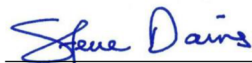
Bill Cassidy, M.D.
United States Senator



John Barrasso
United States Senator



James E. Risch
United States Senator



Steve Daines
United States Senator

⁶ "[LNG Monthly](#)," U.S. Department of Energy Office of Fossil Energy and Carbon Management, November 2023.

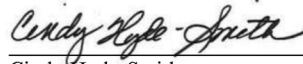
⁷ *Id.*

⁸ *Id.*

⁹ "[Impact of LNG Exports on the U.S. Economy: A Brief Update](#)," ICF, September 2017.



Lisa Murkowski
United States Senator



Cindy Hyde-Smith
United States Senator



Mike Lee
United States Senator



Cynthia Lummis
United States Senator



Dan Sullivan
United States Senator



Ted Cruz
United States Senator



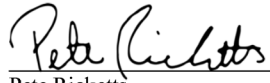
Thom Tillis
United States Senator



Ted Budd
United States Senator



Mike Crapo
United States Senator



Pete Ricketts
United States Senator



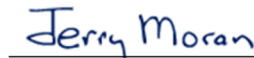
Tommy Tuberville
United States Senator



Marco Rubio
United States Senator



Kevin Cramer
United States Senator



Jerry Moran
United States Senator



Bill Hagerty
United States Senator



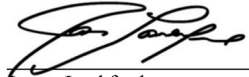
Lindsey O. Graham
United States Senator



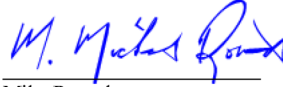
J.D. Vance
United States Senator



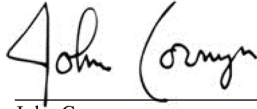
Tim Scott
United States Senator



James Lankford
United States Senator



Mike Rounds
United States Senator



John Cornyn
United States Senator



John Kennedy
United States Senator

cc: The Honorable David Turk, Deputy Secretary of Energy (DOE)

The Honorable Brad Crabtree, Assistant Secretary for Office of Fossil Energy and Carbon Management (DOE)

John Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation

Ali Zaidi, Assistant to the President and National Climate Advisor

The Honorable Anthony Blinken, Secretary, U.S. Department of State

Geoffrey Pyatt, Assistant Secretary for the Bureau of Energy Resources, U.S. Department of State

Jake Sullivan, National Security Advisor

[Center for LNG Response to a question asked by Senator King addressed to Mr. Reidl during the hearing on February 8, 2024]



**Questions for the Record from the Center for LNG for the U.S. Senate
Committee on Energy and Natural Resources**

Hearing to Examine the Administration's Pause on LNG Export Approvals and the Department of Energy's Process for Assessing LNG Export Applications

February 9, 2024

1. Mr. Riedl, you testified that where we are now is in the public interest, 14% of production. My question is, as it has already committed to 28% and then to 42%, that's already in the pipeline for construction, that's not affected by this pause, do you have the same level of confidence, it's hard for me to believe that if you have a finite resource and you essentially divert half of it that that's not going to affect the price of what's left. And you testified that there's an increase, but these estimates of 42% going to 54% are based also on projections of increasing the level of production. Can you assure the American consumers that they won't face an Australia situation where the price has gone up 5 times?

Answer:

LNG export facilities, due to their long lead times, give natural gas producers ample time to increase production to match increasing demand from the LNG export sector.

Looking at how the market has responded to growing demand in recent history is instructive. For example, U.S. natural gas production has more than doubled since 2005, according to EIA. Keeping in mind our vast reserves of natural gas, production is capable of growing even more in response to market signals. Furthermore, as demand and production have grown, prices have fallen 71%.

The 28, 42, and 54 percentages mentioned by Senator King all assume that domestic natural gas production remains static at today's production levels. However that is not what history shows and that is not how EIA and others have forecasted production to respond.

In fact, when LNG exports first began in 2016, U.S. natural gas production was 72.3 bcf/d according to EIA. In 2023 EIA saw natural gas production climb to



103.7 bcf/d and projects that in 2024 production will hit 105.1 bcf/d. This represents a 45% increase in domestic natural gas production.

EIA's examination of production out to 2050 have found that, "we expect natural gas production to rise to 42.1 trillion cubic feet (Tcf) by 2050. Production growth is largely driven by U.S. LNG exports, which we expect to rise to 10 Tcf by 2050."

Production increases on a month by month basis show a clear connection between additional U.S. LNG export facilities coming online and additional natural gas production to match. When the amount of natural gas destined for LNG exports increases, the amount of natural gas domestically produced increases in tandem.

EIA's Annual Energy Outlook has examined natural gas production out to 2050 and found that:

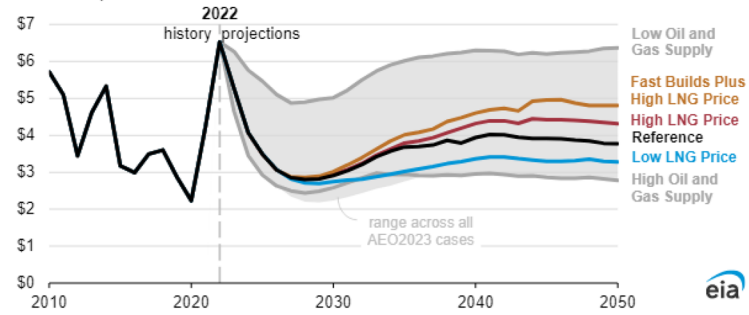
"We also project consumption and production of natural gas to grow through 2050. During the projection period, natural gas production grows by almost 24%, approximately twice as fast as consumption. Much of this growth in natural gas production is exported as liquefied natural gas (LNG). By 2050, we project that approximately 25% more natural gas will be produced than consumed in the United States."

EIA's Annual Energy Outlook has examined a wide variety of scenarios looking at domestic natural gas prices out to 2050. Across these 6 scenarios, EIA finds that natural gas prices in 2050 are projected to range from just over \$6 to less than \$3. Furthermore, price is expected to be highest under a low oil and gas supply scenario.

EIA also notes that "despite LNG export growth and increased domestic demand for natural gas, we project that the Henry Hub price will remain below \$4/MMBTU throughout the projection period in most cases."



Natural gas spot price at the U.S. Henry Hub, *Annual Energy Outlook 2023* (2010–2050)
2022 dollars per million British thermal units





February 8, 2024

The Honorable Joe Manchin
Chair, Committee on Energy and Natural
Resources
United States Senate
Washington, DC 20510

The Honorable John Barrasso
Ranking Member, Committee on Energy Natural
Resources
United States Senate
Washington, DC 20510

Dear Chairman Manchin and Ranking Member Barrasso,

The Distribution Contractors Association (DCA) represents contractors, suppliers and manufacturers who provide distribution construction services including installation, replacement and rehabilitation of natural gas distribution systems as well as gas transmission pipelines in communities across the country. DCA strongly opposes the U.S. Department of Energy's decision to freeze consideration of U.S. LNG export license applications and we encourage the agency to rescind it.

It is clear to most in the energy industry that the America cannot achieve its clean energy ambitions without natural gas production, gas-fired electric generation and a large expansion of the natural gas pipeline network. DCA members work to build, replace and repair gas pipeline systems across the country, and we believe that the increasing hostility regarding the important role that natural gas plays in providing a sustainable source of American energy is largely misplaced.

The Department of Energy's (DOE) pause on processing export applications freezes out investment commitments for the several proposed terminals with export licenses pending DOE approval and sends a strong and harmful signal to the financial community regarding permitting risks for many more terminals already licensed but not yet financed or under construction. Other already-licensed terminals now under construction also face the same unknown risk of uncertain investment.

The influence of natural gas exports has effectively driven innovation up and down the natural gas supply chain, leading to lower costs to consumers in the domestic market, as well as to significant reductions in greenhouse gas emissions during production, transmission and processing. The bottom line is that policy that would reduce or eliminate further growth opportunities from exports will dampen investment in innovation.

Therefore, DCA encourages approval of all pending LNG export licenses, as well as rescission of the order pausing the processing of applications for LNG export licenses by the Department of Energy. We thank you for your consideration.

Best Regards,

A handwritten signature in black ink, appearing to read "Rob Darden", written over a horizontal line.

Rob Darden
Executive Vice President

**LNG Export Licensing Freeze Endangers Jobs, our Allies, our Climate and
American Energy Security**

February 8, 2024

The President
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

The recently announced Department of Energy freeze on consideration of U.S. LNG export license applications is ill-advised and should be rescinded.

With the stroke of a pen, this action threatens the jobs of countless American working men and women, kills opportunities for small businesses in the energy infrastructure supply chain, handicaps access to capital needed to begin construction of already-licensed LNG export facilities, and signals the abandonment of our energy supply commitments to allies in their quest to eliminate dangerous dependence on adversaries; thus ceding, for no gain, the tremendous geopolitical advantages offered by our natural gas abundance.

