Congress of the United States
Washington, DC 20515

December 15, 2021

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

Dear Mr. President:

We write to express our concern over reports that your Administration is considering policies to curtail or even ban the export of U.S. liquefied natural gas (LNG), which has served as an incredibly important geopolitical tool for the United States to strengthen ties around the world and advance global environmental progress over the past decade. Any efforts to enact policies that limit U.S. energy exports would put our country, allies, and trading partners at a strategic disadvantage.

The recent increase in domestic natural gas prices is not the result of LNG exports but a confluence of factors, some more dominant than others. For example, during the period of the most rapid growth in exports – the second half of 2019, when exports surged nearly two-fold – U.S. natural gas prices fell to four-year lows. On the demand side, the combination of a cold winter, reduced hydropower generation in the West, and a rebound in electricity demand as we emerge from the COVID-19 pandemic drove higher consumption of natural gas. On the supply side, growth in natural gas production was impacted by workforce, supply chain, financial limitations, market signals, and other factors. The net effect of these factors was less gas available to put into storage during the spring, summer, and early fall.

As we move into winter, the situation has improved and we are already starting to see the domestic natural gas market loosen and prices stabilize. U.S. natural gas storage inventories have continued to climb and are now just 2.4% below the five-year average[1], thanks in large part to the resumption of production deliveries following Hurricane Ida. As a result, forward natural gas prices for the winter months have plummeted 35% from recent highs despite LNG exports remaining strong.

Considering that U.S. LNG exports have accounted for approximately 9.5% of gas produced each year-to-date in the United States, LNG exports play a de minimis role in setting domestic prices. Strong growth in domestic production over the past decade has been largely driven by the shale revolution. This growth has contributed to lower energy costs for Americans. However, barriers to new energy infrastructure, such as gas pipelines, have prevented this increased supply from reaching areas of the country facing some of the highest energy prices, including the Northeast.[2]

Rather than looking to curtail exports, the U.S. should instead enact smart energy policies that allow for the development of pipelines and other necessary infrastructure throughout the country to ensure all Americans have access to affordable natural gas.

Proposed U.S. LNG export projects undergo a comprehensive, multi-year permitting process during which the Department of Energy (DOE) determines whether the projects are in the public

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[1] https://ir.eia.gov/ngs/ngs.html
[2] Natural Gas Infrastructure Constraints – ISO New England

interest. In every instance, under both the Obama and Trump administrations, the projects have been deemed in the public interest and have been approved. In part, these determinations and approvals are supported by multiple comprehensive reports completed in recent years by DOE and the National Energy Technology Laboratory (NETL) that examined the economic impact of U.S. LNG exports. The results of all these studies—including four completed under the Obama administration—clearly show that LNG exports present a net benefit to the U.S. economy.

While U.S. LNG exports represent a relatively small fraction of our domestic gas production, they account for more than 20% of the global LNG market. The U.S. has strengthened its strategic ties around the world by promoting long-term trade relationships that provide our allies with energy security and reliability. Curtailing exports would have significant negative effects on global energy supply, putting at risk the stability of some of our most important economic and geopolitical allies. These policy decisions would have an especially outsized effect on European countries (and fellow NATO members) by increasing their reliance on gas from unfriendly actors such as Russia or other less environmentally friendly sources.[3] It is critical that we stand with our allies and ensure the U.S.'s reputation as a reliable trading partner. This is important to our standing in the world at a time when the U.S. is trying to maintain its leadership role. It is also noteworthy that, according to NETL, Russia natural gas exports to Europe have a 41% higher lifecycle greenhouse gas emissions profile than U.S. LNG exported to Europe. Given EIA's recent analysis of long-term global demand increases for natural gas, eliminating or reducing U.S. LNG exports is de facto endorsing higher global emissions.

Limiting U.S. LNG exporters' access to global markets would be a misguided and myopic divergence from previous administrations. It ignores the main drivers of higher-than-normal domestic natural gas prices and would discourage new investment in domestic production for years to come, restricting supply and potentially setting the stage for further long-term price increases. We urge your Administration to lessen the financial burden on American consumers and reduce global emissions by addressing the root causes of these price increases and support American workers, American companies, and American allies around the world.

Respectfully,

Garret Graves
Member of Congress

Henry Cuellar
Member of Congress

August Pfluger
Member of Congress

Vicente Gonzalez
Member of Congress

[3] Russia currently is the main supplier of natural gas to Europe and the dominant gas supplier to eight (nearly one-third) EU NATO members.