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REPORT
113–477

DOMESTIC PROSPERITY AND GLOBAL FREEDOM ACT

JUNE 19, 2014.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. UPTON, from the Committee on Energy and Commerce, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 6]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 6) to provide for expedited approval of exportation of natural gas to World Trade Organization countries, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

	Page
Purpose and Summary	2
Background and Need for Legislation	2
Hearings	13
Committee Consideration	13
Committee Votes	14
Committee Oversight Findings	16
Statement of General Performance Goals and Objectives	16
New Budget Authority, Entitlement Authority, and Tax Expenditures	16
Earmark, Limited Tax Benefits, and Limited Tariff Benefits	16
Committee Cost Estimate	16
Congressional Budget Office Estimate	16
Federal Mandates Statement	17
Duplication of Federal Programs	17
Disclosure of Directed Rule Makings	17
Advisory Committee Statement	18
Applicability to Legislative Branch	18
Section-by-Section Analysis of the Legislation	18

39–006

Changes in Existing Law Made by the Bill, as Reported 18
Minority, Additional, or Dissenting Views 20

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Domestic Prosperity and Global Freedom Act".

SEC. 2. ACTION ON APPLICATIONS.

(a) DECISION DEADLINE.—The Department of Energy shall issue a decision on any application for authorization to export natural gas under section 3 of the Natural Gas Act (15 U.S.C. 717b) not later than 90 days after the later of—

(1) the end of the comment period for such decision as set forth in the applicable notice published in the Federal Register; or

(2) the date of enactment of this Act.

(b) JUDICIAL ACTION.—(1) The United States Court of Appeals for the circuit in which the export facility will be located pursuant to an application described in subsection (a) shall have original and exclusive jurisdiction over any civil action for the review of —

(A) an order issued by the Department of Energy with respect to such application; or

(B) the Department of Energy's failure to issue a decision on such application.

(2) If the Court in a civil action described in paragraph (1) finds that the Department of Energy has failed to issue a decision on the application as required under subsection (a), the Court shall order the Department of Energy to issue such decision not later than 30 days after the Court's order.

(3) The Court shall set any civil action brought under this subsection for expedited consideration and shall set the matter on the docket as soon as practical after the filing date of the initial pleading.

SEC. 3. PUBLIC DISCLOSURE OF EXPORT DESTINATIONS.

Section 3 of the Natural Gas Act (15 U.S.C. 717b) is amended by adding at the end the following:

"(g) PUBLIC DISCLOSURE OF LNG EXPORT DESTINATIONS.—As a condition for approval of any authorization to export LNG, the Secretary of Energy shall require the applicant to publicly disclose the specific destination or destinations of any such authorized LNG exports.".

PURPOSE AND SUMMARY

H.R. 6, the "Domestic Prosperity and Global Freedom Act," was introduced by Representative Gardner (R–CO) on March 6, 2014. H.R. 6 would expedite the decision making process for authorization to export natural gas under section 3 of the Natural Gas Act by requiring the Department of Energy (DOE) to issue a decision within 90 days after the later of the end of the comment period or the date of enactment of the Act. The legislation also would grant original and exclusive jurisdiction over certain civil actions to the United States court of appeals for the circuit in which the export facility will be located.

BACKGROUND AND NEED FOR LEGISLATION

The rapid growth in the United States' natural gas production offers a variety of opportunities, including the chance for the U.S. to become a natural gas exporting nation. Doing so would benefit the U.S., as well as our allies and trading partners, many of whom have been vocal in their support of such exports.

The economic benefits of exporting liquefied natural gas (LNG) outweigh the costs, according to a study conducted for DOE by NERA Economic Consulting in 2012.[1] This report found that the

[1] See NERA's report on the macroeconomic impacts of LNG exports from the United States contracted for by the Department of Energy. December 3, 2012.

U.S. can produce more than enough natural gas to meet domestic demand affordably, while also supporting export markets. The report further concluded that the net benefits of exports apply to consumers as well as the overall economy, and that these benefits increase along with the level of exports. Other studies, including an updated analysis conducted by NERA in 2014,[2] have reached similar conclusions.

Although the economic benefits of LNG exports are significant, they may be exceeded by the geopolitical benefits. By becoming a natural gas exporter, the U.S. can supplant the influence of other exporters, like Russia and Iran, while strengthening ties with our allies and trading partners around the world. U.S. LNG also can help the developing world by providing a much-needed source of affordable energy, and offer those countries pursuing environmental objectives the option of using clean-burning natural gas.

However, time is of the essence, and DOE's slow approval process for LNG exports is squandering the chance to maximize our energy advantage. DOE has made only 7 decisions since the first non-FTA application was submitted nearly four years ago, and 24 applications still await action. America's window of opportunity will not remain open for long. In the face of continued delays, nations with near-term energy needs will be forced to look elsewhere for supplies, LNG facilities will have difficulty securing financing in an uncertain regulatory environment, and America will see greater competition from other LNG exporters. To avert these risks to our global LNG export leadership potential, H.R. 6 is necessary to expedite the Department of Energy's approval process for LNG exports to non-FTA countries, bringing about greater certainty to the private sector and sending a message to our allies and trading partners that the U.S. is prepared to become the global energy leader.

The Committee on Energy and Commerce has focused considerable attention on the growth of domestic natural gas and oil production. Long-held beliefs in the inevitable decline of American gas and oil output have given way to the new reality of increasing abundance. These energy sources, along with coal, nuclear, and renewables, can provide the nation with the benefits of a diverse and plentiful energy portfolio for decades to come.

The resurgence of natural gas and oil is an extremely important transformation, but it is one for which Washington is just beginning to adjust. Many outmoded Federal policies, based on the old assumptions of energy scarcity and rising imports, are still in force and stand in the way of the opportunities before us. The Committee has taken the lead in reviewing these policies and fighting for needed changes.

Several hearings have been devoted to various aspects of the nation's expanding natural gas and oil abundance, with a particular emphasis on the legal and regulatory changes necessary to realize the full potential of these resources.