This action also casts doubt on reliable long-term access to America's affordable and abundant natural gas by importing countries seeking to transition away from higher-emitting fuels for power generation in order to meet their commitments to reduce carbon emissions. Rather than continuing to rely on those fuels in the absence of American LNG, they will turn to other LNG exporting countries. Thus, this new policy threatens to cede our now-growing global LNG market share to competitor exporting nations, many of which produce their natural gas and process their LNG under far fewer environmental controls and protections. It must be remembered that because of America's transition from higher-emitting fuels to natural gas for power generation, our carbon emissions have declined more than those of any other major economy.

The Department of Energy (DOE) pause on processing export applications not only freezes out investment commitments for the seven proposed terminals with export licenses pending at DOE, but also sends a strong signal to the financial community of significantly heightened permitting risk for the seven more terminals already licensed but not yet financed or under construction, based on the risk that any new rules stemming from the DOE study would be applied retroactively to existing licenses. Five more already-licensed terminals now under construction also face the same unknown risk of stranded investment.

The recent ascendance of American natural gas exports from effectively zero as recently as eight years ago to our current position as the world's leading LNG exporter has driven tremendous innovation up and down the natural gas supply chain. This has led to lower costs to consumers in the domestic market, and to significant reductions in greenhouse gas emissions during production, transmission and processing. Any policy that reduces or eliminates further growth opportunities from exports will dampen investment in innovation.

Coincident with the tremendous growth of US LNG exports from nearly zero eight years ago to about thirteen billion cubic feet per day now, there has been no concurrent correlation to

increased domestic natural gas prices, which fluctuate on supply and demand conditions, and are today roughly equal in nominal dollars to 2016 prices. This is a testament to the remarkable growth in productivity by America's natural gas producers and transporters.

The undersigned organizations represent the workers and businesses of the energy infrastructure supply chain. Our members comprise the vast swath of the American economy that supplies construction, equipment, materials and services to all-of-the-above energy infrastructure, from production to transmission to processing to consumption to export facilities. Their labor and investments are responsible for the incredible abundance of reliable, affordable energy that powers and supplies our daily lives but is too often taken for granted. Their jobs, prosperity and economic contributions to their communities depend on sound Federal policies that encourage investment in energy infrastructure.

We urge immediate approval of all pending LNG export licenses, together with rescission of the order pausing the processing of applications for LNG export licenses by the Department of Energy.

Sincerely,



Energy Equipment & Infrastructure Alliance



American Pipeline Contractors Association



Associated Equipment Distributors



Associated General Contractors of America



AMERICAN COUNCIL OF ENGINEERING COMPANIES



DISTRIBUTION CONTRACTORS ASSOCIATION



National Utility Contractors Association

Pipe Line Contractors Association



CC: Jennifer Granholm, Secretary of Energy
Members of the United States House of Representatives
Members of the United States Senate



Dear President Von der Leyen

Dear Executive Vice-President Sefcovic

In view of the forthcoming US – EU Summit on 20 October 2023 we urge both administrations to recognise the need for increased support to deliver secure volumes of US LNG with the lowest carbon and methane footprints possible to the EU.

We fully support the objective of substituting Russian supply to the European gas system, given the invasion of Ukraine and the unreliability of Russia as an energy supplier. We have fully supported the commitment of the US-EU Energy Security Taskforce to ensure volumes in the order of an additional 50bcm of US LNG for Europe per annum. We remain committed to a progressive and accelerated decarbonisation of the natural gas value chain in line with our commitments under the Paris Agreement.

While there has been much progress on these objectives, the risk of further disruption to the gas market remains and with that the risk of increased prices for energy in the EU. We have called for more long-term contracts to be signed between EU buyers and US suppliers to provide better prices for European customers. We now urge the administrations to make sure that where European buyers have entered long term agreements in good faith, helping LNG export infrastructure to be built in the US, that US suppliers honour those agreements and deliver the required gas at the prices agreed between the parties.

The failure to deliver these cargoes is a major risk to the security of supply of the European Union, adding a risk premium to doing business across the Atlantic. This is the last thing the European economy needs, while faced with war on its borders. The European Union has developed record levels of regassification capacity in the past 18 months. The administrations must ensure that US LNG trains that are built with the support of European customers, must deliver gas to those customers via their agreed long-term contracts. Rather than having gas that should be earmarked for European companies sold on the spot market at much higher prices.

The global LNG market remains tight, if contracts are not honoured the pressure in the market simply grows and uncertainty increases on supply and prices. We urge you to support the commitments made, and ask the US administration to do the same, in order to ensure that long term contracts are honoured, as it is a necessary condition to allow further commitments to be taken towards the target of 50bcm of US LNG for the EU.

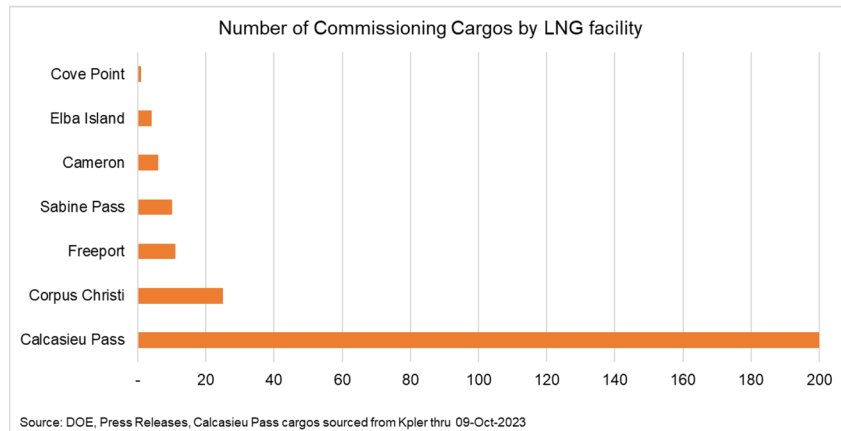
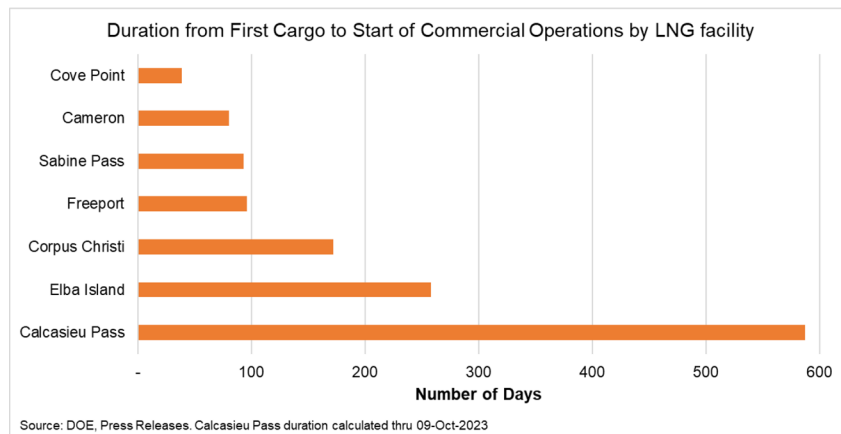
Yours Sincerely

Didier Holleaux

President Eurogas



Annex: Delays in declaring commercial operations and numbers of commissioning cargos per site





Heidelberg Materials

Heidelberg Materials North America

300 E. John Carpenter Fwy
Irving, TX 75062

Via Email

February 7, 2024

The Honorable Joe Manchin, III
Chairman
Committee on Energy and Natural Resources
U.S. Senate
Washington, DC 20510

Re: LNG Exports have Market Power

We are aware that you have a hearing on LNG exports and wanted to provide you with our views. LNG exports have market power over U.S. consumers. LNG exports have market power because they are insensitive to the price of U.S. natural gas and their demand is highest in the winter when we have our highest demand.

Even in the dead of winter when U.S. inventories are low, and when prices are higher than normal, they will pay any price, no matter how high, to keep the lights on in their country. That is unbridled market power. If there are insufficient physical molecules to supply both exports and domestic consumers, the exporters get the gas and domestic consumers do not.

Accelerating volumes of LNG exports do have increasing impacts to reliability and prices of natural gas and electricity that are accentuated when inventories are low and during peak winter and summer demand. The relationship is fundamental to the law of supply and demand. Low inventories result in high prices and high inventories result in low prices.

