



June 29, 2020

Michael Kopalek  
U.S. Energy Information Administration  
1000 Independence Ave. SW  
Washington, DC 20585  
Attn: *Natural Gas Data Collection Program*  
VIA Email: *Michael.kopalek@eia.gov*

**RE: *Natural Gas Data Collection Program***

Dear Mr. Kopalek,

In response to the Energy Information Administration's (EIA) notice on the proposed three-year extension, with changes, of the *Natural Gas Data Collection Program*, the Center for Liquefied Natural Gas (CLNG) respectfully submits the following comments.

CLNG opposes some of the changes EIA is proposing as part of this notice. Specifically, CLNG opposes the addition of a new survey, Form EIA-191L, *Monthly Liquefied Natural Gas Storage Report*, which would collect natural gas inventory storage data from operators of liquefied natural gas (LNG) facilities. CLNG also opposes the proposed modifications to Form EIA-912, *Weekly Underground Natural Gas Storage Report* to include weekly LNG storage reporting. CLNG opposes these additions because they do not provide EIA with new information, rather they place U.S. LNG operators at a competitive disadvantage, raise safety concerns, and create a reporting burden without providing information of value regarding the U.S. natural gas market to EIA.

I. Statements of Interest

The 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 all six 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 and versatile fuel can be fully realized.

II. Comments

CLNG offers the following comments on EIA's notice on the proposed three-year extension, with changes, of the *Natural Gas Data Collection Program*.

- a. *CLNG opposes EIA's proposed new Monthly Liquefied Natural Gas Storage Report and changes to the Weekly Natural Gas Storage Report because they do not provide new or valuable market information to EIA.*

LNG storage at export terminals is not fulfilling a domestic market need; therefore, this LNG storage data is not helping EIA form a clearer picture of U.S. domestic natural gas storage. In fact, LNG storage data at export terminals could give EIA a false sense of the U.S. domestic market since this LNG is not entering the domestic market, it is instead being exported to the global market.

To the extent that EIA is seeking to collect LNG storage data, it must make a distinction as to whether it is collecting data on peak shaving facilities or LNG export (import) terminals. While storage data from peak shaving facilities might be beneficial to EIA, insofar as those facilities are acting as a substitute for underground storage, storage associated with LNG terminals is not used for long-term storage in the same way as a peak shaving facility might use its storage. The storage associated with LNG export terminals is operational in nature and is necessary only to store LNG in the short-term for loading onto or off vessels. If EIA is looking to collect data on LNG storage in general, then export (and import) terminals should be specifically exempted.

If EIA is seeking to collect LNG storage data from LNG export (import) terminals, it is unclear what that metric means to EIA because LNG terminal storage numbers are always in flux. The LNG in storage at a given facility can change drastically depending on the time of day or day of the week that a ship arrives to load its LNG cargo. On any given day, this variability can render the storage number into an inaccurate indicator of a facility's available storage capacity. Furthermore, by reporting the storage capacity of a facility, EIA is not gaining a clear picture of the storage activity at a facility. Therefore, LNG storage data is not helping EIA develop a transparent or accurate sense of either storage activity and capacity at a facility, or the U.S. domestic natural gas market. Further unlike natural gas storage, LNG storage is very small relative to its daily production. Likewise, LNG storage is very small relative to the capacity of an LNG ship. As a result, the amount of LNG in storage at an export facility is meaningless.

The important statistics that enable better understanding of the U.S. LNG market are already reported by EIA on a weekly and monthly basis. Each week, EIA publishes the "Natural Gas Weekly Update" that includes LNG pipeline receipts, which EIA defines as "pipeline deliveries to LNG export terminals."<sup>1</sup> This LNG pipeline receipts statistic informs the public on the level of natural gas demand at the LNG export terminals on a weekly basis. U.S. LNG exporters are required to send monthly reports to the Department of Energy (DOE) detailing every shipment of LNG that has left their facilities, including the amount of LNG shipped in each cargo.<sup>2</sup> Currently, EIA receives the export reports from DOE and publishes U.S. LNG

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<sup>1</sup> Energy Information Administration. "Natural Gas Weekly Update." Accessed June 24, 2020. <https://www.eia.gov/naturalgas/weekly/>.

<sup>2</sup> Department of Energy. "LNG Reports.", May 2020, <https://www.energy.gov/fe/listings/lng-reports>.

export volumes monthly by point of export on the EIA website.<sup>3</sup> With these already available statistics, the public can understand the impact U.S. LNG export facilities have on domestic natural gas demand. Adding information on the volume of LNG in storage awaiting export does not provide additional insight into the natural gas domestic supply and demand balance beyond the statistics already published by EIA. Further, the creation of a new U.S. LNG storage report is duplicative because storage information can already be found in the marketplace. Requiring more reporting, when the benefits are unclear and the requirement is duplicative, creates an undue burden for LNG operators.