The Subcommittee on Energy and Power began the 113th Congress with a hearing entitled "American Energy Security and Innovation: An Assessment of North America's Energy Resources." In

[2] See *NERA's updated report on the macroeconomic impacts of LNG exports from the United States.* Submitted to supplement Cheniere Energy's pending application. May 20, 2014.

this overview of the resource base, the Energy Information Administration (EIA) described the dramatic increases in domestic natural gas and oil production all the more dramatic given that production had been falling for decades and many in Washington assumed that continued declines were unavoidable. Instead, the U.S. has reversed the declines rapidly and emerged as the world's largest producer of natural gas and oil in 2013.[3] The production increases show no signs of slowing down and should continue in the years ahead. Renowned energy analyst, Dr. Daniel Yergin, estimates that this energy revolution already supports 1.7 million jobs and could support 3 million jobs by 2020.[4]

The impressive rise in natural gas output since 2005 has been made possible by American innovations in hydraulic fracturing and horizontal drilling. EIA's rising estimates of natural gas reserves strongly suggest that American output can exceed domestic needs into the future.[5] Specifically, it projects a 56 percent production increase by 2040, remaining well above projected domestic demand.[6] U.S. natural gas imports, which had previously been high enough to noticeably impact global supplies, have declined dramatically and are now negligible.

However, the Federal government has failed to encourage this energy transformation. In fact, due to access restrictions that keep vast areas off-limits,[7] natural gas and oil production on federally controlled lands and offshore areas has not increased at all. In the case of natural gas, the Congressional Research Service reports that "[o]verall, U.S. natural gas production rose by four trillion cubic feet (tcf) or 19 percent since 2009, while production on Federal lands (onshore and offshore) fell by about 28 percent. Natural gas production on non-Federal lands by percent over the same time period"[8] The already-impressive net growth in natural gas supplies from State and private lands could be enhanced considerably if Federal lands were brought into the mix more fully.

Subsequent hearings explored the tremendous economic potential of this resource bounty. For example, a joint hearing by the Subcommittee on Commerce, Manufacturing, and Trade and the Subcommittee on Energy and Power, entitled "U.S. Energy Abundance: Manufacturing Competitiveness and America's Energy Advantage," detailed the benefits of a steady stream of low-priced natural gas to American manufacturers competing on a global stage. Chemical and fertilizer producers that use natural gas as a feedstock are benefitting tremendously. Indeed, these facilities—and their jobs—are coming back to the U.S. after years of having been outsourced. Soon, they may be joined by companies that split molecules of natural gas into various chemicals in a process known as "cracking." These chemicals, such as ethylene and their derivatives, are then used by the manufacturing sector to make a variety of plastics and

[3] See *"U.S. expected to be largest producer of petroleum and natural gas hydrocarbons in 2013."* U.S. Energy Information Administration, October 4, 2013.
[4] *Testimony* of Dr. Daniel Yergin, IHS, Inc., before the House Energy and Commerce Committee. February 5, 2013.
[5] *Testimony* of Adam Sieminski, EIA, before the House Energy and Commerce Committee. February 5, 2013.
[6] See *"Annual Energy Outlook 2014 Early Release Overview."* U.S. Energy Information Administration.
[7] *Testimony* of Mary Hutzler, Institute for Energy Research, before the House Energy and Commerce Committee. February 5, 2013.
[8] Congressional Research Service, *"U.S. Crude Oil and Natural Gas Production in Federal and non-Federal Areas*," April 10, 2014.

consumer products. Investments in these facilities in America are being considered for the first time in over 50 years.

Those who make the equipment used in the energy boom everything from drilling equipment to pipes also have prospered. And most other manufacturers benefit from lower-priced electricity produced from natural gas, which alongside coal and other sources, hold the potential to secure affordable electricity now and well into the future.

I. THE BENEFITS OF NATURAL GAS EXPORTS

Perhaps the most exciting of the many opportunities presented by this new energy abundance is the potential for America to increase energy exports. The U.S has long been a coal-exporting nation, but is now in a position to be a natural gas exporting nation as well. In fact, the price of natural gas in many overseas markets is considerably higher than in the U.S., creating the potential for very profitable exports, even after transportation costs are taken into account (Figure 1).

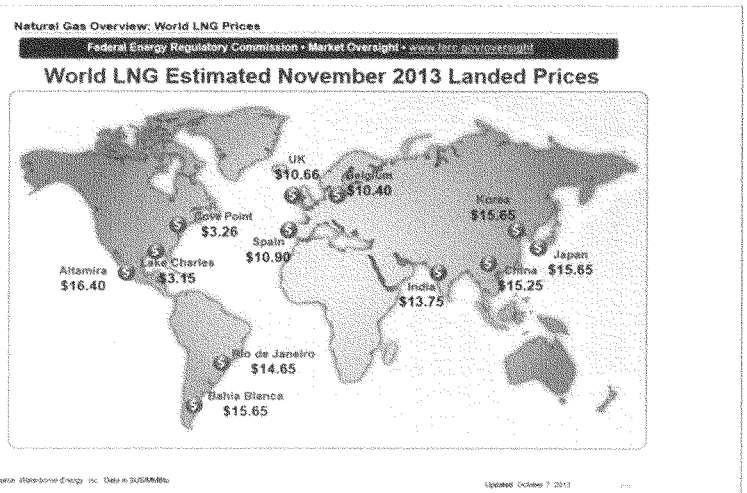


Figure 1: Natural gas prices vary widely across the globe with regional pricing trends reflective of supply and demand constraints.

A Subcommittee on Energy and Power hearing, entitled "U.S. Energy Abundance: Exports and the Changing Global Energy Landscape," focused on the potential benefits of energy exports, including domestic jobs and improved balance of payments. An analysis conducted by NERA for the Department of Energy concluded that America has more than enough natural gas to meet its domestic needs affordably, while also supporting export markets, and that doing so would be a net benefit to the American economy.[9] Other studies have drawn similar conclusions.[10] Further, NERA released an updated study to their earlier work done for the Depart-

[9] See "*Macroeconomic Impacts of LNG Exports from the United States*," NERA Economic Consulting, December 3, 2012.

[10] See "*Liquid Markets: Assessing the Case for U.S. Exports of Liquefied Natural Gas*," Brookings Institution, May 2, 2012; "*New Dynamics of the U.S. Natural Gas Market*," Bipartisan Policy Center, May 2013; "*Liquefied Natural Gas Exports: America's Opportunity and Advantage*," ICF International, December 2013.

ment of Energy. This study responded to several issues raised in the first NERA report with additional data and analysis.[11]

The U.S. has a tremendous resource base of low-cost natural gas. According to the congressional testimony of ICF Resources, the remaining technically recoverable U.S. natural gas resource base is 3,850 trillion cubic feet (Tcf). Over 1,200 Tcf is available in the lower–48 at $5.00 per million British Thermal Units (MMBtu).[12] To put this in perspective, the U.S. used 25.6 Tcf of natural gas in 2012. Driven mainly by increasing natural gas demand from the electricity sector, the Energy Information Administration predicts that consumption will rise to 31.6 Tcf in 2040. Domestic production is expected to keep pace with the new demand, growing to 37.5 Tcf in 2040. EIA predicts that the U.S. will be a net exporter of natural gas by 2018, with exports of LNG from new liquefaction capacity rising to 3.5 Tcf in 2029 and remaining at that level through 2040.[13] Overall, only a fraction of the nation's vast natural gas resource base will be produced by 2040, and only a fraction of that will go to LNG exports (Figure 2).