We are members of the Industrial Energy Consumers of America (IECA). As an organization, we developed an LNG Inventory Policy to protect consumers even as LNG exports increase. We urge you to support this policy that does not cost the taxpayer anything and does not interfere with exports to our allies. The details of the policy can be found on the IECA website.¹

Sincerely,

David Perkins
Vice President, Government Affairs and Communications
Heidelberg Materials North America

¹ [02.07.24 Comments-for-the-Record_Senate-ENR-LNG-Hearing.pdf \(ieca-us.com\)](#)



TO: US Senate Committee on Energy and Natural Resources
Joe Manchin (D, WV), CHAIRMAN
John Barrasso (R, WY), RANKING MEMBER
CC: Joseph R. Biden, PRESIDENT OF THE UNITED STATES
FROM: 198 methods and supporters
RE: Full Committee Hearing to Examine the Administration's Pause on LNG Export Approvals and the Department of Energy's Process for Assessing LNG Export Applications

Dear Senators Manchin & Barrasso, Committee members, and staff:

When President Biden paused new LNG export permits, we knew it was only a matter of time before the fossil fuel industry and their backers in Congress struck back. We see your hearing and know that time is now.

Fossil fuel extremists in the House already held a hearing to attack Biden's LNG decision. Senator Manchin, who owns a fossil fuel company himself, is now turning the Senate Energy Committee into a polluter-booster rally. And next week, fossil fueled fascists in the House plan to host a "Dirty Energy Week" to attack Biden's LNG pause, deny climate reality, and promote legislation to compel the US government to export more fossil fuels — including H.R. 1130, which would repeal Biden's pause on new LNG facilities.

Your investigations and legislation are unnecessary and ill-informed. But that doesn't make them harmless.

*Below is a list of petition signers who will fight you every step of the way - from the hearing room to the ballot box and in every street, hill, and holler between.

The petition they signed reads:

"US Congress, and Manchin in particular: Keep your dirty hands off President Biden's LNG pause."

See you in the streets,

Andrew Hudson
Founder
198 methods
198methods.org

[*The 273-page list of petition signers is available for inspection in the Committee's files]

CLIMATE HAWKS VOTE

TO: US Senate Committee on Energy and Natural Resources

Joe Manchin (D, WV), CHAIRMAN

John Barrasso (R, WY), RANKING MEMBER

FROM: Climate Hawks Vote Civic Action

RE: Full Committee Hearing to Examine the Administration's Pause on LNG Export Approvals and the Department of Energy's Process for Assessing LNG Export Applications

Dear Chairman Manchin, Ranking member Barrasso and Committee members and staff,

Enclosed and attached please find more than 3000 comments and signatures from our members and supporters who approve of President Biden's pause on Liquefied Natural Gas (LNG) export licenses and oppose your hearing today.

Under President Biden's leadership, America is already leading the world in renewable energy and electric car deployment. Now, he's made a politically smart decision to pause all new LNG export permits, starting with the CP2 project, pending a review of their impact on the climate and economy.

But some politicians are furious over President Biden's decision to pause all new LNG export permits. And they're using a string of mis-information, half truths, and crackpot theories to schedule hearings, investigations and more. We believe today's hearing is one part of that strategy of misinformation and deceit.

The signatures and comments below are telling you to back off Biden's climate progress.

Sincerely,

Andrew Hudson
Digital Director
Climate Hawks Vote

climatehawksvote.com/

US Congress,

3018 people have signed a petition on Action Network telling you to Tell Congress: Back off Biden's climate progress.

Here is the petition they signed:

Congressional investigations into President Biden's pause on new Liquefied Natural Gas export permits are unnecessary and ill-informed.

The facts are clear that this is a temporary pause on new LNG permits - it will not affect existing exports or new LNG export terminals that are already working or under construction. Second, only Department of Energy permits, and only those applying to LNG exports, will be covered by the pause. Our allies in Europe and beyond will not face shortages or disruptions in their fuel supplies as a result.

Climate scientists and energy economists are clear: LNG is already bad for the climate, and is already driving up prices for US consumers, at a time when our allies in Europe are already reducing demand for fossil fuels. The LNG pause is a smart decision by President Biden, and Congress should focus its effort on making it permanent, and accelerating the transition to clean, renewable energy at home and abroad.

*You can view each petition signer and the comments they left you

below. Thank you,

Climate Hawks Vote

[*The 150-page list of petition signers is available for inspection in the Committee's files.]



1050 Connecticut Avenue, NW, Suite 500 • Washington, D.C. 20036
Telephone (202) 223-1420 • www.ieca-us.org

February 7, 2024

The Honorable Joe Manchin, III
Chairman
Committee on Energy and Natural Resources
U.S. Senate
Washington, DC 20510

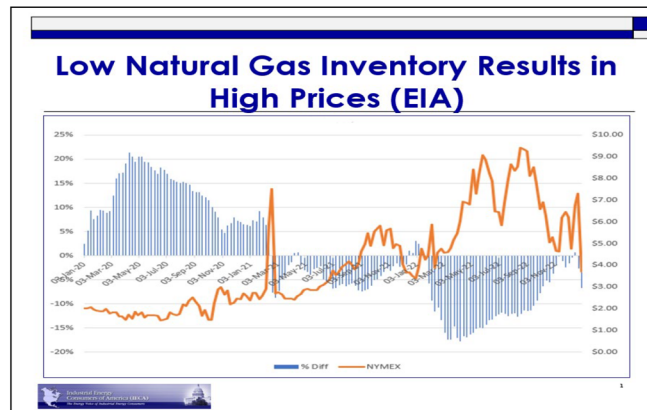
The Honorable John Barrasso
Ranking Member
Committee on Energy and Natural Resources
U.S. Senate
Washington, DC 20510

Re: Comments for the Record on Hearing to “Examine the Administration’s Pause on LNG Export Approvals and the Department of Energy’s Process for Assessing LNG Export Applications”

Dear Chairman Manchin and Ranking Member Barrasso:

LNG exports have market power over U.S. consumers. Accelerating volumes of LNG exports do have increasing impacts to reliability and prices of natural gas and electricity that are accentuated when inventories are low and during peak winter and summer demand. The relationship is fundamental to the law of supply and demand. Low inventories result in high prices and high inventories result in low prices. It is for this reason that we propose the LNG Inventory Policy to protect consumers.

The U.S. experienced these dynamics in real terms in 2022 when U.S. inventories were low and exports increased. As a result, U.S. consumers paid \$84 billion and \$53 billion more for their natural gas and electricity than they paid in 2021. The combined \$137 billion cost increase fueled inflation throughout the entire economy (see figure below).



LNG exports have market power because they are insensitive to the price of U.S. natural gas and their demand is highest in the winter when we have our highest demand. Most consumers of LNG are electric and gas utilities and state-owned enterprises (SOEs) of countries that have automatic cost pass through and the responsibility to keep the lights on in their country. Even in the dead of winter when U.S. inventories are low, and when prices are higher than normal, they will pay any price, no matter how high, to keep the lights on in their country. That is unbridled market power. If there are insufficient physical molecules to supply both exports and domestic consumers, the exporters get the gas and domestic consumers do not.

The U.S. Department of Energy (DOE) has approved 48 billion cubic feet/day (Bcf/d)¹ in LNG exports, a volume equal to approximately 60 percent of U.S. net natural gas supply in 2022², which is more than what is needed to supply Europe. This amount does not include the volume consumed during the liquification process, which accounts for another estimated 8 to 10 percent of demand. And, if policymakers want to advance the case for national security, they should consider the very high volume of Chinese LNG contracts with US export terminals. The DOE maintains a list of the contracts.³

We suspect that there is no other non-renewable commodity in the U.S. that will export such a high volume and for which there is no immediate substitute to support reliability. And it is ironic that while LNG exports decrease U.S. consumers' reliability, it gives LNG buying countries guaranteed access and reliability of natural gas under contracts for as long as 20 years. All risks of increased LNG exports are passed onto consumers. These growing risks are not surmountable without action by the DOE to protect consumers under the Natural Gas Act (NGA).

Under the NGA, Congress granted the DOE the authorization and responsibility to protect the public interest regarding LNG exports to non-free trade agreement (NFTA) countries. The vast amount of approved LNG exports is shipped to these countries. The volumes already approved could have devastating impacts unless action is taken. The Obama, Trump, and Biden administrations have all failed to protect the public interest by approving such large volumes and without consumer protections in place. The Biden pause does not impact the export volumes already approved.

We urge both Congress and the Biden administration to support implementation of an LNG Inventory Policy before the winter of 2024-2025 to insulate the domestic market from the negative impacts of LNG export demand during peak demand and when inventories are low. ***See our proposed LNG Inventory Policy in the appendix.*** The LNG policy does not cost the U.S. taxpayer anything and does not impact supply to our allies.

Without consumer protections, U.S. energy security decreases. We also encourage LNG exporters and the natural gas producing industry to embrace consumer protections to avoid the coming backlash that will come when inventories fall and prices escalate, which could risk your operating franchise privileges long-term.

