CLNG
center for liquefied natural gas

Sept. 24, 2021

The Honorable Jennifer Granholm
Secretary, U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Secretary Granholm:

Your continued partnership with the U.S. LNG industry to support essential LNG exports while striving to reduce methane emissions throughout the supply chain is greatly appreciated. U.S. LNG exports are a present-day example of the vision that the Biden Administration's "Building Back Better" is working to achieve. We support domestic jobs and new infrastructure investment while providing America's valued overseas allies with lower-emitting energy. We also want what consumers want, which is a well-supplied, stable and affordable natural gas market, here and abroad.

Unfortunately, some have recently tried to suggest that LNG exports are the singular cause of the current increase in domestic natural gas prices. In point of fact, our country is fortunate to have vast natural gas reserves supporting an industry that provides critical fuel for energy production, home heating and manufacturing both at home and abroad. The economics of production and distribution of the natural gas commodity are admittedly complex. Those suggesting LNG exports are the sole cause of the increase in domestic natural gas prices are choosing to ignore a variety of important factors, such as storage, production and weather. Most telling, they are choosing to ignore the fact that the publicly-available NYMEX strip for natural gas points to drop-offs in April.

The U.S. Energy Information Administration's (EIA) Short-Term Energy Outlook reveals that natural gas prices recently spiked as a result of hotter-than-expected temperatures in the United States in August, coinciding with production impacts due to Hurricane Ida and a scarcity of hydro-electricity in the West. It is important to note that demand for global commodities such as energy, food, metals, shipping and more has increased as the world deals with the impacts from COVID-19. All these issues paint a vivid picture of the many factors impacting natural gas prices, none of which are linked to LNG exports.

And, in keeping with history, markets are in fact responding to the price signal. Monthly U.S. production is reversing a year of declined production, resulting in higher year-over-year production in April, May, and June of this year. The EIA provides independent, nonpartisan statistics forecasting a decline in prices throughout 2022, as U.S. natural gas production increases. This is a classic example of supply and demand leveling the playing field without government intervention.

Moreover, LNG exports stabilize and incentivize U.S. production. This means billions of dollars in new investments that benefit local communities, tax revenues and jobs, also funding national efforts to reduce emissions. Globally, these same exports enable partner nations to better meet Paris Accord targets in an international effort to reach net-zero emissions, promoting natural gas in lieu of energy sources with much higher emissions.

Taken altogether, the LNG industry, the communities LNG benefits at home and abroad, and our partner nations rely on the certainty associated with the U.S. LNG regulatory model. Halting LNG permits and the multi-year permitting, approval, and construction processes associated with U.S. LNG would fundamentally undermine this certainty, impacting not only domestic and global markets for years to come, but also frustrating the investment-backed expectations in the industry globally.

We ask that you please consider these factors in your ongoing efforts to support the Administration's global climate ambitions while providing clean and reliable energy domestically. Hyperbole and fear have no place in energy policy discussions. We appreciate your continued track record of using data and the best interests of American consumers to guide your decisions at the Department.

Sincerely,

Charlie Riedl
Executive Director
Center for Liquefied Natural Gas