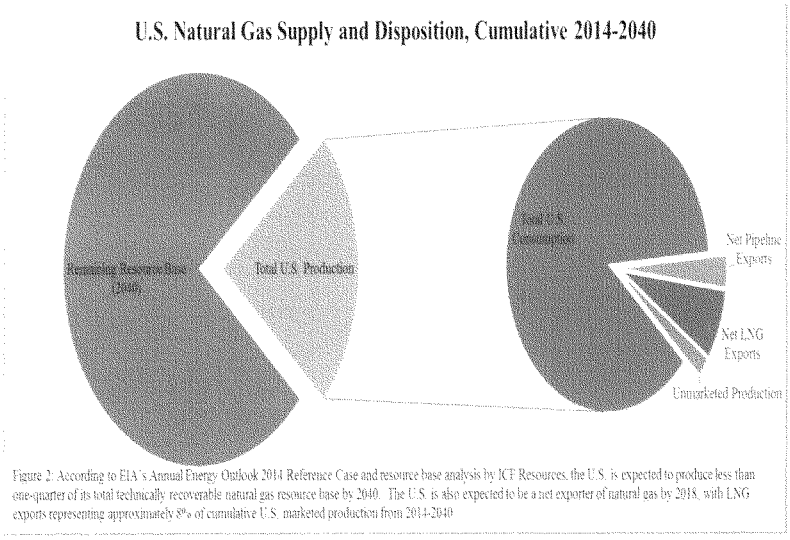


Figure 2: According to EIA's Annual Energy Outlook 2014 Reference Case and resource base analysis by ICF Resources, the U.S. is expected to produce less than one-quarter of its total technically recoverable natural gas resource base by 2040. The U.S. is also expected to be a net exporter of natural gas by 2018, with LNG exports representing approximately 8% of cumulative U.S. marketed production from 2014-2040

Some on this Committee have expressed concern over the price impacts of allowing U.S. natural gas exports. However, the body of evidence, including the study requested by DOE, suggests that price impacts will be moderate and unlikely to be driven by the volume of U.S. gas exported. As NERA found in both studies, the market limits how high U.S. natural gas prices can rise under pressure of LNG exports because importers will not purchase U.S. exports if the U.S. wellhead price rises above the cost of competing suppliers. In effect, the market for LNG exports is self-limiting. The same study also found that across all scenarios, including allowing unlimited exports, U.S. economic welfare consistently increases as

[11] See "*Updated Macroeconomic Impacts of LNG exports from the United States*," NERA Economic Consulting, March 6, 2014.
[12] *Testimony* of Mr. Harry Vidas, ICF International, before the House Energy and Commerce Committee. February 5, 2013.
[13] See *"Annual Energy Outlook 2014 Early Release Overview."* U.S. Energy Information Administration.

the volume of natural gas exports increased.[14] Over the next 4 years, investment in LNG export facilities and in additional natural gas exploration and productions for export could take upwards of 45,000 workers off the unemployment rolls.[15]

II. DOE'S ROLE

DOE plays a critical role in enabling the U.S. to take advantage of the new era of energy abundance by regulating the trade of natural gas. DOE exercises jurisdiction over the commodity itself (natural gas), whereas other Federal agencies, such as the Federal Energy Regulatory Commission (FERC) and the Department of Transportation's Maritime Administration, and State and local authorities have jurisdiction over the facilities used to export the commodity. DOE's authority arises under the Natural Gas Act, which sets the standard of review for most LNG export applications. Applications to countries with which the U.S. has a Free Trade Agreement (FTA) in effect are granted automatically. The process is much more complicated and uncertain for applications involving the majority of countries, those with which the U.S. does not have an FTA. The Natural Gas Act establishes a rebuttable presumption that a proposed export of natural gas to a non-FTA country is in the public interest; however, the statute does not define "public interest" nor identify the criteria that must be considered. As a result, DOE identified a growing list of factors, including economic impacts, international impacts, and security of supply. In addition, DOE relies on outdated, 1984 Policy Guidelines related to the *import* of natural gas (at the time, it was believed that the U.S. would need to import more LNG) to weigh these factors. Overall, DOE's standard of review is unpredictable, evolving, and has been slow to reflect the nation's newfound natural gas abundance and the growing benefits of energy exports.

DOE's adopted procedures, including its role as a cooperating agency with FERC for the purpose of complying with the National Environmental Policy Act (NEPA), present unique challenges, as recently demonstrated in DOE's order conditionally granting Freeport LNG authorization to export.[16] Seemingly new criteria were added, and DOE partially denied the requested volume of natural gas, not on the basis of previously stated public interest criteria,[17] but because of a discrepancy identified in Freeport's filing before FERC relating to the size of the facility and the environmental review process.

Another example where DOE has used questionable judgment in how it processes applications is the criteria "used to establish processing order" for applications.[18] Of the criteria used, preference was given for projects that had engaged in the FERC approval process on or before December 5, 2012. However, deep-water LNG

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[14] See "*Macroeconomic Impacts of LNG Exports from the United States*," NERA Economic Consulting, December 3, 2012. Pg. 6.

[15] *Testimony* of Dr. W. David Montgomery, NERA Economic Consulting, before the House Energy and Commerce Committee, March 25, 2014.

[16] DOE/FE Order No. 3357. Available at: *http://energy.gov/sites/prod/files/2013/11/f5/FE%20DOCKET%20NO.%2011-161-LNG%20ORDER%20NO.%203357.pdf.*

[17] *Testimony* of Christopher Smith, U.S. Department of Energy, before the House Energy and Commerce Committee. June 18, 2013.

[18] See "Pending Long-Term Applications to Export LNG to Non-FTA Countries Listed in Order DOE Will Commence Processing, Last Revised 3/24/2014." Available at: *http://energy.gov/sites/prod/files/2014/03/f13/Pending%20LT%20LNG%20Export%20Apps%20%283-24-14%29.pdf.*

export facilities are not approved by FERC; rather, they are approved by Maritime Administration. No mention is made of Maritime Administration approved projects anywhere in its criteria for establishing order for applications.