¹ Summary of LNG Export Applications of the Lower 48 States, U.S. Department of Energy, <https://www.energy.gov/fecm/articles/summary-lng-export-applications-lower-48-states>

² Natural Gas, U.S. Energy Information Administration, <https://www.eia.gov/naturalgas/>

³ Long-Term Contract Information and Registrations, U.S. Department of Energy, <https://www.energy.gov/fe/downloads/long-term-contract-information-and-registrations>

Key points:

- One hundred percent of our IECA's members are manufacturing companies whose competitiveness is dependent upon reliable and affordable natural gas and electricity.
- The hallmark of a sound and reasoned energy policy is that it should not have a negative impact on domestic consumers of natural gas and electricity, supply chains, and national security. In the case of LNG exports, we should export, but not volumes that threaten domestic consumers and national security and not without consumer protections.
- Every \$1 per MMBtu increase in the price of natural gas adds \$34.2 billion in annual costs to domestic consumers plus the increased cost of electricity.
- We support the actions by the Biden administration to pause further export approvals to NAFTA countries and to conduct a public interest assessment.
- We oppose S. 3704, the Unlocking our Domestic LNG Potential Act of 2024 and bills like it because its sole intent is to remove consumer protections associated with LNG export facilities that are embodied within the NGA.
- U.S. residential, commercial, manufacturing consumers, and electric utility companies that use natural gas to generate power have no alternative for natural gas. And, unlike other energy commodities like crude oil or gasoline, in the event of low inventories, the infrastructure to increase imports of natural gas does not exist. Consumers are entirely exposed and dependent as is the entire economy. Therefore, it is appropriate for policymakers to protect and prioritize U.S. consumers over LNG exports.
- Accelerating volumes of LNG exports do have increasing impacts to reliability and prices of natural gas and electricity that are accentuated when inventories are low and during peak winter and summer demand. The relationship is fundamental to the law of supply and demand. Low inventories result in high prices and high inventories result in low prices.
- The low inventory scenario threat can be reduced by implementing an LNG Inventory Policy that would help to insulate the U.S. market from the negative reliability and cost impacts of LNG exports. The EU already has an inventory policy to protect its consumers.
- As LNG export volumes increase, reliability risks and costs for both natural gas and electricity increase due to the combination of accelerating increases in peak LNG export demand and domestic demand during peak winter weather. Because those two peak demands coincide, there is an accelerating risk of insufficient supply and higher prices for the domestic natural gas market when U.S. inventories are low. Inventory levels below the 5-year average or below the previous year is a regular occurrence due to a number of reoccurring market factors.
- While the 20-year LNG contracts guarantee higher demand, a lot of things can go wrong that disrupt increases in domestic supply of natural gas and pipeline capacity that is needed to serve the increased LNG demand. They include lower crude oil prices that result in less oil production and associated gas, lower drilling rates like what we are seeing today, lower

natural gas production because of poor economics, insufficient pipeline capacity to move natural gas from producing regions like Marcellus, or inadequate pipeline capacity because of politics and special interests that oppose pipelines. And natural gas production does not increase every year to meet demand. Natural gas production decreased in three of the last nine years.⁴ All of the above have happened before and will happen again. It is just a question of time. Finally, for decades, coal power generation and its low cost would provide an alternative to natural gas when prices increased effectively placing a cap on how high natural gas prices could increase. With the accelerating decrease in coal generation this price relief is quickly decreasing.

- Natural gas pipeline capacity deserves special mention. Pipeline capacity is a vital issue for manufacturing because, unlike all other consumers, when there is insufficient capacity or supply, we are the first to be curtailed. Being curtailed means that the pipeline will forcefully reduce or stop the supply of natural gas to our facilities so that all other consumers have natural gas availability. This means slowing or shutting down our production at great expense that can easily cost tens of millions per day. As recent as the January 2024 cold snap, manufacturers in multiple states were curtailed. During the winter of 2021-2022, manufacturers were severely impacted along the entire east coast. Our ability to invest and create jobs is dependent upon increased availability of natural gas and the pipelines necessary to deliver it.
- According to the FERC, in 2022, the U.S. added the smallest addition of interstate pipeline capacity in 25 years. Manufacturers cannot compete with LNG exporters for pipeline capacity and their 20-year contracts. On a regional basis, with these 20-year contracts in hand, the LNG terminals lockup dwindling natural gas pipeline capacity which reduces pipeline capacity that is available to U.S. consumers. Competition for the limited pipeline capacity has resulted in our pipeline transportation costs accelerating. And activist efforts to block interstate pipelines and the ensuing delays have substantially increased the cost of new pipelines. All of these costs are passed on to the consumer.
- Other LNG exporting countries do not have the above concerns because their domestic demand is small as compared to their export volume, while the U.S. is the largest natural gas consumer in the world.
- None of the DOE LNG studies that were issued to justify higher LNG exports considered the above “accelerating peak demand - low inventory scenario.” Nor do the studies address the risks of constrained pipeline capacity to move natural gas from producing regions or consider the market power advantage that LNG 20-year contracts have over domestic consumers.
- The U.S. has experienced several recent winter storms that have impacted reliability and prices and are described in several NERC/FERC reports. Winter weather increases peak natural gas demand and decreases natural gas production, as described in their recent winter assessment report.⁵ Summer peak demand has also seen new highs placing increased stress levels on the power sector. S&P Global reports that on January 16, the

⁴ Natural Gas, U.S. Energy Information Administration, <https://www.eia.gov/naturalgas/>

⁵ 2023-2024 Winter Reliability Assessment, NERC, https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_WRA_2023.pdf

Page 5
Industrial Energy Consumers of America

country set a new daily record of gas consumption at 141.5 Bcf/d as compared to average daily demand of 88 Bcf/d, and in August 2023 gas-fired power briefly crossed the 50 percent mark for the first time.⁶ Both data points illustrate how dependent we are upon natural gas being available when we need it.

We urge you to put U.S. consumers first, not last, like it is today and put in place consumer safeguards.

Sincerely,

Paul Cicio
President & CEO
pcicio@ieca-us.org
www.ieca-us.com

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.8 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through 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: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, consumer goods, building products, automotive, independent oil refining, and cement.

⁶ Soaring US Power Demand Poses Climate Challenge for Utilities, Daniel Moore, Bloomberg, <https://www.bgov.com/next/news/S7QEB1DWLU68>

APPENDIX

LNG INVENTORY POLICY

TO PROTECT THE PUBLIC INTEREST AND TO INSULATE THE U.S. MARKET FROM THE NEGATIVE IMPACTS OF LNG EXPORTS

FEBRUARY 2024

CONSUMER PROTECTIONS UNDER THE NATURAL GAS ACT (NGA)

Unlike crude oil, gasoline, diesel, or propane, Congress granted protection for domestic consumers from natural gas export volumes, which would negatively impact the public interest under the NGA. There are explicit provisions to protect the “public interest,” even in the event of unforeseen circumstances. The EU and Australia have already taken action to protect their consumers from peak winter demand and its reliability and affordability implications. It is timely for the U.S. to do the same. Below are excerpts from the Federal Register and explicitly makes clear that the U.S. Department of Energy (DOE) has the authority under the NGA to protect the public interest.

Federal Register on June 21, 2018: The DOE is responsible for authorizing exports of domestically produced natural gas, including liquefied natural gas (LNG), to foreign nations pursuant to section 3 of the NGA. Under section 3(a) of the NGA, the DOE reviews applications to export natural gas to countries with which the United States has not entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy (NFTA countries). NGA section 3(a) states that the DOE “shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest.”

Additionally, under section 16 of the NGA, the DOE is authorized to “prescribe, issue, make, amend, and rescind such [export] orders...as it may find necessary or appropriate...” to satisfy its statutory responsibilities. The DOE has maintained, however, that [in the event of any unforeseen developments of such significant consequences as to put the public interest at risk, the DOE is fully authorized as necessary to protect the public interest.]

Establish an LNG Inventory Policy to insulate the U.S. market from the negative impacts of LNG exports when inventories are low.

The DOE should condition LNG export orders for shipments to NFTA countries in a manner that gives the DOE the option to require LNG exporters to reduce the rate of exports if U.S. natural gas inventories fall five percent below the five-year average. Once inventory levels increase to levels that do not impact reliability and price, the DOE can allow the export rate to resume at market demand.

Whether or not the DOE actually requires some level of reduction would be dependent upon the inventory level with a forward view for the following month, which will be informed by weather forecasts, natural gas production levels, and other factors that impact inventory levels.

For example, inventory levels could fall five percent below the five-year average but an assessment that anticipates warmer weather for the following month could preclude action by the DOE to require export reductions.

The policy can be implemented without impacting LNG contracted volumes. It is estimated that export terminals have about 80 percent of their export capacity under contract and the balance is spot business. Once the policy is implemented, a five percent reduction in inventory would never result in a requirement to reduce export volume by 20 percent. Therefore, DOE's action to require reductions of five percent would not impact contracted volumes.

