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Via E-Mail and Hand Delivery

The Honorable Ernest Moniz
U.S. Department of Energy
Forrestal Bldg, 1000 Independence Ave., SW
Washington, DC 20585

Re: LNG Export Authorization Process

Dear Secretary Moniz:

The American Petroleum Institute (API) is a national trade association representing more than 500 member companies involved in all aspects of the oil and natural gas industry in the United States. Our members include owners and operators of liquefied natural gas (LNG) import and export facilities in the United States and around the world, as well as owners and operators of LNG vessels, global LNG traders, and manufacturers of essential technology and equipment used all along the LNG value chain. Our members also have extensive experience with the drilling and completion techniques used in shale gas development and in producing America's natural gas resources in a safe and environmentally responsible manner.

From the outset, API has been an active stakeholder engaged with the Department of Energy (DOE) in its review of pending and anticipated LNG export applications, including the Department's study of the economic impacts of LNG exports (2012 LNG Export Study), and has provided constructive comments and input at every possible opportunity. For example, API engaged ICF International to conduct its own analysis of the economic impacts of LNG exports, a copy of which is enclosed for your review. Just as the DOE's 2012 LNG Export Study found, ICF International concluded that the net effects on U.S. GDP and employment from LNG exports are projected to be positive while having only moderate impacts on domestic U.S. natural gas prices. I urge you to consider ICF International's analysis as you undertake your own review of pending LNG export applications.

API applauds the Department's recently issued order authorizing the Freeport LNG terminal to export LNG to non-Free Trade Agreement (non-FTA) nations.¹ We agree with the DOE's findings and

¹ *Freeport LNG Expansion, L.P.*, DOE/FE Order No. 3282, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Freeport LNG Terminal on Quintana Island, Texas to Non-Free Trade Agreement Nations (May 17, 2013) (the "Freeport order").

welcome this positive step towards reviewing and approving all pending applications as expeditiously as possible. In particular, we are pleased that the DOE has concluded that the 2012 “LNG Export Study is fundamentally sound and supports the proposition that the [Freeport] authorization would not be inconsistent with the public interest.”²

In addition to the 2012 LNG Export Study, the conclusions of which DOE unambiguously ratified in the Freeport order, each of the remaining pending non-FTA LNG Export application dockets contain comments in support of the respective application, arguments filed by various intervenor-protestors opposing the application, and responses from the applicant to such protests. As DOE explained in the Freeport order, it “must grant such an application unless opponents of the application overcome th[e] presumption” in favor of a proposed export with “an affirmative showing of inconsistency with the public interest.”³ However, DOE also found that no party to the Freeport proceeding submitted evidence “sufficient to rebut the statutory presumption that the requested authorization is consistent with the public interest.”⁴ The arguments opposing applications presented in each of the remaining non-FTA LNG export application dockets are substantially similar – if not identical – to those put forth in the Freeport docket. Thus, according to DOE, those arguments would be similarly insufficient to rebut the Natural Gas Act’s presumption in favor of LNG exports.⁵

DOE also states in the Freeport order that it “will assess the cumulative impacts of each succeeding request for export authorization on the public interest with due regard to the effect on domestic natural gas supply and demand fundamentals.”⁶ After a review of all of the pending non-FTA LNG export application dockets, in API’s view, none of the intervenor-protesters have demonstrated (or even attempted to demonstrate) any negative “cumulative impacts” of any individual proposed export volume on “domestic natural gas supply and demand fundamentals.” Nor, we submit, could they, as the 2012 LNG Export Study, ICF International’s analysis, and many other authorities⁷ have shown. Because no intervenor-protestor in the remaining proceedings has demonstrated a negative cumulative impact, and therefore cannot rebut the Natural Gas Act’s presumption that LNG exports are in the public interest, we strongly urge you to approve all pending non-FTA LNG export applications without delay.

We appreciate your prompt attention to this important matter. Should you have any questions, please do not hesitate to contact me.

² *Id.* at 110.

³ *Id.* at 6.

⁴ *Id.* at 110.

⁵ *Id.* (“Were we to decide this Application solely on the contents of the Application and the comments and protest received in response to the Notice of Application, [DOE] would be required to grant the Application”).

⁶ *Id.* at 112-13.

⁷ *See, e.g.*, Kenneth Medlock, “U.S. LNG Exports: Truth and Consequence” (Aug. 10, 2012), *available at* http://bakerinstitute.org/publications/US%20LNG%20Exports%20-%20Truth%20and%20Consequence%20Final_Aug12-1.pdf; Charles Ebinger, et al., “Liquid Markets: Assessing the Case for U.S. Exports of Liquefied Natural Gas” (May 2, 2012), *available at* http://www.brookings.edu/~media/research/files/reports/2012/5/02%20lng%20exports%20ebinger/0502_lng_exports_ebinger; Navigant Consulting, “Jordan Cove LNG Export Project Market Analysis Study” (Jan. 2012), *available at* http://www.jordancoveenergy.com/pdf/Navigant_Jordan_Cove_LNG_Export_Study_012012.pdf; Deloitte Center for Energy Solutions, “Made in America: The Economic Impact of LNG Exports from the United States” (Dec. 20, 2011), *available at* http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf.

Sincerely,

A handwritten signature in black ink that reads "Jack Gerard". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Jack Gerard
President and CEO, API

cc: Christopher Smith, Acting Assistant Secretary, Fossil Energy
Gregory Woods, General Counsel

Attachment