DOE appears to be moving away from the market principles that once guided the process. In its 1984 Policy Guidelines on LNG imports, the agency stated that:

> the market, not government, should determine the price and other contract terms of imported natural gas . . . . The [F]ederal government's primary responsibility in authorizing imports will be to evaluate the need for the gas and whether the import arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.[19]

DOE seemingly has abandoned this limited approach in favor of lengthy and comprehensive reviews of each export application under which almost any factor can be reviewed. This unsettled review process has led to extensive delays and additional uncertainty, with more than 20 applications currently pending before the agency, some for over a year.[20]

Among the justifications for DOE's cautious, case-by-case approach is the concern that if every application for export were approved, the resulting exports would create a substantial draw on domestic supplies of natural gas and cause a significant price increase. However, the previous record for FERC-approved LNG terminals does not bear this out. During the years when the U.S. faced the daunting task of building more import terminals in the face of declining production, there were approximately 33 applications that entered into the FERC application process. However, only 5 of these onshore import facilities were ultimately constructed.[21] There are a variety of reasons why only 5 facilities were constructed, but given the complexity and costs of LNG projects, variables such as how many projects the market will ultimately support, and overcoming the Federal, State, and local regulatory barriers to constructing a facility dictate that an approval to export LNG by no means guarantees a facility will be constructed or operational.[22]

It should be noted that LNG facilities are multi-billion dollar capital investments that take several years to build, so any regulatory uncertainty as to when they will be approved and to whom they are allowed to sell can have a chilling effect on investment.

A Subcommittee on Energy and Power hearing entitled, "U.S. Energy Abundance: Regulatory, Market, and Legal Barriers to Export," focused on these extensive regulatory obstacles. Many experts see them as relics from a time of perceived energy scarcity

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[19] Department of Energy 1984 Policy Guidelines. Available at: *http://www.fossil.energy.gov/programs/gasregulation/authorizations/policy.pdf.*

[20] Applications received by DOE/FE to Export Domestically Produced LNG from the Lower–48 States. Available at: *http://energy.gov/sites/prod/files/2014/01/f6/Summary%20of%20LNG%20Export%20Applications.pdf.*

[21] Map of North American LNG Terminals. Available at: *http://energy.gov/sites/prod/files/2013/04/f0/LNG%20Import%20%26%20Export%20Terminal%20Maps%2012-18-2012.pdf.*

[22] Interviews with Marc Robinson, former Director, Office of Energy Programs, Federal Energy Regulatory Commission, January 2014.

and fears of domestic shortages, and believe that they should be updated to take full advantage of LNG export opportunities.[23]

III. THE GLOBAL PERSPECTIVE ON LNG

While these hearings emphasized the potential economic benefits of LNG exports, they also touched on the tremendous geopolitical benefits. Indeed, many believe that important foreign policy goals can be more effectively advanced through increased energy trade than through diplomacy or foreign aid programs. Further, an increased American contribution to global energy markets can enhance national security by supplanting the influence of the troublesome participants currently dominating those markets, especially Iran and Russia.[24]

To fully understand the global implications of LNG exports, it is critical to hear directly from those allies and trading partners around the world that are seeking this American energy. For this reason, on October 10, 2013, the Subcommittee on Energy and Power hosted a forum, entitled "U.S. Energy Exports: Geopolitical Implications and Mutual Benefits." The participants, representing the Commonwealth of Puerto Rico and many foreign nations included:

- Czech Republic: Jaroslav Zajicek, Deputy Chief of Mission;
- Haiti: Rene Jean-Jumeau, Minister Delegate to the Prime Minister, Charge of Energy Security;
- Hungary: Anita Orban, Ambassador-at-Large for Energy Security of the Ministry of Foreign Affairs;
- India: Taranjit Singh Sandhu, Deputy Chief of Mission;
- Japan: Yasushi Akahoshi, Minister, Economy, Trade, Industry and Energy;
- Lithuania: Zygimantas Pavilionis, Ambassador to the United States and Mexico;
- Puerto Rico: Dr. Efrain O'Neill-Carillo, Senior Energy Advisor to the Governor;
- Singapore: Ashok Kumar Mirpuri, Ambassador to the United States;
- South Korea; Ahn Ho-Young, Ambassador to the United States; and,
- Thailand: Saroj Thanasunti, Charge d'Affaires.

These nations vary greatly in terms of their current energy supply challenges and expected future needs. They also differ in their levels of economic development, national security concerns, environmental policy priorities, and other energy-related factors. But they are dependent on energy imports and have expressed a strong interest in LNG from the U.S.

A. Increased U.S. Global Influence From LNG Exports

Electricity can be produced from a variety of sources—coal, natural gas, and nuclear, as well as renewable sources like hydroelectric, wind, and solar. Different nations (and regions within nations) strive to achieve an electricity portfolio best suited to their particular circumstances to ensure reliability and affordability.

[23] *Testimony* of Lou Pugliarese, Energy Policy Research Foundation, Inc., before the House Energy and Commerce Committee. June 18, 2013.

[24] *Testimony* of Amy Myers Jaffe, University of California, Davis, before the House Energy and Commerce Committee. May 7, 2013.

Currently, many nations would like to add more natural gas into their electricity mix given its affordability and low emissions, and U.S. LNG is seen as an excellent source of new supply.

In a geopolitical context, the benefits of diversity apply to suppliers as well as supplies, and the added option of U.S. LNG enhances both kinds of diversity. This is especially important to Central and Eastern European nations heavily reliant on Russia for natural gas. This dependence has led to not only higher prices, but as the recent crisis in the Ukraine has shown, it also increases the ability of Russia to exert political pressure on these nations.

Zygimantas Pavilionis, Lithuanian Ambassador to the United States and Mexico, noted his nation's heavy reliance on natural gas from Russia's Gazprom, adding that "we pay the highest price for gas in the world." Beyond costs, he also discussed instances of Russia using its energy leverage to exert pressure over Lithuania on political matters, especially those involving Lithuania's efforts to break free from the Russian sphere of influence and align more closely with the European Union and the U.S. Jaroslav Zajicek, Deputy Chief of Mission for the Czech Republic, relayed similar experiences. He explained that the sharp drop in U.S. imports of natural gas already is helping by freeing up additional supplies from the Caribbean and other sources that were once destined for the U.S., but now serve the Western European market.