Establishing this policy will result in LNG export terminals taking action to reduce the impact associated with the policy and will build this scenario into their business model and operating procedures. Exporters may also consider investing in private storage facilities. Export facilities are accustomed to wide swings in export volumes due to a host of business conditions.

LNG Supply to U.S. Allies

For national security purposes, if U.S. inventories fall by five percent below the five-year average, and U.S. allies need more LNG, the DOE can decide to not require the LNG exporters to reduce volumes. However, the fact is that the DOE cannot direct shipments to our allies anyway. Once a ship is in the open water, it can change ownership and destinations many times.

No cost to taxpayers

Implementation of the policy would not cost taxpayers.



MET Holding AG
 Neuhofstrasse 24, 6340 Baar, Switzerland
 Co. reg. No.: CHE-135.897.834
 T +41 41 766 89 89
 E info.metholding@met.com

Date: 21.02.2024

(SENT VIA EMAIL)

Senate Energy and Natural Resources Committee

304 Dirksen Senate Building
 Washington, DC 20510

RE: MET Group, Statement for the Record

Dear Chairman Manchin and Ranking Member Barrasso,

On behalf of MET Group, I am pleased to submit the company's Statement for the Record regarding the *U.S. Senate Committee on Energy and Natural Resources Hearing to Examine the Administration's Pause on LNG Export Approvals and the Department of Energy's Process for Assessing LNG Export Applications*.

If I may be of assistance or if you have any questions, please feel free to contact me by email at karoly.banai@met.com or by phone at +41 79 699 1568.

Respectfully,

Károly Banai

Director, Group Public Affairs and Government Relations
 Ambassador (Ret.)

MET Holding AG
 Neuhofstrasse 24, 6340 Baar, Switzerland

STATEMENT FOR THE RECORD

Mr. Benjamin Lakatos

Chairman and Chief Executive Officer, MET Group

Regarding the

**U.S. Senate Committee on Energy and Natural Resources Hearing to Examine the
Administration's Pause on LNG Export Approvals and the Department of
Energy's Process for Assessing LNG Export Applications**

February 21, 2024

MET Group is an integrated European energy company, headquartered in Switzerland, with activities in natural gas and power, focused on multi-commodity sales, wholesale and trading, as well as energy infrastructure and industrial assets. MET Group is one of the fastest-growing energy companies, present in 30 national gas markets and 22 international trading hubs. Our operations span 15 countries: Austria, Bulgaria, Croatia, France, Germany, Hungary, Italy, Romania, Serbia, Singapore, Slovakia, Spain, Switzerland, Turkey, and Ukraine.

Our company is one of the most diversified LNG importers in Europe, having regasified LNG into nine different member states in recent years, with long-term capacity in Croatia, Spain and Germany. Furthermore, MET is expanding its participation in the global LNG market, including in the United States. In 2023, MET Group entered into a Heads of Agreement (HOA) with Commonwealth LNG for the purchase of 1 million tonnes per annum (Mtpa) of liquefied natural gas for 20 years from the Commonwealth LNG facility under development in Cameron, Louisiana.¹ This partnership would commence at the start of commercial operations of the Commonwealth LNG facility, anticipated in 2027. This would be MET Group's first long-term LNG offtake agreement from the United States — a significant development for our company.

¹ <https://group.met.com/en/media/press-releases/commonwealth-lng-announces-20-year-hoa-with-met-group>

As a European, I believe it is in our continent's interest to see more LNG coming to Europe from reliable suppliers and at an affordable price. As Chairman and CEO of MET Group, I have witnessed how LNG supply from the US into Europe is a significant contributor to gas supply diversification and is an important contributor to European energy security. Since the Ukraine war, the United States has had a stabilizing effect on global gas prices because of its historic exports of LNG. We are grateful for the stability the United States has provided during this difficult time of heavy turbulence in Europe, and MET Group envisions more US LNG across Europe for the long-term.

MET Group has a pan-European integrated approach and sources natural gas and electricity from markets and suppliers across Europe. MET Group's operations began in Hungary in 2007, focused primarily on the natural gas wholesale and retail sector. Although Hungary remains a key market, MET Group has quickly expanded sales activities to 13 European countries where it has established green-field subsidiaries and organically developed positions, responding to market opportunities. MET Group is a trusted and reliable supplier of natural gas, electricity, and energy solutions in Europe. It operates one of the largest in-house gas/power trading floors in Europe. The company's consolidated revenues are expected to be around € 24,5 billion in 2023.

MET Group is experiencing substantial growth in its trading and retail distribution of LNG in Europe. In 2023, MET Group imported more than 30 cargoes of LNG into Europe, having regasified to countries including in Croatia, Greece, Spain, Belgium, Italy, France Germany, the United Kingdom and Finland in recent years. MET Group is an established player in the German natural gas and electricity market. In recent years, MET Group has acquired 3.4 TWh of underground gas storage facilities, secured LNG regasification capacity, opened a local supply subsidiary and is rapidly growing its sales activities to municipal utilities, industrial customers and, most recently, households in Germany.

MET Group's strategic vision is to further expand its energy services to wholesalers and end customers across the European value chain, import or generate energy as well as growing its renewables portfolio across Europe and particularly in Western Europe, thus

playing an active role in the European energy transition. In 2022, MET Group was able to enter the renewables market in four new countries, with acquisitions in Spain, Italy, Poland, and Romania.

Our company sees LNG as an essential component of the European energy transition, being the cleanest fossil fuel Europe is using on large scale. The intermittency of renewable energy in Europe will require reliable gas and power balancing solutions. Existential events, such as severe cold weather, drawdowns of natural gas reserves, or LNG supply disruptions, could further exacerbate this need that is currently only solved by natural gas storages. In early 2024, MET Group observed the rerouting of tankers that carry fuel to Europe through the Red Sea in order to avoid attacks on ships as a result of tensions off the coast of Yemen. Typically, 2-3 LNG vessels pass through this route daily to deliver LNG to Europe, according to KPLR.² While this did not impact natural gas prices due to a mild winter, as the share of LNG supply in European natural gas mix is growing, Europe is now reliant on global risk factors where stable and reliable suppliers are key. It is very likely that prices rise again this or next year if there's a sudden supply disruption or an extended period of cold weather.

Overall, 2023 was a better year from a European energy market perspective—the positive developments outweighed the negative ones. The very challenging situation we saw in 2022 has much improved. Generally, I believe the European gas crisis is over. Europe coped well with the situation given US support and managed to find additional sources of natural gas. Also, new LNG regasification and interconnector capacities were commissioned. Price spikes were not as high as they were in 2022. Although prices are still higher than before 2021, the current level is more or less bearable for large parts of the European economy – it is far from being as volatile as in 2022 when European businesses paid an extra cost of hundreds of billions of Euros just for natural gas, and power prices were also disastrous from a customer perspective. However, even though the situation has much improved, the price level is still way too high for many families and households in Europe.

² https://www.linkedin.com/posts/kpler_lng-kpler-ingtrade-activity-7153757991547109379-wbg0/

Notwithstanding the more positive market conditions in 2023, there are still challenges ahead for 2024 and beyond. I often refer to these as the "Trinity Challenge" because there are three major issues in this context that are inextricably linked. For Europe, the core question is how to create a new energy market that guarantees security of supply, ensures the expansion of renewable energy in a way that the economy and society are not confronted with escalating costs, and sustains the conditions for Europe's competitiveness.

This is one of the biggest challenges for the European continent as a whole: global competitiveness. Europe has lost ground compared to other continents due to recent events, which is worrying in an increasingly fragmented world. Europe also needs financially strong, highly competitive players on the global energy market. Without them, it is hard to imagine a strong Europe.

This is why as MET Group increases its LNG presence globally, the United States is an important market supplier for the future. MET Group is strategically aiming to enhance its LNG portfolio and aspires to incorporate a significant number of U.S.-based LNG supplies into it. We aim to achieve this through our envisioned partnership with Commonwealth LNG, as well as with other US LNG suppliers.

The MET Group is closely monitoring the political developments in the United States regarding the issuance of LNG export licenses. While it is not our intention to take a position on this debate, we cannot hide our standpoint that, as a European energy trading company we welcome any developments that help to at least maintain and, where possible, further increase market opportunities and supply volumes.

MET Group values the strategic energy alliance between the United States and Europe and sees continued and growing US LNG exports as vital to this shared purpose.



Feb. 8, 2024

The Honorable Joe Manchin
Chairman
Senate Committee on Energy and
Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20515

The Honorable John Barrasso
Ranking Member
Senate Committee on Energy and
Natural Resources
366 Dirksen Senate Office Building
Washington, DC 20515

Dear Chairman Manchin and Ranking Member Barrasso:

Thank you for holding today's hearing to examine the administration's pause on LNG export approvals and the Department of Energy's process for assessing LNG export applications. As the nation's largest manufacturing association, the National Association of Manufacturers represents manufacturers of all sizes in every industrial sector and in all 50 states. Manufacturers in the U.S. are committed to creating jobs and improving the quality of life in the communities they serve and are dedicated to protecting the health, safety and vibrancy of those communities.