*b. Publicly reporting U.S. LNG storage could put U.S. LNG exporters at a competitive disadvantage in the global marketplace.*

For U.S. LNG exporters to be as competitive as possible in a global market, it is necessary that government reporting and regulatory requirements are supportive of that goal. Each additional reporting requirement puts U.S. LNG exporters at a cost disadvantage to exporters around the world who are not required to report in the same manner. This is because there is a monetary cost to reporting and the U.S. exporter must absorb these costs. LNG exporters in countries that do not require the same reporting will have lower overhead costs and will thus have more monetary flexibility when it comes to contracting for their product.

To be a competitive player in a global LNG market there must be an effort to create a level playing field. Shining a spotlight on how much LNG storage the U.S. has drives down the competitiveness of U.S. LNG operators. This is because U.S. storage information could be used against U.S. operators when negotiating contracts, thereby driving down the price garnered for U.S. LNG. Consequently, U.S. LNG operators would be placed at a disadvantage relative to operators in countries that do not make their storage information public. While U.S. LNG operators strive to be transparent, the EIA is asking for transparency in a global market where other players are not being equally transparent. This ultimately will undermine U.S. LNG competitiveness.

*c. Public reporting of U.S. LNG storage could present a security issue for U.S. LNG operators.*

The U.S. LNG industry has one of the most exemplary safety records in the hazardous materials processing and transportation industries. From the liquefaction facility to the overseas power plant, LNG operators have spent decades working closely with regulators and first responders to maximize safety and security. The U.S. LNG industry works closely with no less than ten government entities to insure the safe and secure operation of LNG facilities. Safety and security of LNG facilities is the number one concern of the U.S. LNG industry. CLNG would therefore be remiss not to point out that reporting LNG storage to the public raises a potential security issue. U.S. LNG operators consider the amount of storage at their terminals to be sensitive information that could make LNG terminals a target for nefarious activities. The

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<sup>3</sup> Energy Information Administration. "U.S. Natural Gas Exports and Re-Exports by Point of Exit." Accessed June 24, 2020. [https://www.eia.gov/dnav/ng/ng\\_move\\_poe2\\_a\\_EPG0\\_ENG\\_Mmcf\\_m.htm](https://www.eia.gov/dnav/ng/ng_move_poe2_a_EPG0_ENG_Mmcf_m.htm)

security risk to these facilities should be weighed against the benefits of such reporting. In this case, the benefits of publicly displaying LNG storage information are unclear at best.

*d. EIA's addition of a Monthly Liquefied Natural Gas Storage Report and new reporting in the Weekly Natural Gas Storage Report are in conflict with Executive Orders 13771 and 13777.*

The addition of a *Monthly Liquefied Natural Gas Storage Report* and new reporting requirement in the *Weekly Natural Gas Storage Report* are in conflict with federal policies intended to remove unnecessary regulatory burdens. Specifically, EIA's notice is in conflict with Executive Order 13771 – Reducing Regulation and Controlling Regulatory Costs<sup>4</sup> and Executive Order 13777 – Enforcing the Regulatory Reform Agenda<sup>5</sup>. These orders make it clear that it is a chief domestic policy priority to reduce regulatory burdens and costs.<sup>6</sup> These new reporting requirements from EIA will not only add costs that could make U.S. LNG exporters less competitive, but will also increase the reporting burden on exporters with little benefit.

### III. Conclusion

CLNG opposes the addition of a *Monthly Liquefied Natural Gas Storage Report* and addition of LNG storage reporting to the *Weekly Natural Gas Storage Report* as part of EIA's *Natural Gas Data Collection Program*. CLNG believes the addition of these reporting requirements harms the U.S. LNG industry and places U.S. LNG operators at a competitive disadvantage, while also raising safety concerns without providing valuable information on the U.S. natural gas market to EIA.

The U.S. LNG industry is an engine for growth in the United States. These new reporting requirements do not help to enable that growth. LNG exporters need regulatory certainty and equitable requirements to be competitive in the global LNG market. These reporting requirements are antithetical to those goals.

Respectfully Submitted,



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<sup>4</sup> "Executive Order 13771 of February 3, 2017, Reducing Regulation and Controlling Regulatory Costs," 82 FR 9339.

<sup>5</sup> "Executive Order 13777 of February 24, 2017, Enforcing the Regulatory Reform Agenda," 82 FR 12285.

<sup>6</sup> See, e.g., Executive Order 13777 citing the chief domestic policy priority to "alleviate unnecessary regulatory burdens placed on the American people." See also, Executive Order No. 13771 concerning managing the costs associated with the governmental imposition of private expenditures required to comply with Federal regulations.