Hungary's Ambassador at Large for Energy Security, Dr. Anita Orban, testified that:

> it is simply not true that lifting the natural gas export ban today would not have an immediate effect in [Europe]. It would immediately change the business calculus of infrastructure investments and send an extremely important message of strategic reassurance to the region which currently feels more threatened than any time since the Cold War.[25]

Enacting H.R. 6 will free European allies from their reliance on Russia and Iran for natural gas.[26] However, H.R. 6 could help blunt Russia's economic rewards from its regional natural gas monopoly. Over the next five years, U.S. competition could drive Russia's revenues from natural gas exports down by as much as 30 percent, and in the longer term, could cut those revenues by as much as 60 percent.[27]

Many Asian nations also are highly dependent on imports for their energy needs, much of which comes from the unstable Middle East. For this reason, the prospect of U.S. LNG is especially valued for its stability. For example, Yasushi Akahoshi, Japan's Minister of Economy, Trade, Industry and Energy, said that "half of the expanded demand for natural gas is coming from the Middle East, and our dependence on that region is rising." He concluded that "the import from the U.S. would be the most reliable supply, which could bring about less dependency on the Middle East." Taranjit Singh Sandhu, India's Deputy Chief of Mission, stated that U.S.

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[25] *Testimony* of Dr. Anita Orban, Government of Hungary, before the House Energy and Commerce Committee. March 25, 2014.

[26] See *"Iran offers Europe gas amid Russian energy embargo fears."* The Telegraph, May 4, 2014.

[27] *Testimony* of Dr. W. David Montgomery, NERA Economic Consulting, before the House Energy and Commerce Committee, March 25, 2014.

LNG exports "would provide a steady, reliable supply of clean energy and help diversify our imports from our traditional suppliers."

B. Global Economic Development Benefits

The United States gains from a stronger world economy, and LNG exports can play a role in accomplishing that end. This is particularly true of poorer countries for which affordable energy is a key component of economic development. These countries are interested especially in LNG because it is cheaper than the energy sources they currently rely upon.

Rene Jean-Jumeau, Haiti's Minister Delegate to the Prime Minister, sees U.S. LNG exports as a means for his country to transition "from an aid based relationship to a trade based relationship." He said "[t]he question of energy is central to every type of issue of development that we can consider." Jean-Jumeau added that replacing the oil Haiti currently uses to generate electricity with natural gas would lead to "a reduction in the cost of electricity by at least 30 percent." This would have the double benefit of making electricity more accessible to the citizens of Haiti (a majority of Haitians do not have access to electricity), while also ensuring the low energy prices necessary to attract investment in manufacturing.

Indeed, LNG exports to developing nations would help to accomplish many of the same economic goals for which direct aid was intended.

Efrain O'Neill-Carillo, Senior Energy Advisor to the Governor of Puerto Rico, also emphasized the benefits of affordable energy from LNG to low-income populations, along with the energy security benefits. "Lower electricity costs in Puerto Rico will mean better socio-economic conditions, lower social problems, increase our energy security and overall security in the region." He noted that Puerto Rico produces 70 percent of its electricity from oil, and that "when the average price of a barrel of oil increases by $10, it is estimated that $700 million dollars leave Puerto Rico's economy every year."

India's Mr. Sandhu similarly noted that "there is a price advantage in LNG imports from the U.S. compared to current prices from traditional suppliers, which is an important factor in the energy policy decision-making for a developing country like India."

C. Environmental Benefits

Nations around the world have varying energy policy priorities, which, in addition to securing long-term affordable energy, may include reducing greenhouse gas emissions or reducing air pollution from energy use. But many have limited options for moving to lower emitting sources of electrical generation. For example, Japan has suspended its nuclear power program in response to the Fukushima Daiichi accident. Nations like Singapore have insufficient land for renewable sources, while others like Haiti must first expand baseload power before accommodating intermittent renewables like wind and solar. Natural gas can provide a baseload source of electricity affordably and do so with the added benefit of lower emissions.

The U.S. can help many of these nations achieve their environmental objectives simply by making LNG available. For example,

in considering Japan's need for non-nuclear alternatives, Minister Akahoshi said that using natural gas "would contribute to emissions reductions, which is one reason we would like to expand use of natural gas from the U.S." Japan is one of many countries around the world that must rely on crude and fuel oil in order to meet part of their electricity demands due to an inability to secure enough natural gas supplies. South Korean Ambassador Ahn Ho-Young noted that "we made a commitment in Korea to reduce the emissions of carbon dioxide by year 2020, a 30 percent reduction. In order to do it, we will have to . . . further increase use of LNG. This is the reason we are encouraged by the new source of energy." India's Mr. Sandhu added that "LNG is an important component of our environmentally sensitive energy security strategy."

IV. PROPOSED CHANGES TO THE DEPARTMENT OF ENERGY'S LNG EXPORT PROCEDURES

On May 29, 2014, DOE proposed changes to its procedures for conducting the public interest analysis required by the Natural Gas Act.[28] DOE will no longer proceed in the previously established "Order of Precedent" and will suspend the practice of issuing conditional decisions on applications to export LNG. DOE instead will act on applications in the order in which they become ready for final action. DOE states "[a]n application is ready for final action when DOE has completed the pertinent NEPA review process and when DOE has sufficient information on which to base a public interest determination."[29] DOE also proposed to amend the dockets of all pending LNG export applications requiring a public interest analysis with an updated economic study and two reports focusing on the environmental and lifecycle greenhouse gas impacts resulting from LNG exports from the United States. DOE asserts that the addition of the environmental reports, while not required by the NEPA, are in keeping with the President's Climate Action Plan and the Administration's commitment to mitigate greenhouse gas emissions.

The proposed changes to the public interest analysis present new challenges to applicants seeking permission to export LNG. The introduction of new studies to the dockets suggests that DOE is modifying the standard of review by increasing the breadth and scope of the public interest analysis. These changes may result in further delays.

While DOE has been clear that each proposal will be evaluated in terms of its additive impact to the cumulative whole, DOE has failed to define adequately the public interest criteria or its method for weighing intervening arguments. With the additional changes being proposed, adding to the extensive record that DOE already has established, the Committee is concerned the agency is inviting an opportunity for additional analysis and delay to overwhelm the decision making process itself. The resulting inefficient and expanding process may lead to missed opportunities to secure the Agency's. The decision deadline provision of H.R. 6 would alleviate the uncertainty associated with the effects of decision paralysis by DOE.

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[28] See Proposed Procedures for Liquefied Natural Gas Export Decisions, 79 Fed. Reg. 32261, 32264 (June 4, 2014).