The United States is the world leader in exporting liquefied natural gas. The boom in U.S. natural gas has created tens of thousands of jobs in infrastructure and energy production projects, made the U.S. and its allies more energy secure and less reliant on adversarial nations like Russia, and helped meet our climate goals by reducing U.S. emissions by roughly 20% since 2005.¹ The U.S. Department of Energy's freeze on export permits for new LNG projects threatens this progress and undermines manufacturing competitiveness.

Global Security and Environmental Risks

In the aftermath of the Russian invasion of Ukraine, Europe sought to reduce its dependence on Russian gas. In the third quarter of 2021, prior to the invasion, 39% of the European Union's gas came from Russia; two years later, that amount was down to 12%.² This is in large part thanks to the importation of U.S. LNG.

Europe is currently the primary destination for U.S. LNG, accounting for 67% of total exports in the first six months of 2023.³ For comparison, 64% of the United States' global

¹ "Data Highlights: Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2020," U.S. Environmental Protection Agency (2022). Available at: <https://www.epa.gov/system/files/documents/2022-04/us-ghg-inventory-1990-2020-data-highlights.pdf>.

² "The EU Is Much Less Dependent on Russian Gas But Still Isn't Ready To Give It Up," Elitsa Simeonova, RadioFreeEurope (December 31, 2023). Available at: <https://www.rferl.org/a/russia-natural-gas-european-union-dependence-ukraine-war/32754244.html>

³ "Today In Energy," U.S. Energy Information Administration (September 12, 2023). Available at: [The United States exported more LNG than any other country in the first half of 2023 - U.S. Energy Information Administration \(EIA\)](https://www.eia.com/energytoday/2023/09/12/the-united-states-exported-more-lng-than-any-other-country-in-the-first-half-of-2023/).

LNG exports in 2022, and 23% of American exports in 2021, went to the European Union.⁴ During this time, the U.S. continued to export to important allies like Japan, India, South Korea and Taiwan, although the war in Europe forced diversions of LNG cargo that was bound for Asia. In order to fulfill commitments to our allies around the globe, the U.S. must reverse this harmful DOE policy.

It is disconcerting that the DOE chose to disregard these considerations, and their decisions could benefit producers of energy sources with significantly higher emissions than LNG. According to the DOE, Russian exports to Europe had 40% more global warming potential than U.S. LNG across 20 years.⁵ Russian gas also had 20% more global warming potential than European coal. Clearly, U.S. LNG exports are better for the environment and help the U.S. and our allies achieve our climate goals. As it has been noted many times within this subcommittee, renewable sources have yet to replace baseload power sources of energy because of their intermittent nature, so clean American natural gas is necessary as a bridge toward building a cleaner future for the United States and our allies.

The pause on LNG exports will also have a long-term chilling effect on investments in infrastructure here in the U.S., which is necessary to meet current and future demand for energy. Additional build-out in infrastructure is necessary to meet energy demand in Europe and in Asia. When Russia invaded Ukraine, instead of having the ability to increase exports to account for restrictions on the importation of Russian gas, the U.S. was forced to divert cargoes scheduled under contracts away from Asian and South American countries.⁶ To meet the total demand of the global market instead of picking one region over another, investment decisions need to be made now to account for the lengthy permitting process for natural gas pipelines and LNG terminals. Obtaining an environmental impact statement for a project takes an average of 4.5 years.⁷ Should the pause continue, billions of dollars in direct investment would be lost. For example, a delay of a single project could prevent \$10 billion of direct investment into the U.S. manufacturing economy and extended supply chain.⁸ This will hurt countless small and medium sized manufacturers and local businesses.

⁴ "EU-US LNG Trade: US Liquefied Natural Gas (LNG) Has the Potential to Help Match EU Gas Needs," European Commission (2022). Available at: [EU-US LNG 2022 2.pdf \(europa.eu\)](https://ec.europa.eu/eu-us-lng-2022-2.pdf).

⁵ "Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 update," U.S. Department of Energy Office of Scientific and Technical Information (2019). Available at: <https://www.osti.gov/biblio/1607677/>.

⁶ "U.S. Measures to Provide Liquefied Natural Gas for the European Union," Congressional Research Service (March 6, 2023). Available at: <https://crsreports.congress.gov/product/pdf/R/R47468>

⁷ "Environmental Impact Statement Timelines (2010-2018)," Executive Office of the President, Council on Environmental Quality (June 12, 2020). Available at: https://ceq.doe.gov/docs/nepa-practice/CEQ_EIS_Timeline_Report_2020-6-12.pdf.

⁸ "Project Snapshot: CP2 LNG CP Express," Venture Global CP2 LNG, LLC (2021). Available at: <https://venturegloballng.com/wp-content/uploads/2021/03/CP2-FactSheet.pdf>.

Conclusion

The DOE's pause in U.S. LNG exports and LNG infrastructure projects will make it more difficult for manufacturers in the U.S. to thrive and puts our allies at risk. Any decision to pause or ban LNG exports weakens our country, while giving Russia an upper hand as Europe and Asia look to transition their energy needs. The NAM is committed to working with Congress to ensure the United States remains a leader in energy security and promotes policies that will create jobs and grow investment in manufacturing and infrastructure. These goals can be achieved while also keeping our promises to protect our environment and setting the standard for environmental stewardship.

Sincerely,

Christopher Netram

Managing Vice President, Policy

February 12, 2024

Senator Joe Manchin
Chairman
Energy and Natural Resources Committee
Washington, D.C. 20515

Senator John Barrasso
Ranking Member
Energy & Natural Resources Committee
Washington, D.C. 20515

Representative Cathy McMorris Rodgers
Chairman
Energy & Commerce Committee
Washington, D.C. 20515

Representative Frank Pallone
Ranking Member
Energy & Commerce Committee
Washington, D.C. 20515

Senator Ben Cardin
Chairman
Foreign Relations Committee
Washington, D.C. 20515

Senator James E. Risch
Ranking Member
Foreign Relations Committee
Washington, D.C. 20515

Representative Michael McCaul
Chairman
Foreign Affairs Committee
Washington, D.C. 20515

Representative Gregory Meeks
Ranking Member
Foreign Affairs Committee
Washington, D.C. 20515

Dear Chairmen and Ranking Members:

We, the undersigned former government officials from the national security, energy security, and diplomatic communities write to express our profound concern and opposition regarding the Biden Administration's moratorium on the permitting of liquefied natural gas (LNG) facilities - a decision that undermines the credibility of the United States as the world's most reliable supplier of energy resources. This decision, we believe, stands in stark contrast to the clear interests of our nation's economic prosperity, energy security, and the strategic advantage American LNG provides us and our allies across the world who benefit from supply.

The United States has been blessed with abundant natural resources and innovative industries, providing our citizens with ample supplies of clean, low-cost, energy. This abundance allows us to meet the domestic demand for energy while exporting to international markets without material price impacts for our citizens. In fact, today the US is exporting more LNG than ever before and the price of Henry Hub remains low. Just a few years ago, the United States was reliant on energy imports, and now, thanks to American ingenuity, innovation, and supportive bipartisan policy spanning multiple Administrations we are the largest LNG exporter in the world. This leadership

not only bolsters our economy but also enhances our geopolitical leverage. We know this firsthand from our government service and working with our allies across the world who were seeking to reduce their dependence on hostile states. American energy has become a stabilizing force in global markets, reinforcing our alliances and promoting global stability.

The moratorium on LNG export permits threatens to undo these gains. Economically, the LNG exports have been a boon to the national economy, creating tens of thousands of high-paying jobs, stimulating local economies, and generating significant tax revenue. The economic benefits of these projects are enjoyed throughout the value chain from the upstream producers and equipment manufacturers to the communities surrounding the export facilities. Notably, these projects would each have a significant impact on the long-term balance of trade, estimated at hundreds of billions of dollars throughout the life of the facilities. If they do not move forward, that revenue will instead go beyond our shores to other foreign actors. The cessation of exports risks derailing this progress, impacting workers and communities across the country that have come to rely on the energy sector.

From an energy security standpoint, the ability to export LNG allows for a more flexible and resilient energy infrastructure at home. It encourages continued investment in natural gas infrastructure and production capabilities, ensuring that the United States remains at the forefront of energy innovation of increasingly clean resources improving our own environmental portfolio.

The world faces the all too serious challenges of mounting geopolitical threats, supply chain disruptions, deindustrialization, and a desire to implement an energy transition while prioritizing universal energy access and greater economic opportunity for the developing world. Restricting LNG exports from the world's largest LNG exporting country sends the wrong message to our allies, partners, and the energy markets. It reinforces the false narrative of American adversaries that the United States is stepping back from its role as the world's most reliable supplier of energy resources, potentially ceding ground to adversarial powers or market competitors who are eager to fill the void. This will have the effect of undermining our strategic alliances and diminish our influence in critical regions of the world, for example:

- In the aftermath of Russia's war in Ukraine, alternative supplies are more important than ever to fill the void of Russian natural gas. Security of energy supply, specifically natural gas, is critical to counter the threat of widespread deindustrialization as Europe not only faces war on its continent but also a desire to implement a clean energy transition. Germany's own steps to rapidly deploy LNG import infrastructure demonstrate this crisis most exceptionally. They have signed binding contracts for long-term US LNG supply that are now being put into question by our government.
- In the Middle East, conflict is once again spreading as the Iranian-backed Houthis threaten the security of regional and international trade routes, including those critical to the supply of LNG from the Gulf States - a region with roughly 25% of the world's proven natural gas reserves. At the same time, Iranian proxies such as Hezbollah and Hamas threaten the viability of natural gas supplies from the Eastern Mediterranean region.
- Strategic allies and partners of the United States in the Indo-Pacific region, such as Japan, South Korea, Taiwan, and Vietnam, among others, are significantly impacted by the availability of LNG volumes on the market, and disruptions to global trade threaten their energy security, particularly as these countries seek to implement strategies of

decarbonization while facing the mounting threat posed by the Chinese Communist Party. Japan has also executed contracts with US companies for much-needed LNG supply, which has only intensified because of recent sanctions on Russia. This restriction of committed gas puts Japan's energy security at risk.

We understand the desire to deploy clean energy sources, and LNG exports are one of the proven tools available to the world to help realize this goal. LNG represents one of the only scalable clean, reliable, and secure energy resources, and its export has enabled a significant reduction in global carbon emissions by replacing more polluting energy sources. Any restriction of LNG exports from the United States will result in increased emissions as consumers turn to whatever is available.

The United States has provided benefits to a significant part of the world's population - a role we have been proud to advance as representatives of our Nation. We remain committed to the role of the United States as a stabilizing force in global energy markets. It is imperative that we reverse this action and continue to advance our economic, energy, and geopolitical interests while leading on environmental progress.

Sincerely,

Secretary Spencer Abraham (Fmr.)
U.S. Department of Energy

Ambassador Robin Bernstein (Ret.)
Dominican Republic

Ambassador J. Kenneth Blackwell (Ret.)
United Nations Human Rights Commission

Ambassador Lynda Blanchard (Ret.)
Republic of Slovenia

Ambassador Kenneth Braithwaite (Ret.)
Kingdom of Norway

Secretary Dan Brouillette (Fmr.)
U.S. Department of Energy

Deputy National Security Advisor Victoria Coates (Fmr.)
National Security Council

Ambassador David Cornstein (Ret.)
Hungary

Under Secretary Paul Dabbar (Fmr.)
U.S. Department of Energy

Assistant Secretary Francis R. Fannon (Fmr.)
U.S. Department of State

Ambassador Ronald Gidwitz (Ret.)
Kingdom the Belgium
European Union

Ambassador James S. Gilmore III (Ret.)
Organization for Security and Cooperation in
Europe

Ambassador Callista Gingrich (Ret.)
Holy See

Ambassador George Glass (Ret.)
Portugal

Ambassador Richard Grenell (Ret.) Federal Republic of Germany	Administrator Lisa Gordon-Hagerty (Fmr.) National Nuclear Security Administration
Ambassador Pete Hoekstra (Ret.) Kingdom of the Netherlands	Senator Kay Bailey Hutchison (Fmr.) North Atlantic Treaty Organization
Ambassador Ronald Johnson Republic of El Salvador	Ambassador Stephen King (Ret.) Czech Republic
Ambassador W. Robert Kohorst (Ret.) Republic of Croatia	Ambassador Tom C. Korologos (Ret.) Kingdom of Belgium
Ambassador Christopher Landau (Ret.) Mexico	Ambassador Lana Marks (Ret.) Republic of South Africa
Ambassador Jamie McCourt (Ret.) Republic of France	Commissioner Bernard McNamee (Fmr.) Federal Energy Regulatory Commission
Ambassador Kevin Moley (Ret.) United Nations, Geneva	Ambassador Georgette Mosbacher (Ret.) Poland
Secretary Rick Perry (Fmr.) U.S. Department of Energy	Ambassador Carla Sands (Ret.) Kingdom of Denmark
Ambassador Trevor Traina (Ret.) Republic of Austria	Ambassador Kip E. Tom (Ret.) United Nations, Rome
Ambassador Kurt Volker (Ret.) North Atlantic Treaty Organization Special Representative for Ukraine Negotiations	Assistant Secretary Steve Winberg (Fmr.) U.S. Department of Energy
Ambassador Adrian Zuckerman (Ret.) Romania	

CC: Secretary of Energy Jennifer Granholm
 Secretary of State Antony Blinken
 Deputy Secretary of Energy David Turk
 Assistant Secretary of State Geoffrey Pyatt
 National Security Advisor Jake Sullivan

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February 7, 2024

The Honorable Joe Manchin, III
 Chairman
 Committee on Energy and Natural Resources
 U.S. Senate
 Washington, DC 20510

Re: LNG Exports have Market Power

We are aware that you have a hearing on LNG exports and wanted to provide you with our views. LNG exports have market power over U.S. consumers. LNG exports have market power because they are insensitive to the price of U.S. natural gas and their demand is highest in the winter when we have our highest demand.

Even in the dead of winter when U.S. inventories are low, and when prices are higher than normal, they will pay any price, no matter how high, to keep the lights on in their country. That is unbridled market power. If there are insufficient physical molecules to supply both exports and domestic consumers, the exporters get the gas and domestic consumers do not.

Accelerating volumes of LNG exports do have increasing impacts to reliability and prices of natural gas and electricity that are accentuated when inventories are low and during peak winter and summer demand. The relationship is fundamental to the law of supply and demand. Low inventories result in high prices and high inventories result in low prices.

We are members of the Industrial Energy Consumers of America (IECA). As an organization, we developed an LNG Inventory Policy to protect consumers even as LNG exports increase. We urge you to support this policy that does not cost the taxpayer anything and does not interfere with exports to our allies. The details of the policy can be found on the IECA website.¹

We have an Aluminum[®] cold rolling[®] facility in Clarksburg, West Virginia, employing approximately 60 team members. We invite you to visit Skana, Clarksburg again to see the substantial improvements made since your last visit about 8 years ago.

We look forward to hearing from you. I can be reached at 9412323010.

Thank you!

Tom Testwuide Sr. Founder & CEO, Skana Aluminum Co.

Clarksburg, WV & Manitowoc, WI

Statement for the Record by
 Ms. Nataliya Katser-Buchkovska
 Member of the Ukrainian Parliament (2014-2019)
 Head of Subcommittee on Sustainable Development & Energy Security

 Co-founder of the Ukrainian Sustainable Fund /Green Resilience Facility
 Millennium Fellow, Atlantic Council

Hearing to Examine the Administration's Pause on LNG Export Approvals and the Department of Energy's
 Process for Assessing LNG Export Applications
 Statement for the Record
 Senate Committee on Energy and Natural Resources

February 8, 2024

Chairman Manchin, Ranking Member Barrasso, Members of the Committee:

I came to public service in Ukraine on the wave of the Revolution of Dignity, which ousted a corrupt and authoritarian dictator and kickstarted the first truly deep reforms in our independent history. The Russian military invasions that followed—beginning with the seizure of Crimea and evolving to encompass our entire country—have changed our lives forever. Areas such as defense, energy, diplomacy, media, history, economy, and religion are all used as weapons now.

The global response should continue to be sufficiently robust as well. What is needed are more sanctions, diplomatic pressure, anti-propaganda, and awareness-raising campaigns—a combination of conventional and asymmetrical actions. Ukraine also needs support to bolster its energy security, both to ensure the viability of our economy and national defense capabilities, but also to build a new future for our people. One that is free from the energy tyranny of Russia that seeks to cripple and divide. This future should also be sustainable, and like many countries, Ukraine has pledged to reduce its carbon emissions, but how this will be achieved remains unclear.