[29] See Proposed Procedures, 79 Fed. Reg. 32263.

In conclusion, the arguments in favor of H.R. 6, Domestic Prosperity and Global Freedom Act, are numerous and undeniable. H.R. 6 will compel DOE to make a determination on applications when the comment periods have closed, and in the case of some pending applications, the comment periods have been closed for over two years. H.R. 6 provides for a 90-day deadline for DOE to make a decision, by the later of either the end of the comment period closing or, for those applications where the comment period closed prior to enactment of the legislation, the date of enactment. Given the extensive record on LNG exports and the records for each respective application, and the presumption set forth in the Natural Gas Act that these applications are to be approved, any further delays by DOE in making a decision on applications is unacceptable.

H.R. 6 further provides a legal remedy for an applicant to utilize if DOE fails to act in the timeframe set forth or if they wish to challenge a decision by DOE. The legal remedy, however, is not self-enacting. An applicant has the discretion when and if they choose to take DOE to court. In some cases, an applicant may feel that going to court would delay, rather than expedite, a DOE decision on their application. The intent and structure of H.R. 6 is to provide greater governance, guidance, predictability, accountability, and transparency to the LNG export approval process.

HEARINGS

On March 25, 2014, the Subcommittee on Energy and Power held a hearing on H.R. 6, the "Domestic Prosperity and Global Freedom Act."

The Subcommittee received testimony from:

- Ms. Paula Gant, Deputy Assistant Secretary for Oil and Natural Gas, U.S. Department of Energy;
- Dr. Anita Orbán, Ambassador-at-Large for Energy Security, Government of Hungary;
- The Honorable James Bacchus, Greenberg Trauig LLP;
- Mr. Dave Schryver, Executive Vice President, American Public Gas Association;
- Mr. Kenneth Ditzel, Principal, Charles River Associates; and,
- Dr. W. David Montgomery, Senior Vice President, NERA Economic Consulting.

COMMITTEE CONSIDERATION

On April 8 and 9, 2014, the Subcommittee on Energy and Power met in open markup session and considered H.R. 6. During the markup, one amendment was offered by Mr. Rush, and was adopted by voice vote. On April 9, 2014, the Subcommittee forwarded H.R. 6 to the full Committee, as amended, by a record vote of 15 ayes and 11 nays.

On April 29 and 30, 2014, the Committee on Energy and Commerce met in open markup session and considered H.R. 6. During the markup, two amendments were offered and adopted by voice vote. On April 30, 2014, the Committee ordered H.R. 6 favorably reported to the House, as amended, by a record vote of 33 ayes and 18 nays.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were 2 record votes taken in connection with ordering H.R. 6 reported. A motion by Mr. Upton to order H.R. 6 reported to the House, as amended, was agreed to by a recorded vote of 33 ayes and 18 nays. The following reflects the recorded votes taken during the Committee consideration:

COMMITTEE ON ENERGY AND COMMERCE -- 113TH CONGRESS
ROLL CALL VOTE # 37

BILL: H.R. 6, the "Domestic Prosperity and Global Freedom Act"

AMENDMENT: A motion by Mr. Upton to order H.R. 6 favorably reported to the House, as amended. (Final Passage)

DISPOSITION: **AGREED TO**, by a roll call vote of 33 yeas and 18 nays

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton	X			Mr. Waxman			
Mr. Hall	X			Mr. Dingell		X	
Mr. Barton	X			Mr. Pallone		X	
Mr. Whitfield				Mr. Rush		X	
Mr. Shimkus	X			Ms. Eshoo		X	
Mr. Pitts	X			Mr. Engel		X	
Mr. Walden	X			Mr. Green	X		
Mr. Terry	X			Ms. DeGette		X	
Mr. Rogers	X			Mrs. Capps		X	
Mr. Murphy	X			Mr. Doyle	X		
Mr. Burgess	X			Ms. Schakowsky		X	
Mrs. Blackburn	X			Mr. Matheson	X		
Mr. Gingrey	X			Mr. Butterfield	X		
Mr. Scalise	X			Mr. Barrow		X	
Mr. Latta	X			Ms. Matsui		X	
Mrs. McMorris Rodgers	X			Ms. Christensen		X	
Mr. Harper				Ms. Castor		X	
Mr. Lance	X			Mr. Sarbanes		X	
Mr. Cassidy	X			Mr. McNerney		X	
Mr. Guthrie	X			Mr. Braley		X	
Mr. Olson	X			Mr. Welch		X	
Mr. McKinley	X			Mr. Lujan	X		
Mr. Gardner	X			Mr. Tonko		X	
Mr. Pompeo	X			Mr. Yarmuth		X	
Mr. Kinzinger	X						
Mr. Griffith	X						
Mr. Bilirakis	X						
Mr. Johnson	X						
Mr. Long	X						
Mrs. Ellmers	X						

04/30/2014

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings that are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

H.R. 6 provides for increased coordination of Federal, State, and local assistance to promote energy retrofitting of schools.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 6 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

EARMARK, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

In compliance with clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives, the Committee finds that H.R. 6 contains no earmarks, limited tax benefits, or limited tariff benefits.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 3, 2014.

Hon. FRED UPTON,
Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 6, the Domestic Prosperity and Global Freedom Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Megan Carroll.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 6—Domestic Prosperity and Global Freedom Act

Under the Natural Gas Act, the Department of Energy (DOE) regulates imports and exports of natural gas. H.R. 6 would amend that act to specify a deadline for DOE to issue decisions on certain

applications for authority to export natural gas. Specifically, H.R. 6 would require DOE to issue a decision on any existing application within 90 days of either the enactment date of H.R. 6 or the close of the comment period pertaining to the application, whichever is later.

Based on information from DOE, CBO estimates that enacting H.R. 6 would not significantly affect the federal budget. The bill would not materially alter DOE's regulatory responsibilities under the Natural Gas Act, and CBO estimates that any change in DOE's administrative costs, which are subject to the availability of appropriated funds, would be negligible because of the small number of permits involved. H.R. 6 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 6 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

The bill would impose a private-sector mandate, as defined in UMRA, on entities seeking DOE approval to export natural gas. The Natural Gas Act requires entities seeking to export natural gas to obtain approval from DOE. The bill would require that applicants, as a condition for approval, publicly disclose the countries that would receive the exports. According to DOE, fewer than 100 applications have been approved or are pending for export of natural gas as of March 2014. Because the number of applications for export is small and the cost to disclose destination countries is low, CBO estimates that the cost of the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Megan Carroll (for federal costs) and Amy Petz (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 6 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The Committee estimates that enacting H.R. 6 specifically directs no rule makings within the meaning of 5 U.S.C. 551 to be completed.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 provides the short title of "Domestic Prosperity and Global Freedom Act."