Transit of Russian Gas via Ukraine to European Countries after 2024

The existing long-term contract for the transit of Russian gas via Ukraine is set to expire on December 31, 2024. In 2023, the physical gas transit through Ukraine averaged 40 million cubic meters per day (mcm/d), equivalent to nearly 14.86 billion cubic meters (bcm) on an annualized basis. Of this, about 33 mcm/d was shipped to the European Union (EU), equal to 12 bcm on a full-year basis, and 7 mcm/d to Moldova, equivalent to 2.6 bcm per annum. *These figures represent volumes of natural gas that will need to be replaced by reliable Western alternatives, in which U.S. LNG should play a significant role.* These figures also do not fully account for traditional European demand, which should not be wholly assumed to be on a negative trajectory over the long term, particularly as Ukrainian reconstruction efforts commence and decarbonization (coal-to-gas) efforts spread throughout Central and Eastern Europe and the Balkan region. It should be noted that these volumes are directly financing Russia's continued war on my people, as well as Russian political subterfuge throughout Europe.

According to the [Center on Global Energy Policy](#) (CGEP), Austria imported the highest volume, about 5 bcm, through Ukraine over the last 12 months, accounting for nearly half of the country's total imports over the

same period. Italy also received a significant amount of Russian gas by pipeline via Ukraine (estimated at between 3 and 4 bcm), but this represented only a small share (less than 5 percent) of total imports. Slovakia, at close to 2 bcm, took approximately one-third of its imports from Russia via Ukraine. Moldova received Russian gas (2.6 bcm) exclusively for the uncontrolled left-bank Transnistria, while the right-bank part of Moldova currently purchases gas from European markets.

Ukraine received about USD 800 million as a transit fee in 2023. This constitutes only about 0.46% of the Ukrainian GDP. However, the major part of the revenues is used to cover costs associated with the transportation of gas (fuel and other operational costs), as Ukraine employs a cost-reflective tariff methodology.

Recent Developments

Russia is keen to maintain its presence in the European gas market to continue its revenue stream and political influence over some European countries, a tactic it has employed for decades to undermine European democratic institutions, political structures, and overall European cohesion - not to mention Europe's continued appetite to support Ukraine's national defense efforts.

On June 2, 2023, Russian Deputy Foreign Minister Mikhail Galuzin continued to project the Kremlin's false narrative to [TASS](#) stating, "If the transit agreement is not extended after 2024, Ukraine will strike at the EU countries that buy Russian gas and, at the same time, shoot itself in the foot by losing dividends from transit. This situation will negatively affect Europe's energy independence and will undoubtedly evoke joy in Washington, which seeks to make Europe economically and politically dependent and to profit as much as possible from the Ukrainian crisis." The Minister of Energy of Ukraine, Mr. Galushchenko, stated that Ukraine will not be part of negotiations with the Russian Federation about extending the transit agreement beyond 2024. However, such a statement created the possibility for a dual interpretation of Ukraine's position. Some European leaders see it as an opportunity to continue the transit in a manner where European countries would offtake natural gas at the Ukraine-Russia border and pay directly to Ukraine for the transit through its territory.

With the contract expiration date approaching, several officials from Slovakia and Austria have started discussions in support of the continuation of the transit. The Austrian energy regulator said, "Commenting on statements from the Ukrainian energy holding Naftogaz, according to which the gas transit from Russia to the west will stop from 2025, E-Control continues to believe that transit can continue as long as the transit pipelines are in an undamaged condition. Pipeline operators should offer free capacities on a transparent and nondiscriminatory basis under EU laws." The CEO of Austrian company OMV, Mr. Alfred Stern, said, "As long as Gazprom supplies... we will continue to take these quantities from Gazprom."

During his recent visit to Ukraine, the newly elected Prime Minister of Slovakia, Mr. Fico, [stated](#) to the TASR news agency, "There is a possibility [of continuing the gas transit]. I will be very glad if a solution is found. Perhaps, without the direct participation of Ukrainian firms... I think they [the Ukrainians] would make a huge mistake if they do not create conditions for the transit of Russian gas to Europe because this is a matter that concerns not only Slovakia but also Italy and Austria, which support this idea"

Ukraine denies it's ready to [extend the gas transit deal](#) with Russia. However, Slovakia and Austria could potentially exert significant pressure on Ukraine during the ongoing negotiations on financial support to Ukraine and planned negotiations on the acceptance of Ukraine into the EU. In light of Ukraine's ongoing national defense, the country must be best positioned to negotiate any such contract extension should the

need arise, but more importantly, Ukraine (and Europe) should be empowered to decouple entirely from Russian energy supplies through enhanced natural gas optionality, specifically U.S. LNG. Any signal that indicates the United States seeks to limit its contributions to European, transatlantic, or global energy security - such as an indefinite moratorium on future LNG exports - sends the signal to Russia that Europe will remain divided and subject to its petro-dictatorship.

Thus, it is critically important to make a political decision at a high level within the European Commission regarding the continuation of importing Russian gas by several member states after 2024. Support and a clear position from the US Administration would also bolster Ukraine in negotiations with Slovakia and Austria. One of the possible solutions is to impose sanctions on the Russian LNG and pipeline gas starting from 2025. At the same time, a critical role the United States can play in the energy security of Ukraine and Europe is to continue adding volume of LNG to the market, whether directly supplied to the European market or the global market, these volumes better position Ukraine internally and externally in its strategic negotiations and diplomatic maneuvers vis-a-vis Russia. U.S. LNG has added leverage and security for Ukraine and Europe.

Coal has long been an important source of power for Ukrainian industry, constituting about one-third of the total primary energy supply. However, the ongoing quest for decarbonization is pushing the state to radically reduce emissions and find new energy options to support the Ukrainian economy.

Natural gas has traditionally been an essential energy source in Ukraine. At present, it constitutes around 27% of total consumption. Particularly when combined with the development of renewable energy and careful investment in carbon-capturing technologies for heavy industry, natural gas looks set to play a key role in Ukraine's energy future for the long term. Ukraine needs its own LNG regasification terminal, but since the war is ongoing, we are importing gas from neighboring states in case of deficit.

However, despite the importance of gas and an abundance of untapped reserves, Ukrainian domestic production remains insufficient to meet the country's needs. Instead, today's Ukraine is still dependent on gas imports. This creates several major challenges and vulnerabilities.

With the current transit agreement between Ukraine and Russia's Gazprom set to expire in December 2024, it remains unclear whether Moscow will maintain exports through the Ukrainian pipeline transit network in the years ahead.

1. How will the country's Transmission System Operator manage these risks?
2. Can alternative sources of gas be found for Ukraine's transit system?

These questions inject additional urgency into the ongoing decarbonization debate in Ukraine and will help drive the country's energy transition.

Over the past decade, Ukraine has embraced renewable energy with increasing enthusiasm. At the moment, it is impossible to develop renewable energy without robust firming capacity, meaning a flexible alternative energy supply that can be activated when renewable sources fall short. As natural gas is by far the cheapest source of firming capacity, countries are increasingly looking to switch from coal to natural gas as part of their decarbonization strategy.

Competitively priced LNG supplies have helped facilitate this transition in the European energy sector. From the beginning of the emergence of LNG on the market, these alternative supplies have enabled a revolution in European natural gas contract procedures that have passed down benefits to European and Ukrainian

consumers, as well as state treasuries. This first began by forcing a decoupling of natural gas pricing pegged to oil - a decoupling that has saved purchasers of Russian natural gas billions over the years. Then European consumers were empowered to sever Russia's long-demanded "take-or-pay" clauses and destination clauses, which restricted the ability of purchasers to operate as de facto natural gas traders while also increasing overall European market liquidity. This is the positive impact of a competitive market that is amply supplied by a diversity of sources, supplies, and routes - a cornerstone of energy security. Russia's energy dominance began to show signs of cracking. It should also not be lost on any country that U.S. LNG exports prevented catastrophic shockwaves from crippling Ukrainian and European resilience and resolve in the wake of Russia's invasion of my homeland. Europe still has an infrastructural gap to receive enough LNG capacity, such a decision would stop regasification infrastructure development, which is also designed as a multifunctional green production and infrastructure hub, with green hydrogen, ammonia, and CO₂ management capacities. As most innovative technologies have no commercial viability yet, they may develop alongside the core regasification infrastructure and evolve at a later stage to pure green infrastructure.

Over the coming decades, LNG can play an even more significant role in meeting global demand for reliable, low-carbon, low-cost energy supplies. In this regard, greater volumes of LNG will better position European countries as a direct value-add to overall regional energy security, but greater market liquidity will ensure that Europe will be better positioned to reverse the trends of deindustrialization, energy rationing, and tame energy inflation that has crippled our region's ability to sustainably enact our various decarbonization goals.

The long-term outlook for gas and LNG is brighter than that of other fossil fuels because of comparatively lower costs and lower emissions (41% cleaner than Russian natural gas delivered to Europe, according to the U.S. Department of Energy). Nevertheless, the move towards renewable energy sources means that we are starting to witness a slight decrease in global demand for gas. In the medium term, this is expected to lead to oversupply. This should create opportunities for Ukraine to buy gas at lower prices, enabling the country to reduce its reliance on coal while making progress toward decarbonization.