Section 2. Action on applications

Section 2 states that the Department of Energy must issue a decision on an application to export natural gas under section 3 of the Natural Gas Act no later than 90 days after either the end of the period for an application that has been noticed in the Federal Register or the date of enactment of this Act, whichever of these actions comes later.

Section 2 also gives the United States court of appeals for the circuit in which the export facility will be located original and exclusive jurisdiction over any civil action for the review of either an order issued by the Department of Energy with respect to an application or the Department of Energy's failure to issue a decision. If the Court finds that Department of Energy has failed to issue a decision, then the Court shall order the Department of Energy to issue a decision no later than days after the Court's order. The Court shall set any action brought under this subsection for expedited consideration.

Section 3. Public disclosure of export destinations

Section 3 amends the section 3 of the Natural Gas Act to provide that the applicant for authorization to export LNG must publicly disclose the specific destination or destinations of the authorized LNG export.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

SECTION 3 OF THE NATURAL GAS ACT

EXPORTATION OR IMPORTATION OF NATURAL GAS; LNG TERMINALS

SEC. 3. (a) * * *

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(g) PUBLIC DISCLOSURE OF LNG EXPORT DESTINATIONS.—As a condition for approval of any authorization to export LNG, the Secretary of Energy shall require the applicant to publicly disclose the specific destination or destinations of any such authorized LNG exports.

MINORITY, ADDITIONAL, OR DISSENTING VIEWS

I. SUMMARY

H.R. 6 would disrupt the Department of Energy's (DOE) existing approval process for the export of liquefied natural gas (LNG), which is working. DOE already has granted seven export applications that will transform the United States into the world's second largest exporter of LNG, just behind Qatar. This bill would establish arbitrary and rigid deadlines for DOE to decide on export applications. By mandating that DOE issue final decisions on nearly all of the 26 pending LNG export applications in 90 days, the bill requires DOE to make rushed decisions before the completion of important environmental reviews.

When faced with these time limits, DOE either will rush to approve projects without an adequate public interest review or it will deny applications when time constraints prevent the department from creating an adequate record. No one benefits from rushed permitting or unnecessary project denials, not even the companies seeking to export LNG.

Because the bill does not affect the Federal Energy Regulatory Commission's (FERC) separate permitting process for export terminals, the truncated DOE process will not speed up the actual export of LNG.

The bill's supporters argue that this legislation is needed to support U.S. allies in Europe faced with Russian aggression in Ukraine. When the United States begins to export significant quantities of LNG three or four years from now, however, the LNG will likely go to Asia, where natural gas prices are higher than in Europe.

II. THE EXISTING APPROVAL PROCESS

As a result of low domestic natural gas prices in the United States, companies have filed more than 30 applications with DOE to export LNG. For export to the 18 countries with a free trade agreement (FTA) with the United States, the Natural Gas Act requires DOE to deem such applications consistent with the public interest and grant them without modification or delay. DOE is required to grant an application to export natural gas to a country without a FTA with the United States unless it finds that the proposed export will not be consistent with the public interest. As a practical matter, each potential LNG export facility applies to export to both sets of countries. DOE evaluates a range of factors when performing a public interest review of a non-FTA application, including economic impacts, international considerations, U.S. energy security, and environmental considerations. The Federal Energy Regulatory Commission is responsible for issuing permits for

specific LNG export facilities. DOE relies on FERC's environmental review to inform the DOE process.

In May 2011, DOE granted an authorization for LNG exports from the Sabine Pass project in Louisiana. DOE commissioned a two-part study to help it decide how to address the remaining applications. The first part of the study, authored by the Energy Information Administration (EIA), was released in January 2012 and examined the impacts of LNG exports on domestic energy markets. The second part of the study, completed by a private contractor (National Economic Research Associates or NERA), examined the economic impacts of a range of LNG export levels.[1] NERA examined scenarios with a "low level" of exports of 6 billion cubic feet per day and a "high level" of exports of 12 billion cubic feet per day.

According to the EIA study, "increased natural gas exports lead to increased natural gas prices" and "larger export levels lead to larger domestic price increases." EIA also found that "rapid increases in exports would lead to sharp price increases." When EIA looked specifically at the potential impact on U.S. manufacturers, it found that a "high level" of LNG exports could increase natural gas costs for the industrial sector by between 5% and 27% annually.

On May 17, 2013, DOE conditionally granted an authorization for LNG exports to non-FTA countries from the Freeport LNG terminal on Quintana Island, Texas. Since that time, DOE has conditionally granted five additional authorizations for LNG exports to non-FTA countries. In order to improve its process, the Department recently announced that it will review a pending application when the required environmental review is complete. This will effectively prioritize applications that are ready for final action.

The seven approved applications authorize the export of a combined 9.3 billion cubic feet per day of LNG to non-FTA countries, an amount approaching the export level of Qatar, the world's largest exporter of LNG. The pending applications collectively seek an additional 26.7 billion cubic feet per day of LNG exports to non-FTA countries for a total of 36 billion cubic feet per day. By comparison, the record-breaking total U.S. consumption of natural gas during the 2013–2014 winter averaged 90.6 billion cubic feet per day.[2]

The first LNG export terminal in the U.S. (Sabine Pass) is expected to begin partial operations in late 2015. Other approved export terminals are not expected to begin operations until 2017 or 2018. Based on long-term supply contracts that have been signed, exports from these projects are expected primarily to be shipped to locations in Asia, including Japan, China, South Korea, and India.

III. SECTION-BY-SECTION ANALYSIS OF H.R. 6

Section 2 of the bill requires DOE to issue a decision on any pending or future application for authorization to export natural gas under section 3 of the Natural Gas Act within 90 days of the

[1] Cheniere Energy, the developer of the Sabine Pass project, recently commissioned an updated NERA analysis, which was released on February 20, 2014.

[2] U.S. Energy Information Administration, *Natural Gas Weekly Update* (Apr. 3, 2014) (online at www.eia.gov/naturalgas/weekly/archive/2014/04__03/index.cfm).

later of (1) the end of the comment period as set forth in the DOE's Federal Register notice or (2) the date of enactment of the bill.

Section 2 also provides that the United States Court of Appeals for the circuit in which the export facility will be located shall have exclusive jurisdiction over any civil action for the review of (1) a DOE decision on an export application or (2) DOE's failure to issue a decision. If the Court finds that DOE has failed to issue a decision by the deadline established by the bill, the Court is directed to order DOE to issue a decision within 30 days. The bill provides for expedited consideration of such civil actions.

Section 3 of the bill was added by an amendment offered by Rep. Bobby Rush (D–IL) during the Subcommittee on Energy and Power markup. It amends the Natural Gas Act to direct DOE, as a condition of approval of any authorization to export LNG, to require the applicant to publicly disclose the specific destinations of any such exports.

IV. POTENTIAL IMPACTS OF H.R. 6

The bill will disrupt the functioning approval process for pending and future LNG export applications by arbitrarily limiting the time that DOE has to review the applications. The result will be rushed permitting and unnecessary project denials. The unworkable process created by the bill is unnecessary and will not result in speedier LNG exports to Europe or anywhere else.

A. The bill requires a rushed approval process without environmental review, leading to unnecessary permit denials

The bill would short-circuit the established review process for pending and future LNG export applications by setting an unworkable deadline for DOE to decide on applications within 90 days of the close of the public comment period or enactment of the bill, whichever comes later. Because the comment period already has closed for 19 of the 26 pending applications, the bill would require final decisions to be made on each of those 19 applications within 90 days of enactment of the bill. That is not realistic. With two exceptions, FERC environmental reviews have not been completed for any of these applications. For 17 pending applications, the deadline would force DOE to rush its evaluation and issue a final decision without the benefit of an environmental review.

This is likely to have unintended and counterproductive results. If DOE is forced to make a decision on an incomplete record, it may have no choice but to deny the applications. That is what happened when Congress passed legislation in December 2011 forcing the President to make a decision about the Keystone XL pipeline on an unworkable timetable. He rejected the application, noting "the rushed and arbitrary deadline insisted on by Congressional Republicans prevented a full assessment of the pipeline's impact, especially the health and safety of the American people, as well as our environment."[3] Forcing DOE to deny applications will not help LNG export applicants.

The other possibility is that DOE will conclude that it has no choice but to grant all of the pending applications within 90 days

[3] The White House, *Statement by the President on the Keystone XL Pipeline* (Jan. 18, 2012).

without an adequate public interest review or complete record, since the Natural Gas Act places the burden of proof on opponents of an export application. Automatically granting the pending applications without meaningful public interest review would result in 36 billion cubic feet per day of LNG exports, more than three times the exports of Qatar, currently the world's largest exporter.

Exports at that level could have significant impacts on domestic natural gas prices and adversely affect American consumers and manufacturers. A group of U.S. manufacturers, including Dow, Alcoa, Nucor, and Eastman, oppose H.R. 6. In a letter to Chairman Fred Upton, they warned that exporting "such a large volume of this strategic commodity will also raise domestic natural gas and electricity prices for every American, undermine manufacturing competiveness and cost the nation good-paying jobs."[4] Similarly, the United Steelworkers oppose H.R. 6, arguing that "U.S. manufacturers enjoy an energy price advantage compared to producers elsewhere in the world, which is driving increased production and job growth. This must not be squandered."[5]

Whether DOE is forced to deny all of the pending applications or grant them after a rushed review, the bill's unworkable deadline results in a meaningless and inadequate public interest review. A meaningful process provides time for the agency to consider issues raised by the public and the environmental review and allows the agency to make an informed public interest determination based on a complete record. A public interest determination cannot serve its intended purpose if the review is so truncated that it does not provide a real opportunity to weigh the pros and cons of an export proposal.

B. The bill is unnecessary

The basic premise of the bill is that the Department of Energy has moved too slowly in approving applications to export LNG. However, the record demonstrates that DOE has moved aggressively to authorize LNG exports. To date, DOE has granted seven authorizations to export LNG to countries without a free trade agreement with the United States. DOE has prioritized pending applications for which environmental reviews are complete and is steadily issuing decisions. The amounts already approved for export would transform the United States into the world's second largest exporter of LNG, just behind Qatar. If one more application is granted, the United States would go from exporting no LNG today to being the largest exporter in the world in just a few years. DOE has granted numerous applications while preserving its ability to evaluate the impact of cumulative export levels on domestic natural gas prices.

Proponents of the bill's deadlines argue that DOE has allowed some applications to remain in the queue without a decision for years. This is misleading. Once DOE completed and took public comment on the two-party study of the economic impacts of different levels of LNG exports, the department began sequentially

[4] Letter from America's Energy Advantage to Chairman Fred Upton and Ranking Member Henry Waxman (Apr. 28, 2014).

[5] Letter from Leo W. Gerard, International President, United Steelworkers, to Chairman Fred Upton and Ranking Member Henry Waxman (Apr. 29, 2014).

examining the pending applications. DOE subsequently granted six applications, taking about two months for each review.

C. The bill will not accelerate the actual export of LNG

Under the bill, LNG will not be exported from the United States any faster. Even though the bill rushes DOE's review of applications to export LNG as a commodity, nothing in this bill affects FERC's permitting of the LNG export terminals. FERC permits have been issued after the DOE authorizations because FERC's site-specific examination necessarily involves a thorough environmental and safety review. Rushing the DOE review will not speed up the permitting and construction of the facilities necessary to actually export the LNG.

D. The bill will not result in near-term LNG exports to Europe

The bill's supporters cite the current geopolitical situation in Ukraine as a reason for passing this bill. They argue our European allies need access to U.S. natural gas as leverage against Russia.

But the bill will not result in LNG exports to Europe for several years, if at all. No LNG export facilities currently exist in the continental United States. The first export terminal will not begin initial operations until late 2015 at the earliest, and export capacity will not ramp up at other facilities with authorizations to export LNG until 2017 or 2018.

When the United States begins to export significant quantities on LNG three or four years from now, it may not even go to Europe. The U.S. export terminals most likely to be constructed generally have already entered into contractual commitments to supply customers in Asia, where natural gas prices are higher than in Europe. As Adam Sieminski, the Administrator of the Energy Information Administration, recently stated; "Typically where oil goes is not a political decision. Same thing goes for natural gas. This is a market decision."[6] Moreover, Ukraine does not have any facilities to import or re-gasify LNG.

For the reasons stated above, we dissent from the views contained in the Committee's report.

HENRY A. WAXMAN.
BOBBY L. RUSH.

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[6] It's the private sector, not Congress, that can crack Russia energy monopoly—EIA chief, EnergyWire (Apr. 30, 2014).